

HUGO BOSS

2020

SUSTAINABILITY  
REPORT

TODAY.  
TOMORROW.  
ALWAYS.

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## FOREWORD BY THE MANAGING BOARD

### Dear Readers,

This year's HUGO BOSS Sustainability Report is published during turbulent times. The ongoing COVID-19 pandemic is presenting many challenges for us as a fashion company too. In particular with regard to the health of the people who work for us, as well as the temporary closure of our retail stores and the need to respond to this flexibly yet responsibly in the supply chain. At HUGO BOSS, we address all of these issues by working closely and in a spirit of trust with our employees, suppliers and other stakeholders.

The current situation has demonstrated even more clearly how important our employees are to the success of HUGO BOSS. To help them protect their health and achieve a better balance between their private and professional lives, we have made our working models more flexible. Furthermore, we have begun to anchor the topic of diversity within the Company more firmly into our culture and our commitment by defining specific responsibilities.

At the same time, we stand by our promise to produce high-quality products in a responsible manner. Our range of particularly sustainable products, RESPONSIBLE styles, is of central importance in this respect. From raw materials through to processing, packaging and transport, this range meets defined, comprehensive sustainability criteria. Our goal is that by 2025, they should account for at least 30% of the product range.

In order to contribute towards the implementation of the Paris Climate Agreement, we have also set ourselves ambitious targets to reduce our CO<sub>2</sub> emissions throughout the entire value chain. They have been validated by the Science Based Targets initiative with positive results and guide us in structuring our climate protection activities.

I am convinced that we are on the right track with our commitment to sustainability, which has been further confirmed by our renewed inclusion in the Dow Jones Sustainability Index (DJSI) World and also, for the first time, in the DJSI Europe.

As we look back on a difficult year, I would like to turn my attention to all those who are helping us to meet the current challenges: our employees deserve special recognition for their contribution and strong commitment. I would also like to thank our stakeholders in general for their cooperation and exchanges at various levels, as well as our customers for their continued trust. I hope you find this report of interest.

Metzingen, April 2021



**Yves Müller**

Spokesperson of the Managing Board of HUGO BOSS AG

# REPORT PROFILE

HUGO BOSS hereby presents its eighth annual Sustainability Report. The report is primarily aimed at business partners, investors and private shareholders, customers, employees and non-governmental organizations, as well as interested parties from socially committed groups, politics, business and science. It provides information on the Company's sustainability activities and targets and is based on the Standards of the Global Reporting Initiative (GRI). This report has been prepared in accordance with the GRI Standards: Core option. HUGO BOSS determined and prioritized the contents of the report in 2019 based on a materiality analysis. The analysis was reviewed in the year under review to ensure that it was up to date, and was adjusted accordingly. The reporting period is the 2020 fiscal year with a reporting date of December 31. Significant activities that occurred after this date were also taken into account up to the editorial deadline of March 31, 2021. The Sustainability Report was approved by the Managing Board of HUGO BOSS AG and is available in German and English.

The quantitative information in this report relates to the entire HUGO BOSS Group. Wherever possible, the key figures were determined on the basis of full data collection, which refers to using data that is actually available. For key figures where it was not possible to collect full data, the subsidiaries listed below served as the basis for extrapolation to the Group. In 2020, they employed 90% of the total workforce. Key figures were extrapolated primarily in the field of environment and occupational safety.

## **Europe** (including Turkey)

- HUGO BOSS AG
- HUGO BOSS (Schweiz) AG
- HUGO BOSS Benelux B.V. y CIA, SC
- HUGO BOSS France SAS
- HUGO BOSS International Markets AG
- HUGO BOSS Ireland Ltd.
- HUGO BOSS Italia S.p.A.
- HUGO BOSS Portugal & Companhia
- HUGO BOSS Shoes & Accessoires Italia S.p.A.
- HUGO BOSS Shoes & Accessoires Poland Sp. z o.o.
- HUGO BOSS Textile Industry Ltd.
- HUGO BOSS Ticino S.A.
- HUGO BOSS UK Ltd.

## **North America**

- HUGO BOSS Canada, Inc.
- HUGO BOSS Fashions, Inc.
- HUGO BOSS México S.A. de C.V.
- HUGO BOSS Retail, Inc.

## **Asia/Pacific**

- HUGO BOSS Australia Pty. Ltd.
- HUGO BOSS China Retail Co. Ltd.
- HUGO BOSS Guangdong Trading Co. Ltd.
- HUGO BOSS Hong Kong Ltd.
- HUGO BOSS Japan K.K.
- Lotus (Shenzhen) Commerce Ltd.
- HUGO BOSS (Macau) Company Ltd.

The contents of the report that are marked with ✓ as well as those shown in grey font were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft for limited assurance engagement on the basis of the International Standard on Assurance Engagements (ISAE) 3000 (Revised).

## COMPANY PROFILE

As a global fashion and lifestyle company, HUGO BOSS is one of the leaders in offering high-quality premium apparel. The collections of its two brands, BOSS and HUGO, are designed to offer customers a comprehensive selection of modern apparel, elegant evening wear, casualwear, shoes and accessories. In addition, license income is generated from the sale of products such as fragrances, eyewear, watches and children's fashion. Increasing brand desirability in the long term is at the forefront of all the activities of the Company based in Metzingen (Germany) and is the focus of the Group strategy.

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### 00 | 01 Group at a glance

 **1.9**  
Sales (billion EUR)

 **~15,500<sup>1</sup>**  
Employees

 **127**  
Countries

 **4**  
Own  
production facilities  
(in Germany, Italy,  
Poland and Turkey)

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The BOSS and HUGO collections can today be purchased in a total of **127 countries**. The Group's distribution activities here are divided into three sales regions. With a share of 63%, Europe contributes the largest proportion of sales. Asia and America account for 18% and 16% of Group sales respectively. Spread over the three sales regions, the **six core markets** of Germany, the United States, Great Britain, China, France and Benelux contribute around 60% of sales, whereby the German domestic market contributes the largest proportion of sales. 3% of Group sales is generated from the license business.

The **textile supply chain** of HUGO BOSS is typically characterized by complex processes that take part to a large extent beyond the Company's boundaries. To ensure the excellent craftsmanship and optimum availability of its products, the Company therefore works with a stable network of experienced and specialized suppliers. → **Partners**

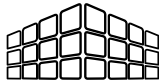
Further detailed information on the Company can be found in the Group Profile of the Annual Report 2020.

→ **Annual Report 2020, Group Profile**

The sustainable development of a company, as understood by HUGO BOSS, requires a holistic strategic approach that determines all the business processes and actions of all operational departments throughout the Group. This sustainability strategy is divided into the **six fields of action defined by the Company** – We, Environment, Employees, Partners, Products and Society. These are explained in more detail in the following chapters of this report.

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<sup>1</sup> The reported figure relates to headcounts as of December 31, 2020. The figure published in the Annual Report (around 13,800) however is based on a full-time equivalent (FTE) calculation.



<b>7</b>	<b>We</b>
22	Environment
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44	Partners
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# WE



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## WE – Creating values together

Sustainability is an integral part of business operations at HUGO BOSS. The aim of the Company's sustainability activities is to ensure its long-term success through anticipatory and continually improving management of environmental, social and economic opportunities and risks. With the development and implementation of its sustainability strategy, HUGO BOSS relies upon dialog and collaboration with its stakeholders. The Company also acknowledges its responsibility to contribute towards the sustainable development of society. HUGO BOSS is guided in this regard by the Sustainable Development Goals (SDGs) of the United Nations.

## Management Approach

For HUGO BOSS, sustainable business means ensuring the traditionally high quality and longevity of its products, while at the same time meeting socially and environmentally compatible manufacturing standards. As this also concerns the increasing demands from customers and society, the Company therefore always views its **diverse sustainability activities** as a contribution towards improving customer satisfaction and establishing HUGO BOSS as the most globally desired fashion and lifestyle brand in the premium segment. This holistic understanding of sustainability guides HUGO BOSS in the further development of its business model and in its efforts to use resources more efficiently and further optimize processes along the value chain.

In 2015, as the core of its Agenda 2030, the United Nations adopted a total of 17 goals and 169 targets for **sustainable development**, known as the Sustainable Development Goals (SDGs). These aim to collectively address some of the most urgent global challenges of our time, such as climate protection. HUGO BOSS is contributing towards achieving the goals and targets by reducing the negative impacts of its business activities and, wherever possible, promoting positive change in its sphere of influence. Through its strategy work, the Company has identified the following **eight SDGs** as particularly relevant to its business activities. They are therefore given special consideration in the planning and implementation of measures and projects.

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### 01 | 01 SDGs of particular relevance for HUGO BOSS




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The link between HUGO BOSS' sustainability activities and the SDGs is presented transparently in the following chapters of the report, in the Sustainability Program and on the Group's website.

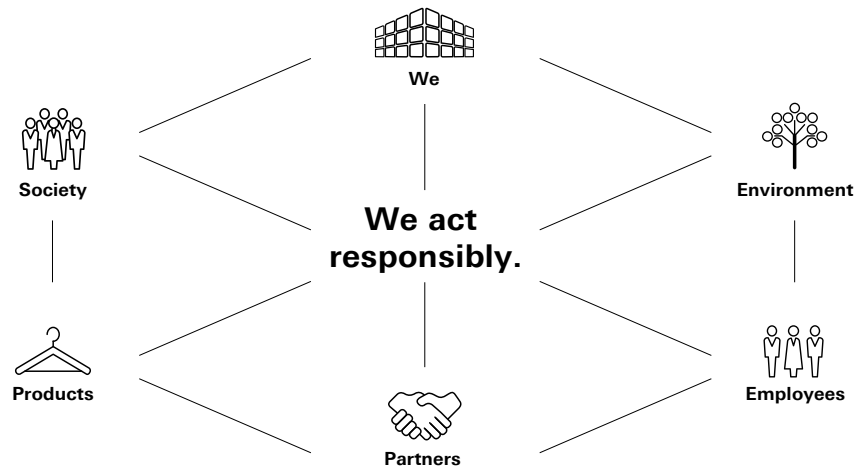
→ **Sustainability Program** → [group.hugoboss.com](https://group.hugoboss.com)

HUGO BOSS has defined **six fields of action** for its sustainability strategy: We, Environment, Employees, Partners, Products and Society, through which it sets the framework for responsible action in all its business processes and operational areas.



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01 | 02 The HUGO BOSS sustainability fields of action



Sustainability is also firmly anchored in the Company at organizational level. The **Managing Board** of HUGO BOSS AG has **overall responsibility** for all sustainability issues. It regularly deals with sustainability-related topics at its meetings. It also approves the Group-wide applicable guidelines and standards that are relevant to sustainability. To implement these, the Company operates a sustainability management controlled by the Global Sustainability department.

The central committee for **steering the sustainability strategy** is the **Sustainability Committee**, chaired by the Chief Operating Officer. It is composed of members of the Managing Board and managers from all relevant central functions (Brand & Creative Management, Construction & Facility Management, Communications, Controlling, Finance, Human Resources, Investor Relations, Legal Affairs, Logistics, Sourcing & Operations, Retail and Sustainability). In 2020, the committee dealt with various topics including “sustainable products” and “product communication regarding sustainability”. Additional focal points included the further development of existing sustainability policies, the implementation of new ones as well as the engagement of stakeholders in specific sustainability issues.

At HUGO BOSS, stakeholder engagement means meeting the **expectations of its stakeholders** and endeavoring to exchange openly with them in order to discuss different requirements and jointly develop possible solutions. HUGO BOSS considers this to be necessary for business as well as an opportunity to create added value for society and the Company. Under the heading “We”, HUGO BOSS summarizes its **principles for sustainability management** as well as the Company’s stakeholder engagement in one field of action. The Company has published the principles of its commitment to stakeholder engagement in a corresponding guide on the Group’s website. → [group.hugoboss.com](https://group.hugoboss.com)

HUGO BOSS measures its **sustainability management performance** on the basis of various factors including rating and ranking results. It also integrates these into the Company’s compensation system. For example, the Dow Jones Sustainability Index (DJSI) ranking is taken into account when determining compensation for members of the Managing Board and managers at the two levels below, as is employee satisfaction, which HUGO BOSS surveys in accordance with the Great Place to Work® (GPTW®) standard.

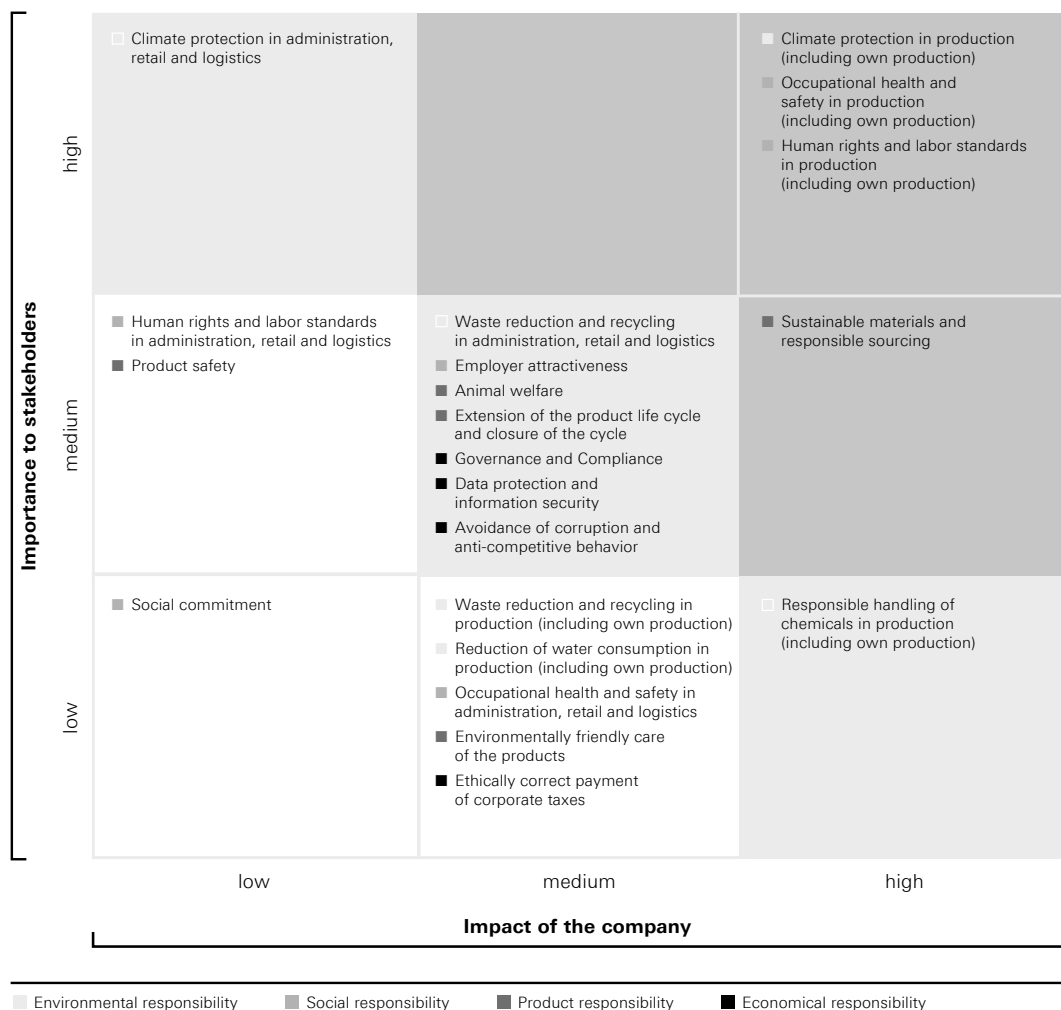
## Materiality Analysis

Since 2015, HUGO BOSS has regularly conducted materiality analyses to identify all sustainability issues that are of importance to the Company and to determine the **focal points of its sustainability strategy and reporting**. In doing so, attention is paid to the standards of the Global Reporting Initiative (GRI) and the CSR Directive Implementation Act (CSR-RUG). In 2019, HUGO BOSS comprehensively updated its materiality analysis through a multi-stage process. → **Sustainability Report 2019, Materiality Analysis**

In 2020, HUGO BOSS reviewed the analysis to make sure it was **up to date**. New challenges associated with the COVID-19 pandemic were incorporated and social topics were taken into account. The Company sensed a significant increase in interest from various stakeholder groups – especially among its own employees and the media – with regard to topics such as “work-life balance” and “diversity”. The material topic of “employer attractiveness” was therefore ranked higher in importance for stakeholders. Together with the relevant departments, the adjustments were identified, discussed and finalized prior to approval.

The material topics for this Sustainability Report in accordance with GRI are depicted in the graphic.

### 01 | 03 Materiality matrix



The topics in the gray-shaded quadrants of the matrix form the focus of this report. From a stakeholder perspective, they are of high or medium importance and/or are characterized by the fact that the Company's business activities have a strong to medium impact on them. The Company comments on the material topics within the meaning of the CSR-RUG and the changes in the assessment of topics resulting from the review carried out in 2020 in the **Combined Non-Financial Statement** of the Annual Report. → **Annual Report 2020, Combined Non-Financial Statement**

The findings from the materiality analysis are incorporated into HUGO BOSS' **ongoing strategy work**. On this basis, in its Sustainability Program, the Company defines strategic goals for its fields of action and reports on the progress and targets already achieved. In 2019, the **Sustainability Program** was revised, significantly enhanced and, according to the "TODAY. TOMORROW. ALWAYS." concept, defines a time frame for all the sustainability activities of the Group. → **Sustainability Program**

## Climate Protection

HUGO BOSS attaches great importance to climate protection and pursues a strategy on this topic covering different fields of action. A milestone was reached when HUGO BOSS became a signatory of the Fashion Industry Charter for Climate Action in 2018, which is based on the **United Nations Framework Convention on Climate Change** (UNFCCC). The signatories are committed to the UNFCCC's vision of creating a **climate-neutral fashion industry** by 2050 and, on the way there, to achieving the milestone of a 30% reduction in total CO<sub>2</sub> emissions by 2030.

Accordingly, HUGO BOSS set itself climate-related science-based targets (SBTs) in 2020, through which the Company is consistent with the Paris Climate Agreement of 2015. In 2020, the Company received official validation that its targets meet the strict requirements of the **Science Based Targets initiative** (SBTi). As the basis for the climate strategy, potential CO<sub>2</sub> reductions were identified for the areas of facilities, logistics/transport, production and raw materials. HUGO BOSS has set itself the goal of reducing its **Scope 1 and Scope 2 emissions** by at least 51% by 2030 compared to the base year 2018. Through this reduction in its CO<sub>2</sub> emissions, the Company is contributing towards limiting global warming to a maximum of 1.5°C within its own area of responsibility. For **Scope 3 emissions**, which mainly originate from transport, production and raw materials production, its target is to achieve a reduction of 30% over the same period. If this target is met, HUGO BOSS will contribute towards limiting global warming to well below 2°C. → **Sustainability Program** → [group.hugoboss.com](https://group.hugoboss.com)

HUGO BOSS sees **climate protection** as a joint task in which all players in the **value chain** must take part. In order to achieve the climate goals that HUGO BOSS has set itself, strategic cooperation with the partners in the supply chain is therefore of the utmost importance. The results of the **natural capital evaluation** conducted by HUGO BOSS revealed that the Scope 3 emissions account for more than 90% of the emissions in the Company's entire value chain. In order to reduce them, the partners must be involved in the strategy process and be empowered to make their own contribution towards the reduction. For this reason, HUGO BOSS is actively involved in the **UNFCCC working groups** on the topics of "raw materials", "energy efficiency and renewable energies in the manufacturing process" and "policy engagement". In this context, a roadmap for a climate-neutral fashion industry was developed and published together with other players in the apparel industry. Its purpose is to help the various players in the apparel industry initiate climate protection measures and to introduce them to suitable decarbonization initiatives and programs. Further information on the climate protection strategy is provided in the Environment and Partners chapters. → **Environment** → **Partners**

## Corporate Governance

HUGO BOSS attaches great importance to good and responsible corporate governance. The Company considers this to be a key factor for long-term business success and therefore operates a corporate governance management in accordance with international and national standards such as the **German Corporate Governance Code** (GCGC). HUGO BOSS provides information on compliance with the GCGC in its annual Declaration of Compliance. Further details on corporate governance and information on the composition, the activities and the compensation of the management and supervisory bodies of HUGO BOSS can be found in the Annual Report. → **Annual Report 2020, Corporate Governance Statement**

The Company operates in various regions and jurisdictions. HUGO BOSS takes great care to ensure that the **many and varied rules** that this entails are adhered to and that its own **values-based corporate culture** is embraced. This corporate culture forms the basis for the collaboration and interaction with employees, business partners, shareholders and the general public. The upholding of human rights is given top priority at HUGO BOSS. A corresponding commitment by the Managing Board is publicly available on the Group's website. → [group.hugoboss.com](https://group.hugoboss.com)

HUGO BOSS has set out what human rights and ethical due diligence obligations specifically entail for the Company in its **Code of Conduct**. Through this, HUGO BOSS has created a uniform and binding framework for the professional conduct of all its employees. The Code of Conduct governs relations within the Group as well as with customers, suppliers and service providers. It contains rules on the avoidance of conflicts of interest, data protection, occupational health and safety, environmental protection, animal welfare and protection of biodiversity, as well as on fair competition, anti-trust law and anti-corruption. It also expressly requires all people working at and for the Company to observe the internationally recognized human rights and to ensure that humane working conditions are respected. First and foremost, this includes physical integrity, but also the protection of personal dignity. Any willful misconduct or deliberate infringements of the Code of Conduct are not tolerated. The Code of Conduct is handed out to each employee together with the employment contract and is available to all employees in electronic form in more than ten languages. The latest 2021 version is also available for the public to view on the Group's website. In addition to the Code of Conduct, HUGO BOSS sets supplementary standards for partners through its **Supplier Code of Conduct**. → **Partners** → [group.hugoboss.com](https://group.hugoboss.com)

At HUGO BOSS, corporate governance also entails the ethically correct payment of corporate taxes. It is an elementary prerequisite for maintaining the Company's reputation among employees, customers and other stakeholders in the long term. The **Tax Strategy** of HUGO BOSS can be viewed on the Group's website. → [group.hugoboss.com](https://group.hugoboss.com)

Responsible handling of risks constitutes a further key element of good and responsible corporate governance. The Company's **risk management system** includes all the steps that are required for a transparent and systematic approach towards managing risks. It aims to identify risks as early as possible, evaluate them, and – through suitable measures – limit, monitor and document them. The **independent risk management function** at the Group headquarters is responsible for coordinating Group-wide risk management. The Supervisory Board is involved in risk management via its Audit Committee and regularly deals with relevant topics.

Sustainability-related risks – such as **social and environmental risks** – are also part of risk management and are assessed by means of scenarios. Besides possible financial impacts for the Company, this assessment also includes the external impacts of the Company's actions in the respective topic area (**inside-out analysis**). The Company assesses human rights risks in a systematic process that is integrated into the risk management system and is performed with due care (**due diligence process**). This recurring process is integrated into the overarching risk management process. The procedure is therefore oriented towards the ISO 31000 standard. The due diligence process covers five individual steps which are publicly available on the Group's website. The **sector risks for the textile industry** defined by the Organisation for Economic Co-operation and Development (OECD) are also taken into account in the risk assessment. After a comprehensive assessment of the situation regarding human rights and based on its many years of experience in textile production, the Company defined this as the most relevant framework for its business model. It covers topics such as "child labor", "discrimination", "occupational health and safety" and "working hours", and forms the basis for risk management at HUGO BOSS in the area of human rights. → **Partners** → [group.hugoboss.com](https://group.hugoboss.com)

Human rights risks are assessed for the entire value chain of HUGO BOSS. For each stage in the value chain, **risk assessments** were drawn up for the groups of people potentially affected in relation to the type of activity and the operating environment. The analysis which was conducted once more in 2020 confirmed that the greatest risks lie in the upstream supply chain, therefore with the suppliers of HUGO BOSS' direct suppliers. In particular, the rights of members of vulnerable groups, such as children, women and migrant workers, are not sufficiently taken into account by law in certain sourcing markets. External stakeholders have also been involved in the past in order to prioritize the **risk areas and risk groups** mentioned.

In order to prevent potential human rights violations, HUGO BOSS introduced its own publicly accessible **Human Rights Policy** in 2020, which builds on the **Human Rights Commitment** prescribed by the Managing Board. It contains binding guidelines for all employees on human rights, **humane working conditions** and internationally recognized **labor and social standards**. The regulations of the Human Rights Policy are not only binding for the Company's own employees, but must also be implemented in cooperation with its partners. HUGO BOSS is committed to complying with these requirements at all times in relation to its own employees. In addition, HUGO BOSS requires its partners to protect human rights through the Supplier Code of Conduct and to ensure that their own partners also respect these rights. The Supplier Code of Conduct is part of the contractual agreements with the partners. It is based on various principles including the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the Core Conventions of the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises. HUGO BOSS also supports various initiatives on the subject of human rights and, in its cooperation with partners in the upstream supply chain, focuses on appropriate awareness and training measures. → **We, Cooperations** → **Employees** → **Partners** → [group.hugoboss.com](https://group.hugoboss.com)

## Compliance

HUGO BOSS expects all employees to conduct themselves in a legally impeccable manner in their day-to-day business activities, including the avoidance of corruption and behavior that is damaging to competition. To this end, HUGO BOSS operates a **compliance management system**. The Company's own Code of Conduct serves as the central document. In addition, strict internal compliance policies apply to all employees.

Corporate Compliance is a key management task of the Managing Board and incorporates measures to ensure global adherence to legal and official regulations, internal guidelines and codes. Employees can contact their superiors or the local and central **compliance contact persons** for support or questions regarding legally correct conduct.

### Complaint Mechanisms

HUGO BOSS encourages its own employees as well as external people, such as its suppliers' employees, to report indications of or complaints about **compliance violations**. Whistleblowers are free to choose the form in which they wish to express themselves and in whom they wish to confide.

HUGO BOSS takes every incident reported seriously and takes consistent action against compliance violations. As soon as an indication or complaint is received, a clearly regulated, standardized process is set in motion and accompanied by appropriate measures. The **whistleblower's** personal data and the content of the complaint are kept strictly confidential throughout the entire investigation process. The submission of an indication or a complaint shall in no case result in negative consequences for the whistleblower. This does not apply to complaints that are obviously unfounded or deliberately false and that have been submitted with the intention of harming another employee.

HUGO BOSS employees may always submit a complaint to their direct superior. In addition, they can turn to the **central Compliance department** and local compliance contact persons. Complaints can also be addressed to employees of the Human Resources department. The Works Council of HUGO BOSS AG is available as a point of contact for its employees. The Group also operates a whistleblower hotline in the U.S.

Furthermore, HUGO BOSS' employees, suppliers, their employees and other third parties may contact an independent **external ombudsman** personally or by means of an electronic whistleblowing system. This offers whistleblowers the possibility to report violations anonymously. The ombudsman will forward the information it has received to the Compliance department where it will be processed. In doing so, the whistleblower can determine the scope of the information provided. This applies to all information and compliance inquiries worldwide. The contact details of the ombudsman can be found on the Group's website. → [group.hugoboss.com](https://group.hugoboss.com)

In order to provide the suppliers' employees with an additional complaints channel for reporting compliance violations, HUGO BOSS requires its suppliers to set up their own **anonymous complaints mechanism**.

All reporting channels for compliance violations can be viewed by all employees worldwide on the HUGO BOSS employee portal. Customers, suppliers and third parties can find information on the Group's complaint management on the HUGO BOSS Group's website. → [group.hugoboss.com](https://group.hugoboss.com)

### Compliance Training for Employees

A Group-wide, globally accessible online training program for all employees is aimed at strengthening **awareness of the compliance rules** within the Company. Employees who have direct PC access must complete this on a regular basis. The training includes modules on “corruption” and “data protection” as well as human rights issues and related topics. In the reporting year, more than 7,272 employees in the Group completed the **compliance online training**. To improve the comprehensibility and acceptance of the compliance rules within the Company, the compliance online training will be expanded in spring 2021 to include additional language modules, so that in the future the regions with the most HUGO BOSS employees will be covered.

Employees in roles where compliance is of particular relevance receive special **face-to-face training** for their area of responsibility. In 2020, few face-to-face training sessions were held due to the COVID-19 pandemic. Additional online training sessions were held instead.

### Prevention of Corruption, Bribery and Anti-Trust Infringements

Ethically impeccable and lawful conduct also includes the prevention of corruption, bribery and anti-trust infringements. Besides the risk of financial losses, violations of the corresponding legal requirements can also entail a reputational risk. Therefore, all Group companies are subject to regular **risk analyses** and detailed **audits** where applicable. The greatest risk for corruption is in the sourcing of production and non-production materials. For this reason, HUGO BOSS reviews the relevant areas for weaknesses both on a regular and an ad hoc basis.

If **cases of corruption, bribery or anti-trust infringements** become apparent, the Supervisory Board is informed accordingly. In 2020, the Danish Competition Authority identified an anti-trust infringement with regard to an alleged unauthorized disclosure of information. No fine has been imposed to date. HUGO BOSS takes a different view in the case and has filed an appeal accordingly. A preliminary decision is expected during the month of May 2021. In addition to this, no other violations in the sense of officially or judicially observed infringements of the provisions against corruption and bribery or of anti-trust law were reported in the Company in 2020 ✓. → **Annual Report 2020, Combined Non-Financial Statement, Anti-Corruption and Bribery Matters**

## Data Protection and Information Security

HUGO BOSS takes its duty of care in handling personal data very seriously. In order to meet the high requirements of the General Data Protection Regulation, HUGO BOSS has established an **internal data protection organization**. The Managing Board of HUGO BOSS AG is committed to and undertakes to comply with the legal data protection requirements. Customer and employee data are particularly relevant for the Company, however the personal data of business partners and shareholders are also important for HUGO BOSS. → **Annual Report 2020, Combined Non-Financial Statement, Social Matters**

Violations of data privacy always represent a risk for the relevant data subjects, but at the same time they are also a considerable compliance risk with financial impacts and possible loss of reputation for the Company. HUGO BOSS counters these risks with clear guidelines for handling personal data in its internal data protection guidelines as well as other guidelines and other appropriate technical and organizational measures. The **Privacy Statement** for the online store and customer loyalty program can be viewed online. → [group.hugoboss.com](https://group.hugoboss.com)

HUGO BOSS attaches particular importance to safeguarding all data subjects' rights. For example, all people whose data are used by the Company are informed transparently about the purpose and scope of data processing by means of appropriate data privacy information. On the other hand, HUGO BOSS pays attention to the timely fulfillment of the rights of data subjects to access, rectification, erasure, objection, data portability and restriction of processing. → [group.hugoboss.com](https://group.hugoboss.com) → **Annual Report 2020, Combined Non-Financial Statement, Social Matters**

Complaints and potential **data protection incidents** are reviewed and handled in accordance with the Data Breach Complaint Policy. During the reporting year, a data privacy audit initiated by the supervisory authority in February 2018 was reopened. In 2020, the Company was not aware of any legal or regulatory violations that were officially noted by courts or authorities in the field of data protection ✓.

Against the background of digital change, the importance of and the requirements for a reliable **information security strategy** are also increasing. Therefore, since 2020 HUGO BOSS has been using an information security and analysis system which collates and analyzes data in real time. As a result, the Company is able to make predictions about possible incidents, data losses and attacks, and thus improve information security throughout the Group. In light of the rising trend towards working from home, which has been accelerated by the pandemic, HUGO BOSS has developed further guidelines on information security. These guidelines will remain valid beyond the pandemic. The Company also continued to work on the introduction of an information security management system in accordance with **ISO 27001**. Implementation is scheduled to be completed in the first divisions by mid-2021.



## Dialog-based Corporate Culture

As a global company, HUGO BOSS stands at the crossroads of varying evolving interests and opposing positions. Therefore, it must always adapt its own actions in order to reconcile business success with the required consideration for people and the environment and to create added value for all parties involved. For this to succeed, HUGO BOSS attaches great importance to the systematic **exchange with relevant stakeholders**. Based on a stakeholder analysis in line with the AA 1000 SES standard, HUGO BOSS uses a number of standardized formats.

### 01|04 Formats and approaches for stakeholder communication

<b>(Potential) employees</b>	Intranet, employee newsletters and information e-mails, social media, sustainability events and dialog, employee surveys (e.g. on employee satisfaction), employee engagement through ideas platforms, cooperation with universities, trainings	Website, sustainability report, social media and stakeholder dialog event
<b>Customers</b>	Customer service (phone or via e-mail), customer surveys (including on sustainability issues), online store, customer newsletters and mailings, social media, direct contact at points of sale, customer events and fashion shows	
<b>Partners</b>	Workshops, audits, vendor days, personal discussions, round tables, collaboration and cooperation on specific topics, trainings	
<b>Shareholders and financial community</b>	Annual Report and Quarterly Statement, press releases, conference calls, annual general meeting, analysts' conference, investor days, individual requests for personal discussions during company visits, roadshows and conferences	
<b>Science and research</b>	Annual Report, company visits, consultation, dialog events, round tables, guest lectures, research projects, collaboration and cooperation on specific topics	
<b>Politics and administration</b>	Reports on specific topics, press releases, round tables, cooperation on selected topics	
<b>NGOs and unions</b>	Individual inquiries, personal discussions, topic-specific discussions, participation in surveys, press releases, round tables, membership and collaboration on specific topics	
<b>Other stakeholders</b>	Press releases, Annual Report, direct contact (e-mails, personal meetings, phone calls), round tables and cooperation on specific topics	

In 2020, HUGO BOSS held its fifth **international stakeholder dialog** event on sustainability issues – solely in a virtual format as a result of the pandemic. Those who took part included representatives from different non-governmental organizations (NGOs), cooperations and politics as well as scientists and, for the very first time, investors. They held discussions with members of HUGO BOSS management – including the Chief Operating Officer and representatives of the Supervisory Board. The focus was on the challenges facing the fashion industry, particularly in light of the COVID-19 pandemic. Among other things, the participants critically discussed the impacts of the pandemic on HUGO BOSS' global supply chain. Together, they also deliberated necessary improvements in communication between companies and stakeholders as well as possible solutions.

Many existing **contacts with stakeholders** were further strengthened in 2020. In addition, HUGO BOSS worked with start-ups on specific topics and was involved in various cooperative ventures and initiatives to strengthen its environmental and social activities along the value chain and drive them forward along with other players. → **We, Cooperations** → **Partners** → **Products** → [group.hugoboss.com](http://group.hugoboss.com)

To **promote the idea of sustainability** among the workforce, HUGO BOSS organizes various measures for its employees. For example, since the reporting year the sustainability channel of the Company's internal information portal has been providing regular information on current sustainability topics at HUGO BOSS. The Company also offers its employees numerous **training courses on the subject of sustainability**, some of which are mandatory.

**01|05 Sustainability training by category** (in hours)

	<b>2020</b>	2019
Occupational health and safety	1,839	2,888
Vocational training and further education	1,255	3,578
Compliance and IT security	9,011	4,521
Product and supply chain	3,143	5,599
Other	577	2,862
<b>Total</b>	<b>15,825</b>	<b>19,448</b>

In the reporting year, the scope of sustainability-related training totaled 15,825 hours (2019: 19,448). The decrease compared to the previous year is mainly related to the constraints caused by the COVID-19 pandemic. The sharp increase in the number of hours spent on compliance and IT security training is due to the fact that compliance training has to be completed at regular intervals.

Other means of continuous **dialog within the Company** include various discussion formats such as the Managing Board breakfast and the annual staff meetings at the sites in Metzingen, Coldrerio (Switzerland) and Izmir (Turkey). Regular events, such as townhall meetings, also give employees the opportunity to submit questions to the Managing Board and then discuss them with its members. These formats were increasingly digitized due to the COVID-19 pandemic. Furthermore, HUGO BOSS regularly conducts a **global employee satisfaction survey** in line with the external Group-wide applicable GPTW® standard – as was the case in the reporting year. → **Employees**

HUGO BOSS respects the rights of its employees to join a trade union and communicates with their representatives. The Company engages in constructive **dialogue with local trade unions**, particularly at its production sites. The HUGO BOSS Supplier Code of Conduct also stipulates that the employees of its partners may join trade unions. If necessary, the Company provides support with the dialog between the parties involved. → **We, Cooperations → Partners**

For further information on **stakeholder engagement** at HUGO BOSS, visit the Group's website. → [group.hugoboss.com](https://group.hugoboss.com)

## Awards during the Reporting Period

- Inclusion in the DJSI World in the Textiles, Apparel & Luxury Goods sector (for the fourth time in succession) and in the DJSI Europe for the first time
- Confirmed as a member of FTSE4Good Index
- Renewed inclusion in the Euronext Vigeo Index: Eurozone 120, included in the Europe 120 for the first time
- Prime status in the ISS-oekom Corporate Rating
- CDP (formerly Carbon Disclosure Project) score of B and award as “Supplier Engagement Leader” for climate protection performance in the supply chain
- Inclusion in the DAX 50 ESG Index
- German Sustainable Building Council (Deutsche Gesellschaft für Nachhaltiges Bauen e.V., DGNB) platinum certificate for the construction of the new BOSS outlet in Metzingen
- DGNB platinum certificate for the interior of the new BOSS outlet in Metzingen
- Bronze Stevie Award “Most Valuable Employer – EMEA” for the precautionary and health measures taken at the Izmir site due to the COVID-19 pandemic
- Gold Stevie Award “Team of the Year: COVID-19 Crisis Team” and “Most Valuable Corporate Response: HUGO BOSS Mask Donation” for HUGO BOSS AG
- Winner of the “Sustainable Development and Innovation Award” of Bloomberg Businessweek China
- HUGO BOSS among the Financial Times Top 100 “Diversity Leaders” in Europe
- Among the top 50 companies in the Fashion Transparency Index
- Presentation of the award for “Germany’s Most Sustainable Companies” by stern magazine

## External Standards and Agreements

- Signatory of the Charter of Diversity  
charta-der-vielfalt.de
- HUGO BOSS AG and the Izmir site are signatories to the Women’s Empowerment Principles  
weps.org
- Signatory of the Fashion Industry Charter for Climate Action of the UNFCCC  
unfccc.int
- Signatory of the 2020 Circular Fashion System Commitment of the Global Fashion Agenda (GFA)  
globalfashionagenda.com
- Global Social Compliance Programme (GSCP) standard for environmental audits of the Consumer Goods Forum  
theconsumergoodsforum.com
- ISO 9001, ISO 14001, ISO 14041, ISO 45001 and ISO 50001<sup>2</sup>

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<sup>2</sup> All ISO certifications mentioned in the report refer to the DIN EN ISO standards of the International Organization for Standardization (ISO).

## Cooperations

### 01|06 Cooperations (selection)<sup>1</sup>

Name	Purpose of the cooperation	Activities of the cooperation and HUGO BOSS contribution
<b>Accord on Fire and Building Safety in Bangladesh (ACCORD)</b>  (Member since 2016)	Working conditions in Bangladesh's textile industry are improved through building and occupational safety measures.	The fire protection and building safety requirements are standardized at the involved suppliers and are regularly reviewed by trained ACCORD employees.  Regular progress checks are carried out on suppliers and they are supported with the implementation of their action plans.
<b>Aid by Trade Foundation (AbTF)</b>  (Cooperation since 2019)	By promoting trade in sustainably produced raw materials, help is provided for people to help themselves and thus make a contribution towards environmental protection in raw materials production as well as towards poverty reduction.	Through its Cotton made in Africa (CmiA) and The Good Cashmere Standard® (GCS®) initiatives, AbTF promotes sustainably produced cotton and cashmere (financed through license fees).  HUGO BOSS provides its suppliers with information about how to integrate CmiA into the textile supply chain and in 2020 launched its first capsule collection that supports the initiative and features the CmiA label.  HUGO BOSS is one of the first supporters of the GCS®.
<b>Apparel and Footwear International RSL Management (AFIRM)</b>  (Member since 2009)	The use and effects of harmful substances in clothing, shoes, accessories and product packaging are being reduced.	Industry-wide Restricted Substances Lists (RSL) – Product RSL and Packaging RSL – are being further developed in continuous cooperation with other brands, international test laboratories and external consultants.  Since 2018, the HUGO BOSS RSL (as a contractual condition for all suppliers) has been aligned with the AFRIM RSL standards.
<b>Better Cotton Initiative (BCI)</b>  (Member since 2017)	A holistic approach is taken to sustainable cotton production, which covers environmental, social and economic aspects.	BCI partners deliver training sessions for cotton farmers and provide professional advice on the cultivation of Better Cotton (this is financed by a volume-based fee from members).  By 2025, HUGO BOSS will source 100% of the cotton used in its products from more sustainable sources (as of 2020: 86%), a large proportion of which will be sourced as Better Cotton through a mass balance system.  HUGO BOSS supports the Egyptian Cotton Project, in which cotton is grown in accordance with the Better Cotton Standard System and European organic guidelines.
<b>Partnership for Sustainable Textiles (Textiles Partnership)</b>  (Member since 2015)	Social, environmental and economic improvements are pursued along the textile supply chain through exchange and cooperation between the members.	HUGO BOSS undertakes to publish a due diligence plan every two years, in which it identifies the most serious social, environmental and corruption risks in its own supply chain, sets out its corresponding targets and measures, and reports on the progress made in the implementation of its targets.  HUGO BOSS actively contributes towards exchanging information industrywide and launching joint projects by participating in working groups on topics such as "purchasing practices" and "climate protection".
<b>Partnership Initiative on Living Wages</b>  (Engagement in initiative since 2019)	Effective solutions for living wages are pursued in producer countries.	On the basis of a self-assessment of its own purchasing practices and their impact on wages at its suppliers, HUGO BOSS has developed a target and action plan.  These improvement measures are intended to help ensure that the wages paid provide for the basic needs of workers and their families.
<b>Partnership Initiative Tamil Nadu</b>  (Engagement in initiative since 2017)	The Partnership Initiative is aimed at systematically improving the working conditions in the textile industry in Tamil Nadu, especially for women and girls in spinning mills.	Through this initiative, more than 24,500 employees in spinning mills and textile factories have already taken part in training programs on social standards.  HUGO BOSS supports the initiative by establishing political dialog between local government, brands, suppliers and civil organizations, to increase trust between stakeholder groups and to discuss the challenges of the sector.

01 | 06 Cooperations (selection)<sup>1</sup>

Name	Purpose of the cooperation	Activities of the cooperation and HUGO BOSS contribution
<p><b>Fair Labor Association (FLA)</b></p> <p>(Member since 2014, accreditation in 2018)</p>	<p>Employee rights are promoted and protected, and working conditions are improved globally.</p>	<p>The FLA accredited the HUGO BOSS Social Compliance Program and provides continuous feedback for improvements based on self-assessments carried out by HUGO BOSS as well as evaluations that are performed centrally.</p> <p>The FLA carries out independent audits of the suppliers it has selected. The published results increase external transparency.</p> <p>HUGO BOSS continuously monitors whether the suppliers audited by the FLA are implementing the defined corrective action plans. The FLA conducts audits to make sure that working conditions are improved.</p> <p>As part of its membership in the FLA, HUGO BOSS addresses the specific remuneration practices of its suppliers and supports a gradual approach to fair wages in the textile industry.</p>
<p><b>Fashion Industry Charter for Climate Action of the United Nations Framework Convention on Climate Change (UNFCCC)</b></p> <p>(Signed in 2018)</p>	<p>Measures are being developed and implemented through industry-wide commitment and cooperation to reduce greenhouse gas emissions in line with the Paris Agreement.</p>	<p>HUGO BOSS is committed to the goals of the charter to create a climate-neutral fashion industry by 2050 and, on the way there, to achieve the milestone of a 30% reduction in total CO<sub>2</sub> emissions by 2030. In order to develop a roadmap for achieving the goals together with other supporters of the charter, the Company took part in the working groups “raw materials”, “manufacturing/energy” and “policy engagement”.</p> <p>This roadmap was published in 2020 with the aim of helping players to initiate climate protection measures and to introduce them to suitable decarbonization initiatives and programs.</p> <p>As part of its commitment to the charter, HUGO BOSS has also set itself science-based targets. Its own Scope 1 and 2 emissions are to be reduced by at least 51% by 2030 compared to the 2018 base year. With regard to Scope 3 emissions, its target is to achieve a reduction of 30% over the same period.</p>
<p><b>Leather Working Group (LWG)</b></p> <p>(Member since 2017)</p>	<p>Protocols are developed and maintained to assess the environmental performance of leather manufacturers and to promote sustainable business practices.</p>	<p>The LWG provides information, training and other support to tanneries to continuously improve environmental standards.</p> <p>HUGO BOSS encourages the supplying tanneries to obtain certification in accordance with LWG requirements and supports them with the process.</p> <p>HUGO BOSS takes part in regular exchanges between affiliated brands, product manufacturers, tanneries and chemical suppliers to achieve joint progress in the tanning processes.</p> <p>By 2025, HUGO BOSS will source 100% of the leather used in its products from tanneries which have LWG certification (or a comparable standard) (as of 2020: 59%).</p>
<p><b>Zero Discharge of Hazardous Chemicals (ZDHC)</b></p> <p>(Contributor since 2017)</p>	<p>Harmful chemicals are eliminated from the entire textile and leather supply chain.</p>	<p>The ZDHC Roadmap to Zero Programme provides access to information platforms on chemicals as well as training on chemicals and wastewater management for HUGO BOSS and its suppliers.</p> <p>HUGO BOSS is involved in working groups such as those to update the ZDHC Manufacturing Restricted Substances List (ZDHC MRSL) and to revise the Wastewater Guidelines for leather processes.</p> <p>HUGO BOSS implements ZDHC tools, including strict guidelines for the use of chemicals (ZDHC MRSL) and the handling of wastewater (ZDHC Wastewater Guidelines) at its suppliers.</p>

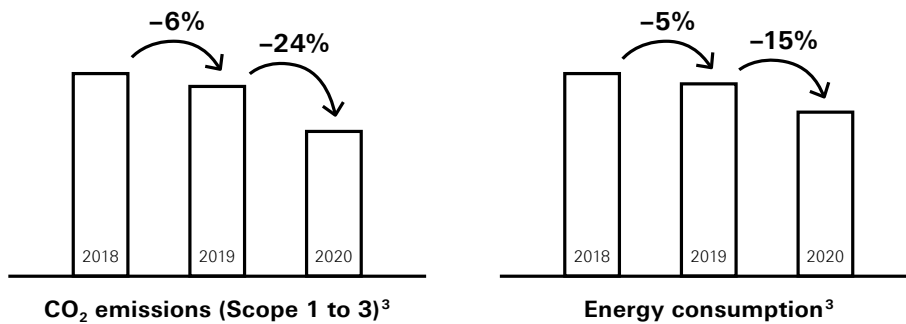
<sup>1</sup> The listed cooperations are only a selection. Details of further cooperations can be found on the Group’s website ([group.hugoboss.com](http://group.hugoboss.com)).



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# ENVIRONMENT



## ENVIRONMENT – Preserving natural resources

HUGO BOSS is aware of its shared responsibility for protecting the environment and climate. Therefore, the Company is committed to the introduction and further development of environmentally and climate-friendly processes and takes appropriate measures to improve the environmental footprint of its own locations, production facilities and retail stores as well as the entire logistics chain. The careful use of natural resources is just as important here as the avoidance and recycling of waste. Climate protection is also a very high priority for the Group. For this reason, HUGO BOSS and nearly 100 other companies signed the Fashion Industry Charter for Climate Action in 2018 under the patronage of the United Nations Framework Convention on Climate Change (UNFCCC). In doing so, the Company is committed to the vision of a climate-neutral fashion industry by 2050. Through its overall environmental and climate protection commitment, HUGO BOSS is also contributing towards Sustainable Development Goals (SDGs) 6, 12 and 13.

<sup>3</sup> The development of the environmental key figures was noticeably influenced by the effects of the COVID-19 pandemic during the reporting year.

## Management Approach

HUGO BOSS regards the systematic management of environmental and energy issues as an opportunity to reconcile economic and ecological interests and thus meet its corporate responsibility. The Company wants to continuously reduce the environmental impact of its own business activities, has set itself relevant ambitious goals and operates a **comprehensive environmental management**. This includes the Group's administration sites and production facilities, planning, construction and operation of the Group's own retail stores, as well as its own logistics. In all of the above-mentioned areas, HUGO BOSS is continuously achieving efficiency improvements with the help of its environmental management, which also have a positive impact on costs.

Furthermore, HUGO BOSS works closely with its suppliers to ensure that their processes are also environmentally and climate-friendly. → **Partners**

In the first half of 2020, HUGO BOSS published a Group-wide **Environmental Policy**. It replaces the previously applicable Environmental Commitment and describes the principles of environmental and climate protection for all relevant business areas at HUGO BOSS. Fundamental aspects of the Environmental Policy include concrete requirements for the supply chain, product development, transport and logistics as well as a store concept, which defines sustainability criteria for the planning and operation of the Group's own retail stores. Further information on sustainability at the retail stores can be found on the Group's website. → **Partners** → [group.hugoboss.com](https://group.hugoboss.com)

The **Managing Board** has **overall responsibility for Group-wide environmental protection** at HUGO BOSS. The environmental management team at the Group headquarters is responsible for content. Together with the local managers in the subsidiaries, it coordinates environmental and energy projects Group-wide and prepares economic efficiency calculations. Through various bodies, such as the Sustainability Committee, members of the Managing Board and the management level below the Managing Board are regularly informed about the progress towards achieving environmental and climate targets. The assessment of environmental and climate risks is the responsibility of Group Risk Management. → **Annual Report 2020, Report on Risks and Opportunities**

The Company operates environmental and energy management systems in accordance with **ISO 14001** and **ISO 50001**, which are regularly audited by external certification companies. Responsibility for the environmental management systems implemented and certified according to ISO 14001 at the Company's three own production sites in Italy, Poland and Turkey is borne locally. The environmental management team in Metzingen is responsible for the energy management systems in accordance with ISO 50001 at the European locations, together with those responsible for energy management at the individual subsidiaries. Within the framework of the management systems, clear targets are defined for the areas of environmental protection and energy efficiency as well as action plans for their implementation. To identify potential for improvement, the Group's environmental management responsible regularly collect and analyze environmental data. HUGO BOSS also has its own certified auditors who regularly conduct internal energy and environmental audits to identify potential for improvements on site.

In conjunction with energy management, energy procurement also plays an important role. This is why HUGO BOSS obtains **energy from renewable sources** wherever possible at its locations. The Company also regularly checks how it can improve the energy efficiency of its locations. When renovating, planning and constructing new locations, HUGO BOSS always considers that the energy-related emissions are reduced through energy supply systems and energy-efficient technologies. Existing technical facilities are also tested for **energy efficiency** when renovating the Group's own retail stores. Essentially, HUGO BOSS seeks to obtain sustainability certifications for all newly built business properties. → **We, Awards during the Reporting Period** → [group.hugoboss.com](https://group.hugoboss.com)

The **environmental key figures** reported on in the following include the categories electricity, heating energy, CO<sub>2</sub> emissions, water, wastewater and waste. Further key figures can be found in the appendix. The effects of the COVID-19 pandemic had a noticeable impact on the development of the environmental key figures during the reporting year. In particular, retail store closures and the resulting decrease in production and sales volumes as well as the increased amount of people working from home have contributed to the reduction of various consumption values. When the pandemic-related restrictions ease again, a renewed increase in these key figures can be expected. → **Further Key Figures and Information**

HUGO BOSS received several awards for its work in the Environment field of action during the reporting year. → **We, Awards during the Reporting Period**

The defined targets, the level of their achievement and the implemented measures in the Environment field of action are also reported on in the Sustainability Program. → **Sustainability Program**

## Climate Protection

As part of its commitment to the UNFCCC's **Fashion Industry Charter for Climate Action**, HUGO BOSS is pursuing science-based targets (SBT) that have been officially validated by the **Science Based Targets initiative** (SBTi) to reduce the greenhouse gas emissions throughout its value chain. The Company has set itself the goal to reduce its own Scope 1 and 2 emissions (as defined by the Greenhouse Gas Protocol) by at least 51% by 2030 compared to the 2018 base year. For Scope 3 emissions, a 30% reduction is targeted for the same period. → **We** → **Sustainability Program** → [group.hugoboss.com](https://group.hugoboss.com)

### Energy

One lever for reducing CO<sub>2</sub> emissions at HUGO BOSS' own corporate locations is the reduction of energy consumption. The **GREENBUDGET** introduced in 2018 contributes towards this: all HUGO BOSS subsidiaries can submit projects to the GREENBUDGET Committee. The projects are prioritized on the basis of economic and environmental aspects. Once approved, the relevant Group companies can contribute their designated budget directly towards implementing the project. Due to the COVID-19 pandemic, the planned environmental projects, including the GREENBUDGET projects, were postponed until 2021.

By **generating its own renewable energy**, HUGO BOSS also helps to avoid CO<sub>2</sub> emissions. For this purpose, HUGO BOSS relies especially on the installation photovoltaic systems in new facilities. Such projects are also being reviewed for existing facilities. Since 2019, HUGO BOSS has been operating its four photovoltaic systems, which generated a total of 939 MWh of electricity in the reporting year. That is about the same as the annual consumption of 188 four-person households. A small part of this generated electricity is fed into external power grids. The majority of it is consumed by the Company itself.

By switching to **electricity procured from renewable energy sources**, HUGO BOSS is using another opportunity to reduce its CO<sub>2</sub> footprint. In 2020, the power supply at the Group headquarters consisted of 100% certified green electricity. Locations and Group-owned production facilities in a further ten countries also used green electricity in the reporting year. More than half (52%), that is 39,518 MWh, of the electricity consumed within the Group in 2020 came from green renewable energies.

In the reporting year, **energy consumption** at the HUGO BOSS locations was 111,920 MWh.



**02|01 Energy consumption by region and by energy source<sup>1</sup> (in MWh)**

Direct energy consumption	Europe	Americas	Asia/Pacific	Total
Heating oil	1,031	0	0	1,031
Liquefied petroleum gas (LPG)	11	0	12	23
Natural gas	28,790	4,484	0	33,274
Photovoltaic	939	0	0	939
Other energy sources	0	0	0	0
<b>Total direct energy consumption</b>	<b>30,771</b>	<b>4,484</b>	<b>12</b>	<b>35,267</b>
Indirect energy consumption				
Certified green electricity	38,579	0	0	38,579
Electricity	12,687	12,825	10,638	36,150
Other energy sources (e.g. district heating)	1,924	0	0	1,924
<b>Total indirect energy consumption</b>	<b>53,190</b>	<b>12,825</b>	<b>10,638</b>	<b>76,653</b>

<sup>1</sup> Energy data for retail is generally based on data queries at retail stores and outlets. 44% of the retail stores and outlets that are included in the data collection were able to report energy consumption with respect to natural gas. 88% of these retail stores and outlets reported data on electricity while 65% were able to report data on district heating. Extrapolations on the basis of existing consumption data were conducted by calculating average values (kWh/m<sup>2</sup> x opening hour) for all other retail stores and outlets.

Within the scope of energy management, continuous efforts are being worked on across the entire Group to **reduce energy consumption**. The monitoring of technical systems in facilities at the Company's sites and the quarterly reporting of energy consumption in the retail sector make it possible to quickly identify deviations and potential for improvement. If the need for action arises, the environmental management team initiates effective measures to reduce consumption together with the relevant facility managers. The employees at the retail stores were made aware of their contribution to sustainable store operations by means of a brochure and were provided with information about topics such as "energy consumption", "water consumption" and "recycling of waste".

As a result of some **energy efficiency measures** and retail store closures due to the COVID-19 pandemic, energy consumption fell by 15% in 2020. The combined heat and power unit at the Group headquarters, which was shut down in 2019, was dismantled during the reporting period and replaced by two new air heating pumps powered by green electricity. Thanks to this new energy concept, the required heat can now be generated more efficiently and free of fossil fuels, while at the same time enabling savings of around 2,000 MWh of natural gas per year. The photovoltaic system installed on the roof of the new BOSS outlet in Metzingen during 2019 was in operation for a full year for the first time in 2020 and produced 538,845 kWh of electricity.

## 02|02 Energy consumption by energy source<sup>1</sup> (in MWh)

	2020	2019	2018
<b>Direct energy consumption</b>			
Heating oil	1,031	921	432
Liquefied petroleum gas (LPG)	23	37	30
Natural gas	33,274	39,774	42,082
Photovoltaic	939	604	536
Other energy sources	0	0	0
<b>Total direct energy consumption</b>	<b>35,267</b>	<b>41,336</b>	<b>43,080</b>
<b>Indirect energy consumption</b>			
Certified green electricity	38,579	45,707	31,086
Electricity	36,150	42,117	61,782
Other energy sources (e.g. district heating)	1,924	1,980	2,011
<b>Total indirect energy consumption</b>	<b>76,653</b>	<b>89,804</b>	<b>94,879</b>
<b>Total energy consumption</b>	<b>111,920</b>	<b>131,140</b>	<b>137,959</b>

<sup>1</sup> Energy data for retail is generally based on data queries at retail stores and outlets. 44% of the retail stores and outlets that are included in the data collection were able to report energy consumption with respect to natural gas. 88% of these retail stores and outlets reported data on electricity while 65% were able to report data on district heating. Extrapolations on the basis of existing consumption data were conducted by calculating average values (kWh/m<sup>2</sup> x opening hour) for all other retail stores and outlets.

As part of the Group-wide climate protection strategy, HUGO BOSS has set itself the goal of reducing **direct and indirect energy consumption** in relation to area (m<sup>2</sup>) by 20% by 2030 (base year 2018). Compared to the base year, this figure was reduced by 22%. → **Sustainability Program**

## 02|03 Reduction of energy consumptions per m<sup>2</sup> area<sup>1</sup> (in kWh/m<sup>2</sup>)

	2020	2019	2018
Actual value	134.1	157.2	171.4
Change in actual value (in %)	-22	-8	

<sup>1</sup> Ratio of energy consumption to area. The percentage change for 2019 and 2020 refers to the base year 2018. Energy data for retail is generally based on data queries at retail stores and outlets. 44% of the retail stores and outlets that are included in the data collection were able to report energy consumption with respect to natural gas. 88% of these retail stores and outlets reported data on electricity while 65% were able to report data on district heating. Extrapolations on the basis of existing consumption data were conducted by calculating average values (kWh/m<sup>2</sup> x opening hours) for all other retail stores and outlets.

## Emissions

In the reporting year 2020, **greenhouse gas emissions** amounting to 580,401t of CO<sub>2</sub> were caused in connection with the business activities of the HUGO BOSS Group. Not only does this include emissions from electricity purchases, the Group's own primary energy consumption, its own logistics activities and business travel by plane and car, but also emissions generated in the external supply chain, such as in the manufacture of raw materials and the production processes. The latter were included in the calculation as part of HUGO BOSS' commitment to the UNFCCC in 2020 and are reported under "purchased goods". Greenhouse gas emissions are broken down by Scope 1 to 3 in accordance with the logic of the Greenhouse Gas Protocol. They fell by 24% compared to the previous year. Further information on the emissions of the purchased goods and their calculation method is presented and explained in the Partners chapter. → **Partners**

<b>02 04 Direct, indirect and other greenhouse gas emissions<sup>1</sup> (in t of CO<sub>2</sub>)</b>				
		<b>2020</b>	2019	2018
Scope 1				
Own vehicles	✓	2,528	2,980	3,052
Direct energy consumption	✓	7,627	9,029	9,396
<b>Total Scope 1</b>	✓	<b>10,155</b>	<b>12,009</b>	<b>12,448</b>
Scope 2				
Indirect energy consumption	✓	17,233	20,384	30,328
<b>Total Scope 2</b>	✓	<b>17,233</b>	<b>20,384</b>	<b>30,328</b>
Scope 3				
Air travel	✓	1,423	7,012	7,567
Transport <sup>2</sup>		27,301	38,868	42,571
Purchased goods <sup>3</sup>		495,419	645,516	678,732
Other <sup>4</sup>		28,870	40,531	43,320
<b>Total Scope 3</b>		<b>553,013</b>	<b>731,927</b>	<b>772,190</b>
<b>Total Scope 1 to 3</b>		<b>580,401</b>	<b>764,320</b>	<b>814,966</b>

<sup>1</sup> The Greenhouse Gas Protocol is used to calculate greenhouse gas emissions. Scope 2 emissions are calculated in general according to the market-based approach by the Company using specific supplier emission factors for the certified green electricity. For conventional electricity, specific country emission factors are used.

<sup>2</sup> The transport figures differ from those published in the 2018 and 2019 Sustainability Reports. They have been adjusted on the basis of a more comprehensive data collection and now include not only incoming but also outgoing flows of goods. This adjustment also resulted in a change to the values under "Total Scope 3" and "Total Scope 1 to 3" for 2018 and 2019.

<sup>3</sup> The "purchased goods" category was newly included in the calculation of Scope 3 emissions in the reporting year. Therefore, the "Total Scope 3" and "Total Scope 1 to 3" values differ from those in the 2018 and 2019 Sustainability Reports. "Purchased goods" corresponds with the "purchased goods and services" category as defined in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard of the Greenhouse Gas Protocol. It includes all CO<sub>2</sub> emissions released in connection with the manufacture of raw materials and the production of goods.

<sup>4</sup> The "Other" category groups together the Scope 3 emissions of the remaining categories according to the Greenhouse Gas Protocol, with "end-of-life treatment of sold products" accounting for 2% and "fuel and energy-related activities" accounting for 1%. The remaining Scope 3 emissions each represent less than 1%.

The representation of Scope 2 emissions calculated in accordance with the **location-based approach** is included in the appendix. This is based on the average emission factors in the individual markets.

→ **Further Key Figures and Information**

HUGO BOSS has set itself the goal of reducing **Scope 1 and 2 emissions** by at least 51% compared to the base year 2018 by 2030. → **Sustainability Program**

<b>02 05 Reduction of greenhouse gas emissions (Scope 1+2)<sup>1</sup> (in t of CO<sub>2</sub>)</b>			
	✓ <b>2020</b>	2019	2018
Actual value	27,388	32,393	42,776
Change in actual value (in %)	-36	-24	

<sup>1</sup> The percentage change for 2019 and 2020 refers to the base year 2018. Further guidance on the method of calculating emissions is provided in Table 02|04.

The Scope 1 and Scope 2 emissions amounted to 27,388t of CO<sub>2</sub> in the reporting year. They fell by 36% compared to the base year 2018.

HUGO BOSS has also defined goals to reduce its **Scope 3 emissions**. These emissions are to be reduced by 30% by 2030 (base year 2018). → **Sustainability Program**

**02|06 Reduction of greenhouse gas emissions (Scope 3)<sup>1</sup>** (in t of CO<sub>2</sub>)

	2020	2019	2018
Actual value	553,013	731,927	772,190
Change in actual value (in %)	-28	-5	

<sup>1</sup> The percentage change for 2019 and 2020 refers to the base year 2018. Further guidance on the method of calculating emissions is provided in Table 02|04.

The Scope 3 emissions in the reporting year amounted to 553,013t of CO<sub>2</sub>. The development of CO<sub>2</sub> emissions in the production process in 2020 was heavily influenced by the COVID-19 pandemic and the significantly lower demand that resulted from it. When production volumes increase again due to renewed increases in demand, it can be expected that CO<sub>2</sub> emissions will also rise accordingly.

As part of Scope 3 emissions, external **logistics and transport processes** represent an important field of work for reducing CO<sub>2</sub> emissions in the long term and conserving resources. To this end, all transport flows are being analyzed and optimized in close cooperation with the service providers performing the work. Since 2019, transport-related emissions have been an integral part of regular logistics reporting. The emissions data derived from this are presented in a quarterly **internal CO<sub>2</sub> report**, broken down by transport route. This reporting increases transparency within the Company, thus facilitating the strategic planning of transport flows and enabling consistent exploitation of the identified potential.

When planning and executing its transportation, HUGO BOSS pays attention to both high-quality logistics services and a reduction in its environmental impact. The publicly available **Logistics Guideline** with its regulations and recommendations, which is integrated into the Group's Environmental Policy, plays an important role in this respect. It specifies how transportation is to be prepared and carried out for HUGO BOSS and defines minimum environmental requirements that contribute to a long-term reduction in CO<sub>2</sub> emissions. In addition to environmental aspects, the Logistics Guideline also includes social issues. This includes the long-term orientation of supply contracts and the respect of human rights within the logistics processes. → [group.hugoboss.com](http://group.hugoboss.com)

In 2020, greenhouse gas emissions in accordance with the Greenhouse Gas Protocol were calculated using both the incoming and the outgoing flows of goods. In doing so, HUGO BOSS has, for the first time, recorded the emissions generated by the distribution of goods to its points of sale around the globe.

**02|07 Environmental impacts from transportation**

		2020	2019	2018
Incoming flows of goods <sup>1</sup>	Ton-kilometers (in tkm)	161,308	200,341	184,916
	Greenhouse gas emissions (in t of CO <sub>2</sub> )	20,222	27,087	30,689
Outgoing flows of goods <sup>2</sup>	Ton-kilometers (in tkm)	22,710	31,523	30,915
	Greenhouse gas emissions (in t of CO <sub>2</sub> )	7,079	11,781	11,882

<sup>1</sup> All flows of incoming goods to the HUGO BOSS logistics centers in Germany, the USA and Canada, as well as the raw materials shipments from HUGO BOSS to its producers are taken into account.

<sup>2</sup> All flows of outgoing goods from the HUGO BOSS distribution centers to its own retail stores, outlets and globally.

In the reporting year, **transportation-related CO<sub>2</sub> emissions** fell by 30%. Due to the closure of retail stores as a result of the pandemic, HUGO BOSS had to reduce the distribution of its goods to the stores in particular. HUGO BOSS took advantage of the opportunity this presented to also reorganize the incoming flows of goods and in the reporting year only used faster, but more emission-intensive aircraft in exceptional cases. In the future, too, air freight is to be further avoided, thus achieving a constant reduction in CO<sub>2</sub> emissions.

## Water

HUGO BOSS is continuously reviewing measures to **conserve water resources** in its direct area of responsibility. In doing so, the Company focuses primarily on those areas where it identifies the greatest potential for reducing consumption at its own locations. In 2020, Group-wide water consumption fell by 21% compared to the previous year. The dismantling of the combined heat and power unit and the cooling tower at the Group headquarters led to savings of more than 2,000m<sup>3</sup> of water in the reporting year. The impacts of the COVID-19 pandemic have also led to a fall in water consumption at the sites. Most of the water at the sites is used for sanitary installations.

Water consumption is also analyzed with regard to the availability of drinking water. Especially in water-scarce regions, water consumption is to be reduced as much as possible. During the reporting year, HUGO BOSS used 73,460m<sup>3</sup> of water at its production sites in water-stressed regions.

One measure for using water responsibly in water-stressed regions are the groundwater tanks which were installed at the site in Izmir (Turkey) in 2017. In the reporting year, 23,180m<sup>3</sup> of water were collected here and used for the irrigation of green areas and for the sanitary installations on the site. This is equivalent to around 37% of the site's water consumption. The remaining fresh water is obtained from external water supply sources.

HUGO BOSS also regularly reviews concepts for reusing water at its production sites. In Izmir, for example, from spring 2021 onwards the water from a cooling unit will be recycled and also used for the irrigation of green areas. As a result, around 1,000m<sup>3</sup> of fresh water will be saved each year.

→ **Further Key Figures and Information**

### 02|08 Water consumption by region<sup>1</sup> (in m<sup>3</sup>)

	2020	2019	2018
Europe	129,306	166,998	184,363
Americas	17,167	21,364	21,828
Asia/Pacific	16,024	18,496	18,708
<b>Total</b>	<b>162,497</b>	<b>206,858</b>	<b>224,899</b>

<sup>1</sup> Water consumption data for retail is generally based on data queries at retail stores and outlets. 14% of retail stores and outlets that are included in the data collection were able to report water consumption data. For all other retail stores and outlets, an average value of 0.22m<sup>3</sup>/m<sup>2</sup> was used. This average value is derived from a clothing retail benchmark (2013) by the real estate investment management company Redevco (redevco.com).

HUGO BOSS has set the goal of reducing water consumption by 40% in relation to Group sales (base year and reporting scope 2016) by 2025. In 2020, water consumption in relation to Group sales amounted to 63.6m<sup>3</sup>/EUR million and was thus 5% below the figure for the base year 2016. Here, water consumption from external water supply (without company-owned groundwater tanks) is considered. The relatively small decline in the value is mainly related to the disproportionately large sales declines in the reporting year compared to water consumption. → **Sustainability Program**

**02|09 Reduction of water consumption in ratio to group sales (reporting scope and base year 2016)<sup>1</sup>**  
 (in m<sup>3</sup>/EUR million sales)

	● 2020	2019	2018	2017	2016
Actual value	63.6	55.8	57.6	65.9	66.9
Change in actual value (in %)	-5	-17	-14	-2	

<sup>1</sup> Ratio of total water consumption to Group sales. The percentage change for the years 2017 to 2020 represents the change in comparison to the base year 2016. Water consumption data for retail is generally based on data queries at retail stores and outlets. 14% of retail stores and outlets that are included in the data collection were able to report water consumption data. For all other retail stores and outlets, an average value of 0.22m<sup>3</sup>/m<sup>2</sup> was used. This average value is derived from a clothing retail benchmark (2013) by the real estate investment management company Redevo (redevo.com).

## Wastewater and Waste

In order to reduce wastewater and waste, HUGO BOSS focuses upon **optimizing its processes**, in particular at its own locations.

### Wastewater

During the reporting year, the Group discharged a total of 119,411m<sup>3</sup> of wastewater mainly into the communal wastewater systems at the locations. This was approximately 24% less than in the prior year. One exception in the area of wastewater is the production site in Morrovalle (Italy). Here the water from the sanitary installations and the staff canteen is purified and discharged into a ditch. The discharge has been approved and is verified by means of annual tests. In addition to compliance with local legal regulations, the **quality of the water discharged** from its own production sites is subject to the requirements of ISO 14001 certification.

**02|10 Wastewater discharges by region<sup>1</sup>** (in m<sup>3</sup>)

	● 2020	2019	2018
Europe	88,044	120,422	137,700
Americas	15,343	18,236	18,722
Asia/Pacific	16,024	18,496	18,708
<b>Total</b>	<b>119,411</b>	<b>157,154</b>	<b>175,130</b>

<sup>1</sup> It is assumed that the amount of water consumption is equal to the amount of wastewater discharges for all retail stores in scope (retail stores and outlets).

### Waste


The total waste volume in 2020 was 5,131t. Compared with the previous year, this equates to a reduction of 28%.

**02|11 Waste volumes by type<sup>1</sup>** (in t)

	● 2020	2019	2018
Hazardous waste <sup>2</sup>	49	56	57
Non-hazardous waste	5,082	7,041	6,174
<b>Total</b>	<b>5,131</b>	<b>7,097</b>	<b>6,231</b>

<sup>1</sup> Sold products at the retail stores and outlets in scope as well as transportation carried out (consideration of respective product and transportation packaging) form the basis for the calculation of retail waste data.

<sup>2</sup> "Hazardous waste" includes various types of waste that pose a risk to health and/or the environment. In the reporting year, hazardous waste was generated in the categories "batteries", "chemicals", "oil", "electronic equipment", "toner cartridges" and "other hazardous waste".

**02|12 Waste volumes by type and region<sup>1</sup>** (in t) 


	Europe	Americas	Asia/Pacific	Total
Hazardous waste	46	1	2	49
Non-hazardous waste	3,832	672	578	5,082
<b>Total</b>	<b>3,878</b>	<b>673</b>	<b>580</b>	<b>5,131</b>

<sup>1</sup> Sold products at the retail stores and outlets in scope as well as transportation carried out (consideration of respective product and transportation packaging) form the basis for the calculation of retail waste data.

A large part of the waste generated at the HUGO BOSS locations is forwarded for **recycling** (2020: 64%). All other waste is disposed of in accordance with the local applicable regulations. The Company's largest production site in Izmir reduced its waste volume by 21% during the reporting period – primarily due to the impacts of the COVID-19 pandemic, but also thanks to more **efficient waste management**. The target set in 2019 to reduce the waste volume by 3% in 2020 has thus been significantly exceeded and is therefore considered to have been conclusively achieved. → **Sustainability Program**

HUGO BOSS has set the goal of reducing the volume of domestic waste per employee by 10% by 2025. In 2020, this equated to 62.7 kg/employee and was therefore 23% below the figure for the base year 2018. This decline is due to the fact that altogether fewer employees were physically present at the sites. When the increased presence of staff is again possible in view of the COVID-19 pandemic, the waste volume is expected to return to normal.

**02|13 Reduction of waste volume (domestic waste) in ratio to number of employees (base year 2018)<sup>1</sup>** (in kg/employee)

	 2020	2019	2018
Actual value	62.7	80.8	81.1
Change in actual value (in %)	-23	-0.4	

<sup>1</sup> "Domestic waste" includes residual waste and food waste.

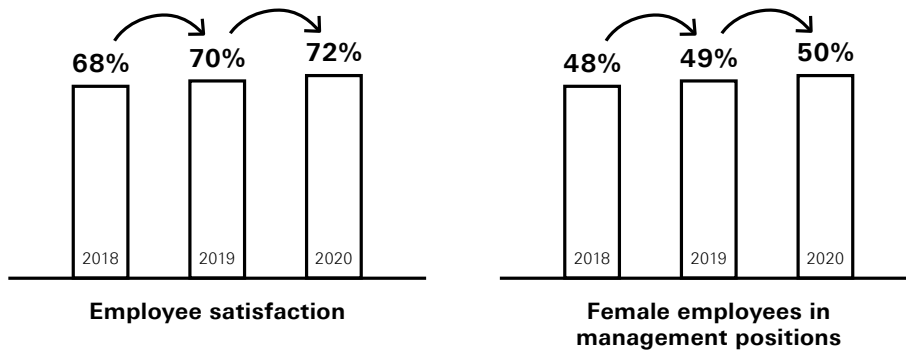
In addition, HUGO BOSS is working to further reduce waste in connection with **product and transport packaging**, for example by saving packaging materials and increasingly using reusable solutions.

→ **Products**



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# EMPLOYEES



## EMPLOYEES – Fostering a fair and responsible culture

HUGO BOSS owes its competitiveness and international reputation to the many qualified and motivated employees at its own administrative, production and logistics sites as well as in its own retail stores. The Company therefore aims to inspire its employees every single day, motivate them with challenging and varied tasks, and thus retain their loyalty. HUGO BOSS assumes responsibility for the well-being of each individual and promotes a corporate culture of mutual appreciation and respect. The Company is committed to equal opportunities and diversity, helps employees to reconcile their private and professional lives, offers excellent development opportunities and provides safe, healthy jobs throughout the entire Group. In this way, HUGO BOSS aims to consolidate its reputation as an attractive employer. The Company is fully committed to respecting human rights and contributes towards Sustainable Development Goals (SDGs) 5, 8 and 10 at all its locations through fair, performance-related compensation, protection against discrimination and respect for employee rights.



## Management Approach

The apparel market is subject to constant change. Customer requirements are constantly increasing, while at the same time technological advances are changing everyday business. In addition, there are social changes, trends and other challenges to which the Company must respond, such as demographic change and recently the COVID-19 pandemic. To remain successful in the long term in light of these challenges, HUGO BOSS is working continuously on further developing its **corporate culture**. In this respect, the Company relies on sense of responsibility, courage, agility and participation. HUGO BOSS thus aims to become even more attractive as an employer and, through greater involvement and agile processes, to empower its employees to make responsible decisions and proactively shape changes. The HUGO BOSS values of **quality, respect, innovation, passion and cooperation** are the constants in this development process.

Working at HUGO BOSS has always been characterized by a motivating work environment, open, transparent communication and an appreciative management culture. Today these qualities are more important than ever. Being an **attractive employer** is extremely important for HUGO BOSS, both in the face of the competition for new talent and in its efforts to retain qualified personnel. With a wide range of employee development programs and training courses, the Company therefore enables all employees to constantly expand their knowledge, learn new skills and abilities and develop personally. In addition, HUGO BOSS helps its employees to reconcile their professional and private lives, thereby promoting their satisfaction and performance as well as their loyalty to the Company. HUGO BOSS also attaches great importance to a diverse workforce. Past experience has shown that heterogeneous and inclusive teams achieve better and more creative solutions to complex issues and have a positive effect on employee satisfaction. HUGO BOSS therefore specifically promotes the diversity of its employees.

HUGO BOSS is **committed to respecting human rights and labor standards** on the basis of internationally recognized standards, for all employees within the Company. HUGO BOSS offers fair working conditions globally through a structured and comprehensible compensation system as well as fair opportunities for development and participation. The Company is committed to freedom of association, gender equality and a strict principle of non-discrimination. HUGO BOSS takes proactive steps to counter the fundamental risk of labor standards infringements and cases of discrimination occurring in its own value chain. Such incidents are not compatible with the values of HUGO BOSS. The Company has therefore established preventive measures such as specific training courses and audits. → **We → Partners**

As a responsible employer, HUGO BOSS also attaches a great deal of importance to the **occupational health and safety** of its employees. The Company's goal is to keep accident and health-related absences as low as possible and, through preventive measures, to reinforce the health and safety of its employees as well as confidence in HUGO BOSS as an employer.

Responsibility for the continuous review and development of Group-wide human resource management lies with the **central Human Resources department** based in Metzingen, which reports to the Director Global Human Resources. It works closely with the heads of other central departments as well as the Human Resources departments and managers of the Group companies. The central Human Resources department also works regularly with the Managing Board.

Responsibility for occupational health and safety (OHS) is decentralized at HUGO BOSS. Clear responsibilities have been defined for this at the Group headquarters and in the respective Group companies as well as in its own retail stores. The responsible employees report regularly and as the situation demands to the relevant departments at the Group headquarters. There is also a regular exchange of information with the Managing Board.

HUGO BOSS' human resource management is based on both centralized and decentralized guidelines. The basic cornerstones for trusted collaboration within the Company as well as for interaction with customers and suppliers have been defined in the Company's **Code of Conduct**. With binding rules, it creates clarity for essential ethical and legal issues. The **Human Rights Policy** and the **Supplier Code of Conduct** are also of fundamental importance for human resource management. The Human Rights Policy contains binding guidelines for all employees on human rights and humane working conditions, which must also be taken into account in cooperation with partners. The Supplier Code of Conduct, which is based in particular on internationally recognized labor and social standards, applies not only to suppliers, but also to the Company and its employees. → **We** → **Partners** → [group.hugoboss.com](https://group.hugoboss.com)

In addition to these guidelines, HUGO BOSS has published a **Health & Safety Commitment**. Decentralized, for the business activities of the various subsidiaries, HUGO BOSS applies a wide range of additional guidelines to design its human resource management in line with its own standards and the respective legal norms. → [group.hugoboss.com](https://group.hugoboss.com)

HUGO BOSS uses various tools to evaluate the effectiveness of its measures to increase employer attractiveness and to ensure equal opportunities and diversity, such as an **annual employee survey** conducted in cooperation with Great Place to Work® Germany. On the basis of the survey, assumptions are made about the employees' needs and satisfaction. Compared with the survey results of the previous year, employees in 2020 were more proud of what they had achieved together and were convinced that they were making an important contribution towards society through their work. HUGO BOSS also conducts additional **evaluation processes** for human resource management as well as occupational health and safety management, and initiates various internal and external audits, among other things.

→ **Annual Report 2020, Combined Non-Financial Statement, Employee Matters**

HUGO BOSS received several awards for its work in the Employees field of action during the reporting period. → **We, Awards during the Reporting Period** → **Annual Report 2020, Combined Non-Financial Statement, Employee Matters**

The defined targets, the level of their achievement and the implemented measures in the Employees field of action are also reported on in the Sustainability Program. → **Sustainability Program**

## Employment

At the end of fiscal year 2020, 15,531<sup>4</sup> members of staff were employed by the HUGO BOSS Group (2019: 17,560). Thus, the figure was lower compared with the previous year.

### 03|01 Employees by region (headcount)

	2020	2019	2018
Europe	11,663	13,100	13,117
Americas	1,620	2,212	2,271
Asia/Pacific	2,248	2,248	2,191
<b>Total</b>	<b>15,531</b>	<b>17,560</b>	<b>17,579</b>

During the reporting year, the working conditions were regulated for 52% of the workforce through **collective agreements** with trade unions or **operational employee agreements** (2019: 49%). The proportion of women has increased slightly compared to the previous year.

### 03|02 Employees by gender and region (in %)

	2020		2019		2018	
	Women	Men	Women	Men	Women	Men
Europe	59	41	59	41	59	41
Americas	49	51	49	51	48	52
Asia/Pacific	71	29	70	30	68	32
<b>Total</b>	<b>60</b>	<b>40</b>	<b>59</b>	<b>41</b>	<b>59</b>	<b>41</b>

In 2020, 1,833 new employees were hired (2019: 4,459). The decline in new employee hires compared to the previous year is primarily related to adjustments resulting from the COVID-19 pandemic, such as the internal filling of vacancies. 3,080 people left the Company. In order to maintain the financial stability of the Company during the COVID-19 pandemic and, among other things, to preserve the jobs of its employees, HUGO BOSS introduced temporary measures to reduce working hours (short-time work) in the reporting year.

### 03|03 New hires by region<sup>1</sup> (headcount)

	2020	2019	2018
Europe	1,027	2,870	3,312
Americas	388	891	927
Asia/Pacific	418	698	637
<b>Total</b>	<b>1,833</b>	<b>4,459</b>	<b>4,876</b>

<sup>1</sup> Data without apprentices, interns, diploma students, agency staff.

<sup>4</sup> The reported figure relates to headcounts as of December 31, 2020. The figure published in the Annual Report (around 13,800) however is based on a full-time equivalent (FTE) calculation.

HUGO BOSS considers the Retail and Corporate areas<sup>5</sup> separately when evaluating the termination rate. This enables the Company to make differentiated statements about **employee retention** in the individual divisions and to identify the individual need for action. However, the specific measures for the Retail and Corporate areas announced in the 2019 Sustainability Report could not be introduced in 2020. This was due to a shift in priorities in connection with COVID-19. Implementation of the measures will continue as soon as circumstances permit.

In total, the employee **termination rate** in the reporting year equated to 21%, representing a decline compared with the previous year (2019: 29%). In 2020, employee-related turnover was 18% in the Retail area and 7% in the Corporate area ✓. The Company's goal is still to lower the level of employee-related termination. → **Sustainability Program**

**03|04 Termination rate by reason and region<sup>1</sup> (in %) ✓**

	Europe	Americas	Asia/Pacific	Total <sup>2</sup>
Employee-specific	9	25	14	<b>12</b>
Employer-specific	7	10	4	<b>7</b>
Redundancy	1	6	2	<b>1</b>
Retirement	1	0	0	<b>1</b>
Death, emigration	0	0	0	<b>0</b>
<b>Total</b>	<b>18</b>	<b>41</b>	<b>20</b>	<b>21</b>

<sup>1</sup> Data without apprentices, interns, diploma students, agency staff.

<sup>2</sup> The total figure reflects the termination rate by weighted region. The weighting results from the different employee numbers in the regions.

**03|05 Employee-specific termination by region<sup>1</sup>**

	2020 ✓		2019		2018	
	headcounts	in %	headcounts	in %	headcounts	in %
Europe	1,056	10	1,815	15	1,857	16
Americas	378	25	778	42	688	35
Asia/Pacific	302	14	509	24	519	26
<b>Total</b>	<b>1,736</b>	<b>12</b>	<b>3,102</b>	<b>20</b>	<b>3,064</b>	<b>19</b>

<sup>1</sup> Data without apprentices, interns, diploma students, agency staff.

In order to find out how to improve employee retention and thus reduce the termination rate, HUGO BOSS holds individual exit interviews and records the reasons that caused its employees to leave.

Further key figures on the employee structure can be found in the appendix. → **Further Key Figures and Information**

<sup>5</sup> The Corporate area includes all functions in the Company that are not allocated to the retail business.

## Fair Working Conditions

The **respect of human rights and labor standards** are a fundamental element of the corporate culture at HUGO BOSS. This applies to all areas of its global business activities – from administration and its own production sites through to logistics and its own retail business. HUGO BOSS also pays attention to the protection of human rights and respect of labor standards at its suppliers. → We → Partners

Against the background of the already existing high labor standards at the Company's own locations, the focus here is on the topics of "freedom of association", the "prohibition of discrimination" and "fair compensation".

HUGO BOSS enables its employees globally to form or join **trade unions** and participate in collective bargaining within the scope of the respective national law. Employees receive information about their corresponding rights in compliance training courses and via the Group's Code of Conduct and Human Rights Policy. All three communication tools are accessible globally. → We

HUGO BOSS consistently takes action against all cases of discrimination and violations of the freedom of association, the right to collective bargaining, and the right to fair working conditions that come to light in the Company. The Company has **comprehensive complaint mechanisms** and various reporting channels for reporting such incidents. → We

During the reporting year, 18 **cases of discrimination** were reported (2019: 16<sup>6</sup>). Of these, 14 incidents involved women and 4 involved men. In 2020, corrective actions were initiated and completed in 15 of the reported discrimination cases ✓.

In addition to complaint management, open communication and enhancing awareness of discrimination are important tools for **ensuring equal opportunities and fair working conditions**. Accordingly, the topic of anti-discrimination is a regular part of the Group's compliance training. To further raise awareness among employees, an independent anti-discrimination e-learning<sup>7</sup> course was introduced in 2020 and is accessible globally.

In its Human Rights Policy, HUGO BOSS has committed itself to paying at least the statutory minimum wage or a cross-industry reasonable wage which is sufficient to cover the cost of living. The Company is convinced that, beyond these minimum requirements, fair working conditions imply **transparent and performance-related remuneration**. Therefore, HUGO BOSS has set itself the goal of further increasing the fairness and competitiveness of its compensation system, and to guarantee its employees at a global level fair compensation in line with market conditions. This understanding forms the basis for the HUGO BOSS compensation system. It incorporates fixed and variable salary components, additional allowances, benefits in kind and other immaterial benefits. The respective level of compensation is based on the market-based HUGO BOSS salary ranges and is independent of gender or other diversity aspects. With the job grading system implemented in Germany in 2019, all jobs in the Company are evaluated and are presented transparently in job profiles. Throughout the course of the reporting year, the system was rolled out globally, so that from 2021 onwards all positions around the globe will be assessed on the basis of uniform criteria.

<sup>6</sup> The key figure for 2019 was revised retroactively and thus no longer corresponds with the value published in the 2019 Sustainability Report. Two cases of discrimination which occurred at the turn of the year 2019/2020 have now been assigned to the year 2019.

<sup>7</sup> E-learning courses are online training courses that the employees carry out independently.

Employees covered by collectively negotiated wage agreements in Germany share in the Company's success through an annual bonus. Employees who do not have collectively negotiated wage agreements receive a basic salary plus a personal bonus, which is linked to Company targets and the attainment of qualitative and quantitative personal goals. In order to increase awareness of social and environmental topics, in particular at upper management level, sustainability aspects including employee satisfaction form fixed components of the long-term management compensation. HUGO BOSS also makes an important contribution towards the **company pension** of its employees. Its scope and conditions differ from country to country. Within Germany, HUGO BOSS offers the same company pension for all employee groups. Additional benefits for HUGO BOSS employees relate to health protection, accident and incapacity to work insurance, maternity leave and other offers such as parental leave and subsidies for further training measures. → **Annual Report 2020, Employees**

## Diversity and Equal Opportunities

The **diversity of the employees** at HUGO BOSS is a **natural component of the corporate culture**. By joining the Charter of Diversity in 2008, HUGO BOSS committed itself to providing all employees with a working environment that is free of discrimination and to enabling equal opportunities. Furthermore, the Company is committed to gender equality. To reinforce this, during the reporting year the Managing Board of HUGO BOSS AG became a signatory to the Women's Empowerment Principles. By spring 2021, all Group companies around the globe will also have signed the principles. In addition, HUGO BOSS placed greater emphasis on this topic from an organizational point of view during the reporting year. To strengthen **Diversity Management**, the position of Head of Diversity & Inclusion was created. A Diversity Task Force was also formed, which consists of various working groups that focus on the topic of diversity and are made up of HUGO BOSS employees from locations around the globe.

As a contribution towards equal opportunities, HUGO BOSS helps its employees reconcile their **private and professional lives**, for example to cope with family duties such as caring for relatives or childcare. The Company offers arrangements for maternity and paternity leave which exceed the statutory minimum – such as at the international locations in Coldrerio (Switzerland) and Hong Kong (China). Special leave of one to three days is also granted when an employee gets married or enters a civil partnership, for the birth of a child and other family and private events. At its headquarters in Metzingen, HUGO BOSS is expanding its offering for employees with children by building its own daycare center. This is expected to be operational from September 2022. → **Annual Report 2020, Combined Non-Financial Statement, Employee Matters**

Due to the COVID-19 pandemic, most of the administrative staff worked from home during the reporting year, which proved successful. The positive experiences have prompted the Company to be one of the first in the textile industry to make the option of remote working standard practice and to establish the **Thredom of Work** model. Thredom of Work allows administrative employees in Germany to freely choose where they work two days a week. In doing so, HUGO BOSS offers even more individuality and freedom in designing the working model and thus in achieving a good work-life balance.

In addition, the Company supports its employees with various online seminars to help them reconcile pandemic-related family and professional challenges.

At 60%, women account for the majority of the workforce. At the four management levels, 50% of the positions were held by women in 2020 (2019: 49%). In 2020, the Supervisory Board was made up of 42% women (2019: 25%) ✓. In the future, HUGO BOSS intends to increase the **proportion of women** in upper management levels. → **Sustainability Program** → [group.hugoboss.com](https://group.hugoboss.com)

**03|06 Employees by management level and gender (in %)**

	✓ 2020		2019		2018	
	Women	Men	Women	Men	Women	Men
Managing Board	0	100	0	100	0	100
Top management	25	75	15	85	16	84
Middle management	45	55	46	54	45	55
Management	52	48	51	49	50	50
<b>Total</b>	<b>50</b>	<b>50</b>	<b>49</b>	<b>51</b>	<b>48</b>	<b>52</b>

Further information on the subject of diversity and equal opportunities is available on the Group's website. → [group.hugoboss.com](https://group.hugoboss.com)

**Vocational Training and further Education**

HUGO BOSS regards vocational training and further education as an important **contribution to securing its future**. For this reason, the Company attaches great importance to ensuring that its employees are able to keep their knowledge up to date at all times. In addition to subject-related training courses, training on social skills is also offered. This is intended to promote an appreciative, cooperative and performance-oriented corporate culture. → [group.hugoboss.com](https://group.hugoboss.com) → **Annual Report 2020, Employees**

To identify the performance and development potential of all employees in a comprehensible and fair manner, and use this information for individual development planning, HUGO BOSS introduced the Performance & Development Dialog (PDD) tool in 2020 at its Group headquarters in Metzingen and other European locations. The PDD is a process for the holistic, transparent **assessment of employees in terms of performance and potential**. By 2021, the PDD will gradually be introduced globally for all corporate employees. In addition, the first PDD pilot projects have already taken place for retail employees in Germany, Austria and Switzerland.

**03|07 Employees with performance appraisals by region (in %)**

	2020	2019	2018
Europe	80	84	85
Americas	63	27	28
Asia/Pacific	92	93	94
<b>Total</b>	<b>80</b>	<b>79</b>	<b>79</b>

HUGO BOSS uses special **personnel development programs** for the targeted further development of potential top performers: The Employee Development Program (EDP) is aimed at the entire workforce and is designed to support employees who wish to qualify for a professional or management career. The only exceptions are employees with fixed-term contracts. In 2020, the EDP was temporarily suspended due to the COVID-19 pandemic. In 2019, the Leadership Development Program (LDP) was also introduced specifically for managers. The LDP prepares managers for their next career steps. During the reporting year, the EDP was revised with a view to establishing it together with the LDP in all Group companies in the future. In addition, HUGO BOSS offers further development programs for employees and managers at its international locations.

The HUGO BOSS training program consists of **face-to-face training and e-learning courses** on social, technical and leadership skills. During the reporting year, face-to-face training was largely converted to digital formats due to the COVID-19 pandemic. All online face-to-face training and e-learning courses are offered via the internal training platform HUGO BOSS University and enable uniform training content to be shared globally. HUGO BOSS carried out 1,342 face-to-face training courses, the majority of which were online, throughout the Group during the reporting year (2019: 2,070). The Company's aim is to guarantee at least 15 training hours per employee per year; in the reporting year, all employees globally completed an average of almost eight training hours each. → **Further Key Figures and Information**

**03|08 Training by type**<sup>1</sup> (number)

	<b>2020</b>	2019	2018
Face-to-face trainings <sup>2</sup>	1,342	2,070	2,360
Employees who participated in e-learning courses	7,876	7,710	6,496
Successfully completed e-learning courses	40,955	266,758	85,018

<sup>1</sup> Without OHS and compliance trainings.

<sup>2</sup> Face-to-face training in both physical and online formats.

HUGO BOSS continues to support its employees beyond the employment relationship at the end of their working lives. HUGO BOSS offers a targeted program in Germany for employees who are planning to retire, in order to help with the transition. This includes a partial retirement program under which employees continue to enjoy Company benefits such as free access to the fitness studio and the staff restaurant.

To promote its **young talents**, HUGO BOSS also works closely with regional, national and international universities and other vocational training institutions. In collaboration with them, the Company offers a wide range of industrial, technical and commercial training courses as well as dual courses of study.



## Occupational Health and Safety

The prevention of occupational accidents and the protection of employee health are central goals of HUGO BOSS. The Company runs a **comprehensive OHS program** to manage the areas of occupational health and safety. It is based on legal requirements and, in addition to its own employees, also includes employees who work for HUGO BOSS through personnel leasing agreements (contractors). In the reporting year, the Company decided to introduce a **management system in accordance with ISO 45001**. Its implementation is scheduled for 2021. In the course of this, procedures for employee participation in the development, implementation and performance evaluation of the system will also be developed.

Employees receive information on occupational health and safety through various channels including the intranet, e-learning courses and briefings.

### Occupational Safety

The **Safety Committee** is of fundamental importance for occupational safety at HUGO BOSS. It meets quarterly and is composed of employer representatives, the works council, the company doctors, the safety officers and members of the occupational health and safety teams. The committee discusses occupational safety issues, shares technical information among its members, formulates protection goals and defines preventive measures to be implemented. The employer representatives present and the works council are authorized to make decisions. HUGO BOSS also uses a range of OHS instruments to ensure the occupational safety of all employees, including contractors. For example, the Company carries out regular **health and safety inspections** involving occupational safety specialists, company doctors, the works council, managers and, if necessary, external experts. Furthermore, the occupational safety team and the company doctors support all departments in the preparation of **risk assessments** in order to be able to identify and evaluate potential hazards in good time and to take suitable precautionary measures.

HUGO BOSS operates a **reporting system** in order to be able to respond to dangerous situations as effectively as possible. Within this framework, employees and contractors are required to report hazards and cooperate in risk assessments. The Company's Health & Safety Commitment also encourages employees to behave responsibly with regard to their own health and safety and that of others, and to report any abuses that occur. In the event that risks or hazards have been identified, a defined sequence of technical, organizational and personal **protective and preventive measures** is specified, starting with the elimination of the source of the hazard. Assigned first-aiders, safety officers and fire protection assistants ensure that all reporting channels and basic conditions to avert hazards are observed and that processes run smoothly.

The Company employees are also trained regularly on protection and safety in the workplace. Administrative and retail employees complete standardized **OHS e-learning courses**. In addition, all commercial employees in administration, retail and at the Company's own production and logistics sites must take part in **workplace-related training**. Contractors receive workplace-specific briefings as well as general instructions from supervisors. They are also provided with site-specific safety information. In addition, HUGO BOSS organizes regular training courses (initial training and refresher courses) for its fire protection assistants and assigned first-aiders.

Despite the high standards and observation of the duty of care, in 2020 there were 142 (2019: 244) accidents involving employees, each of which resulted in absence of at least one working day. The total number of lost working days was 2,386 (2019: 3,363) and therefore, similarly to the previous years, the absentee rate<sup>8</sup> was 0.1% ✓. Furthermore, there were no occupational accidents involving contractors. The Company aims to further reduce the number of accidents at work. → Sustainability Program

**03|09 Accidents and corresponding absentee days by region<sup>1</sup>** (number)

	Accidents ≥ 1 lost day			Lost days		
	✓ 2020	2019	2018	✓ 2020	2019	2018
Europe	116	213	217	1,677	2,704	3,152
Americas	14	23	22	504	430	892
Asia/Pacific	12	8	11	205	229	204
<b>Total</b>	<b>142</b>	<b>244</b>	<b>250</b>	<b>2,386</b>	<b>3,363</b>	<b>4,248</b>

<sup>1</sup> If commuting and event accidents (accidents occurred at company events) are recorded as occupational accidents pursuant to local framework conditions, these are included in the data capture. Working day is equivalent to eight hours.

**03|10 Lost time injury frequency rate (LTIFR)<sup>1</sup>**

	✓ 2020	2019	2018
Accident frequency rate for employees	6.7	8.7	9.3
Accident frequency rate for contractors	0	0	0

<sup>1</sup> The lost time injury frequency rate measures the number of accidents at work with at least one lost day per million hours worked.

HUGO BOSS has implemented various measures to provide its employees with the best possible protection during the **COVID-19 pandemic**. These relate in particular to the development of a hygiene concept and the introduction of safety distances and ventilation concepts. The Company also introduced various **protective measures**, such as shift patterns and the obligation to wear mouth and nose coverings, and provides masks for each employee. In addition, HUGO BOSS regularly informs its employees about new findings, measures and advisory services relating to the pandemic, as well as Company-specific and division-specific issues.

**Health and Safety during Business Trips**

With the aim of also ensuring the health and safety of its employees during business trips, HUGO BOSS introduced the Global Travel Risk Program in 2018. By the start of 2021, it had been implemented internationally at HUGO BOSS AG and 11 other Group companies. Further subsidiaries will follow in the course of the year. The program comprises various preventive and accompanying measures designed to **protect the Group's business travelers globally**. In light of the COVID-19 pandemic, guidelines and information have been adapted and, for example, a procedure has been introduced to assess the need to travel.

<sup>8</sup> The absentee rate shows the number of absence days due to occupational accidents in proportion to planned working days.

## Occupational Health

The strengthening of the **physical and mental health** of employees is an important matter for HUGO BOSS. To this end, the Company provides its employees with a wide range of diverse offerings as part of its operational health management. The topics range from physical and mental fitness to nutrition and ergonomic workstation design. Contractors who work mainly in the office also benefit from ergonomic workstations. In the staff restaurant, HUGO BOSS offers healthy, varied nutrition for both employees and contractors. HUGO BOSS regularly organizes Health Days at its headquarters in Metzingen and at some international locations. In 2020, these could not take place due to the COVID-19 pandemic.

At many locations, **operational health management** is coordinated by designated responsible employees. In addition, occupational medical care is available at the headquarters in Metzingen and at other international locations, which contractors can also benefit from. In order to offer occupational health services of a consistently high quality, HUGO BOSS has standardized all related processes, from diagnosis and consultation to the alleviation of complaints with the use of orthopedic aids for instance.

→ [group.hugoboss.com](https://group.hugoboss.com) → Annual Report 2020, Employees

Most of the operational health management offerings were provided in a modified form during the reporting year due to the COVID-19 pandemic. The face-to-face fitness program, for example, was delivered as an online course offering. In addition, the range of short videos and webinars on mental and physical health has been adapted to the current situation.

In the reporting period, the number of sick days amounted to 103,627 (2019: 109,007). The sickness rate<sup>9</sup> rose slightly to 3.1% (2019: 2.9%). There were no work-related illnesses at HUGO BOSS, as was also the case in the previous years ✓.

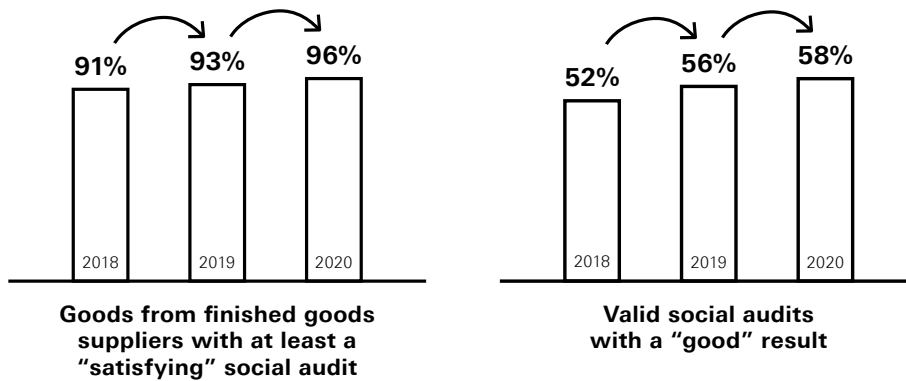
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<sup>9</sup> The sickness rate shows the number of days of absence due to illness in proportion to planned working days.



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# PARTNERS



## PARTNERS – Achieving joint responsibility

In addition to manufacturing at HUGO BOSS' own production sites, goods are sourced from numerous suppliers around the globe. As their customer, the Company assumes co-responsibility for the well-being of the suppliers' employees. In doing so, HUGO BOSS is committed to the protection of human rights and labor standards in its value chain and promotes healthy workplaces among its partners. HUGO BOSS is also committed to protecting the environment in its production countries and is working to improve the environmental footprint of its own and third-party production facilities. Key fields of action in this regard are climate protection in production and the responsible handling of chemicals. HUGO BOSS has defined the tasks for the Company and its partners arising from this in binding guidelines. By addressing this, HUGO BOSS is also contributing towards Sustainable Development Goals (SDGs) 6, 8, 12, 13 and 17.

## Management Approach

As a responsible company with international production activities and business operations, the sustainable design of **sourcing and production processes** is of fundamental importance at HUGO BOSS. The Company sources 17% of its products, in terms of overall sourcing volume, from its own production facilities. They cover a large part of the Group's classic tailored menswear and womenswear segment. However, 83% of the sourcing volume, thus the majority, is manufactured by independent suppliers through contract manufacturing, or is purchased as full merchandise. HUGO BOSS groups together its own production facilities, its partners in the area of contract manufacturing and the producers of merchandise under the term **finished goods suppliers**. → **Annual Report 2020, Sourcing and Production**

In addition, the Company has a direct contractual relationship with a second group of suppliers; the **fabric and trimmings suppliers**. It sources fabrics as well as buttons, yarns and other materials from them for its own production and contract manufacturing.

HUGO BOSS is aware that its international sourcing activities are associated with **risks**, as it is generally possible that suppliers do not comply with the legal requirements specific to HUGO BOSS or the locally applicable requirements, with respect to human rights and labor standards, for example. These risks affect the Company itself as well as the environment and society in the countries in which it does business. In order to minimize these risks, the Company operates a structured supplier management and regularly checks whether the requirements are being met. Responsibility for supplier management at HUGO BOSS is shared between strategic and operational departments. The Vendor Sustainability team in the Global Sustainability department draws up the central specifications and standardizes the **supplier management processes**. The operational units from the areas of Brand & Creative Management and Sourcing & Operations are responsible for compliance with the central specifications. They design the processes according to the business requirements and coordinate them with the Vendor Sustainability team. The results of the work are regularly reported to the Managing Board.

HUGO BOSS expressly acknowledges its **social and environmental responsibility** and in particular with regard to **respect for human rights**. The Company follows the principle that this responsibility is shared with its partners and obliges them to assume such responsibility. HUGO BOSS expects all suppliers to respect internationally recognized human rights in all business activities within their own sphere of influence. HUGO BOSS does not tolerate violations. → **We → Annual Report 2020, Combined Non-Financial Statement, Respect for Human Rights**

The Company's **Supplier Code of Conduct** forms an important **framework for the responsible organization of its business activities**. It regulates the handling of significant social and environmental issues within the Company and forms the basis for business cooperation throughout the entire supply chain. The Supplier Code of Conduct is binding for all employees at HUGO BOSS' own production sites as well as for all employees of its suppliers (both finished goods suppliers and fabric and trimmings suppliers). The provisions are based on internationally recognized standards, such as the core conventions of the International Labour Organization (ILO), and also take into account the principles of the Fashion Industry Charter for Climate Action of the United Nations Framework Convention on Climate Change (UNFCCC). Through its Supplier Code of Conduct, HUGO BOSS also demands compliance with human rights throughout the entire supply chain. The standards defined in the code also include provisions on anti-discrimination and equal opportunities as well as freedom of association and collective bargaining. The Supplier Code of Conduct also obliges suppliers to adopt a continuous improvement approach in areas including energy consumption, greenhouse gas emissions, chemicals management and wastewater. It also states that no form of corruption whatsoever is tolerated at HUGO BOSS. For countries where the national legislation is inadequate, the Supplier Code of Conduct defines the Company's own minimum requirements.

The Supplier Code of Conduct replaced the Company's own social standards in spring 2020. Their contents were first comprehensively revised. In the reporting year, HUGO BOSS had its Supplier Code of Conduct translated from German into 22 languages, making it available to all suppliers in the Company's sourcing regions in their own language. It can also be viewed on the Group's website.

→ [group.hugoboss.com](https://group.hugoboss.com)

In order to achieve continuous economic, environmental and social improvements, HUGO BOSS places great importance on **long-term supplier relationships**. HUGO BOSS works with its strategic finished goods suppliers for an average of ten years. For example, the Company considers partners that are of great importance to HUGO BOSS due to their size or unique manufacturing capabilities to be strategic.

For rigorous supply chain management, it is important that HUGO BOSS chooses its partners carefully. **Supplier selection** at HUGO BOSS takes place in three stages: First, every potential supplier is required to answer a questionnaire covering social, environmental and compliance issues, among others. The information is carefully checked before starting the second stage which is contract drafting. A formal recognition of the Supplier Code of Conduct is a fixed and mandatory component of the contractual agreement. Potential suppliers must also successfully complete an online training course on social responsibility and the environment – including chemicals management. The third phase focuses on **verifying social compliance**. In the case of finished goods suppliers, audits are carried out before active business relations are established, while fabric and trimmings suppliers must carry out a relevant self-assessment. All potential finished goods suppliers were reviewed accordingly in the reporting year.

The Company invests in the knowledge of its partners, supports them with increasing quality and efficiency, as well as technological innovations and sustainable corporate governance. To this end, HUGO BOSS has its own **Social Compliance Program** and an **environmental program** based on the Global Social Compliance Program (GSCP) and regularly conducts audits on the requirements defined therein. The Company involves external auditors for this purpose. It uses the results to evaluate the effectiveness of its supply chain management. Until now, social and environmental key figures for both programs have been collected and analyzed separately. In the future, this will be done in an overarching program.

HUGO BOSS has set itself an ambitious target for supplier development. From 2025, the Company will, for example, only purchase goods from finished goods suppliers with a direct business relationship who, according to the HUGO BOSS criteria, demonstrate **good sustainability performance**. The objectives and measures outlined in the following are designed to contribute to this overarching objective. → **Sustainability Program**

In view of the considerable energy consumption and corresponding CO<sub>2</sub> emissions associated with the production of raw materials (such as raw fibers or animal skins) and the production of finished goods, **climate protection** plays an important role in the sourcing activities of HUGO BOSS. As part of its corporate philosophy, HUGO BOSS is committed to systematically reducing the resulting emissions. Furthermore, climate protection measures help the Company and its partners to reduce the consumption of energy and other resources and therefore to lower costs. HUGO BOSS has demonstrated its commitment as a signatory of the Fashion Industry Charter for Climate Action of the UNFCCC. As part of its **climate strategy**, the Company also takes into account the CO<sub>2</sub> emissions in its supply chain and relies on the cooperation of its suppliers to reduce them. → **We → [group.hugoboss.com](https://group.hugoboss.com)**

**Cooperation with other companies and organizations** plays an essential role in climate protection and in dealing with the social and environmental challenges in the textile supply chains. By openly exchanging information, experience and knowledge, they make it possible to further develop and expand industry standards and to use the opportunities offered by digitization and networking for greater transparency. Examples of organizations with which HUGO BOSS cooperates in this area are the Fair Labor Association (FLA), the Partnership for Sustainable Textiles (Textiles Partnership) and the Open Apparel Registry (OAR). → **We, Cooperations**

As a result of the COVID-19 pandemic, **active communication and trusted collaboration** in the supply chain are more important than ever. In order to ensure good working conditions in the supply chain during the pandemic as well, HUGO BOSS has called on its suppliers to comply with the human rights and labor standards set out in the Supplier Code of Conduct, particularly with regard to health protection. Greater attention was also paid to this issue in the audits. In addition, the Supplier Financing Program set up by the Company gave suppliers the opportunity to have their financial receivables settled more quickly and thus ensure their solvency.

A fact sheet containing all the important **information about supply chain management** is available on the Group's website. → [group.hugoboss.com](https://group.hugoboss.com)

The defined targets, the level of their achievement and the measures implemented in the Partners field of action are also reported on in the sustainability program. → **Sustainability Program**

## Due Diligence Process

HUGO BOSS' international sourcing activities result in special **due diligence obligations** throughout the supply chain. To comply with them, the Company carries out a clearly defined due diligence process as part of its risk management. HUGO BOSS generally distinguishes between risks that affect its own business activities and those that could potentially have a negative impact on the environment and society. The due diligence process is based, for example, on the Guidelines for Multinational Enterprises defined by the Organisation for Economic Co-operation and Development (OECD). The risks associated with sourcing processes are analyzed and classified from a corporate perspective. Depending on the type of risk, specific measures are defined to mitigate possible effects. → **We**

As part of this process, HUGO BOSS creates special **country scorecards for its supplier management** in order to be able to better assess and manage the social and environmental risks in the supply chain. The Company pays particular attention to the issue of human rights in its **risk analysis**. The requirements of the German Federal Government's National Action Plan on Business and Human Rights (NAP) serve as a guide in this regard. An assessment of **human rights-related risks** based on the Company's own audit data revealed that Asia continued to perform weaker than other regions in the 2020 reporting year. A need for action was identified, particularly in the areas of social compliance management, treatment of workers and working hours.

Based on the risk analysis, HUGO BOSS takes measures in many areas to strengthen human rights. For example, the Company supports the Tamil Nadu and Living Wages initiatives of the Textiles Partnership to **strengthen human rights** and **promote fair remuneration** in sourcing countries. Since 2020, HUGO BOSS has also been using a program of the Textiles Partnership to collect information on incidents involving the violation of human rights. If information about incidents at its own production facilities or those contracted by HUGO BOSS comes to light, the Company contacts their management to ensure that appropriate measures are taken. → **We, Cooperations**

HUGO BOSS uses its **Social Compliance Program** to monitor compliance with its human rights standards set out in the Supplier Code of Conduct. This is done through regular social audits at the supplier's site. The violations detected in the social audits in the reporting year are shown in Table 04|02. HUGO BOSS agrees on **corrective actions** with the suppliers to rectify any non-compliances and monitors their implementation. In order to uncover additional violations of the rules, employees on the supplier side are given the opportunity to make use of a complaints mechanism. All complaints are handled within the framework of a structured and clearly defined action plan. If these prove to be justified, the suppliers are requested to remedy the deficiencies. Depending on the severity of the violations, more frequent audits and a stronger follow-up of corrective measures are also arranged or targeted training measures are implemented at the suppliers. This **complaint mechanism** is also available to the Company's own employees. In 2020, a total of 15 notifications from external producers were received through the available complaint channels. → **We**

## Social Compliance for Finished Goods Suppliers

In 2020, HUGO BOSS maintained active business relationships with 156 external finished goods suppliers operating in 185 production facilities (2019: 198) in a total of 26 countries. The Company also produced finished goods at three of its own production sites in Germany, Italy and Turkey. For 173 of the 185 production sites, the Company's Supplier Code of Conduct was formally recognized and confirmed ✓. No further goods were ordered as of December 31, 2020 from the 12 production sites for which the Supplier Code of Conduct was not acknowledged and confirmed.

Since 2011, HUGO BOSS has instructed internal and external auditors to conduct **regular social audits** to assess the extent to which its existing finished goods suppliers comply with the Supplier Code of Conduct. 61% of the audits were carried out by external auditors in 2020. Most of the social audits are announced, however some are conducted without prior announcement. Various aspects are examined including **human rights issues** such as child and forced labor, discrimination, exceeding maximum working hours, occupational safety and employee health through free access to clean drinking water. Afterwards, all the audited suppliers receive a detailed report. In the event that violations of the Supplier Code of Conduct are identified, the Company develops **corrective action plans** together with the respective suppliers, the implementation of which is supported by a structured process and is verified in follow-up audits. Relevant employee groups at HUGO BOSS, such as those from the operational sourcing units, are regularly trained on the content of the social audits. This way, they are made aware of the demands placed on the suppliers and can advise and support them with the implementation of corrective action plans, for example. However, HUGO BOSS may terminate the supplier relationship as a last step if no adequate improvement is made or if the supplier refuses to cooperate on the issues in question.



The Company’s Social Compliance Program has been accredited by the FLA since 2018. The FLA also assesses compliance with its standards through **independent audits**. HUGO BOSS carefully evaluates their results and, like the results of its own audits, also uses them for internal management purposes.

In the reporting year, a total of 71 production facilities were audited (2019: 93) with whom HUGO BOSS has worked in the area of finished goods in the meantime (including its own production sites). The number of corresponding audits was 76 (2019: 119) ✓. The lower number of audits compared to 2019 is mainly due to the COVID-19 pandemic and related travel restrictions.

The proportion of active production sites covered by a valid social audit was 74% in 2020 (2019: 93%) ✓. Here, valid audit refers to (follow-up) audits that have been carried out in the last 24 months in accordance with the results-related audit frequency.

HUGO BOSS aims to source all of its goods – measured in terms of sourcing volume – by 2025 from finished goods suppliers (including its own production sites) that achieved one of the two highest performance levels, **“good” or “satisfying”**, in the last audit. In 2020, the level was 96% (2019: 93%) of the sourcing volume ✓. → Sustainability Program

The following overview indicates the **current performance level of finished goods suppliers** in relation to social compliance. It relates to all valid audits. These were partly conducted before January 1, 2020. The percentage of suppliers that achieved a “good” or “satisfying” performance level increased from 87% to 91% compared with 2019 ✓. Of the finished goods suppliers audited in 2020, 21% significantly improved their score compared to the last audit; 37% once again achieved a good score.

**04|01 Status social compliance performance<sup>1</sup> (in %)**

	✓ 2020	2019 <sup>2</sup>
Good	58	56
Satisfying	33	31
Improvements needed	7	9
Risky	1	3
Insufficient	1	1

<sup>1</sup> The table refers to the valid audits of the production facilities of active finished goods suppliers (including the Company’s own production sites).

<sup>2</sup> The value for the “improvements needed” performance level was adjusted retrospectively for 2019 due to rounding and therefore differs from the information in the 2019 Sustainability Report.

**Good** = The supplier establishes the necessary activities for safe and fair working conditions in its management and takes its own social responsibility very seriously. – Follow-up audit after 24 months.

**Satisfying** = The supplier recognizes the necessary activities for safe and fair working conditions and establishes processes and activities to implement them. – Follow-up audit after 18 months.

**Improvements needed** = The supplier is aware of the need for safe working conditions, however, fails to implement the relevant activities consistently in daily implementation and amongst employees. – Follow-up audit after six months.

**Risky** = The supplier is aware of the requirements with regard to social compliance. However, the management team attaches no importance to implementing them, therefore resulting in non-compliances. – Follow-up audit after three months.

**Insufficient** = The management team is not aware or not willing to deal with social compliance, and/or is not willing to improve obvious shortcomings in management. There is an immediate threat to employees. – Follow-up audit after three months.

HUGO BOSS pursues a zero tolerance policy for certain areas such as child and forced labor. No cases of child and forced labor were reported in the reporting year. The **violations of the Supplier Code of Conduct** identified in the course of the social audits in the reporting year concerned the areas of discrimination, working hours and compensation. Corrective action plans were defined for all five violations.

**04|02 Violations of the Supplier Code of Conduct<sup>1</sup> (number)**

	Risky	Insufficient	Total
Social compliance management	0	0	0
Working hours	0	2	2
Compensation and benefits	0	2	2
Discrimination	1	0	1
Health and safety	0	0	0
Treatment of workers	0	0	0
Freedom of association and collective bargaining	0	0	0
Child labor and young workers	0	0	0
Supplier control	0	0	0
Forced labor	0	0	0
<b>Total</b>	<b>1</b>	<b>4</b>	<b>5</b>

<sup>1</sup> Listed violations refer to 76 conducted audits of the production facilities of finished goods suppliers (including own production facilities) in 2020.

HUGO BOSS wants to prevent violations of its Supplier Code of Conduct on a permanent basis and therefore supports its suppliers with **further developing their own social compliance management**. HUGO BOSS provides them with comprehensive information on this subject. The Company has been conducting **face-to-face training at its finished goods suppliers** since 2017. The training courses are aimed at the suppliers' management and sustainability officers and convey basic aspects on the topics of "social responsibility" and "environment – including chemicals management". By the end of 2020, all active finished goods suppliers had completed this form of supplier training. The content of the face-to-face training sessions has also been available through online training since 2019. Since then, this has become an integral part of the integration process for new finished goods suppliers. The Company also exchanges information with its suppliers in various formats in order to increase their awareness of relevant sustainability aspects. In the year under review, for example, HUGO BOSS held a **Supplier Summit** moderated by the Chief Operating Officer with suppliers from regions around the globe. → **We**

To ensure that sustainability requirements are consistently met in the textile supply chain, the involvement of **upstream suppliers** is also required. HUGO BOSS has set itself the goal of sourcing 100% of its goods from a transparent and responsible supply chain by 2025. For this, the Company has introduced a **governance model** that will enable finished goods suppliers to increasingly take responsibility for their own supply chains. The model contains different elements. A risk management approach is required, as well as the definition of the suppliers' own strategies and guidelines, such as on social issues and environmental aspects, and the expansion of knowledge about their own supply chain. Furthermore, suppliers should report on the elements included in the governance model in accordance with recognized standards. In addition, all suppliers are obliged to pass on the standards of the Supplier Code of Conduct to their business partners and to check their compliance in an appropriate manner. The extent to which this is implemented is assessed as part of the social audits. In the reporting year, all strategic finished goods suppliers were reviewed by means of a self-assessment to determine the extent to which they had implemented the governance model; where necessary, measures for improvement were also adopted. → **Sustainability Program**

In its Supplier Code of Conduct, HUGO BOSS has stipulated that the remuneration of employees – including that of its external suppliers – must always be sufficient to cover their basic needs and to provide them with a portion of disposable income. Also, it must be at least equivalent to the statutory minimum wage. The fundamental **principles of fair compensation** at the Company include the regulated payment of wages, performance-related pay for hours actually worked, the right to collective bargaining and the avoidance of unequal compensation. In order to establish principles such as these in the textile supply chains, the Company is involved in various initiatives. For example, HUGO BOSS participates in the Living Wages initiative of the Textiles Partnership, which cooperates with ACT (Action, Collaboration, Transformation), an international agreement between global brands, retailers and trade unions who pursue the aim of promoting living wages through collective bargaining. As part of this work, the Company uses a questionnaire provided by ACT to assess its own purchasing practices and their impact on the wages paid by suppliers. Based on this, a target and action plan specific to HUGO BOSS was developed. In addition to the holding of round tables and internal training for employees in the sourcing departments, it also includes the definition of key figures for **responsible purchasing practices**. The questionnaire will also be answered by selected suppliers in the first half of 2021.

As part of its membership in the FLA, the Company also addresses the specific remuneration practices of its suppliers and supports a gradual approach to fair wages in the textile industry. For this purpose, HUGO BOSS regularly collects and analyzes wage data from its finished goods suppliers. In 2021, HUGO BOSS plans to publish a stronger commitment with regard to the topic of “fair compensation” and to further expand its commitment. This also includes the definition of recognized reference values for living wages, against which the Company will in future measure any wage gaps that may occur at its finished goods suppliers. → **We, Cooperations**

## Social Compliance with Fabric and Trimmings Suppliers

The details cited above on the HUGO BOSS Social Compliance Program also apply to the Group’s directly contracted fabric and trimmings suppliers. In contrast to the finished goods suppliers, HUGO BOSS determines their suitability as business partners **by means of self-assessments**. After analyzing these self-assessments, if there are indications of violations of the Supplier Code of Conduct or if the Sourcing department deems it necessary to conduct an audit, the supplier concerned will be audited on site according to the same principles as a finished goods supplier. If necessary, HUGO BOSS will then agree on appropriate measures to remedy any deficiencies and monitor their implementation.

The Company sourced fabrics and trimmings from 315 external suppliers (2019: 309) operating 338 production facilities (2019: 325) in a total of 22 countries. In addition, HUGO BOSS manufactured trimmings in its own production facility in Poland. For 307 of the 338 production sites for fabrics and trimmings, the validity of the Supplier Code of Conduct was confirmed by the end of the year ✓. The remaining 31 production facilities without formal recognition of the Supplier Code of Conduct represent a total sourcing volume of around 1%. In 2020, 39 new fabric and trimmings suppliers were evaluated positively by means of a self-assessment and 11 were evaluated through a social audit on site ✓. From 2021 onwards, existing fabric and trimmings suppliers will also be increasingly reassessed for social compliance.

## Environmental Compliance

The **introduction and further development of environmentally-friendly processes** at its suppliers is just as important to HUGO BOSS as environmental protection at its own production sites. → **Environment**

In the framework agreements that the Company concludes with its suppliers, the latter must undertake to comply with all legal requirements and the specifications of the Supplier Code of Conduct with regard to the environment. Furthermore, their upstream suppliers must also be included in this process and assessed for compliance with the rules. In addition, the principles of environmental protection outlined in its publicly available **Environmental Policy** apply to all the Company's suppliers. Since 2020, it has replaced the previously applicable Environmental Commitment and addresses current developments.

HUGO BOSS has been managing its environmental activities in the supply chain through its own **environmental program** since 2015. Regular supplier audits based on the GSCP framework form a central component of the program. The assessments include the extent to which a supplier improves its performance in the areas of environmental management, energy consumption, greenhouse gas emissions, water consumption and wastewater treatment, as well as chemicals and waste management. The audits are conducted by external auditors.

The focus of the environmental program is on those suppliers whose **production processes have the greatest impact on the environment and climate**. According to the Company's natural capital evaluation, these are mainly suppliers with wet processes, such as dyeing, washing, bleaching or tanning. For the suppliers in this group, HUGO BOSS has set the goal that, in addition to the legal requirements, they must also meet the more extensive requirements of HUGO BOSS with respect to **climate protection and chemical management** by 2025. For this, the suppliers must obtain a valid environmental audit result of "satisfying" or better. In the reporting year, 11 environmental audits were carried out at suppliers in this group. 20% of suppliers with high environmental impacts met the stated environmental requirements at the end of 2020 (2019: 20%). However, due to the COVID-19 pandemic and the associated travel restrictions, fewer audits took place than planned. The canceled audits are to be rescheduled and conducted as soon as possible. → **Sustainability Program** → [group.hugoboss.com](https://group.hugoboss.com)

If shortcomings are identified during the environmental audits, **action plans** are defined together with the supplier concerned, in the same way as for the social audits. The auditors keep a record of the critical points while HUGO BOSS monitors the implementation of the agreed action plans. HUGO BOSS offers suppliers assistance in the form of training courses and provides corresponding training materials and documentation templates electronically to implement the requirements correctly. The audit result determines the time interval until the next follow-up audit and shapes the further collaboration.

### 04|03 Violations of HUGO BOSS GSCP environment standards<sup>1</sup> (number)

	Risky	Insufficient	Total
Waste	0	0	0
Water consumption	0	0	0
Management systems	0	0	0
Energy consumption, transport and greenhouse gas emissions	0	0	0
Wastewater	1	2	3
Avoidance of harmful substances	0	0	0
<b>Total</b>	<b>1</b>	<b>2</b>	<b>3</b>

<sup>1</sup> Listed violations refer to 11 audits conducted in 2020 at the production facilities with high environmental impacts.

In the reporting year, the **environmental audits** identified three violations classified as “insufficient” or “risky”. The suppliers concerned were requested to introduce and accordingly monitor the necessary corrective measures. For example, one audit found that the wastewater treatment plant of a dyeing factory was not functioning properly and consequently the plant was not able to remove enough sludge. The supplier responded immediately, repaired the damaged plant and introduced a monitoring system to prevent future cases.

The following overview summarizes the results of the Company’s supplier audits. It contains all valid audit results until the end of 2020.

**04|04 Status environmental compliance performance<sup>1</sup> (in %)**

	2020	2019 <sup>2</sup>
Good	0	0
Satisfying	20	20
Improvements needed	33	31
Risky	15	24
Insufficient	8	5
Not audited	24	20

<sup>1</sup> The table refers to the valid audits of the production facilities with high environmental impacts.

<sup>2</sup> The values for 2019 differ from those published in the 2019 Sustainability Report due to the inclusion of the “not audited” category for 2020. Accordingly, the values for 2019 have been adjusted retrospectively.

**Good** = Regular review of relevant consumption and emissions, processes and structures to improve the company’s environmental performance are established. – Follow-up audit after 24 months.

**Satisfying** = Basic structures and processes are established; however, relevant documentation is not available. – Follow-up audit after 24 months.

**Improvements needed** = Potential risks relate in particular to a lack of awareness and non-existence of relevant data. – Follow-up audit after 12 months.

**Risky** = Relevant licenses are not available, existing practices represent an immediate risk and can lead to significant environmental impacts and violations of legal obligations. – Follow-up audit after six months.

**Insufficient** = existing practices lead to significant environmental impacts. – Follow-up audit after three months.

**Climate Protection in Production**

Climate protection is an important aspect of the environmental program at HUGO BOSS. Greenhouse gas emissions are to be continuously reduced at all stages of the value chain involved in the production of its goods. As an expression of this commitment and as part of its support for the UNFCCC’s Fashion Industry Charter for Climate Action, HUGO BOSS aims to increase transparency regarding **greenhouse gas emissions in its supply chain**. For this reason, the Company has improved the data collection method and has also been reporting emissions from the supply chain (“purchased goods”) since the reporting year. The values listed in Table 04|05 for this purpose include not only the emissions from the production of raw materials and the production processes of external suppliers (Scope 3), but also the emissions caused in the Company’s own production (Scope 1+2). They are therefore not directly comparable with the values reported in the Environment chapter. In order to effectively reduce the aforementioned greenhouse gas emissions, the Company has set itself science-based targets (SBT). These are presented in the Environment chapter. → **We → Environment → Sustainability Program → group.hugoboss.com**

The calculation of greenhouse gas emissions in the supply chain for the base year 2018 was based on data from comprehensive **life cycle assessments (LCAs)** prepared by the Company for the most relevant product groups. These were carried out in each case for the raw materials used and the production process. For the calculation of greenhouse gas emissions, the suppliers were divided into categories – measured by the CO<sub>2</sub> intensity per manufactured unit resulting from the LCAs. In particular, a distinction was made between suppliers with wet and dry processes. Based on the

average CO<sub>2</sub> intensity per manufactured unit in the different supplier categories, it was possible to extrapolate the CO<sub>2</sub> emissions of the number of units actually produced for HUGO BOSS by these suppliers. In 2019 and 2020, this calculation was supplemented using energy consumption values that were requested directly from the suppliers.

In the reporting year, greenhouse gas emissions amounting to 499,638t of CO<sub>2</sub> were caused in the Company's supply chain. In comparison to the previous year, this represents a decrease of 23%.

**04|05 Greenhouse gas emissions of purchased goods<sup>1</sup>** (in t of CO<sub>2</sub>)

	2020	2019	2018
Raw materials	75,058	107,880	121,259
Production process	424,580	542,282	569,203
Of which from own production	4,219	4,647	11,730
<b>Total</b>	<b>499,638</b>	<b>650,163</b>	<b>690,462</b>

<sup>1</sup> The calculation of greenhouse gas emissions for purchased goods is based on the "purchased goods and services" category as defined in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard of the Greenhouse Gas Protocol. It includes all CO<sub>2</sub> emissions released in connection with the manufacture of raw materials and the production of goods. In addition, the emissions from the Company's own production processes are also included in this table in the "production process" category. Accordingly, the values in this table are not directly comparable with the category "purchased goods" category in Table 02|04.

In **raw material production**, the increased share of more sustainable materials had a positive impact on the total amount of greenhouse gas emissions. In the reporting year, wool, which is very CO<sub>2</sub>-intensive due to the way sheep are reared, caused the most CO<sub>2</sub> emissions with 31,854t.

In the production process, the generation of heat from fossil fuels and the consumption of electrical energy in the operation of production machinery were the main sources of emissions. The development of **CO<sub>2</sub> emissions in the production process** in 2020 was heavily influenced by the COVID-19 pandemic and the significantly lower demand that resulted from it. Thus, the intensity of CO<sub>2</sub> emissions per manufactured unit increased by 19% overall, as fewer units were produced with the same production process. However, the absolute total output was significantly below the previous year's figure due to the lower number of units. When production volumes increase again as demand picks up, it can be expected that absolute CO<sub>2</sub> emissions will also rise again accordingly.

HUGO BOSS supports its partners in the supply chain in making their contribution to climate protection. For example, as a contributor of the Zero Discharge of Hazardous Chemicals (ZDHC), the Company provides them with a ZDHC system allowing to identify their **energy and greenhouse gas reduction potential**. It also enables them to set their own climate protection targets, monitor their implementation, and document and optimize their contribution towards achieving the UNFCCC target.

## Chemicals in Production

In fabric, leather and trimmings production, chemicals are used in particular in **wet processes**. The same applies to finished goods which undergo a dyeing or washing process in their finished condition. If chemicals are released in this process, such as via wastewater discharges, this can affect the water quality and, as a result, the water supply of the local population. In order to minimize health and environmental risks in its supply chain, HUGO BOSS therefore requires its suppliers to handle chemicals responsibly as part of its environmental program, and helps them to reduce their use and replace hazardous substances. An important instrument for this is the introduction of **effective chemical management** in the supply chain. For operations with wet processes that generate industrial wastewater, this also includes a functioning wastewater management. → **Annual Report 2020, Combined Non-Financial Statement, Environmental Matters**

HUGO BOSS has been working with other companies in the apparel industry within the framework of the ZDHC since 2017 and is committed to using the ZDHC Chemical Management System in its supply chain. The ZDHC program enables a standardized **evaluation** of a supplier's **chemical management**.

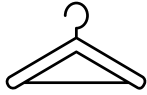
The basis of the ZDHC program is the ZDHC Manufacturing Restricted Substances List (ZDHC MRSL), which identifies **upper limit values for harmful process chemicals**. Since 2018, HUGO BOSS has required compliance with the ZDHC MRSL in its supplier relationships. In 2020, it was included as a permanent component of the HUGO BOSS contract. This means that all suppliers who use chemicals in their processes are obliged to avoid or limit the use of harmful substances. Furthermore, all suppliers with whom HUGO BOSS has a direct contractual relationship are obliged to demand that their upstream suppliers implement the ZDHC MRSL as well.

At the same time, HUGO BOSS uses the ZDHC solutions to raise awareness among its suppliers and to support and train them in setting up their own chemical management. For this purpose, the Company gives them access to the ZDHC database, which contains information on alternative substances that are ecologically and economically justifiable and comparable to the conventional ones in terms of technical application. On the other hand, suppliers can have their wastewater tested in accordance with ZDHC guidelines by ZDHC-certified laboratories and make the result available on a ZDHC platform.

HUGO BOSS aims to have all of its wet process suppliers producing in compliance with the **guidelines of the ZDHC-based MRSL** by 2030 – verified on the basis of **reports on the suppliers' wastewater tests** and **chemical inventories**. The wastewater values must be verified by a certified testing laboratory by sampling and analyzing the industrial wastewater discharged from the production facilities. All strategically important finished goods suppliers with wet processes are expected to reach this target by 2025. Based on the wastewater tests required by HUGO BOSS in 2020, 20% of these suppliers have already demonstrated compliance with the wastewater guidelines of the ZDHC program. However, the second requirement to ensure the conformity of the relevant chemical inventories could not be conclusively assessed due to the lack of transparency so far. As part of the ZDHC program and together with its suppliers, the Company will continue to work on steadily increasing transparency with regard to wastewater values and chemical inventories. → **Sustainability Program**

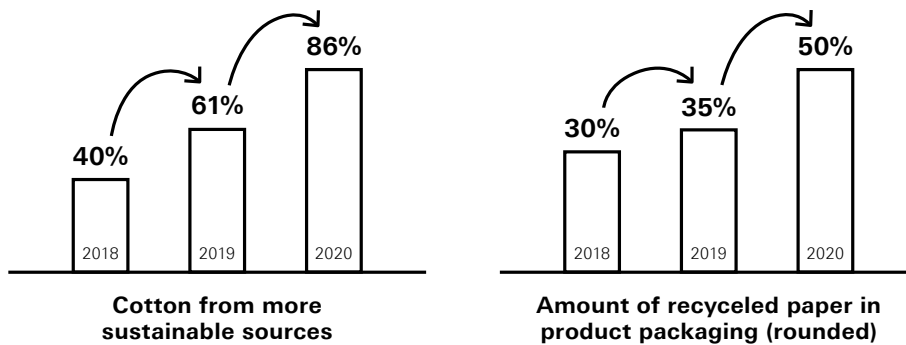
In addition, HUGO BOSS also requires those suppliers who do not use wet processes, including its own production facilities, to assess their respective chemical inventories for compliance with the ZDHC MRSL.

Specifically with regard to the safety and quality of its products and packaging, HUGO BOSS also uses its **own Restricted Substances List**, which is based on the requirements of the Apparel and Footwear International RSL Management (AFIRM) Group. The Company uses it to set upper limits for the chemicals contained in its products, which all suppliers must comply with. → **Products**



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# PRODUCTS



## PRODUCTS – Ideas for tomorrow

HUGO BOSS aspires to develop collections that meet customers’ high standards in terms of design, quality, longevity and innovation, and also pose no social, health or environmental risks. Accordingly, it is important to source materials that are as sustainable as possible and to pay attention to obtaining raw materials responsibly. In addition, the Company wants to help conserve resources by offering high-quality, durable products and closing loops. This also applies to the packaging used in logistics and distribution. In order to protect people and the environment, the responsible handling of chemicals and a high level of product safety are essential and it is important that customers take care of the products in an environmentally-friendly way. Furthermore, due to the use of materials of animal origin, animal welfare and biodiversity protection are also of great importance to HUGO BOSS. Through this comprehensive approach, the Group is contributing towards the implementation of Sustainable Development Goals (SDGs) 12, 13 and 17.



## Management Approach

HUGO BOSS products combine premium quality and sophisticated design with social, environmental and health requirements. When developing collections, in addition to qualitative aspects, close attention is therefore paid to **selecting materials that are as sustainable as possible**.

Since 2016, HUGO BOSS has been using the Natural Capital Protocol of the Capitals Coalition (formerly the Natural Capital Coalition) for the **environmental impact assessment of its products** which is based on life cycle assessments. The method is used to convert the main environmental impacts such as water consumption, quality of the eco-system and CO<sub>2</sub> emissions into monetary values. This improves the comparability of the analysis results. → [group.hugoboss.com](https://group.hugoboss.com)

Based on the analyses, HUGO BOSS has developed a **holistic sustainable product strategy**. It is defined in writing in the Company's RESPONSIBLE Product Policy and specifies **criteria for more sustainable sourcing** of the materials used and for product development. The criteria range from reliable certifications and innovative processing techniques through to the packaging and transporting of the products. In addition to the policy, which is publicly available, HUGO BOSS has also defined sustainability targets for its most commonly used materials and for the specific expansion of its sustainable product range. → [Sustainability Program](#) → [group.hugoboss.com](https://group.hugoboss.com)

The Company has also made two voluntary commitments to promote a more sustainable approach to cotton and wool: the **Cotton Commitment** and the **Wool Commitment**. Both are used as guidelines for sourcing management and can be viewed on the Group's website. → [group.hugoboss.com](https://group.hugoboss.com)

In the case of animal materials, sustainability responsibility also extends to the issue of **animal welfare**. For many years, HUGO BOSS has therefore been in close contact with animal welfare protection groups such as People for the Ethical Treatment of Animals (PETA). In 2020, it also held more intensive discussions with the FOUR PAWS animal welfare organization. In addition, during the reporting year the Company drew up its own Animal Welfare Policy, which was published at the beginning of 2021 and applies throughout the Group. Among other things, the policy contains concrete specifications and restrictions for the sourcing and use of animal materials. To promote responsible agriculture, the policy also includes environmental aspects of animal husbandry. → [group.hugoboss.com](https://group.hugoboss.com)

Another area of focus at HUGO BOSS – also with regard to its products – is **climate protection**. Thanks to many years of in-depth analyses of materials as well as production and sourcing processes, the Company has key competencies for designing **climate-friendly clothing**. → [We](#) → [group.hugoboss.com](https://group.hugoboss.com)

With regard to chemicals management and product safety, HUGO BOSS places emphasis on the **responsible use of chemical substances**. Among other things, the Company requires its suppliers to countersign its own continuously updated Restricted Substances List (RSL) and to consistently comply with its restrictions on chemicals contained in products and packaging. → [Partners](#)

As a signatory to the 2020 Circular Fashion System Commitment of the Global Fashion Agenda, HUGO BOSS has also integrated the **principles of the circular economy** into its product design processes. In addition, HUGO BOSS intends to further increase the service life of its products in order to conserve resources. → [Sustainability Program](#)

HUGO BOSS pursues the goal of minimizing the environmental impact of its **product, sales and logistics packaging**. To this end, the Company is gradually increasing the proportion of recycled plastic and paper as well as paper and cardboard with Forest Stewardship Council® (FSC®)<sup>10</sup> certification.

**Responsibility for the sustainable product strategy** is regulated throughout the value chain. The Global Sustainability department, which provides the overall framework for this, works closely together with Brand & Creative Management and Sourcing & Operations to continuously increase the proportion of sustainable materials and thus the number of more sustainable products in the entire range.

In the **implementation of its sourcing strategy**, HUGO BOSS cooperates with internationally recognized organizations such as the Better Cotton Initiative (BCI) and the Leather Working Group (LWG). The Company also uses materials certified in accordance with recognized standards. Furthermore, HUGO BOSS is working together with partners, creatives and start-ups on **exceptional materials and processing technologies**. → **We, Cooperations → Partners → [group.hugoboss.com](https://group.hugoboss.com)**

The more sustainable design of its products and packaging also involves **risks** for HUGO BOSS. Resources may not always be available in the necessary quality or quantity. In addition, switching over to new materials may involve additional work and costs. On the other hand, by making its value chain more sustainable, HUGO BOSS can meet emerging challenges and create a product portfolio that appeals to additional customer groups.

HUGO BOSS evaluates the effectiveness of its brand and product strategy on the basis of **feedback from its distribution partners and systematic customer surveys**. Performance indicators such as the Net Promoter Score (NPS) and the Brand Equity Index are measured. The NPS query in retail stores in Europe, the Americas and parts of Asia, as well as in the global online store, resulted in a score of 57% for 2020. The previous year's figure was 54%. However, the figures are only comparable to a limited extent, as the data basis of the survey was significantly expanded in the reporting year. The Company's combined non-financial statement explains in detail what measures HUGO BOSS is taking with regard to **customer satisfaction**. → **Annual Report 2020, Combined Non-Financial Statement, Social Matters**

HUGO BOSS has set itself measurable, time-defined goals for the entire Product field of action, which are also reported on in the sustainability program. → **Sustainability Program**

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<sup>10</sup> HUGO BOSS' FSC® license code is FSC® N002527.

## Responsible Use of Materials

HUGO BOSS products are made exclusively from materials that meet its high quality criteria. In addition to this, **social and environmental aspects** play an important role in **material sourcing**.

### 05|01 Materials used

	2020		2019	
	in t	in %	in t	in %
Cotton	6,305	50	7,838	51
Synthetic fibers	2,551	20	2,531	16
Wool	1,289	10	2,052	13
Leather	1,042	8	1,393	9
Rubber	398	3	521	3
Cellulose fibers	395	3	530	3
Polyurethane	245	2	265	2
Polyvinyl chloride	136	1	144	1
Silk	68	1	76	1
Linen	66	1	95	1
Other	53	1	75	0
<b>Total</b>	<b>12,548</b>	<b>100</b>	<b>15,520</b>	<b>100</b>

Since 2020, HUGO BOSS has been consistently labeling particularly sustainable products as **RESPONSIBLE styles** and making them directly visible to customers by using special product labels. RESPONSIBLE styles contain at least 60% more sustainable raw materials in line with the **RESPONSIBLE Product Policy** and they meet further strict environmental and social requirements for processing, transport and packaging. The criteria defined for the RESPONSIBLE styles also help to reduce the environmental footprint of the products. In addition to the product labels, the Company draws attention to its sustainable product range in special communication campaigns and informs its customers about their benefits on various content pages in the online store. HUGO BOSS has set itself the goal of ensuring that at least 30% of its product range consists of RESPONSIBLE styles by 2025. By the end of 2020, they accounted for 15%. → [Sustainability Program](#) → [group.hugoboss.com](#)

In the reporting year, HUGO BOSS launched an internal initiative to reduce waste from production materials. It is intended to raise awareness of resource conservation and encourages the use of existing fabric stocks from previous collections in new collections.

### Environmental Footprint of the Portfolio

At HUGO BOSS, cotton accounts by far for the largest proportion of its processed materials. This is followed by synthetic fibers, wool and leather. The fabrics procured by the Company, viewed by weight, are mainly from Europe – many of them are supplied by long-standing partners from Italy.

The **natural capital evaluation** showed that cotton and leather have the greatest environmental impact among the materials used by HUGO BOSS, in terms of **CO<sub>2</sub> emissions and water consumption**, for example. The use of water and the resulting impacts, such as the overexploitation of water resources as well as the pollution and eutrophication of waters, place a burden on the environment at various stages of the value chain. Conventional cotton cultivation, with its high water requirements, has the greatest burden. The use of water in wet and dry processes for textile and leather goods production can also impact the environment. → [group.hugoboss.com](#)

In order to reduce the environmental impact of cotton cultivation, HUGO BOSS has set targets for sourcing **cotton**: By the year 2025, 100% of the sourced cotton will come **from sustainable sources**, in accordance with the criteria defined in the Group’s Cotton Commitment. In 2020, this figure was 86%, of which 72% was attributable to the cooperation with the BCI. HUGO BOSS also supports Egyptian small farmers with the sustainable cultivation of cotton through the Egyptian Cotton Project in collaboration with the United Nations Industrial Development Organization (UNIDO) and the BCI. By the end of 2020, the number of small farmers involved in the project increased from 1,250 to 1,576. HUGO BOSS has developed its first collection using cotton from this project for the season Pre-Fall 2021. In addition, HUGO BOSS has been cooperating with Cotton made in Africa (CmiA), an initiative of the Aid by Trade Foundation (AbTF), since 2019. As part of this, an exclusive collection was launched on the market in 2020. → **We, Cooperations → Sustainability Program → Further Key Figures and Information**

The specific origin of the cotton used is also important at HUGO BOSS and is traced back to its country of origin.

**05|02 Origin of cotton sourced by HUGO BOSS**

	in t	in %
China	1,437	23
India	1,232	20
U.S.	804	13
Turkey	644	10
Cameroon	451	7
Brazil	448	7
Australia	377	6
Pakistan	376	6
Egypt	213	3
Other	323	5
<b>Total</b>	<b>6,305</b>	<b>100</b>

The greatest environmental impacts for **leather** are a result of water pollution caused by the improper use of chemicals or inadequate wastewater disposal in the tanning process. In order to reduce its environmental footprint in this area, HUGO BOSS is involved with the **LWG**. Specifically, by 2022 HUGO BOSS has set itself the target to source 60% of the leather it buys from tanneries that are certified in accordance with LWG or comparable standards. By 2025, this percentage will increase to 100%. At the end of 2020, it was 59%. → **We, Cooperations → Sustainability Program**

The RESPONSIBLE Product Policy also regulates the responsible use and traceability of **cellulose fibers** at HUGO BOSS. During the reporting period, the Company began to examine specific opportunities for cooperation in order to strengthen its commitment towards the protection of forests.

**Animal Welfare and Biodiversity Protection**

HUGO BOSS opposes animal testing and inappropriate animal breeding and rearing methods. When using materials of animal origin, such as leather, wool and down, the Company complies strictly with **recognized animal welfare and biodiversity protection regulations** such as the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora. In the new Animal Welfare Policy, the Company also reaffirms its commitment to the Five Freedoms recognized as guiding principles by the World Organization for Animal Health. In the reporting year, HUGO BOSS launched a suit made of 100% linen for the first time, which was awarded the PETA-Approved Vegan label by the animal rights organization PETA.

Many aspects have to be considered for the production of sustainable wool. These requirements are set out in the Company's **Wool Commitment**. They include species-appropriate animal husbandry, gentle shearing of the animals and the avoidance of the painful mulesing process, in which the skin around the tail of the sheep is removed to prevent fly infestation. The Company has already reached the goal of using only mulesing-free wool in pure wool knitwear products from 2025 onwards and now sets this as the new standard. → **Sustainability Program** → [group.hugoboss.com](https://group.hugoboss.com)

In the reporting period, HUGO BOSS once again launched a collection made of wool of traceable origin. The wool meets certified standards with the highest animal welfare requirements such as the ZQ Merino Standard. In 2021, there are also plans to use wool certified according to the Responsible Wool Standard. → [group.hugoboss.com](https://group.hugoboss.com)

At the start of 2020, the AbTF introduced The Good Cashmere Standard®, which HUGO BOSS helped to develop. It is the world's first standard for **sourcing responsibly produced cashmere fibers** and will continue to be supported by the Company. HUGO BOSS is also involved in the Mongolian Sustainable Cashmere Platform, which aims to ensure a collaborative framework for the sustainable sourcing of cashmere fibers.

HUGO BOSS only uses selected types of leather and looks for alternative materials that meet the Company's high quality standards. With regard to leather and fur, besides consistently **excluding farmed furs** from its collections, the Company is also committed to only using leather and fur from sheep, goats, cows and buffalo that are a by-product of the food industry. → [group.hugoboss.com](https://group.hugoboss.com)

### **Circular Design and Longer Life**

Reuse and a longer service life play an important role in closing the material cycles and conserving resources. These topics are also becoming increasingly important for HUGO BOSS. Certain materials may have a different quality to their raw materials due to their general suitability for recycling processes. When using recycled materials, HUGO BOSS therefore pays attention to meeting its own quality standards at all times.

HUGO BOSS is committed to the **2020 Circular Fashion System Commitment** and is working on concepts for a circular design. The Company has given employees from the Design, Product Development and Sourcing & Operations departments **training on circular design**. In 2020, for example, this resulted in a plastic-free exclusive collection based on circular design principles. In addition, during the reporting year HUGO BOSS developed a collection made of recycled polyester in cooperation with the Plastic Bank® organization. Furthermore, HUGO BOSS uses TENCEL™ Lyocell fibers from Lenzing – a material that is obtained from certified wood and leftover cotton fabric using an innovative closed-loop system. Due to the current difficult market conditions for recycled materials, HUGO BOSS is directing greater focus towards improving the recyclability of its products and less towards using secondary raw materials. In this way, the Company aims to improve the conditions for a future market with high-quality recycled goods while also making a contribution to the circular economy. → [group.hugoboss.com](https://group.hugoboss.com)

By handling products responsibly, HUGO BOSS' customers also help to increase the **longevity of the products** and thus conserve resources. The Company has been supporting its customers in this respect with the Material Guides in its online store, which are being continuously developed. The Guides now provide interested parties with information on the quality, wearing comfort, styling, product care and sustainability aspects of a range of materials. → [group.hugoboss.com](https://group.hugoboss.com)

## Packaging Materials

At HUGO BOSS, packaging is used at various stages in the value chain. Transport packaging, such as cardboard boxes and protective garment covers, is used in particular to protect the goods but also to bundle transport and order units. HUGO BOSS also uses product packaging such as shoe boxes and polybags for optimal handling during transport or presentation in retail stores. In addition, sales packaging, such as carrier bags and gift packaging, is used. The goals that HUGO BOSS pursues in the area of packaging materials can be found in the sustainability program. → **Sustainability Program**

Packaging design at HUGO BOSS is governed by the principle that the products remain intact and meet the expectations of a premium brand. At the same time, the Company strives to save materials, use sustainable raw materials and develop reusable solutions. To meet this requirement, the Company developed a **Packaging Guideline** in 2019 and published it in 2020. It evaluates different material options according to the environmental impact of raw material extraction and production as well as recyclability. It also sets corresponding targets. Furthermore, the Company has internal **packaging regulations for the transport** of hanging garments and flat-packed goods. Besides special delivery regulations, these also include sustainability aspects – such as specifications for the materials used in transport packaging. → **group.hugoboss.com**

HUGO BOSS mainly uses paper and plastic for the various packaging in its supply chain. Metals and natural materials such as cotton play a subordinate role.

### 05|03 Packaging materials used and their recycled content<sup>1</sup>

Material	Packaging type	2020		2019	
		Total weight (in t)	Recycled share (in %)	Total weight (in t)	Recycled share (in %)
Paper	Total transport and shipping cartons	3,621	75	4,094	77
	Of which were reused	-781		-844	
	Product/gift boxes	727	46	1,148	10
	Carrier bags	911	73	1,107	71
	Other packaging	359	6	540	20
	Total paper	4,837	77	6,045	69
Plastic	Polybags & garment covers	323	37	405	15
	Hangers	204	65	281	30
	Of which were reused	-10		-15	
	Suit bags	127	82	258	89
	Other packaging	201	0	263	1
Total plastic	845	42	1,192	32	
Metal	Hanger hooks	23	13	67	26
	Of which were reused	-1		-2	
	Other packaging	9	0	22	0
Total metal	31	10	87	20	
Natural materials (e.g. cotton, leather)		25	0	38	1
<b>Total</b>		<b>5,738</b>	<b>71</b>	<b>7,362</b>	<b>62</b>

<sup>1</sup> For this report, the amount of reused packaging was deducted from the total amount of each individual material. Due to this change in the calculation method, the figures for the categories "Total paper", "Total plastic", "Total metal" and "Total" for 2019 differ here from the values published in the 2019 Sustainability Report 2019.

In the reporting year, the proportion of non-renewable packaging materials was 15%, with a corresponding proportion of renewable materials of 85%.

The **paper** used by HUGO BOSS for all packaging and cardboard consists almost exclusively of FSC®-certified material. Wherever possible, recycled material is used for this purpose, as is the case with carrier bags and shoe boxes, and attention is paid to the recyclability of the material by avoiding laminations. Overall, the FSC®-certified proportion for transport, product and sales packaging in 2020 was 87%. Since 2017, all newly-sourced cardboard boxes that are shipped out of the German distribution centers are also **FSC®-certified** and consist of 80% recycled material on average. As part of its packaging regulations for transport, HUGO BOSS also requires that its producers obtain cardboard packaging from sustainable sources and make the best possible use of each cardboard box.

HUGO BOSS is increasingly using **recycled materials** for **plastic packaging**. The polybags used as transport packaging for flat-packed goods are gradually being converted to plastics with 50 to 100% recycled content, and the protective garment covers used in the Company's own hanging garment warehouse have been made of 88% recycled material for some time now. In addition, 82% of the suit bags intended for reuse by the end customer are made of recycled plastic. HUGO BOSS is also investigating which transports can be made without protective garment covers. Work is being done to reduce the size of the film for transports that have to be carried out with protective garment covers. Throughout the course of 2021, the polybags for selected products are to be replaced by paper bags.

→ **Further Key Figures and Information**

In addition, HUGO BOSS has set itself the goal of further increasing the portion of **reused materials** in logistics and distribution. In the reporting year, in the area of transport packaging, 781t (2019: 844t) of **cardboard boxes** that were used for the delivery of finished goods were reused for shipping from German distribution centers. 50% of the transport packaging used in the dispatching of goods was therefore reused. At the same time, work continued on expanding the **clothes hanger cycle** for retail stores. This has been established in Germany since 2017, and used hangers are either reused or recycled. In 2020, 40% of the transport hangers delivered to retail stores in Germany were returned to the cycle. → **Sustainability Program**

## **Chemicals Management and Product Safety**

HUGO BOSS stands by its **responsibility for the health and safety of the people** who are involved in the manufacturing process or come into contact with its products as customers. The responsible use of chemicals is therefore extremely important in this respect. Transparency also plays an important role – in the cooperation with suppliers and in customer communication.

For many years, HUGO BOSS has endeavored to **exchange information and cooperate with manufacturers and experts** throughout the industry in order to avoid the use of hazardous chemicals in the value chain. Thus, the Company is involved in the **Zero Discharge of Hazardous Chemicals (ZDHC)** Foundation and uses its management and analysis instruments in its value chain.

The Company also maintains its own RSL with regard to the safety and quality of its products and packaging. Through this, the Group obliges its suppliers to comply with **upper limits** for chemicals contained in the products and packaging. Since 2018, the Company's RSL has met the requirements of the Apparel and Footwear International RSL Management (AFIRM) Group with regard to substances, limit values and test methods, and contains additional specifications for other topic areas. It is regularly updated. → **We, Cooperations → Partners**

HUGO BOSS takes the potential environmental impacts of chemicals in products very seriously. For this reason, the Company has decided to make a greater commitment towards the **exclusion of perfluorinated and polyfluorinated chemicals (PFCs)**. In the reporting year, on the Company's initiative 89% of all suppliers already committed to no longer using PFCs in their production processes.

HUGO BOSS arranges for its compliance with its requirements to be verified by accredited institutes by means of **extensive harmful substance tests**. The aim is to minimize the proportion of products that do not conform to market requirements and at the same time ensure that they are not shipped. If abnormalities occur during the tests, a defined escalation process is initiated. All relevant specialist departments are involved, along with the Managing Board in serious cases. In the year 2020, 2,631 materials were assessed this way (2019: 3,938 materials). As part of these assessments, 0.1% of the tested products were found to be nonmarket-compliant and therefore were not released for distribution (2019: 0.3%) ✓.

HUGO BOSS takes all necessary precautions to comply with legal **labeling requirements**. All product labels include details of material composition, country of origin and care instructions as well as the product and supplier number. In the reporting year, there were no penalties imposed due to incorrect labeling.

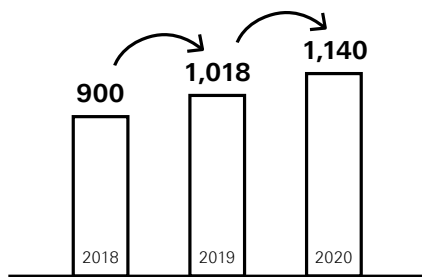




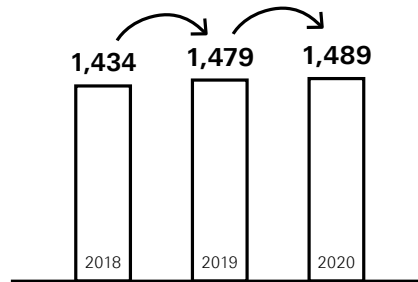
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# SOCIETY



**Supported schoolchildren and students since the establishment of the HUGO BOSS Education Association**



**Alumni of Open Doors for Women (formerly IŞKUR program) since project launch**



## SOCIETY – Promoting perspectives

As a Company, HUGO BOSS' commitment to social welfare is an integral part of its corporate responsibility. With its corporate citizenship strategy, HUGO BOSS also leverages being a role model as a global leading fashion company. HUGO BOSS aims to inspire people to succeed and, as the most important prerequisite for this, to give them equal access to high-quality education. In addition, the Company promotes equal opportunities and diversity. Through its social commitment throughout the value chain, it is contributing towards Sustainable Development Goals (SDGs) 4, 5 and 10.

## Management Approach

With its **corporate citizenship strategy** based on the SDGs, in 2015 HUGO BOSS created a clear framework for its social commitment. At the core of the strategy are projects and measures that benefit **local communities**. The strategy was revised in 2020. It is now more closely aligned with the corporate goal of “inspiring people to succeed” and establishes an even closer link to the HUGO BOSS value chain. Under the motto “We help people grow stronger”, the Company aims in particular to promote **individual potential for success** and has set the following strategic priorities:

- to support young people in particular with access to high-quality education as a basis for personal progress and social participation.
- to promote equal opportunities in general, and women and diversity in particular.
- to provide spontaneous help in emergency situations around the globe.

The Global Sustainability department is responsible for the global corporate citizenship strategy which it **manages centrally**. The respective subsidiaries independently implement the local initiatives of HUGO BOSS’ social commitment. A framework was developed in 2020 to guide them. It regulates that sponsored projects are in line with the Company’s values and principles, and guides them through the selection and implementation of the respective commitment.

Since 2015, HUGO BOSS has been evaluating the success of its commitment using a special methodology for **measuring the impact of corporate citizenship projects**. It is based on the Business for Societal Impact model and evaluates the ratio of input, output and impact for selected projects. On this basis, HUGO BOSS makes decisions annually with regard to the continuation of the projects and makes any necessary adjustments.

HUGO BOSS also relies on the active involvement of local employees in its corporate citizenship activities. The Company specifically promotes **corporate volunteering** and also counts the time spent on volunteer work in the selected projects as working hours. Due to the COVID-19 pandemic, some of the activities could not be carried out during the reporting year.

Through targeted donations, HUGO BOSS also supports longer-term **projects and initiatives** and provides short-term spontaneous help for **people in need**. The Managing Board is responsible for the donations and for approving them. In the reporting year, the pure amount of donations totaled EUR 774,289 (2019: EUR 450,347) ✓. The increase in total donations in the reporting year is due in particular to the additional commitment in connection with the COVID-19 pandemic.

Information on the Company’s goals and other initiatives and programs in the area of corporate citizenship can also be found in the sustainability program and on the Group’s website. → **Sustainability Program**  
→ [group.hugoboss.com](https://group.hugoboss.com)

## Social Commitment Priorities

Education enables people to lead an autonomous and successful life. In cooperation with recognized partner organizations, HUGO BOSS is therefore committed to **improving access to education**. For example, with the HUGO BOSS Education Association, the Company provides financial support for the education of young people in Izmir (Turkey). In 2020, a total of 122 pupils and students from the region received a stipend from HUGO BOSS. They were also assigned HUGO BOSS employees as mentors with whom they can discuss professional goals and aspirations or private issues and from whom they can receive support. Furthermore, HUGO BOSS attaches great importance to promoting young talent. Therefore, the Company also continued its partnership with the arts and design college Central Saint Martins, part of the University of the Arts London, during the reporting year. It is paving the way for three further selected students to enter the fashion world of tomorrow through a scholarship program.

### → Sustainability Program

In order to enhance equal opportunities in its own value chain, HUGO BOSS runs programs to **promote women and diversity**. At its largest production facility in Izmir for example, HUGO BOSS offers a program aimed at supporting women to re-enter the workforce, in collaboration with the local employment agency IŞKUR. The program was also continued during the reporting year, now under the new title "Open Doors for Women". Due to the pandemic, it could not take place initially because it was not possible to cooperate with IŞKUR. However, in order to express its solidarity, HUGO BOSS resumed the program independently. → Sustainability Program

In 2020, besides the COVID-19 pandemic, other emergencies occurred in many countries around the world. They prompted HUGO BOSS, as an international fashion company, to introduce rapid relief efforts within its means. **Spontaneous help and support services** were therefore the focus of social engagement in 2020.

HUGO BOSS contributed towards fighting the bush fires in Australia, among other emergencies. The donations were also supported by the sale of a specially designed T-shirt. The Company also financed aid for the people affected by the explosion in Beirut and for its employees at its own production site in Izmir following the major earthquake that struck there.

Furthermore, HUGO BOSS helped to counteract the COVID-19 pandemic with cash and in-kind donations. In addition to clothing for healthcare staff and face visors, the company produced 200,000 masks. HUGO BOSS donated these to medical and social institutions in the vicinity of the corporate headquarters as well as to partners in particularly affected countries. In addition, the Company made donations to aid organizations in various countries and enabled its customers to make a donation to National Societies of the Red Cross during the checkout process in selected stores.

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# APPENDIX

# SUSTAINABILITY PROGRAM

## TODAY. TOMORROW. ALWAYS.

The Company looks at sustainability as a journey that it embarked on a long time ago. HUGO BOSS addresses the many challenges along this journey through **ambitious goals and effective measures**, which it summarizes in the annual publication of its Sustainability Program. As part of its strategy work, the Company completely revised its Sustainability Program in 2019 and has summarized its activities and goals in the individual fields of action under the concept “TODAY. TOMORROW. ALWAYS.”. The program shows that sustainability is a continuous process within the Company, which is constantly evolving and is firmly anchored in its business activities.

**TODAY:** Milestones achieved in the current reporting year as well as initiatives and programs implemented to strengthen sustainability in the corresponding field of action.

**TOMORROW:** Medium and long-term objectives in the corresponding field of action, along with their time frame and implementation status.

**ALWAYS:** Continuous efforts and commitments in the corresponding fields of action, which form the basis of sustainability management.



## WE

Sustainability is an integral part of business operations at HUGO BOSS. The aim of the Company's sustainability activities is to ensure its long-term success through **continuous improvement and anticipatory management** of environmental, social and economic opportunities and risks. With the development and implementation of its sustainability strategy, HUGO BOSS relies upon **dialog and collaboration with its stakeholders**.

### TODAY.

In 2020

- HUGO BOSS set itself science-based targets (SBT) **within its climate strategy** which have been validated and confirmed in accordance with the strict requirements of the **Science Based Targets initiative** (SBTi).
- the Company made a clear commitment to respecting human rights in its business operations by publishing its **Human Rights Commitment** and its **Human Rights Policy**.
- a **sustainability brochure** that concisely summarizes the sustainability activities of HUGO BOSS was published.
- the fifth – and for the first time entirely digital – **stakeholder dialog event** with internal and external stakeholders was organized.
- HUGO BOSS was included in the **Dow Jones Sustainability Index** (DJSI) World for the fourth time and in the DJSI Europe for the first time.

### TOMORROW.

The We field of action forms the **overarching strategic framework** for the Company's sustainability activities and for the other fields of action (Environment, Employees, Partners, Products and Society). Therefore, HUGO BOSS does not define any specific sustainability goals under We. The Company's goals are detailed under the individual fields of action on the following pages.

### ALWAYS.

- HUGO BOSS is committed to **free and fair competition**, and respects competition and anti-trust laws and regulations.
- HUGO BOSS **does not accept or tolerate any form of corruption** (such as bribery) or other corrupting behavior.
- HUGO BOSS assumes **responsibility for ethical corporate management** and considers it a matter of course that the payment of corporate tax is not only made in accordance with applicable laws, but is also ethically justifiable.
- HUGO BOSS proactively and responsibly manages the **risks and opportunities associated with sustainability**.
- HUGO BOSS maintains **active and regular dialog with its stakeholders** and ensures that the concerns of stakeholders are incorporated into the sustainability strategy.



# ENVIRONMENT

HUGO BOSS is committed to the **introduction and further development of environmentally and climate-friendly processes** and takes appropriate measures to improve the environmental footprint of its own locations, production facilities and stores as well as the entire logistics chain. In this context, the **careful use of natural resources** is just as important as the avoidance and recycling of waste and the reduction of CO<sub>2</sub> emissions.

## TODAY.

In 2020

- more than half of the electricity consumed within the Group came from **renewable energy sources**.
- the Company's **own photovoltaic systems** generated electricity equivalent to the annual consumption of approximately 188 four-person households.
- the **science-based targets** (SBT) for the reduction of CO<sub>2</sub> emissions (**including the external supply chain**) were officially validated by the Science Based Targets initiative (SBTi).
- the Company calculated and published the **CO<sub>2</sub> emissions of its outbound goods flows** for the first time.
- the total **CO<sub>2</sub> emissions were reduced by 24%** compared to the previous year.

## TOMORROW.

SDG reference (direct or indirect)	Target year	Target	Status quo
	2050	Climate neutrality in the entire value chain	
	2030	Reduction of CO <sub>2</sub> emissions along the entire value chain compared with the base year 2018:	
		– Reduction of CO <sub>2</sub> emissions (Scope 1+2) by at least 51% (SBT)	Reduction of 36%
		– Reduction of CO <sub>2</sub> emissions (Scope 3) by 30% (SBT)	Reduction of 28%
		– Reduction of energy consumption (direct and indirect) in relation to area (m <sup>2</sup> ) by 20%	Reduction of 22%
	2025	Reduction of own water consumption (externally sourced water) in relation to Group sales by 40% compared with the base year 2016	Reduction of 5%
	2020	Reduction of waste volume in the production facilities in Izmir by 3% compared with the base year 2019	Reduction of 21%
	2025	Reduction of waste volume (domestic waste) per employee by 10% compared with the base year 2018	Reduction of 23%

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## ALWAYS.

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- HUGO BOSS is constantly working to minimize the **environmental impact of its own business activities**.
  - HUGO BOSS operates a **comprehensive environmental management** and in its Environmental Policy it defines the principles of environmental protection for all relevant business areas.
  - HUGO BOSS ensures that the construction of new buildings or the renovation of existing **company buildings** includes sustainability criteria and it strives to achieve sustainability certification for new buildings.
  - HUGO BOSS endeavors to use new innovative technologies wherever possible and in an economically viable manner in order to further **reduce the consumption of resources**.
  - HUGO BOSS strives to continuously **reduce waste volumes in production** and, where this is not possible, to adequately recycle and reuse the waste.
-





# EMPLOYEES

HUGO BOSS assumes **responsibility for the well-being of its employees** and promotes a corporate culture of mutual appreciation and respect. The Company is committed to equal opportunities, helps employees to reconcile their private and professional lives, offers very good development opportunities and ensures safe, healthy workplaces. HUGO BOSS aims to inspire its employees every single day, motivate them with challenging and varied tasks, and retain their loyalty.

## TODAY.

In 2020

- the Company rolled out the **Performance & Development Dialog** worldwide (Corporate area) which enables a holistic assessment of the employees’ potential and performance through open dialog.
- HUGO BOSS was one of the first companies in the textile industry to introduce a mobile working concept (**Threedom of Work**). For this concept, HUGO BOSS AG was presented with the Gold Stevie Award for “Achievement in Human Resources”.
- HUGO BOSS was awarded the following **prizes for its COVID-19 commitment**: Gold Stevie Award “Team of the Year: COVID-19 Crisis Team” (HUGO BOSS AG), Gold Stevie Award “Most Valuable Corporate Response: HUGO BOSS Mask Donation” (HUGO BOSS AG) and Bronze Stevie Award “Most Valuable Employer – EMEA” for the precautionary and health measures taken at the Izmir site in response to the COVID-19 pandemic.
- HUGO BOSS AG signed the **Women’s Empowerment Principles**.
- the position **Head of Diversity & Inclusion** was created in the Company and a **Diversity Task Force** was formed.

## TOMORROW.

SDG reference (direct or indirect)	Target year	Target	Status quo
	2025	Increase in employee satisfaction to 75% in the Great Place to Work® survey	72%
	2025	Reduction of employee-specific fluctuation (departures): < 8% in the Corporate area < 30% in the Retail area	7% in the Corporate area, 18% in the Retail area
	2025	75% of vacancies for the two top management levels to be filled with internal candidates <b>Milestone by 2022: 70%</b>	78%
	2025	Share of at least 40% of women in the first management level below the Managing Board (top management)	25%
	2025	Share of at least 50% of women in the second management level below the Managing Board (middle management)	45%
	2025	Reduction of occupational and industrial accidents by 10% at the headquarters in Metzingen compared with the base year 2019	Reduction of 30%
	2025	Reduction of the lost time injury frequency rate (LTIFR) by 5% compared with the base year 2019	Reduction of 23%

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## ALWAYS.

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- The Company undertakes to comply with the Human Rights Policy and the Supplier Code of Conduct, which set out **fundamental rights to protect workers** (such as humane working conditions).
  - HUGO BOSS is committed to improving **equal pay regardless of diversity factors** and also wants to ensure fair and market-based remuneration on a global level.
  - For HUGO BOSS, the **diversity of its employees** is a natural element of its corporate culture and a living reality. By joining the Charter of Diversity in 2008, HUGO BOSS committed to enabling all employees to work in a non-discriminatory environment.
  - HUGO BOSS is committed to **strengthening the physical and mental health of all employees** in accordance with its Health & Safety Commitment, through various measures.
  - HUGO BOSS attaches great importance to **equal opportunities** and promotes this, among other things, by providing access to flexible working models throughout the entire Group to balance private and professional life.
  - The Company is committed to the **continuous training of its employees** and offers a wide range of training opportunities.
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# PARTNERS

In addition to manufacturing at HUGO BOSS’ own production sites, the Company sources finished goods as well as fabrics and trimmings from numerous suppliers globally. As their customer, HUGO BOSS assumes **co-responsibility for the well-being of their employees** and the **protection of the environment** in the sourcing countries. The basis for cooperation is therefore respect for human rights and compliance with internationally recognized environmental and social standards, which are reviewed in regular audits.



## TODAY.

In 2020

- the new **Supplier Code of Conduct**, which besides social issues now also includes stricter requirements on environmental issues, was incorporated into the contracts of all direct suppliers.
- the **Governance Model** was successfully rolled out to the strategic finished goods suppliers.
- the Company further increased transparency in the **supply chain** by **publishing the CO<sub>2</sub> emissions** of its purchased goods.
- HUGO BOSS was presented with an award by the CDP (formerly Carbon Disclosure Project) in the category **“Supplier Engagement Leader”** for its climate commitment in the supply chain.
- the Zero Discharge of Hazardous Chemicals Manufacturing Restricted Substances List (**ZDHC MRSL**) was integrated as a **fixed component into the contracts** with suppliers.

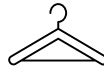
## TOMORROW.

SDG reference (direct or indirect)	Target year	Target	Status quo
8	2025	Sourcing of all goods from finished goods suppliers (including the Company’s own production sites) which achieved a result of “satisfying” or better in the last social audit <b>Milestone by 2022: 95%</b>	96%
8  12	2025	All finished goods suppliers have an appropriate control system for their supply chain. <b>Milestone by 2020:</b> All strategic finished goods suppliers	86% of strategic finished goods suppliers
8	2025	All fabrics and trimmings suppliers with a direct contractual relationship with HUGO BOSS are integrated into the HUGO BOSS Social Compliance Program.	10%
8	2021	Establishment of a strategy to promote fair remuneration in the textile supply chain. This includes, as a first step, the collection of wage data and the analysis of wage gaps based on recognized benchmarks.	Target update to follow in 2021

SDG reference (direct or indirect)	Target year	Target	Status quo
	2025	<p>All suppliers with a high environmental impact comply with the environmental requirements defined by HUGO BOSS (measured by the result of their environmental audits).</p> <p>This means they:</p> <ul style="list-style-type: none"> <li>– comply with national environmental legislation</li> <li>– contribute towards the implementation of the ZDHC standards and</li> <li>– support the UNFCCC Fashion Industry Charter for Climate Action.</li> </ul>	20%
	2030	<p>All suppliers with wet processes produce in compliance with the ZDHC MRSL standards (measured by their wastewater tests and chemical inventory).</p> <p><b>Milestone by 2025:</b> All strategic finished goods suppliers with wet processes</p>	20% of the wastewater tests of the strategic finished goods suppliers comply with the specifications; first reporting on the chemical inventory will take place in 2021.

## ALWAYS.

- HUGO BOSS is fully committed to **respecting human rights** throughout its entire value chain and obliges its suppliers to comply with the HUGO BOSS Supplier Code of Conduct.
- HUGO BOSS assumes joint responsibility for ensuring that all the workers in its supply chain work in a **safe and healthy working environment**. A constant and obvious goal of the Company is for no fatal accidents to occur in its supply chain.
- HUGO BOSS is committed to improving **compensation standards within the global supply chain**.
- HUGO BOSS is committed to **reducing its environmental impact** along the entire supply chain, focusing on climate protection, the efficient use of resources and ensuring clean water.
- HUGO BOSS works closely and in good faith with its suppliers, and focuses on **dialog and joint development**. For example, the Company organizes training sessions for all finished goods suppliers on focus topics relating to the sustainable supply chain.



# PRODUCTS

HUGO BOSS aspires to develop collections that not only meet customers’ high standards in terms of design, quality, longevity and innovation, but also pose **no social, health or environmental risks**. HUGO BOSS therefore gives high priority to manufacturing processes that conserve resources as much as possible, the responsible use of chemicals in production, animal welfare and biodiversity protection.

## TODAY.

In 2020

- the Company published a comprehensive **Responsible Product Policy** and a **Packaging Guideline**, which set out clear requirements on applicable sustainability standards.
- an **Animal Welfare Policy** was created, which contains specific requirements and restrictions for the procurement and use of animal materials.
- the Company significantly expanded the use of the **RESPONSIBLE label**, which is awarded to all products that meet the particularly high sustainability standards of HUGO BOSS.
- HUGO BOSS launched a **vegan suit** that was awarded the PETA-Approved Vegan label.
- HUGO BOSS reports for the first time on the **countries of origin of the cotton sourced**, thereby increasing transparency in the supply chain.
- the **packaging** used in online retailing was **optimized in terms of size** so that packaging volume, material use and waste generation could be reduced.
- all **shoe boxes** were changed to **FSC®-certified** and predominantly **recycled paper**.

## TOMORROW.

SDG reference (direct or indirect)	Target year	Target	Status quo
12 ∞ 17 ∞	2025	Use of 100% sustainably sourced cotton in accordance with the criteria of the HUGO BOSS Cotton Commitment	86%
12 ∞	2025	Use of 100% mulesing-free wool in purely woolen knitted products	The target is achieved and will be assumed as standard from now on.
12 ∞	2025	At least 30% of the product range consists of RESPONSIBLE styles.	15%
12 ∞ 17 ∞	2025	100% of the leather used is to come from tanneries certified by the Leather Working Group or a similar standard. <b>Milestone by 2022: 60%</b>	59%
12 ∞ 13 ∞	2025	Use of at least 50% recycled synthetic fibers	10%

SDG reference (direct or indirect)	Target year	Target	Status quo
12 ∞	2020	Definition of circular design principles which form the basis of all product line developments starting with the Spring/Summer collection 2020	60%
12 ∞	2020	Regular training sessions concerning the topic of circularity, recycling and the use of sustainable materials for all employees in the design, production and procurement departments	70%
12 ∞	2020	Setting up of an extensive digital media library for materials and textile fibers as well as dyeing, treatment and refinement processes, which facilitate recycling and circularity during product development	40%
12 ∞	2020	Provision of detailed information for customers to support adequate product care to ensure its longevity	70%
12 ∞	2022	Increase in the share of reused transport packaging in outbound shipments by 3% compared with the base year 2019	The share of reused carton was increased by 1% and now totals 50%.
12 ∞	2025	Reduction of single-use plastic in packaging by 10% (per sold unit) compared with the base year 2019	Reduction of 1%
12 ∞	2025	100% of plastic packaging is made of recycled or other sustainably sourced material	42%
12 ∞	2025	Reduction of packaging paper by 5% (per sold unit) compared with the base year 2019	Increase of 1%
12 ∞	2025	100% of the packaging paper comes from sustainably managed forests and/or is made of recycled material.	87%
12 ∞	2025	> 80% of the packaging paper comes from recycled material.	66%
12 ∞	2025	Reduction of metal in packaging by 30% (per sold unit) compared with the base year 2019	Reduction of 46%

## ALWAYS.

- HUGO BOSS ensures that its products can be used over a **long period of time** by using **selected materials** and **high-quality workmanship**.
- HUGO BOSS recognizes its particular responsibility for **animal welfare** and is opposed to animal testing as well as animal breeding and husbandry methods that are not appropriate to the species.
- HUGO BOSS excludes the use of **down** obtained through live plucking and force feeding.
- HUGO BOSS does not use **farmed fur**.
- HUGO BOSS does not use **angora wool**.
- HUGO BOSS only uses **leather** that is a by-product of the food industry and does not use exotic types of leather.
- HUGO BOSS ensures that all of the Company's products that reach the market meet **international standards in the area of chemicals**.
- All the **product packaging** used should be reduced to the absolute minimum required to bring the products to the customer intact and in line with the brand's premium claim. Wherever possible, the Company uses paper from sustainable forestry.



## SOCIETY

HUGO BOSS` commitment to **social welfare** is an integral part of its corporate responsibility. With its corporate citizenship strategy, HUGO BOSS also leverages being a role model as a global leading fashion company. The focus is directed towards supporting and promoting educational opportunities for young people, as well as the Company`s commitment to equal opportunities in general.

### TODAY.

In 2020

- the **total amount of donations** was EUR 774,289.
- around 200,000 **temporary mouth-and-nose masks** produced by the Company with an equivalent value of over EUR 800,000 were **donated** during the COVID-19 pandemic.
- a total of 122 schoolchildren and students received support in the form of a **scholarship from the HUGO BOSS Education Association** in Izmir.
- ten women at the Izmir location were supported to **re-enter the workforce** with the Open Doors for Women program (former IŞKUR Program).

### TOMORROW.

SDG reference (direct or indirect)	Target year	Target	Status quo
5	2025	Reaching 2,100 women from a weak economic background with a training course to re-enter the workforce at the Izmir location (project Open Doors for Women)	1,489 women
4	2025	Reaching 1,400 schoolchildren and students through the HUGO BOSS Education Association	1,140 schoolchildren and students
4	2025	Reaching 75 disadvantaged children through the project Food & Art in cooperation with the Filderstadt art school (project start 2015)	49 children
10	2025	Support of 150,000 people in difficult living conditions through a donation of HUGO BOSS products (base year 2020)	81,011 people

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## ALWAYS.

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- HUGO BOSS is particularly interested in promoting prospects and supporting **high-quality education for children** at a global and local level through long-term partnerships.
  - HUGO BOSS is committed to providing **professional training** at a local level to strengthen the skilled workforce in the fashion segment.
  - HUGO BOSS is committed to **equal opportunities and diversity** and particularly promotes women along the value chain.
  - HUGO BOSS assumes its **responsibility in the global textile supply chain** and is actively involved in dedicated programs to strengthen vulnerable groups.
  - HUGO BOSS sees itself as a **part of society** and, in crisis situations, always looks at ways in which the Group can provide support.
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# FURTHER KEY FIGURES AND INFORMATION

## Environment

### Indirect greenhouse gas emissions (location-based approach) (in t of CO<sub>2</sub>)

	2020	2019	2018
Scope 2			
Indirect energy consumption	33,625	39,544	43,470

### Water consumption by source (in m<sup>3</sup>)

	2020	2019	2018	2017
Internally sourced	23,180	23,681	22,399	15,684
Externally sourced	139,317	183,177	202,500	200,913
<b>Total</b>	<b>162,497</b>	<b>206,858</b>	<b>224,899</b>	<b>216,597</b>

### Waste volumes by type<sup>1</sup> (in t)

	2020	2019	2018	2017
Solid waste	4,893	6,821	6,062	5,605
Unsolid waste	28	40	39	33
<b>Total</b>	<b>4,921</b>	<b>6,861</b>	<b>6,101</b>	<b>5,638</b>
Recycling amount of solid waste	3,131	4,269	3,953	3,661

<sup>1</sup> Waste volumes of extraordinary activities (for example conversion work) as are not considered.  
The recycling volume consists of the waste volume from recycling and reuse.

**Locations with certified ISO management systems<sup>1</sup>**

<b>Subsidiary</b>	<b>Sites</b>	<b>Country</b>	<b>Management system standard</b>	<b>Certified since</b>
HUGO BOSS AG	Headquarters Metzingen	Germany	ISO 50001 ISO 9001	2012 1999
HUGO BOSS AG	Own retail stores	Germany and Austria	ISO 50001	2016
HUGO BOSS AG	Distribution Center Filderstadt	Germany	ISO 50001	2014
HUGO BOSS AG	Distribution Center Metzingen	Germany	ISO 50001	2012
HUGO BOSS AG	Distribution Center Wendlingen	Germany	ISO 50001	2012
HUGO BOSS AG	Warehouse Raw Material Metzingen	Germany	ISO 50001	2012
HUGO BOSS AG	Warehouse Bad Urach	Germany	ISO 50001	2012
HUGO BOSS AG	Outlet Metzingen, Kanalstraße	Germany	ISO 50001	2012
	Outlet Metzingen, HUGO-BOSS-Platz			2019
HUGO BOSS AG	Showroom Düsseldorf	Germany	ISO 50001	2016
HUGO BOSS AG (Austria)	Showroom Salzburg	Austria	ISO 50001	2016
HUGO BOSS AG (Switzerland)	Headquarters Zug and own retail stores	Switzerland	ISO 50001	2017
HUGO BOSS Belgium Retail B.V.B.A.	Own retail stores	Belgium	ISO 50001	2017
HUGO BOSS Benelux B.V. y CIA, S.C.	Own retail stores	Spain	ISO 50001	2017
HUGO BOSS Benelux Retail B.V.	Own retail stores	Netherlands and Luxembourg	ISO 50001 ISO 50001	2017 2019
HUGO BOSS Finland Oy	Own retail stores	Finland	ISO 50001	2017
HUGO BOSS France SAS	Headquarters Paris and own retail stores	France	ISO 50001	2017
HUGO BOSS Hellas LLC	Own retail stores	Greece	ISO 50001	2017
HUGO BOSS International Markets AG Branch Poland	Own retail stores	Poland	ISO 50001	2017
HUGO BOSS Ireland Ltd.	Own retail stores	Ireland	ISO 50001	2017
HUGO BOSS Italia S.p.A.	Own retail stores	Italy	ISO 50001	2017
HUGO BOSS Magazacilik Ltd. Sti.	Own retail stores	Turkey	ISO 50001	2017
HUGO BOSS Nordic ApS	Own retail stores	Denmark	ISO 50001	2017
HUGO BOSS Portugal & Companhia	Own retail stores	Portugal	ISO 50001	2017
HUGO BOSS Rus LLC	Own retail stores	Russia	ISO 50001	2017
HUGO BOSS Scandinavia AB	Own retail stores	Sweden	ISO 50001	2017
HUGO BOSS Scandinavia NUF Branch Norway	Own retail stores	Norway	ISO 50001	2017
HUGO BOSS Shoes & Accessories Italia S.p.A.	Production Morrovalle	Italy	ISO 14001 ISO 45001	2015 2018
HUGO BOSS Shoes & Accessories Poland Sp. Z o.o.	Production Radom	Poland	ISO 14001	2017
HUGO BOSS Textile Industry Ltd.	Production Izmir	Turkey	ISO 14001 ISO 50001	2014 2014
HUGO BOSS Ticino S.A.	Headquarters Coldrerio	Switzerland	ISO 50001	2015
HUGO BOSS UK Ltd.	Headquarters London and own retail stores	United Kingdom	ISO 50001	2017

<sup>1</sup> The coverage of HUGO BOSS locations with an ISO-certification is at around 75% (calculation in relation to buildingarea).

## Employees

### Employees by category and region (headcount) ✓

	Management	Commercial employees	Industrial employees	Apprentices	Temporary workers
Europe	1,197	5,748	4,112	98	508
Americas	264	1,167	101	0	88
Asia/Pacific	384	1,705	24	0	135
<b>Total</b>	<b>1,845</b>	<b>8,620</b>	<b>4,237</b>	<b>98</b>	<b>731</b>

### Employees by age and employee category (in %) ✓

	< 30	30 ≤ - < 40	40 ≤ - < 50	≥ 50
Management	5	41	37	16
Commercial employees	30	38	20	12
Industrial employees	17	40	28	15
Apprentices	99	1	0	0
Temporary workers	71	11	8	10
<b>Total</b>	<b>26</b>	<b>37</b>	<b>24</b>	<b>13</b>

### Employees by position and gender (in %) ✓

	Managers in revenue-generating positions	Employees in STEM-related positions <sup>1</sup>
Women	52	46
Men	48	54
<b>Total</b>	<b>100</b>	<b>100</b>

<sup>1</sup> STEM-related positions include positions thematically related to science, technology, engineering and mathematics.

### Termination by reason and region<sup>1</sup> (headcount) ✓

	Europe	Americas	Asia/Pacific	<b>Total</b>
Employee-specific	1,056	378	302	1,736
Employer-specific	767	152	83	1,002
Redundancy	86	90	37	213
Retirement	115	5	2	122
Death, emigration	4	2	1	7
<b>Termination (total)</b>	<b>2,028</b>	<b>627</b>	<b>425</b>	<b>3,080</b>

<sup>1</sup> Data without apprentices, interns, diploma students, agency staff.

### Termination by gender and region<sup>1</sup> (headcount) ✓

	Women	Men
Europe	1,097	931
Americas	283	344
Asia/Pacific	287	138
<b>Total</b>	<b>1,667</b>	<b>1,413</b>

<sup>1</sup> Data without apprentices, interns, diploma students, agency staff.

<b>Termination by age and region<sup>1</sup> (headcount)</b> ✓				
	< 30	30 ≤ – < 40	40 ≤ – < 50	≥ 50
Europe	1,037	604	245	142
Americas	315	162	82	68
Asia/Pacific	155	207	42	21
<b>Total</b>	<b>1,507</b>	<b>973</b>	<b>369</b>	<b>231</b>

<sup>1</sup> Data without apprentices, interns, diploma students, agency staff.

<b>Average expenditure for training per full-time equivalent (FTE) (in EUR)</b>	
Total	107

## Products

### Standards of sustainably sourced cotton

	in t	in % <sup>1</sup>
Better Cotton Initiative	4,504	72
Organic	387	6
Cotton LEADS™	346	6
Cotton made in Africa	149	2
Recycled	7	0
<b>Total</b>	<b>5,393</b>	<b>86</b>

<sup>1</sup> Percentage of total cotton used by HUGO BOSS.

### Total weight of plastic packaging<sup>1</sup> (in t)

	2020	2019	2018	2017
Total weight	845	1,192	1,269	1,297

<sup>1</sup> The totals for the years 2017 to 2019 differ from the figures published in the Sustainability Reports for these years. They have been adjusted retrospectively due to changes in the calculation method.

# MATERIAL SUSTAINABILITY TOPICS AND GRI STANDARDS

Strategic intensity	Sustainability topic	Allocated GRI standards	Significant impact		
			Inside the company	Outside the company	Inside and outside the company
<b>High strategic intensity</b>	Climate protection (in production)	302: Energy, 305: Emissions			HB, suppliers
		307: Environmental compliance, 308: Supplier environmental assessment			HB, suppliers
	Occupational health and safety (in production)	403: Occupational health and safety			HB, suppliers
		414: Supplier social assessment			HB, suppliers
	Human rights and labor standards (in production)	401: Employment, 402: Labor/Management relations, 405: Diversity and equal opportunity, 406: Non-discrimination, 407: Freedom of association and collective bargaining, 408: Child labor, 409: Forced or compulsory labor, 412: Human rights assessment			HB, suppliers
		414: Supplier social assessment, 419: Socioeconomic compliance			HB, suppliers
Sustainable materials and responsible sourcing	301: Materials			HB, suppliers	
<b>Medium strategic intensity</b>	Climate protection (in administration, retail and logistics)	302: Energy, 305: Emissions	HB		
	Waste reduction and recycling (in administration, retail and logistics)	306: Wastewater and waste	HB		
	Responsible handling of chemicals (in production)	306: Wastewater and waste			HB, suppliers
		308: Supplier environmental assessment, 416: Customer health and safety			HB, suppliers, consumers
	Animal welfare	301: Materials			HB, suppliers
	Extension of the product life cycle and closure of the cycle	301: Materials			HB, suppliers, consumers
	Governance and compliance	201: Economic performance, 205: Anti-corruption, 206: Anti-competitive behavior, 307: Environmental compliance, 415: Public policy, 416: Customer health and safety, 419: Socioeconomic compliance			HB, suppliers
	Data protection and information security	417: Marketing and labeling, 418: Customer privacy			HB, suppliers, consumers
Avoidance of corruption and anti-competitive behavior	206: Anti-competitive behavior, 419: Socioeconomic compliance			HB, suppliers	

Strategic intensity	Sustainability topic	Allocated GRI standards	Significant impact		
			Inside the company	Outside the company	Inside and outside the company
Low strategic intensity	Human rights and labor standards (in administration, retail and logistics)	401: Employment, 402: Labor/Management relations, 405: Diversity and equal opportunity, 406: Non-discrimination, 407: Freedom of association and collective bargaining, 408: Child labor, 409: Forced or compulsory labor, 412: Human rights assessment	HB		
	Occupational health and safety (in administration, retail and logistics)	403: Occupational health and safety	HB		
	Employer attractiveness	401: Employment, 404: Training and education, 405: Diversity and equal opportunity, 406: Non-discrimination	HB		
	Social commitment	413: Local communities			HB, suppliers
	Product safety	416: Customer health and safety, 417: Marketing and labeling, 419: Socioeconomic compliance			HB, consumers
	Environmentally friendly care of the products	417: Marketing and labeling			HB, consumers
	Waste reduction and recycling (in production)	301: Materials			HB, suppliers
		307: Environmental compliance, 308: Supplier environmental assessment		suppliers	
	Reduction of water consumption (in production)	303: Water and wastewater			HB, suppliers
		307: Environmental compliance, 308: Supplier environmental assessment		suppliers	
Ethically correct payment of corporate taxes	201: Economic performance, 207: Tax, 419: Socioeconomic compliance	HB			

# GRI CONTENT INDEX

The HUGO BOSS 2020 Sustainability Report was produced in accordance with the guidelines of the Global Reporting Initiative (GRI) in the version GRI Standards including the “GRI Apparel and Footwear Sector Supplement”. The choice of general and specific standard specifications which are to be reported on is based on a materiality analysis. This analysis was conducted in 2019 and it was reviewed for relevancy and adjusted accordingly in 2020. Selected disclosures were subject to an external audit.

## GRI 102 General standard disclosures 2016

		Page	Omissions	External audit
<b>Organizational profile</b>				
GRI 102-1	Name of the company	4		
GRI 102-2	Activities, brands, products, and services	6		
GRI 102-3	Location of headquarters	6		
GRI 102-4	Location of operations	6, AR 26 ff.		
GRI 102-5	Ownership and legal form	4, AR 20 f.		
GRI 102-6	Markets served	6, AR 25		
GRI 102-7	Scale of the organization	6		
GRI 102-8	Information on employees and other workers	35–36, 83	Details about the employee structure by contract type and employment type are not available.	☑
GRI 102-9	Supply chain	6, 45–47		
GRI 102-10	Significant changes to the organization and its supply chain		In the reporting year, no significant changes occurred.	
GRI 102-11	Precautionary Principle or approach	12–14		
GRI 102-12	External initiatives	20–21		
GRI 102-13	Membership of associations	20–21		
<b>Strategy</b>				
GRI 102-14	Statement from senior decision-maker	3		
GRI 102-15	Key impacts, risks and opportunities	12–13, AR 96 ff.		
<b>Ethics and integrity</b>				
GRI 102-16	Values, principles, standards, and norms of behavior	12–14		
GRI 102-17	Mechanisms for advice and concerns about ethics	14–15		
<b>Governance structure</b>				
GRI 102-18	Governance structure	9, AR 120 ff.		
GRI 102-19	Delegating authority	8–9		
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	8–9		
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	17–18		

AR = Annual Report 2020  
SR 2019 = Sustainability Report 2019  
Tax Strategy = Tax Strategy 2020



**GRI 102 General standard disclosures 2016**

		Page	Omissions	External audit
GRI 102-22	Composition of the highest governance body and its committees	AR 120 ff.		
GRI 102-23	Chair of the highest governance body	9, AR 10 ff.		
GRI 102-24	Nominating and selecting the highest governance body	AR 122 ff.		
GRI 102-25	Conflicts of interest	9, 17–18		
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	9		
GRI 102-27	Collective knowledge of highest governance body	9		
GRI 102-28	Evaluating the highest governance body's performance	AR 120 ff.		
GRI 102-29	Identifying and managing economic, environmental, and social impacts	10–11, SR 2019 11–13		
GRI 102-30	Effectiveness of risk management processes	12–13		
GRI 102-31	Review of economic, environmental, and social topics	9		
GRI 102-32	Highest governance body's role in sustainability reporting	4		
GRI 102-33	Communicating critical concerns	9		
GRI 102-34	Nature and total number of critical concerns	14–15, AR 120 ff.		
GRI 102-35	Remuneration policies	AR 129 ff.		
GRI 102-36	Process for determining remuneration	AR 129 ff., 37–38		
GRI 102-37	Stakeholders' involvement in remuneration	AR 129 ff.	The Annual Shareholders' Meeting decides on the compensation of the Supervisory Board. In May 2020, the relevant provisions in Art. 12 of the Articles of Association of HUGO BOSS AG were redefined by the Annual Shareholders' Meeting.	
<b>Stakeholder engagement</b>				
GRI 102-40	List of stakeholder groups	17		
GRI 102-41	Collective bargaining agreements	35		
GRI 102-42	Identifying and selecting stakeholders	17–18		
GRI 102-43	Approach to stakeholder engagement	17–18		
GRI 102-44	Key topics and concerns raised	17–18		
<b>Reporting practice</b>				
GRI 102-45	Entities included in the consolidated financial statement	4		
GRI 102-46	Defining report content and topic boundaries	10–11, SR 2019 11–12		
GRI 102-47	List of material topics	10, 86–87		
GRI 102-48	Restatements of information	4	Where information from earlier reports is continued in a different form, this is noted accordingly at the relevant points in the report.	
GRI 102-49	Changes in reporting	4, 10–11		
GRI 102-50	Reporting period	4		
GRI 102-51	Date of most recent report	4		
GRI 102-52	Reporting cycle	4		
GRI 102-53	Contact point for questions regarding the report	99		
GRI 102-54	Claims of reporting in accordance to the GRI Standards	4, 88		
GRI 102-55	GRI content index	88–94		
GRI 102-56	External assurance	95–97		

<b>Specific standard disclosures</b>				
		Page	Omissions	External audit
<b>Economy</b>				
<b>GRI 201 Economic performance 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	8–9		
GRI 201-1	Economic value generated and distributed	6, 66, AR 147 ff.		
GRI 201-2	Financial implications and other risks and opportunities due to climate change	AR 102 f.		
GRI 201-3	Defined benefit plan obligations and other retirement plans	AR 147 ff.		
GRI 201-4	Financial assistance received from government	AR 172		
<b>GRI 204 Procurement Practices 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	45–48		
GRI 204-1	Proportion of spending on local suppliers	45–48	Data regarding the proportion of spending on local suppliers are not available. When comparable, HUGO BOSS gives preference to local sourcing offers.	
<b>GRI 205 Anti-Corruption 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	12–15		
GRI 205-1	Operations assessed for risks related to corruption	15		
GRI 205-2	Communication and training about anti-corruption policies and procedures	14–15, 18		
GRI 205-3	Confirmed incidents of corruption and actions taken	15		✓
<b>GRI 206 Anti-competitive Behavior 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	12–15		
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	15		✓
<b>GRI 207 Tax 2019</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	12, Tax Strategy		
GRI 207-1	Approach to tax	Tax Strategy		
GRI 207-2	Tax governance, control, and risk management	Tax Strategy		
GRI 207-3	Stakeholder engagement and management of concerns related to tax	Tax Strategy		
GRI 207-4	Country-by-country reporting	Tax Strategy	HUGO BOSS shares information about tax payments paid according to jurisdiction with the corresponding regulatory bodies. From the Company's perspective, this information is neither intended for the general public nor is it important for presenting its economic, environmental and social impacts.	

<b>Specific standard disclosures</b>				
		Page	Omissions	External audit
<b>Environment</b>				
<b>GRI 301 Materials 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	57–58		
GRI 301-1	Materials used by weight or volume	59, 62		
GRI 301-2	Recycled input materials used	62–63, 85		
<b>GRI 302 Energy 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	23–24		
GRI 302-1	Energy consumption within the organization	24–26	Figures on the fuel consumption are not available. HUGO BOSS discloses energy consumption in the unit megawatt hour (MWh). One megawatt hour corresponds to 3.6 gigajoules (GJ).	✓
GRI 302-3	Energy intensity	26		✓
GRI 302-4	Reduction of energy consumption	24–26		
<b>GRI 303 Water and Effluents 2018</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	23–24		
GRI 303-1	Interactions with water as a shared resource	29–30, 59–60, 81		
GRI 303-2	Management of water discharge-related impacts	30		
GRI 303-3	Water withdrawal	29–30, 81		✓
GRI 303-5	Water consumption	29–30	HUGO BOSS reports water consumption in units of cubic meters (m <sup>3</sup> ). One cubic meter is equal to 0.001 megaliters (ML). The determination of water consumption at the Company's own production sites in water-stressed areas is based on the globally recognized Aqueduct Water Risk Atlas of the World Resources Institute (WRI).	
<b>GRI 305 Emissions 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	23–24		
GRI 305-1	Direct (Scope 1) GHG emissions	26–27		✓
GRI 305-2	Energy indirect (Scope 2) GHG emissions	26–27, 81		✓
GRI 305-3	Other indirect (Scope 3) GHG emissions	26–28		
GRI 305-5	Reduction of GHG emissions	26–28		
<b>GRI 306 Effluents and Waste 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	23–24		
GRI 306-1	Water discharge by quality and destination	30	Detailed figures on the water discharge such as quality of the water and treatment method are currently not available.	✓
GRI 306-2	Waste by type and disposal method	30–31, 81		✓
GRI 306-3	Significant spills		No significant spills in the reporting year.	
<b>GRI 307 Environmental Compliance 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	8–9, 23–24		
GRI 307-1	Non-compliance with environmental laws and regulations		In the reporting year, the Group did not incur any penalties as a result of environmental violations.	
<b>GRI 308 Supplier Environmental Assessment 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	45–47, 52–53		
GRI 308-1	New suppliers that were screened using environmental criteria	46, 52–53		
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	52–53		

**Specific standard disclosures**

		Page	Omissions	External audit
<b>Social</b>				
<b>GRI 401 Employment 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	33–34		
GRI 401-1	New employee hires and employee turnover	35–36, 83–84	Detailed information on new employee hires by gender and age is currently not available.	☑
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	37–38		
<b>GRI 402 Labor/Management Relations 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	33–34, AR 59 ff.		
GRI 402-1	Minimum notice periods regarding operational changes		HUGO BOSS complies with all legal regulations on notice periods.	
<b>GRI 403 Occupational Health and Safety 2018</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	33–34, 41		
GRI 403-1	Occupational health and safety management system	41		
GRI 403-2	Hazard identification, risk assessment, and incident investigation	41–43		
GRI 403-3	Occupational health services	41, 43		
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	41–43		
GRI 403-5	Worker training on occupational health and safety	41		
GRI 403-6	Promotion of worker health	41–43		
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	48–51		
GRI 403-8	Workers covered by an occupational health and safety management system	41	Detailed information on the coverage of employees and contractors by the OHS program is currently not available.	
GRI 403-9	Work-related injuries	41–42	As in previous years, there were no fatal accidents in the year under review.	☑
GRI 403-10	Work-related ill health	43		☑
<b>GRI 404 Training and Education 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	33–34		
GRI 404-1	Average hours of training per year per employee	40, 84	Figures on average training hours split by gender and employee category are currently not available.	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	39–40		
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	39	Figures on employees receiving reviews split by gender and employee category are currently not available.	
<b>GRI 405 Diversity and Equal Opportunity 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	33–34, 38		
GRI 405-1	Diversity of governance bodies and employees	39, 83	Statements about minorities are not applicable for HUGO BOSS, because the Company does not consider anybody as such.	☑
GRI 405-2	Ratio of basic salary and remuneration of women to men	37	The remuneration at HUGO BOSS is based on the performance and qualification of the employees.	

<b>Specific standard disclosures</b>				
		Page	Omissions	External audit
<b>GRI 406 Non-discrimination 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	12-14, 33-34, 45-48		
GRI 406-1	Incidents of discrimination and corrective actions taken	37, 48-50		✓
<b>GRI 407 Freedom of Association and Collective Bargaining 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	12-14, 33-34, 45-48		
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	47-51		✓
<b>GRI 408 Child Labor 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	12-14, 33-34, 45-48		
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	48-50		✓
<b>GRI 409 Forced or Compulsory Labor 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	12-14, 33-34, 45-48		
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	48-50		✓
<b>GRI 412 Human Rights Assessment 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	12-14, 33-34, 45-48		
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	48-50		✓
GRI 412-2	Employee training on human rights policies or procedures	15, 18, 37	HUGO BOSS reports on training on human rights in the relevant chapters. Detailed figures such as the number of hours and percentage of employees trained are not currently available.	
<b>GRI 413 Local Communities 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	66		
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	67		
GRI 413-2	Operations with significant actual and potential negative impacts on local communities		No negative impacts known.	
<b>GRI 414 Supplier Social Assessment 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	45-48		
GRI 414-1	New suppliers that were screened using social criteria	48-51		✓
GRI 414-2	Negative social impacts in the supply chain and actions taken	48-51		✓
<b>GRI 415 Public Policy 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	14-15, 17		
GRI 415-1	Political contributions		In the reporting year, HUGO BOSS made no donations to political parties.	
<b>GRI 416 Customer Health and Safety 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	57-58		
GRI 416-1	Assessment of the health and safety impacts of product and service categories	63-64		✓
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	63-64		

**Specific standard disclosures**

		Page	Omissions	External audit
<b>GRI 417 Marketing and Labeling 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	57–58		
GRI 417-1	Requirements for products and service information and labeling	64		
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	64		
GRI 417-3	Incidents of non-compliance concerning marketing communications		HUGO BOSS complies with all relevant marketing standards.	
<b>GRI 418 Customer Privacy 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	16, AR 63 f.		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	16		✓
<b>GRI 419 Socioeconomic Compliance 2016</b>				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	8, 12–14		
GRI 419-1	Non-compliance with laws and regulations in the social and economic area		There were no significant violations of social and economic laws and regulations in the year under review.	

**Sector-specific disclosures for the apparel and footwear sector (pilot version) supply chain**

AF7	Workplaces and suppliers covered by the Code of Conduct	45–53		
AF8	Number of audits carried out and percentage of workplaces audited	48–53		
AF9–14	Number of incidents of non-compliance with the Code of Conduct	50–53		
AF15	Analysis of data from audits	48–53		
AF16	Remediation measures to address incidents of non-compliance	48–53		

# INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT

**The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German PDF version of the Sustainability Report 2020 of HUGO BOSS AG. The following text is a translation of the original German Independent Assurance Report.**

## To HUGO BOSS AG, Metzingen

We have performed a limited assurance engagement on the disclosures marked with the symbol "✔" in the Sustainability Report of HUGO BOSS AG for the reporting period from 1 January 2020 to 31 December 2020 (hereafter "report").

Our engagement exclusively relates to the information marked with the symbol "✔" in the German PDF version of the report. Our engagement did not include any prospective disclosures or disclosures for prior years. The report is published as a PDF version at [https://group.hugoboss.com/fileadmin/media/pdf/sustainability/sustainability\\_reports\\_EN/Sustainability\\_Report\\_2020.pdf](https://group.hugoboss.com/fileadmin/media/pdf/sustainability/sustainability_reports_EN/Sustainability_Report_2020.pdf).

## Management's responsibility

The legal representatives of HUGO BOSS AG are responsible for the preparation of the report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (hereafter "GRI criteria") and for the selection of the information to be assessed.

This responsibility includes the selection and application of appropriate methods to prepare the report as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a report that is free from material misstatement, whether due to fraud or error.

## Auditor's declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

## Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures marked with the symbol "✔" in the report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the disclosures marked with the symbol "✔" in the report of the Company have been

prepared, in all material respects, in accordance with the GRI criteria. This does not mean that a separate conclusion is expressed on each disclosure marked. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between December 2020 and May 2021, we performed amongst others the following assurance and other procedures:

- Inquiries of employees concerning the sustainability strategy, sustainability principles and sustainability management of HUGO BOSS AG,
- Inquiries of employees responsible for the preparation of information marked with the symbol "✔" in the report in order to assess the sustainability reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement,
- Identification of likely risks of material misstatement in the report,
- Inspection of the relevant documentation of the systems and processes for compiling, aggregating and validating sustainability data in the reporting period and testing such documentation on a sample of basis,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of sustainability data at the locations Metzingen and Izmir,
- Analytical measures at group level and on the level of selected sites regarding the quality of the reported data,
- Critical review of the draft report to assess plausibility and consistency with the information marked with the symbol "✔".

#### **Assurance conclusion**

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures marked with the symbol "✔" in the report of HUGO BOSS AG for the period from 1 January 2020 to 31 December 2020 have not been prepared, in all material respects, in accordance with the relevant GRI criteria.

#### **Intended use of the assurance report**

We issue this report on the basis of the engagement agreed with HUGO BOSS AG. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

#### **Engagement terms and liability**

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement ([www.de.ey.com/general-engagement-terms](http://www.de.ey.com/general-engagement-terms)). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.



We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, 3 May 2021

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

**Nicole Richter**  
Wirtschaftsprüferin

(German Public Auditor)

**Annette Johne**  
Wirtschaftsprüferin

(German Public Auditor)

# LIST OF ABBREVIATIONS

## Abbreviations

AbTF	Aid by Trade Foundation
ACCORD	Accord on Fire and Building Safety in Bangladesh
ACT	Action, Collaboration, Transformation
AFIRM	Apparel and Footwear International RSL Management
BCI	Better Cotton Initiative
CmiA	Cotton made in Africa
CSR-RUG	CSR-Richtlinie-Umsetzungsgesetz (German implementation of the CSR Directive on Non-financial Reporting)
DGNB	Deutsche Gesellschaft für Nachhaltiges Bauen e.V. (German Sustainable Building Council)
EDP	Employee Development Program
ESG	Environment, Social, Governance
FLA	Fair Labor Association
FSC®	Forest Stewardship Council®
FTE	Full Time Equivalent
GCGC	German Corporate Governance Code
GCS®	The Good Cashmere Standard®
GFA	Global Fashion Agenda
GPTW®	Great Place to Work®
GRI	Global Reporting Initiative
GSCP	Global Social Compliance Programme
ILO	International Labour Organization
ISO	International Organization for Standardization
LCAs	Life Cycle Assessments
LDP	Leadership Development Program
LTIFR	Lost Time Injury Frequency Rate
LWG	Leather Working Group
MRSL	Manufacturing Restricted Substances List
NAP	Nationaler Aktionsplan Wirtschaft und Menschenrechte der deutschen Bundesregierung (National Action Plan Business and Human Rights of the German Federal Government)
NGO	Non Governmental Organization
NPS	Net Promoter Score
OAR	Open Apparel Registry
OECD	Organization for Economic Co-operation and Development
OHS	Occupational Health and Safety
PDD	Performance & Development Dialog
PETA	People for the Ethical Treatment of Animals
PFCs	Perfluorinated and polyfluorinated chemicals
RSL	Restricted Substances List
SBT	science-based targets
SBTi	Science Based Targets initiative
SDGs	Sustainable Development Goals
Textiles Partnership	Partnership for Sustainable Textiles
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organization
ZDHC	Zero Discharge of Hazardous Chemicals

## Symbols

☉	Labeling of information which has been audited for limited assurance engagement
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# IMPRINT

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