



### ONBOARDING PROCESS

Before suppliers are included in the HUGO BOSS supplier portfolio, they must go through a three steps process:

**Questionnaires**

- General company information
- Information about social and environmental aspects
- Compliance
- Customs

**Contracts**

- General purchasing terms and conditions
- Social Standards
- Restricted Substances List
- Etc.

**Verification**

- Social compliance audit on site (finished goods suppliers)
- Social compliance self-assessment (fabric and trimmings suppliers)
- Customs audit, financial check, evaluation of country risk

▶ **43 new** finished goods suppliers

▶ **49 new** fabric and trimmings suppliers

### SOCIAL COMPLIANCE AUDITS AND SELF-ASSESSMENTS

**Social compliance audits (on site)**  
Relevant for all potential and active finished goods suppliers (>30.000€ turnover per half year)

- 153 conducted audits
- All new finished goods suppliers audited
- 97% of existing active finished goods suppliers covered with valid (re-)audit
- 91% of the sourcing volume from suppliers with an audit result of good or satisfying (target ongoing: 90%)
- 37 identified incidents

All identified violations against the Social Standards are covered with **corrective action plans** and have to be solved latest in the next audit

Phase-out of suppliers in case of missing cooperation and repeated under-performance in re-audits

Audit cycle 2018 (Depending on last result):	
Audit result	Frequency in months
Good to satisfying	18-24
Improvements needed	6
Risky and insufficient	3

**Social compliance self-assessments**  
Relevant for all potential and active fabric and trimmings suppliers

- 118 completed self-assessments
- All new fabric and trimmings suppliers checked

<sup>1</sup> Unless otherwise stated, all figures refer to the year 2018.

<sup>2</sup> Related to the total sourcing volume.

<sup>3</sup> HUGO BOSS rates suppliers according to four equally weighted criteria: Vendor turnover, relevance for HUGO BOSS, management capabilities and strategy alignment with regard to sustainability. Suppliers are classified as strategic if they achieve a total result of at least 80%.