

# 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.
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# 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.

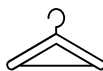
SDG reference (direct or indirect)	Target year	Target	Status quo
	2025	Sourcing of all goods from finished goods suppliers (including the Company’s own production sites) which achieved a result of “satisfying” or better in the last social audit <b>Milestone by 2022: 95%</b>	96%
	2025	All finished goods 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
	2025	All fabrics and trimmings suppliers with a direct contractual relationship with HUGO BOSS are integrated into the HUGO BOSS Social Compliance Program.	10%
	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.
-