

# HUGO BOSS

## **HUGO BOSS ENVIRONMENTAL COMMITMENT**

HUGO BOSS assumes responsibility for future generations. This entails that we also pursue our high standards for quality and performance in environmental protection. This provides the driving force for continuous improvement in the environmental performance of our products and processes.

### **Our claim**

We strive to take a leading position for environmental protection in the premium and luxury segment of the apparel sector. In order to achieve this, we define challenging targets in conformity with accredited international standards. This applies to environmental protection with our partners in the supply chain, to HUGO BOSS locations, and to our products and services.

### **Our approach**

Our understanding of environmental protection relates to the pursuit of strategic targets and making quantifiable contributions in different areas. The Group thereby aims to achieve the long-term goals, to minimize the impacts of climate change, conserve natural resources by applying intelligent concepts and using environmentally friendly technologies, reduce environmental impacts, and preserve biodiversity. In this context, we pay particular attention to our global supply chain.

Responsibility for group-wide environmental protection is with the Managing Board of HUGO BOSS and is a management priority. An integral element of our business activity relates to compliance with all environmental legislation and the incorporation of environmental criteria into all business decisions.

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## **Our focus**

HUGO BOSS believes that making environmental responsibility tangible means continuously working on improvements at all stages of our value chain and in each phase of the life cycle of our products. We therefore pursue environmental activities

- at **HUGO BOSS locations**,
- in **transport**,
- with our upstream and downstream **partners in the value chain**,
- along the entire life cycle of our **products**.

## **HUGO BOSS locations**

Robust environmental management based on the international accredited standards ISO 14001 and ISO 50001 provides assistance in tracking continuous improvement of environmental performance directly at the local facilities. Appropriate certifications are carried out at locations, insofar as the resources involved are commensurate with the relevance. A central tool is used to steer environmental management. This tool is utilized worldwide and deploys uniform and efficient methods for the conservation of natural resources. The following action is taken:

- We work on continuous improvement of our energy efficiency, consistently increase the proportion of renewable energies, and generate our own renewable energy.
- We reduce the specific consumption of water, consumable materials, and raw materials through optimized use, strategic savings measures, and training.
- We reduce the amount of waste through a consistent focus on avoidance, reuse, recycling, and systematic sorting for efficient disposal.
- When we purchase non-production materials, we select those consumables with the lowest environmental impacts and give preference to local suppliers wherever this is possible within the scope of our high standards of quality and in view of the available supply with reasonable commercial pricing.

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- When we have tender processes with suppliers for non-production relevant materials, we review whether the suppliers have an accredited environmental management system.
- We strive to obtain accredited sustainability certifications for all new buildings in our portfolio of operational real estate and we carry out the environmental assessments necessary in compliance with our duty of care.
- We always analyze the potential for increasing energy efficiency when we carry out refurbishment work and upgrades.
- In conformity with the approach adopted by ISO 14001, we are continually reducing our environmental footprint in production by applying effective programs for avoiding any form of environmental pollution.
- We train our employees to comply with the environmental requirements entailed in their activities.

## **Transport**

We formulate clearly defined requirements for our logistics partners to cover all transport processes along our value chain and we work together with them on continuously reducing the resulting environmental impacts. This is achieved by the following approaches:

- We adopt best practices in order to implement continuous improvement processes, and for medium and long-term formulation of targets.
- We evaluate our transport routes and structures with the assistance of tailor-made tools and database solutions.
- We increase the efficiency of our transport vehicles and reduce their carbon footprint through regular reviews and adjustment to match the most appropriate means of transport for individual situations.
- When we select the logistics service providers, we give preference to transport companies which have a clear commitment to sustainability and continuous improvement processes, and who are able to provide evidence of relevant environmental certificates.
- We promote sustainable improvements at our freight forwarders through continuous communication, information, and dialog on potential improvement measures.

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## Partners in the value chain

We work together with our partners in striving toward minimizing the environmental impacts arising in the global supply chain. For this objective:

- We expect our partners to comply with at least local and national statutory regulations and to create the necessary awareness at their locations in order to continuously reduce their environmental impacts.
- We carry out a regular review of all our suppliers in the form of self-assessments, in order to ensure compliance with legislation and guarantee continuous improvement.
- We have the results of this self-assessment verified by an audit which is carried out by experts from HUGO BOSS or by external, accredited environmental auditors.
- We also carry out additional audits, if there is cause to suspect that a partner is not complying with environmental regulations.
- If there are problematic issues, we commission an assessment of the situation and of the communication with all internal and external stakeholders. This yields the necessary immediate measures and a detailed plan for eliminating errors is derived. We recommend that our partners introduce comprehensive and standardized environmental management systems to achieve a long-term solution and for monitoring the adopted measures.
- When recording and evaluating the environmental performances of our partners, we include structured information that has been confirmed in the course of audits.

We utilize the environmental standards of the Global Social Compliance Programme (GSCP) as a basis for evaluating environmental performances in the supply chain, as well as indicators of the Global Reporting Initiative (GRI) that are applicable to the environment. All suppliers are assessed in accordance with a uniform evaluation matrix and classified in a corresponding performance level. On the basis of this categorization, an action plan is worked out for each supplier, which is directed toward the goal of improving the performance level and a long-term reduction of environmental impacts.

The levels utilized for differentiating between the environmental performances of our suppliers are firstly "Awareness and Compliance", secondly "Proactive Management and Performance Improvement", and thirdly "Leading Practice". We work toward a situation where our suppliers achieve the level of "Proactive Management and Performance Improvement" as a minimum, which is based on the requirements of ISO 14001.

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This evaluation commits suppliers to providing information on their environmental performances in the following five areas:

1. **Environmental Management Systems:** The establishment of an environmental management system is the basic prerequisite for acceptance as a partner at HUGO BOSS. This is intended to create the necessary awareness and define a number of targets for improving the environmental impacts of our partners. We expect the formulation of clear responsibilities, the introduction of management structures and checks, and training sessions. This also includes monitoring activities and regular communication of materials consumed.
2. **Energy Use and Greenhouse Gases (GHGs):** We expect our partners to measure energy consumption and to monitor emissions of greenhouse gases as key steps on the trajectory to environmentally friendly production. Our partners are required to establish programs for improving their energy efficiency, utilize renewable energy sources, and regularly maintain facilities and machinery.
3. **Water Use and Wastewater/Effluent:** We expect our partners to comply with statutory regulations and to submit the necessary statutory certificates. Measures for saving water and water treatment should be embedded in a water consumption program, which supports the implementation of environmentally friendly procedures.
4. **Waste Management:** We expect our partners to comply with all statutory regulations in the area of waste management. The incineration of waste on site is prohibited and proper disposal must be ensured. The focus within the framework of active environmental management is an overall avoidance of waste.
5. **Pollution Prevention/Hazardous and Potentially Hazardous Substances:** We expect our partners to comply with the statutory regulations of the HUGO BOSS Restricted Substances List (RSL) and to further develop environmentally compatible technologies.
6. **Specific issues:** Depending on the specific relevance, our partners also need to provide information on the following issues:
  - Gas and particulate emissions
  - Waste avoidance and management, relating to the production processes involved in order to avoid any risks of explosion or incidents
  - Avoidance of soil and groundwater contamination if there is a hazard from chemical spills
  - Land use and biodiversity when the protection of regions, plants and the animal world has to be assured
  - Incidents and impairment of third parties which require avoidance of restrictions relating to noise, odors, particulates, smoke, vibrations, and visual pollution.

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No problematic substances may be used when processing and refining textiles and leather in the supply chain of HUGO BOSS. We structure the manufacturing process to be as environmentally friendly as possible with the aim of manufacturing high-quality and long-life products. This is ensured by adopting the following procedures:

- We work together with experts to update our Manufacturing Restricted Substances List (MRSL) regularly and we have compliance reviewed in the production stages with the assistance of accredited auditors.
- HUGO BOSS continuously reviews substances, which are regulated in national and international statutory regulations. The Group also assesses chemicals which present potential risks in the production process with a view to finding substitute materials and potential alternative technologies, as well as looking at their implementation.
- We cooperate closely with laboratories, manufacturers, partners, and in industry roundtables with other brands, and we promote the consistent use of environmentally friendly procedures and substances throughout the sector.

## **Products**

In the process of product development, we take care to ensure an environmentally compatible design. The aim is for innovative processes and materials to contribute to maximum quality benchmarks for our premium products and continuously minimizing environmental impacts over the entire production life cycle.

We already take account of environmental aspects in product development and make sustainability an integral element of the design concept. The following tools are deployed for this:

- We are continuously expanding our central database on the ecological impacts of materials and processes in cooperation with research institutes, universities, suppliers, and experts, in order to support product development with environmentally relevant data and facts.
- We apply the methods of Life Cycle Assessment (LCA) specifically so that we can pursue a holistic product approach and optimize the development process.
- We reduce the number of developed samples, increase customer intimacy and reduce the efforts of the design phase through increased use of virtual development systems such as 3D visualization.
- We deploy “functional treatments” targeted and use technologies based on an enhanced environmentally friendly approach.

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- We use a high proportion of pure and natural raw materials in combination with clear labeling to ensure that our products cause minimal environmental impacts at the end of their life cycle

We conserve renewable and non-renewable resources when using our materials by taking the following steps:

- continuous review of the use of alternative materials which are characterized by reduced water consumption, a lower carbon footprint and less impact on biodiversity.
- increased use of high-quality recycling materials.
- selection of high-quality materials, which contribute to the long life of our products.
- optimization of the use of materials in product planning and the avoidance of waste in production. Wherever possible, the rejects generated during production are always processed separately for appropriate reuse.

We increase efficiency in the manufacturing of our products by:

- regularly reviewing established processes to ensure that they meet our challenging standards and optimize them as necessary.
- reducing the energy consumption throughout the whole refinement process using supplier development, improved refining techniques, raw materials from the local area around the production site or vertically integrated supply chains, and continuously optimized logistics workflows.
- reducing the total water consumption by using alternative raw materials, new washing and dyeing techniques, and optimization of production procedures.
- bringing innovative technologies on stream in close cooperation with our partners, in particular in the areas of printing, washing, dyeing and finishing.
- promoting “closed loop” processes and reuse of residual raw materials in upcoming collections.
- avoiding harmful or incompatible substances with our updated “Restricted Substances List” (RSL) and having tests carried out for this at accredited testing laboratories.

We increase the long life of our products with the assistance of:

- durable yarns which meet the high quality standards of HUGO BOSS.

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- optimization measures in the product design alongside clear washing instructions which permit the environmentally friendly care of the product.
- numerous and regular checks for HUGO BOSS quality standards by specific laboratory tests.

We reduce the environmental impacts of our packaging materials in the following ways:

- ensuring the best possible reuse and recovery when the packaging is redesigned and by achieving a general reduction in the use of packaging materials.
- increased use of recycled and certified materials.
- optimizing the weight, dimensions and reusability of materials for logistic purposes.

## **Further development and dialog**

The textile supply chain is defined by a high level of complexity. This can also result in partially changed requirements in the area of environmental protection, which we strive to resolve through dialog with our stakeholder groups and appropriate adjustments to our environmental activities.

We regularly inform the various stakeholder groups about our environmental strategy, initiatives and achievements. For this purpose, we collect environmental data, we check the data against our targets, optimize the relevant processes, and report the results with the aim of highlighting progress and explaining discrepancies.

We actively engage with internal and external experts in order to incorporate their knowledge and assessments in the optimization of our environmental achievements.

We regard the provision of a continuous flow of information for our employees and ongoing training as a key responsibility and essential enabler for continuously reducing our environmental impacts over the entire value chain.