HUGO BOSS SOURCING AND PRODUCTION ACTIVITIES

Finished goods suppliers

Outsourced production
(Subcontracting and merchandise business)
- 233 production sites
- 29 countries
- 38 strategic suppliers\(^3\)
- -197,000 employees

-86\%\(^2\)

Own production
- 4 own production sites
- 4 countries
- -4,800 employees

-14\%\(^2\)

Fabric and trimmings suppliers

One own production site
360 contracted production sites
- 27 countries
- 38 strategic suppliers\(^3\)
- 14 years partnership

- In 2022, 76 (100\%) of our strategic suppliers were desk or onsite assessed and 38 (50\%) were part of an ESG capacities development program.

-77\%\(^2\)

Merchandise business

Suppliers independently procure the fabric and trimmings and produce the final products

Subcontracting business

HUGO BOSS purchases the fabric and trimmings suppliers cut, sew and make the final products

100\% of all active finished goods suppliers are trained on sustainability topics, this accounts for -100\% of the purchasing volume (target: ongoing: 100\%)

ONBOARDING PROCESS

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

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

- **Contracts**
  - General purchasing terms and conditions
  - Supplier Code of Conduct
  - Restricted Substances List
  - Etc.

- **Verification**
  - Finished goods suppliers verifying social compliance via valid certificates for examination or self-assessment questionnaire (SAQ), social audit on site (0-12 months) depending on the country’s risk
  - Fabric and trimmings suppliers: social compliance self-assessment questionnaire
  - Customs audit, financial check, evaluation of country risk

- 35 new finished goods suppliers
- 12 new fabric and trimmings suppliers

SOCIAL COMPLIANCE CHECK

- **Social compliance check** Relevant for all active suppliers

  - 97 conducted audits
  - 90\% of existing active finished goods suppliers are covered with a valid social compliance check
  - All new finished goods suppliers have a valid social compliance check
  - 97\% of the sourcing volume from suppliers with an audit result of good or satisfying (target: 100\%)

  - 11 identified violations
    - All identified violations against the Supplier Code of Conduct 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 2022** (Depending on last result):
    - Good to satisfying: 24
    - Improvements needed: 6
    - Risky and insufficient: 3

- **Social compliance check (self-assessments)** Relevant for all potential and active suppliers

  - 120 suppliers have filled out a self-assessment
  - All new fabric and trimmings suppliers checked

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1 Unless otherwise stated, all figures refer to the year 2022.
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. In specific, the country risks are assessed within the management capabilities section. Suppliers are classified as strategic if they achieve a total result of at least 80\%. (Ensuring the environmental, social and governance minimum requirements are fulfilled, translating into needing a greater weight in this area)