



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

▶ **9 new** finished goods suppliers

▶ **17 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)

- 119 conducted audits
- All new finished goods suppliers audited
- 93% of existing active finished goods suppliers covered with valid (re-)audit
- 93% of the sourcing volume from suppliers with an audit result of good or satisfying (target until 2025: 100%)
- 21 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 2019
(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

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

¹ Unless otherwise stated, all figures refer to the year 2019.

² Related to the total sourcing volume.

³ 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%.