

HUGO BOSS

Our commitment during COVID-19

The entire textile value chain is facing major challenges due to the COVID-19 pandemic. We are aware that our suppliers and their employees in economically weaker regions are particularly affected. For this reason, we are in close contact with our local partners in order to jointly find sustainable solutions to ensure their employees' health in the production facilities and their economic stability. To achieve these goals we will, as far as possible, follow the Guidelines for Responsible Purchasing Practices in Times of COVID-19 from the Partnership for Sustainable Textiles.

Our supply chain management principles

Beyond the current crisis, HUGO BOSS is aware of its responsibility for its complex global value chain and strives to maintain high sustainability standards. Social responsibility, fair working conditions and the well-being and safety of our employees and those associated with us are always the focus of our approach to sustainability management. HUGO BOSS therefore commits itself and its suppliers to complying with the [HUGO BOSS Supplier Code of Conduct](#), which is based on internationally recognized standards such as the core conventions of the International Labour Organization (ILO) and the United Nations Universal Declaration of Human Rights. Compliance with the requirements of the Supplier Code of Conduct is reviewed in regular social audits at each supplier's site. In addition, we are involved in corresponding initiatives together with other companies to achieve improvements in labor and social standards in the supply chain.

Our measures during COVID-19

In the current crisis, our priority is to protect all players in the supply chain. By implementing responsible and fair purchasing practices, we are committed to ensuring the long-term stability of our supply chain. To this end, HUGO BOSS is voluntarily following – as far as possible – the Guidelines for Responsible Purchasing Practices in times of COVID-19 from the Alliance for Sustainable Textiles, of which we have been a member since 2015. The focus is on a continuous dialog with

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suppliers regarding the handling of orders and associated payments as well as the handling of health risks and the potential risk of infection in production facilities.

Various measures have already been implemented. To ensure the financial stability of our suppliers during the crisis, HUGO BOSS has offered them a "Supplier Financing Program". This program enables suppliers to improve their cash flow by converting receivables into cash more quickly. In order to protect the health and safety of employees (in the case of suppliers where production can be continued or resumed), we have sent letters to all our suppliers reminding them to assume their responsibility for compliance with our Supplier Code of Conduct with regard to human rights and labor standards during this special period. This includes, among other things, the obligation to inform their employees about their labor rights in this particular situation, depending on local laws. We have also adapted our audit process to the current situation. For example, an additional protocol is used to check whether distance regulations are being observed for the safety of the workers and whether corrective actions are being taken, if necessary.

In summary, the following guidelines from the Partnership for Sustainable Textiles are currently receiving particular attention in our supply chain management:

Handling of orders and related payments

- Orders that have already been completed are not cancelled and the agreed payment terms are met.
- For orders that are currently in production or for which material has already been purchased, cancellation is avoided as far as possible. If necessary, another use can be found for material that has already been procured.
- New order forecasts are communicated to the supplier at an early stage and regularly updated. Lead times and capacities should be closely coordinated with first-tier and material suppliers. Delays should be anticipated, especially when production starts again after a lockdown.

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In dialogue with the supplier, it is to be examined:

- Where goods can be stored temporarily in case they cannot be delivered or accepted at the moment, how costs can be split that may arise and what other alternatives are available to avoid extra costs (e.g. switching to slower means of transport).
- What alternatives are to avoid cancellations and changes in forecasts. The same applies to the final termination of business relationships.

Dealing with health risks and the risk of infection in production facilities

In dialogue with the supplier, efforts must be made, e.g. by providing support or information/material, to ensure that:

- Suppliers implement adequate protective measures to reduce the risk of infection. This also applies to the transport of workers to and from the production site.
- Workers are informed about these protective measures and their rights and have access to worker/trade union representatives or other effective grievance mechanisms to raise concerns or complaints.
- Suppliers comply with government measures.