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## HUGO BOSS Social Standards

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### 1. Introduction

The Social Standards specify the fundamental rights for the employees of HUGO BOSS suppliers and contain basic environmental standards. The Social Standards shall as well apply for all HUGO BOSS employees.

The Social Standards are based on the Core Conventions of the International Labor Organization (ILO) as well as the United Nations Universal Declaration of Human Rights. It is imperative that all suppliers adhere to these standards. HUGO BOSS reserves the right to amend the Social Standards whenever necessary.

The requirements and obligations (Standards) set forth in the Social Standards apply to all employees of the supplier whether they are directly, indirectly, permanent or so called homeworkers.

The supplier is obliged to duly inform the employees about their rights and duties within the workplace according to the HUGO BOSS Social Standards and international and national laws. The supplier will make sure to appoint a company representative being in charge of implementing the Social Standards. The designated person's name will be submitted to HUGO BOSS.

The supplier must document, in a reasonable manner, the activities he undertakes in order to comply with these Social Standards.

### 2. Enforcement of Social Standards at Subcontractors' Locations

Furthermore, the supplier is obliged to advise his subcontractors and sub suppliers on their obligation to comply with the HUGO BOSS Social Standards and to monitor and enforce in an appropriate manner compliance with the HUGO BOSS Social Standards. In particular, the supplier will agree on a suitable arrangement with its subcontractors and sub suppliers which allows HUGO BOSS the right to conduct audits in accordance with these Social Standards.

### 3. Guidelines

#### 3.1 Compliance with National Laws and the Social Standards

In addition to compliance with these Social Standards, the supplier is obliged to act only in ethical manner and to comply with international conventions as well as with all applicable local and national laws, especially with the national labor and social welfare legislation relevant at each of his production locations.

Furthermore, the supplier must not tolerate, permit or engage in bribery, kickbacks or other forms of corruption. The supplier will not directly or indirectly pay, offer, give, promise or authorize payment of anything of value to another party or any HUGO BOSS employee in exchange for acting improperly in relation to a decision, function or activity connected with his business relationship with HUGO BOSS. A person acts improperly where he or she does not act in good faith or performs a function in a manner other than that legally allowed.

In addition, these Social Standards set the minimum standard to be applied. In the event that the goals of national legislation coincide with those embodied in these Social Standards, the provision that provides the greatest protection for employees will prevail.

### 3.2 Child Labor

The supplier will under no circumstance employ any children. The minimum age for the commencement of employment is 15 years; however, no person may commence employment before he or she has reached the age at which school attendance ceases to be compulsory. In addition, the supplier must ensure that employees under the age of 18 do not perform work that is dangerous, in particular work which would interfere with their education and training or their health or their physical, mental, intellectual, moral or social development.

### 3.3 Forced Labor

No person may be employed or compelled to work against his or her will. In particular, suppliers may in no way use forced laborers, indentured servants, slaves or prisoners. Employees may not be restricted in their freedom of movement either during or after working hours.

Employees may only be required to deposit personal documents with the supplier that the law requires to be deposited in order to establish and maintain an employment relationship. Suppliers may not require their employees to furnish a "security deposit". Nor may they retain employees' identification papers. Employees must be able to terminate their employment relationship at any time by giving due notice.

### 3.4 Humane Working Conditions

The supplier must respect the personal dignity, privacy and rights of personality of each individual. All forms of physical, psychological, sexual or verbal harassment, physical abuse as well as every form of intimidation or exploitation are prohibited. Disciplinary measures must comply with national labor law and internationally accepted standards of human rights.

### 3.5 Prohibition of Discrimination

All employees must receive equal treatment and opportunities regardless of their race, color, gender, age, social, ethnic or national origin, faith, affiliation with employee organizations (including trade unions), political opinions, sexual orientation, marital status or any personal disability, being pregnant, or any other personal characteristics. The principle of equal treatment shall apply in particular to the hiring process, discipline, retirement and termination of employees, the payment of salaries and company pensions as well as in relation to promotions.

### 3.6 Maximum Working Hours and Minimum Annual Leave

Suppliers must comply with the relevant national legislation governing working hours. In the event that national law contains no such provisions or is less stringent than the relevant provisions of the ILO Core Conventions, the normal working week will be limited to 48 hours. The working week (including voluntary overtime) may not exceed 60 hours. Employers are prohibited from ordering employees to regularly work overtime. Overtime is only permissible if the employee voluntarily consents thereto or where it is permitted by a relevant collective bargaining agreement.

Employees must be allowed to have one day off (24 hours) after six consecutive working days. In addition, every employee is entitled to the minimum statutory leave entitlement.

### 3.7 Compensation

The supplier must compensate his employees for their services either in cash or in kind at the discretion of the employee. Every employee has a right to compensation for a regular work week that is sufficient to meet the employees' basic needs and to provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where these requirements are not fulfilled, the supplier shall cooperate with HUGO BOSS to realize a level of adequate compensation that does. Salaries and wages must be paid out at least once a month. Employees have to receive the contracts in writing and sign them prior to the commencement of the employment relationship. Compensation has to be an integral part of the employment contract. Information regarding pay slips must be given to employees in writing.

All overtime work shall be compensated at a premium rate. Where applicable statutory requirements or collective bargaining agreements shall apply. Where statutory law allows for employees to be compensated for overtime work with time off, this arrangement must be done with the employee's consent.

Supplier must not use monetary fines, penalties, or deductions from employees' wages as a way to maintain labor discipline. Deductions must be limited to those allowed by local law. Measures must be transparent, documented, and have the consent of the employee.

### 3.8 Health and Safety

The supplier is responsible for the health and safety of his employees at work. He must provide them with a safe and hygienic working environment and take the most effective measures possible to prevent accidents and occupational diseases. In particular, the supplier has to conduct regular health and safety training for all employees.

The main areas of attention will be fire, building, machinery, and chemical safety. Emergency routes and safety exits must be clearly marked, well-lit and free from obstructions. Evacuation plans must be prepared and the supplier must conduct evacuation exercises for employees on a regular basis as prescribed by applicable local law, however, at least once a year. Fire-fighting equipment must be available and personal protection equipment must be provided for machineries and handling of hazardous substances. All taken measures must be properly documented by the supplier.

The supplier has to appoint a senior management representative responsible for compliance with these health and safety provisions.

The preceding provisions also apply to recreational areas and accommodation for employees if the supplier makes such facilities available.

### 3.9 Freedom of Association and Collective Bargaining

The employees shall have the right to establish or join the organizations of their choice and, as a group, to conduct negotiations on working conditions, in particular wages, and bargain freely. The supplier must not discriminate, harass, intimidate, or retaliate against employees who are exercising this right to associate freely or bargain freely and collectively.

In any case a system of grievance will be in place for the employees.

### 3.10 Environmental Protection

The supplier must comply with all environmental rules and regulations that apply in the country of production. In particular, the procedures and standards applied in the disposal of waste, the handling and disposal of chemicals and other hazardous substances as well as in the handling of emissions and waste water must at least comply with the minimum statutory requirements. The supplier is required to continuously work on reducing and avoiding environmental pollution, and to ensure that he uses natural resources as efficiently as possible.

## 4. Right to Inspection/Self-Assessment

The supplier agrees that HUGO BOSS may, at any time, without prior notice, verify during normal business hours that the supplier or its affiliates are complying with the Social Standards or have compliance verified by one or more individuals or organizations designated by HUGO BOSS. HUGO BOSS may choose such inspectors at its sole discretion. Inspectors must present proof of authorization by HUGO BOSS upon their arrival. As a rule, HUGO BOSS will bear the costs of such audits. However, the supplier will bear the costs of an initial audit conducted prior to the commencement of business relations.

As a result of the audit the supplier may be requested to implement certain improvement measures in a timely manner.

In the event the audit result is "risky" or "insufficient", the supplier will bear the costs of the follow-up audit.

At HUGO BOSS's request, the supplier has to submit a duly completed self-assessment questionnaire to the best of his knowledge.

## 5. Sanctions

When imposing sanctions, HUGO BOSS will always consider the circumstances of the individual case and the seriousness of the violation.

If HUGO BOSS determines that the supplier has violated one of the above provisions, it will notify the supplier of the violation and, as a rule, grant him a reasonable time to correct it. The length of time granted for correcting the violation will depend essentially on the nature of the necessary correction measures. If the supplier does not correct the violation in spite of being given a reasonable time to do so, HUGO BOSS may, without further notice, terminate the contractual relationship with immediate effect and remove all of the materials which were made available by it for processing.

- 5.1 In addition, HUGO BOSS reserves the right to terminate its business relationship with the supplier if the supplier commits a serious violation of these Standards or repeatedly violates these provisions. A serious violation includes in particular using child labor or forced labor or unreasonably obstructing an inspection pursuant to paragraph 1 of section 4.

Furthermore, HUGO BOSS reserves the right to claim compensation from the supplier for damages arising from the violation.

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**Annex to the HUGO BOSS Social Standards      Version 4.0**

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**Cooperation with the Fair Labor Association**

HUGO BOSS is a member of the Fair Labor Association (FLA). The FLA is an international nonprofit organization striving to create transparency and accountability of companies for labor practices in their own factories and within its supply chain. HUGO BOSS has aligned its Social Standards with FLA requirements.

The FLA may carry out random audits at factories of HUGO BOSS suppliers and publish results of such audits on its webpage together with company information.

The FLA has established a complaint management system which offers the possibility to employees and third parties to address violations of their rights to the FLA. The FLA will keep track of the complaint and request a conclusive statement from the supplier or conduct a Social Compliance audit where this is deemed necessary.

Article 4 of the Social Standards shall apply accordingly to any of the FLA's activities hereunder.

Wherever a violation of the Social Standards becomes known to HUGO BOSS in consequence of a complaint addressed to the FLA or an audit conducted by the FLA, HUGO BOSS may exercise its rights from Article 5 of its Social Standards.