

H U G O B O S S

Today. Tomorrow. Always.

SUSTAINABILITY
REPORT
2019

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FOREWORD BY THE MANAGING BOARD

Dear Readers,

I am increasingly asked what we, as an apparel company, can contribute to the environment and society. A lot, I would say, and I invite you to read this report: We are in the process of completely optimizing our Company and its entire value chain, to become more sustainable. We are using and developing our economic potential as a market participant, along with our creative potential. For example, we are increasingly using materials from more sustainable sources: Last year, 61% of the cotton used by HUGO BOSS came from more sustainable sources. Since last year, our particularly sustainable styles have also been given the RESPONSIBLE label. By doing this, we are making it easier for our customers to take responsible purchasing decisions. We are committed to environmental and climate protection, human rights and employee rights in particular, as well as animal welfare, and we offer attractive and responsible jobs to talented individuals. In order to meet these needs within the Company and the supply chain, we use internationally-recognized management instruments. We receive a great deal of positive feedback for our work in these areas, such as from analysts who assess our sustainability activities for the financial market. As a result, we were included in the renowned Dow Jones Sustainability Index for the third consecutive year. Sustainability is therefore of huge importance both to the Company as a whole and to me personally. On the next page, read about our approach to fundamental sustainability issues.

I hope this report makes exciting reading.

Metzingen, April 2020



Mark Langer
Chief Executive Officer

INTERVIEW

Interview with Andreas Streubig, Director Global Sustainability

Can HUGO BOSS feel satisfied with its sustainability record?

We have achieved a lot in this area over the last few years, and our employees and partners should be commended for their efforts. However, we must not rest on our laurels, as developments such as climate change, loss of biodiversity and global resource shortages are predicted to intensify and have an even greater influence on our Company's future. Therefore, we have set ourselves long-term strategic goals and are consistently working towards them.

In which key areas does HUGO BOSS focus its strategy work?

You can read about the key areas of focus in the Company's new Sustainability Program, which is described in greater detail in this report. Last year, we scrutinized the program in its entirety. Through the "Today. Tomorrow. Always." concept, we have clarified for each essential topic where we stand today, where we want to go tomorrow and what we are permanently committed to. In this context, we have taken a number of decisions including aligning the climate protection efforts at HUGO BOSS with the Company's commitment to the Fashion Industry Charter for Climate Action. As part of this commitment, the Company agreed to reduce its greenhouse gas emissions by 30% by 2030 on the basis of the science based targets methodology, across the entire value chain. Another main focus of the Sustainability Program is the change in product strategy to switch to more sustainable materials.

What role do HUGO BOSS employees play in the transformation process started to achieve greater sustainability?

The only way to achieve sustainability is by working together. This means that every HUGO BOSS employee makes an important contribution to achieving the sustainability goals and plays an active role in shaping the required changes. The HUGO BOSS employees understand the impacts that their work has on the sustainability of the Company's business activities. This enables them to make better decisions than before and therefore also have a positive influence on the success of the Company. At the same time, sustainability is also reflected in human resource management: With an open corporate culture, fair remuneration, diversity and equal opportunities, as well as good work-life balance, HUGO BOSS makes every effort to be an attractive employer that is well prepared for the future.

What does HUGO BOSS aim to achieve in its supply chain in terms of sustainability?

We always maintain cooperative relations with our suppliers and offer them secure development and sales opportunities. Conversely, we expect them to, among other things, make the observation of human rights an integral aspect of their business activity and place great emphasis on their environmental footprint. Our "Social Standards" form the basis for this. We have started to revise the document in 2019, giving environmental issues much more weight than before.

Besides supplier relationships, which partnerships are important for you?

We cooperate with numerous partners from the economy, society and science at national and international levels, and we address major future topics, such as chemicals management in the supply chain and climate change mitigation. To enable innovations to become a commercial success, we work closely with start-ups on individual topics.

Dialog is always the first step towards collaboration. In this sense, we also consider this report to be an invitation to engage in dialog. We hope that you, our readers, embrace this. Together we can come up with great ideas.

REPORT PROFILE

HUGO BOSS hereby presents its seventh annual Sustainability Report. The report is primarily aimed at business partners, investors and private shareholders, customers, employees and non-governmental organizations, as well as interested parties from socially committed groups, politics, business and science. It provides information on the Company's sustainability activities and targets and was written in line with the Standards of the Global Reporting Initiative in accordance with the core option. HUGO BOSS determined and prioritized the contents of the report based on a materiality analysis, which was comprehensively updated in 2019. The reporting period is the 2019 fiscal year with a reporting date of December 31. Significant activities that occurred after this date were also taken into account up to the editorial deadline of April 1, 2020. The Sustainability Report was approved by the Managing Board of HUGO BOSS AG and is available in German and English.

The quantitative information in this report relates to the entire HUGO BOSS Group. Wherever possible, the key figures were determined on the basis of full data collection, that means using data that is actually available. For key figures where it was not possible to collect full data, the subsidiaries listed below served as the basis for extrapolation to the Group. In 2019 (as of reporting date December 31), they accounted for 91% of the total workforce. The extrapolation refers mainly to key figures in the field of environment and occupational safety.

Europe (including Turkey)

- HUGO BOSS AG
- HUGO BOSS (Switzerland) AG
- HUGO BOSS Benelux B.V. y CIA, SC
- HUGO BOSS France SAS
- HUGO BOSS International Markets AG
- HUGO BOSS Ireland Ltd.
- HUGO BOSS Italia S.p.A.
- HUGO BOSS Portugal & Companhia
- HUGO BOSS Shoes & Accessoires Italia S.p.A.
- HUGO BOSS Shoes & Accessoires Poland Sp. z o.o.
- HUGO BOSS Textile Industry Ltd.
- HUGO BOSS Ticino S.A.
- HUGO BOSS UK Ltd.

North America

- HUGO BOSS Canada, Inc.
- HUGO BOSS Fashions, Inc.
- HUGO BOSS México S.A. de C.V.
- HUGO BOSS Retail, Inc.

Asia/Pacific

- HUGO BOSS Australia Pty. Ltd.
- HUGO BOSS China Retail Co. Ltd.
- HUGO BOSS Guangdong Trading Co. Ltd.
- HUGO BOSS Hong Kong Ltd.
- HUGO BOSS Japan K.K.
- Lotus (Shenzhen) Commerce Ltd.
- HUGO BOSS (Macau) Company Ltd.

The contents of the report that are marked with ● were subject to a limited assurance engagement on the basis of the International Standard on Assurance Engagements 3000 (Revised), performed by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft.

COMPANY PROFILE

As a global fashion and lifestyle company in the premium segment, HUGO BOSS is one of the leaders in offering high-quality womenswear and menswear. The collections of its two brands, **BOSS and HUGO**, are designed to offer customers a comprehensive selection of modern apparel, elegant evening wear, casualwear, shoes and accessories. In addition, license income is generated with products such as fragrances, eyewear, watches and children's fashion. The long-term increase in the appeal of the brands is at the forefront of all the Company's activities and is the focus of the Group strategy. In 2019, the Company based in Metzingen (Germany) achieved sales of EUR 2.9 billion.

00 | 01 Group at a glance

 **2.9**
Sales (billion EUR)

 **~17,600¹**
Employees

 **128**
Countries

 **4**
Own
production facilities
(in Germany, Italy,
Poland and Turkey)

The BOSS and HUGO collections can today be purchased in a total of **128 countries**. The Group's distribution activities here are divided into three sales regions. With a share of 63%, Europe contributes the largest proportion of sales. America and Asia account for 19% and 15% of Group sales respectively. Within these sales regions, the **six core markets** – Germany, the United States, Great Britain, China, France and Benelux – contribute a total of around 60% of sales, whereby the German domestic market contributes the largest proportion of sales. 3% of Group sales is generated from the license business.

The **textile supply chain** is typically characterized by complex processes that take part to a large extent beyond the Company's boundaries. To ensure the excellent craftsmanship and optimum availability of its products, HUGO BOSS therefore works with a stable network of experienced and specialized suppliers. → **Partners**

Further detailed information on the Company can be found in the Group profile of the Annual Report 2019.

→ **Annual Report 2019, group profile**

¹ The reported figure relates to headcounts as at December 31, 2019. Whereas, the figure published in the Annual Report (around 14,600) is based on a full-time equivalent (FTE) calculation.



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WE



WE – at a glance

Sustainability is an integral part of business operations at HUGO BOSS. The aim of the Company's sustainability activities is to ensure its long-term success through continuous improvement and anticipatory management of environmental, social and economic opportunities and risks. With the development and implementation of its sustainability strategy, HUGO BOSS relies upon dialog and collaboration with its stakeholders. The Company also acknowledges its responsibility to contribute towards the sustainable development of society. HUGO BOSS is guided in this regard by the Sustainable Development Goals (SDGs) of the United Nations.

Management approach

For HUGO BOSS, sustainable business means ensuring the traditionally high quality and longevity of its products, while at the same time meeting the socially and environmentally compatible manufacturing standards that are increasingly demanded by customers and society. The Company therefore always views its **diverse sustainability activities** as a contribution to increasing customer satisfaction and establishing HUGO BOSS as the most globally desired fashion and lifestyle brand in the premium segment. This holistic understanding of sustainability guides HUGO BOSS in the further development of its business model and in its efforts to use resources more efficiently and further optimize processes along the value chain.

In 2015, the United Nations adopted 17 goals and 169 targets. They are at the heart of **Agenda 2030**, a global action plan for sustainable development. The 17 SDGs aim to address some of the most urgent global challenges of our time, such as poverty reduction. HUGO BOSS is committed to the SDGs and contributes towards the achievement of these goals and targets within the scope of its business activities. The Company is working to reduce the negative impacts of its business activities and, wherever possible, to promote positive change in its sphere of influence. The following **six SDGs** were identified as particularly relevant to the Company's business activities within the framework of its strategy work and are therefore given special consideration in the planning and implementation of measures and projects.

01 | 01 SDGs of particular relevance for HUGO BOSS

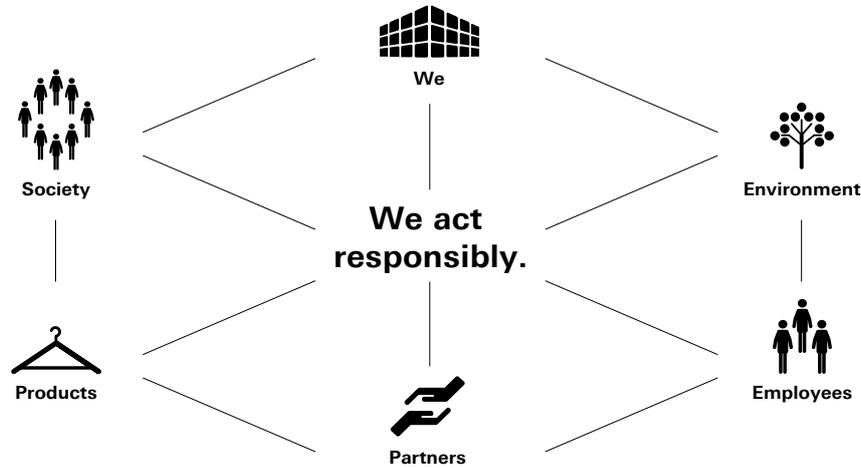


The link between HUGO BOSS' sustainability activities and the SDGs is presented transparently in the following chapters of the report, in the Sustainability Program and on the Group's website.

→ Sustainability Program → group.hugoboss.com

In line with its holistic approach, HUGO BOSS has integrated sustainability into its business processes and operational departments throughout the Company. The sustainability strategy is based on the **six fields of action defined by the Company** – We, Environment, Employees, Partners, Products and Society.

01 | 02 The HUGO BOSS sustainability fields of action



Sustainability is also firmly anchored in the Company at organizational level. The **Managing Board** of HUGO BOSS AG has **overall responsibility** for sustainability issues. It regularly deals with sustainability-related topics at its meetings. It also decides upon the Group-wide applicable standards and guidelines for sustainability. To implement these, the Company operates a separate sustainability management system controlled by the Global Sustainability department.

The central committee for **controlling the sustainability strategy** is the **Sustainability Committee**, chaired by the Chief Executive Officer. During the reporting year, it was composed of managers from all relevant central functions (Brand & Creative Management, Construction & Facility Management, Communications, Controlling, Finance, Human Resources, Investor Relations, Legal Affairs, Logistics, Operations, Retail and Sustainability). In 2019, the committee dealt with various topics including “sustainable products” and “product communication regarding sustainability”. A further focus of work was the topic of “stakeholder engagement”, which included employee events, stakeholder dialog and supply chain issues.

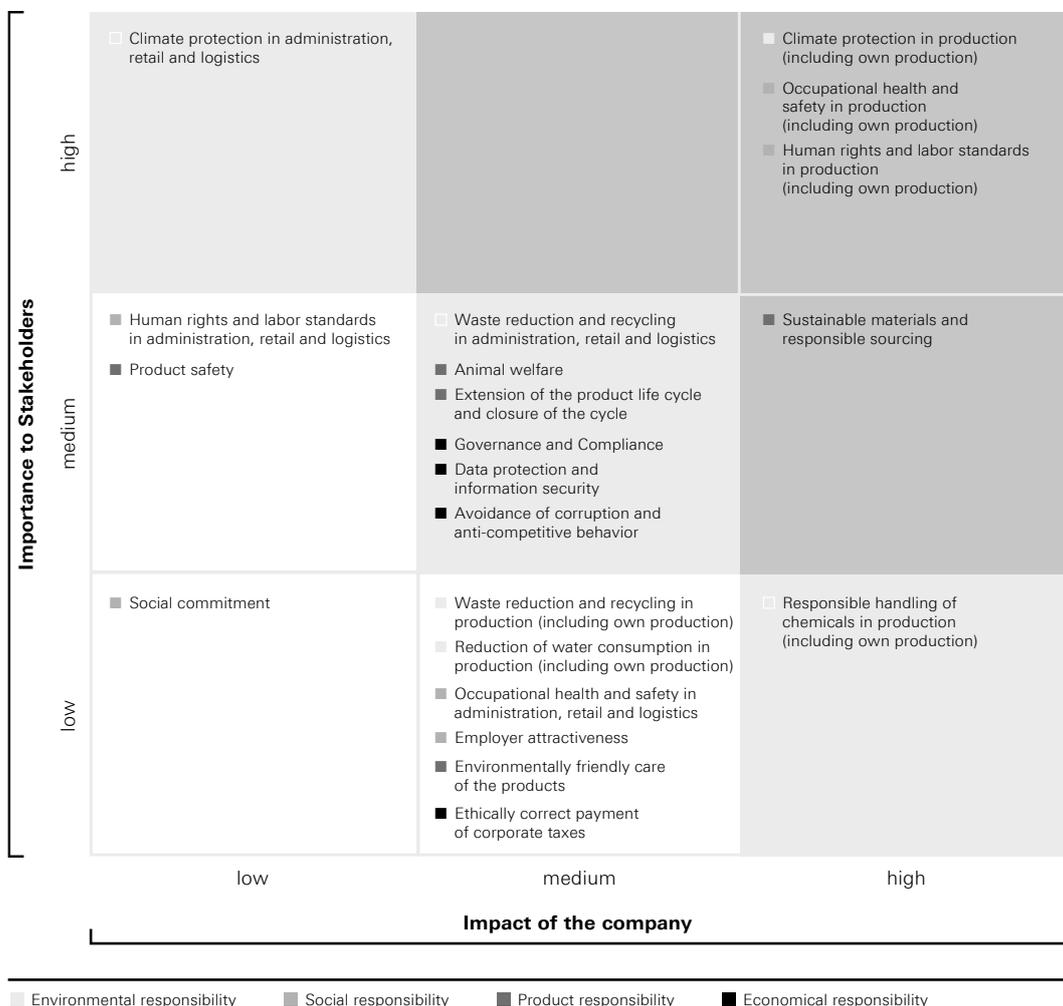
HUGO BOSS measures its **sustainability management performance** on the basis of rating and ranking results, among other things, and also integrates these into its remuneration system. For example, the Dow Jones Sustainability Index ranking is taken into account when calculating the remuneration of members of the Managing Board and managers at the two levels below.

HUGO BOSS strives to meet the **expectations of its stakeholders** and endeavors to exchange openly with them in order to discuss different requirements and jointly develop possible solutions. The Company considers this approach to be necessary for business as well as an opportunity to create added value for society and the Company. Under the heading We, HUGO BOSS summarizes its principles for sustainability management as well as the Company’s stakeholder engagement in one field of action. The Company has published the principles of its commitment to stakeholder engagement in a corresponding guide on the Group’s website. → group.hugoboss.com

Materiality analysis

Since 2015, HUGO BOSS has regularly conducted materiality analyses to identify all sustainability issues that are of importance to the Company and to determine the focal points of its sustainability strategy and reporting. In doing so, attention is paid to the standards of the **Global Reporting Initiative (GRI)** and the **CSR Directive Implementation Act (CSR-RUG)**. In 2019, HUGO BOSS comprehensively updated its materiality analysis, thereby renewing the basis for continuing its strategy work. The following topics were considered as part of the process and placed in the materiality matrix according to order of relevance:

01 | 03 Materiality matrix



This Sustainability Report provides information on the GRI-relevant topics. The main focus is on the topics that are in the gray-shaded quadrants of the matrix due to their high or medium relevance for the stakeholders and their influence on the Company. The Company comments on the topics that are significant with regard to CSR-RUG in the **combined non-financial statement** of the Annual Report.

→ Annual Report 2019, combined non-financial statement

The materiality analysis process in 2019 was carried out in **four phases**: First of all, the topics considered in the materiality analyses of prior years were reviewed by a group of experts comprising of employees and the Director Global Sustainability and were adjusted accordingly. The resulting list of topics was approved by the Sustainability Committee. The next step was to evaluate the **impact of the Company** on the individual topics. HUGO BOSS has paid particular attention to the current challenges in the textile industry and has also incorporated new topics that the Company has not yet been able to monitor and manage. The environmentally-relevant topics were assessed on the basis of the Company's comprehensive natural capital evaluation. Relevant literature was consulted to assess social topics. In the third phase of the analysis, the **relevance of the topics for various stakeholders** was assessed on the basis of an evaluation of stakeholder inquiries, ESG (environment, social and governance) ratings, the latest research findings and media coverage. Finally, the results were discussed with sustainability experts from the relevant departments, finalized and then approved by the Sustainability Committee.

The findings from the materiality analysis are incorporated into HUGO BOSS' **ongoing strategy work**. In its Sustainability Program, the Company defines strategic goals for its fields of action and reports on the progress and targets already achieved.

After updating its materiality analysis at the end of 2019, HUGO BOSS has revised its **Sustainability Program** in line with the key topics and has made significant enhancements to it. In accordance with the "Today. Tomorrow. Always." concept, the new program defines a time frame for all the sustainability activities of the Group. **Today.** represents the milestones achieved during the reporting period. **Tomorrow.** contains the concrete goals that HUGO BOSS has set itself for the future. **Always.** stands for the Company's sustainability principles, to which it is fully committed at all times.

The goals set for completion in 2019 have all been achieved and are therefore no longer explicitly mentioned in the current Sustainability Program. However, the activities implemented in this respect are described in this report. The exact wording of the goals set for completion in 2019 can be found in the Sustainability Report 2018. → **Sustainability Program**

Climate protection

In connection with the review of its sustainability goals, HUGO BOSS has attached even greater importance to climate protection and has launched a strategic initiative on this topic covering different fields of action. When HUGO BOSS became a signatory of the Fashion Industry Charter for Climate Action in 2018 under the **United Nations Framework Convention on Climate Change (UNFCCC)**, this marked the starting point. In doing so, the Group, together with other companies, has declared its commitment to the vision of creating a **climate-neutral fashion industry** by 2050. To achieve this goal, a 30% reduction in CO₂ emissions by 2030 has been set as a milestone.

Accordingly, in 2019 HUGO BOSS began a comprehensive revision of its **climate protection roadmap** and developed a climate strategy in accordance with the methods of science-based targets. As the basis for the climate strategy, potential CO₂ reductions were identified for the areas of "facilities", "logistics/transport", "production" and "raw materials". As part of its strategy work, HUGO BOSS has developed targets through which the Company will be consistent with the Paris Climate Agreement of 2015 and contribute towards limiting global warming to 1.5°C. The company will submit these targets to the **Science Based Targets initiative**. In order to meet the demanding targets of the initiative, HUGO BOSS has set itself the goal of reducing its Scope 1+2 emissions by at least 51% by 2030 (base year 2018). For Scope 3 emissions, which mainly originate from transport, production and raw materials, its target is to achieve a reduction of 30% by 2030 (base year 2018). → **Environment** → **Partners** → **Products**

HUGO BOSS does not view the objectives of its climate protection strategy as an isolated corporate goal, but rather as an undertaking that can only be achieved through a joint effort. Since the goal relates to the **value chain** as a whole, cooperation with the partners in the supply chain plays a fundamental role. The Scope 3 emissions account for more than 90% of the emissions in the Company's entire value chain. This is the result of the **natural capital evaluation** conducted by HUGO BOSS. The goal can therefore only be achieved if the partners are involved in the strategy process and are empowered to make their own contribution towards the reduction. In order to define suitable measures, the Company is involved in various working groups set up as part of the Fashion Industry Charter on the topics of "Raw Materials" and "Energy Efficiency and Renewable Energies in the Manufacturing Process", among others.

Corporate Governance

HUGO BOSS attaches great importance to good and responsible corporate governance. The Company considers this to be a key factor for long-term business success and therefore operates a corporate governance management system in accordance with international and national standards such as the **German Corporate Governance Code (GCGC)**. HUGO BOSS provides information on compliance in its annual Declaration of Compliance with the GCGC. Further details on corporate governance and information on the composition, the activities and the compensation of the management and supervisory bodies of HUGO BOSS can be found in the Annual Report. → **Annual Report 2019, corporate governance report including the corporate governance statement**

The Company operates in various regions and jurisdictions. HUGO BOSS takes great care to ensure that the many and varied rules that this entails are adhered to and that its own values-based corporate culture is embraced by its employees. This forms the basis for the collaboration and interaction with employees, business partners, shareholders and the general public. The **upholding of human rights** is given top priority at HUGO BOSS. A corresponding commitment by the Managing Board is publicly available on the Group's website. → **group.hugoboss.com**

With its "Code of Conduct", the Company has created a uniform and binding framework for the professional conduct of all its employees. The "Code of Conduct" governs relations within the Group as well as with customers, suppliers and service providers. It contains rules on the avoidance of conflicts of interest, data protection, occupational health and safety, environmental protection, animal welfare and biodiversity protection, as well as on fair competition, anti-trust law and anti-corruption. It also expressly requires all people working at and for the Company to respect the internationally recognized human rights and to ensure that they are observed. These rights include above all the protection of the personal dignity and privacy of each individual. Any willful misconduct or deliberate infringements of the "Code of Conduct" are not tolerated. The **"HUGO BOSS Code of Conduct"** is handed out to each employee together with the employment contract and is available to all employees in electronic form in more than ten languages. It is also publicly accessible on the Group's website. → **group.hugoboss.com**

As part of its corporate governance, the ethically correct payment of corporate taxes also plays an important role for HUGO BOSS in its global economic and social relationships. The tax strategy of HUGO BOSS can be viewed on the Group's website. → group.hugoboss.com

Responsible handling of risks constitutes a further key element of good and responsible corporate governance. The Company's **risk management system** includes all the measures that are required for a transparent and systematic approach towards managing risks. It aims to identify risks as early as possible, evaluate them adequately, and – through suitable measures – mitigate or prevent them, monitor and document them. The **independent risk management function** at the HUGO BOSS AG headquarters is responsible for coordinating Group-wide risk management. The Supervisory Board is involved in risk management via its Audit Committee and regularly deals with relevant topics.

Non-financial sustainability topics are also integrated into the risk assessment. In doing so, the external effect, in other words the question of the impact of the Company's actions on these issues, is taken into consideration (**inside-out analysis**). The assessment of the risks that could arise in relation to human rights is especially important in this context. HUGO BOSS assesses these risks for its entire value chain in a systematic due diligence process that is integrated into the risk management system.

The value chain at HUGO BOSS extends from the production of raw materials to the manufacture of fabrics and apparel, including administration and transportation, through to the sale of the products to the customer. For these individual stages in the value chain, **risk assessments** were drawn up for the groups of people potentially affected in relation to the type of activity and the operating environment. This analysis has confirmed that the greatest risks lie in the upstream supply chain, therefore with the suppliers of the Company's direct suppliers. In particular, the rights of children, women and migrant workers are not sufficiently taken into account by law in certain sourcing markets. Prioritization of the aforementioned **risk areas and vulnerable groups** was also reinforced by the materiality analysis updated in 2019 and through the involvement of external stakeholders.

The human rights risks that arise in the external supply chains are therefore decidedly given consideration in the Company's risk management activities. After a comprehensive assessment of human rights and based on its many years of experience in textile production, the Company has determined the **sector risks for the textile industry** defined by the Organisation for Economic Co-operation and Development (OECD) as the most relevant framework for its business model. It covers topics such as "child labor", "discrimination", "occupational health and safety" and "working hours", and forms the basis for risk management at HUGO BOSS in the area of human rights. → **Partners**

HUGO BOSS also requires all suppliers to respect human rights in their own sphere of influence with regard to all business activities. In order to prevent **potential human rights violations** from the ground up, HUGO BOSS has included appropriate requirements in the contractual agreements with its partners. These requirements are based on the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the Core Conventions of the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises. HUGO BOSS also supports various initiatives on the subject of human rights and, in its cooperation with partners in the upstream supply chain, focuses on appropriate awareness and training measures. → **We, Table of cooperations → Partners**

Compliance

HUGO BOSS expects all employees to conduct themselves in a legally impeccable manner in their day-to-day business activities, including the avoidance of corruption and behavior that is damaging to competition. HUGO BOSS uses a **compliance management system** for this and the Company's own "Code of Conduct" serves as the central document. In addition, strict internal compliance guidelines apply to all employees.

Corporate Compliance is a key management task of the Managing Board and incorporates measures to ensure global adherence to legal and official regulations, internal guidelines and codes. Employees can contact their superiors or the local and central **compliance contact persons** for support or questions regarding legally correct conduct.

Complaint mechanism

HUGO BOSS encourages its own employees, as well as external people such as its suppliers' employees, to report indications of or complaints about **compliance violations**. Whistleblowers are free to choose the form in which they wish to express themselves and in whom they wish to confide.

The HUGO BOSS Group takes every reported incident seriously and takes consistent action against compliance violations. As soon as an indication or complaint is received, a clearly regulated, standardized process is set in motion and accompanied by appropriate measures. The whistleblower's personal data and the content of the complaint are kept strictly confidential throughout the entire investigation process. The submission of an indication or a complaint shall in no case result in negative consequences for the **whistleblower**. This does not apply to complaints that are obviously unfounded or deliberately false and that have been submitted with the intention of harming another employee.

HUGO BOSS employees may always submit a complaint to their direct superior. In addition, they can turn to the **central Compliance department** and local compliance officers. Complaints can also be addressed to employees of the Human Resources department. The Works Council of HUGO BOSS AG is available as a point of contact for all HUGO BOSS AG employees. The Group also operates a whistleblower hotline in the U.S.

Furthermore, HUGO BOSS' employees, suppliers, their employees and other third parties may contact an independent **external ombudsman**. This offers whistleblowers the possibility to report violations anonymously. The ombudsman will then forward the information to the Compliance department where it will be processed. Whistleblowers have complete control over the extent of the information they provide. This applies to all information and compliance inquiries worldwide. The contact details of the ombudsman can be found on the Group's website. → group.hugoboss.com

In order to provide its suppliers' employees with an additional complaints channel for reporting compliance violations, the Company requires its suppliers to set up their own **anonymous complaints mechanism**.

All reporting channels for compliance violations can be viewed by all employees worldwide on the HUGO BOSS employee portal. Customers, suppliers and third parties can find information on the Group's complaint management system on the HUGO BOSS Group website. → group.hugoboss.com

Compliance training for employees

A Group-wide, globally accessible **e-learning program** for all employees is aimed at strengthening awareness of the compliance rules within the Company. The program also includes modules on data protection, such as customer data protection, as well as on human rights issues and related topics. It was revised in the reporting year and now contains even more extensive and clearly defined compliance requirements. Shortly after the new e-learning program was launched, more than 2,500 employees in the Group completed the **online compliance training**.

Employees in roles where compliance is of particular relevance receive special face-to-face training for their area of responsibility. In 2019, the Compliance Officer ran a **face-to-face compliance training** for 429 employees.

Prevention of corruption, bribery and anti-trust infringements

Ethically impeccable and lawful conduct also includes the prevention of corruption, bribery and anti-trust infringements. All Group companies are subject to regular **risk analyses** and detailed **audits** where applicable. If cases of corruption become apparent, the Supervisory Board is informed accordingly. In 2019, the Company was not aware of any corruption, bribery or anti-trust infringements, in the sense of infringements determined by authorities or courts ✓. No cases were registered in the prior year either. Further information can be found in the Annual Report. → **Annual Report 2019, combined non-financial statement, anti-corruption and bribery matters**

Data protection and information security

As an international company, the HUGO BOSS Group processes personal data on a daily basis. Since the **General Data Protection Regulation** came into force, the legal data protection requirements have increased. HUGO BOSS meets these requirements through various measures such as the expansion of its data protection organization. Customer and employee data as well as data from business partners are of particular relevance to the Company. Violations of data privacy always represent a risk for the people concerned, but at the same time they are also a considerable compliance risk for the Company. HUGO BOSS counteracts these risks through a **structure that complies with data protection regulations** and through appropriate technical and organizational measures. In this connection, the Managing Board of HUGO BOSS AG is committed to and undertakes to adhere to the legal data protection requirements. The **“HUGO BOSS Privacy Statement”** can be viewed online. → **group.hugoboss.com** → **Annual Report 2019, combined non-financial statement, social matters**

HUGO BOSS attaches particular importance to safeguarding all the rights of the people concerned. For example, all people whose data are used by the Company are informed in a transparent manner about the purpose and scope of data processing by means of appropriate data privacy information. On the other hand, HUGO BOSS ensures that the **rights of people concerned** to access, rectification, erasure, objection, data portability and restriction of processing are fulfilled in a timely manner. Complaints and potential data protection incidents are reviewed and handled in accordance with the “Data Breach Complaint Policy”. In the reporting year, a supervisory data privacy audit was conducted following receipt of a complaint from a customer. After clarifying the facts, however, the authorities determined that HUGO BOSS could not be accused of any violation of data privacy. Consequently, during the reporting year, no legal or regulatory violations in the field of data protection were officially noted by courts or authorities ✓. → **group.hugoboss.com** → **Annual Report 2019, combined non-financial statement, social matters**

Against the background of digital change, the importance of and requirements for a reliable **information security strategy** are also increasing. In this connection, HUGO BOSS has taken comprehensive measures to optimize the level of information security throughout the Group. For example, the Company was able to complete the implementation of a security, incident and event management system, which began in 2018. With the help of this software, it can collect and evaluate critical data. This means that HUGO BOSS is able to take quick and appropriate action in the event of an emergency. At the end of the reporting year, the Company also took the first steps towards establishing an information security management system in accordance with **ISO 27000**.

Dialog-based corporate culture

As a global company, HUGO BOSS is confronted with different, evolving interests and sometimes conflicting positions. Therefore, it must always adapt its own actions in order to reconcile business success with the required consideration for people and the environment and to create added value for both sides.

Systematic **exchange with relevant stakeholders** is seen as an opportunity and maintained by HUGO BOSS. Based on a stakeholder analysis in line with the AA 1000 SES standard, HUGO BOSS uses a number of standardized formats for its dialog practices.

01|04 Formats and approaches for stakeholder communication

Website, sustainability report and social media	(Potential) employees	Intranet, employee newsletter and information e-mails, social media, sustainability events, dialog events, surveys (e.g. on employee satisfaction), cooperation with universities
	Customers	Customer service (phone or via e-mail), customer surveys (including sustainability issues), HUGO BOSS online shop, customer newsletters and mailings, social media, direct contact at points of sale, customer events and fashion shows
	Partners	Workshops, audits, vendor days, personal discussions, round tables, stakeholder dialog, collaboration and cooperation on specific topics
	Shareholders and financial community	Annual and quarterly report, press releases, conference calls, annual general meeting, analysts' conference, investor days, personal discussions during company visits, roadshows and conferences
	Science and research	Annual Report, company visits, consultation and dialog events, round tables, guest lectures, research projects, collaboration and cooperation on specific topics
	Politics and administration	Reporting on specific topics, press releases, round tables, cooperation on selected topics
	NGOs and unions	Individual inquiries, personal discussions, topic specific discussions, participation in surveys, press releases, round tables, stakeholder dialog, membership and collaboration on selected topics
	Other stakeholders	Press releases, Annual Report, direct contact (e-mails, meetings, calls), round tables, cooperation on specific topics

In 2019, HUGO BOSS held its fourth **international stakeholder dialog** event on sustainability issues. Representatives from different Non Governmental Organizations (NGOs), cooperations and the federal government as well as scientists and other partners met with the management representatives of HUGO BOSS – including the Chief Executive Officer – to discuss the Company's sustainability activities. The participants discussed the challenges of the future, faced critical questions and exchanged ideas for possible solutions.

Many existing **contacts with stakeholders**, such as scientific institutions, were further strengthened in 2019. In addition, HUGO BOSS is working with start-ups on specific topics and is involved in various cooperative ventures and initiatives to strengthen its environmental and social activities along the value chain and drive them forward along with others. HUGO BOSS began to support Cotton Made in Africa (CmiA) in the reporting year. Furthermore, the Company has been involved from the outset in the Open Apparel Registry database of textile and apparel factories, which was first published in 2019. → **We, Table of cooperations → Partners → Products → group.hugoboss.com**

To promote the idea of sustainability among the workforce, the Company organizes **various information events on sustainability topics** for its employees. For example, in the reporting year, employees from the Company’s own production facility in Izmir (Turkey) went to the Group’s headquarters in Metzingen where they gave a presentation on their local sustainability activities. Employees were also able to visit the manufacturer of Olivenleder® – which was used for the first time last year in selected HUGO BOSS products – and go on a guided tour of the tannery. In addition to events, HUGO BOSS has integrated a sustainability channel into its internal information portal to inform employees about the latest sustainability topics at HUGO BOSS. The Company also offers its employees numerous (sometimes compulsory) **training courses on the subject of sustainability**. The following table gives an overview of the number of working hours spent attending these training courses:

01|05 Sustainability training by category (in hours)

	2019
Occupational health and safety	2,888
Vocational training and further education	3,578
Compliance and IT security	4,521
Product and supply chain	5,599
Other	2,862
Total	19,448

Other means of **regular dialog within the Company** include various discussion formats such as the Managing Board breakfast and the annual staff meetings at the sites in Metzingen, Coldrerio (Switzerland) and Izmir. Additionally, the Company regularly conducts a global employee satisfaction survey in line with the external Group-wide applicable Great Place to Work® standard – as was the case in the reporting year. → **Employees**

HUGO BOSS respects the rights of its employees to join a trade union. For example, at its most important production site in Izmir, the Company maintains regular dialog with the local trade unions and their umbrella organizations. Since 2019, HUGO BOSS has also been involved in an initiative for living wages as part of the **Partnership for Sustainable Textiles** (Textiles Partnership). Within the initiative of Action, Collaboration, Transformation, an international agreement between global brands, retailers and trade unions, one of the aims of the initiative is to promote collective bargaining in sourcing countries. → **Partners**

For further information on **stakeholder engagement** at HUGO BOSS, visit the Group’s website. → **group.hugoboss.com**

Awards during the reporting period

- Inclusion in the Dow Jones Sustainability Index World in the Textiles, Apparel & Luxury Goods sector for the third consecutive year
- Membership in the FTSE4Good Index reconfirmed
- For the first time, HUGO BOSS featured in Euronext Vigeo Index: Eurozone 120
- Prime status in the ISS-oekom Corporate Rating
- Gold LEED certificate for the BOSS retail store in Boston
- LEED certificate for the BOSS outlet in Denver
- German Sustainable Building Council (Deutsche Gesellschaft für Nachhaltiges Bauen e.V., DGNB) platinum certificate for the construction of the new BOSS outlet in Metzingen
- DGNB platinum certificate for the interior of the new BOSS outlet in Metzingen
- Winner of the Corporate Health Award 2019 in the “Consumer Goods” category
- Gold Award in the “Best Benefits, Wellness and Well-Being Program” category of the Brandon Hall Excellence Awards for HUGO BOSS Izmir
- Bronze Award in the “Health and Wellbeing Best Practice” category of the Stevie Awards for HUGO BOSS Izmir
- Australian Packaging Covenant Organization Award for HUGO BOSS Australia

External standards and agreements

- Signatory of the Diversity Charter
charta-der-vielfalt.de
- Izmir site is a signatory of the Women’s Empowerment Principles
weps.org
- Signatory of the Fashion Industry Charter for Climate Action of the UNFCCC
unfccc.int
- Signatory of the 2020 Circular Fashion System Commitment of the Global Fashion Agenda (GFA)
globalfashionagenda.com
- Global Social Compliance Program standard for environmental audits of The Consumer Goods Forum
theconsumergoodsforum.com
- ISO 9001, ISO 14001, ISO 14041, ISO 45001 and ISO 50001²

² All ISO certifications mentioned in the Sustainability Report refer to the DIN EN ISO norms.

Cooperations

01|06 Cooperations (selection)¹

Name	Purpose of the cooperation	Activities of the cooperation and HUGO BOSS contribution
Accord on Fire and Building Safety in Bangladesh (ACCORD) (Member since 2016)	Working conditions in Bangladesh's textile industry are improved through building and occupational safety measures.	The fire protection and building safety requirements are standardized at the involved suppliers and are regularly reviewed by trained ACCORD employees. HUGO BOSS supports its own suppliers in the implementation of their action plans and monitors the progress.
Apparel and Footwear International RSL Management (AFIRM) (Member since 2009)	The use and effects of harmful substances in clothing, shoes, accessories and product packaging are being reduced.	An industry-wide Product Restricted Substances List (RSL) and Packaging RSL is being established and further developed in continuous cooperation with other brands, international test laboratories and external consultants. Since 2018, the "HUGO BOSS RSL" (as a contractual condition for all suppliers) has been in line with the AFRIM RSL standards.
Better Cotton Initiative (BCI) (Member since 2017)	A holistic approach is adopted to sustainable cotton production, which covers environmental, social and economic aspects.	The BCI partners deliver training to cotton farmers and offer professional advice on how to grow Better Cotton (this is financed by a volume-based fee from the members). HUGO BOSS organizes BCI training courses for suppliers, providing information on how to source Better Cotton and enabling the suppliers to exchange with BCI experts. By 2025, HUGO BOSS will source 100% of the cotton used in its products from sustainable sources (as of 2019: 61%), a large proportion of which will be sourced as Better Cotton through a mass balance system. HUGO BOSS supports The Egyptian Cotton Project, a pilot project in which cotton is grown in accordance with the Better Cotton Standard System and the organic guidelines of Egypt.
Partnership for Sustainable Textiles (Textiles Partnership) (Member since 2015)	Social, environmental and economic improvements are achieved along the textile supply chain through exchange and cooperation between the members.	Every year, HUGO BOSS is committed to publishing its sustainability goals in the supply chain (Sustainability Roadmap) as well as a corresponding progress report. HUGO BOSS actively contributes towards exchanging information and launching joint projects by participating in working groups on topics such as complaint mechanisms and purchasing practices.
2020 Circular Fashion System Commitment of the Global Fashion Agenda (GFA) (Signed in 2017)	A circular economy is promoted within the fashion industry in order to conserve resources.	Public awareness is raised and the topic of a circular economy in the fashion industry is promoted by the signatories who are committed to achieving concrete goals. HUGO BOSS is committed to achieving targets in the area of Circular Design by 2020. These targets include applying circular design principles in all design briefs and holding regular training on circularity.
Fair Labor Association (FLA) (Member since 2014, accreditation in 2018)	Employee rights are promoted and protected, and working conditions are improved globally.	The FLA accredited the HUGO BOSS Social Compliance Program and provides continuous feedback for improvements based on self-assessments carried out by HUGO BOSS as well as evaluations that are performed centrally. The FLA carries out independent audits of the suppliers it has selected. The published results increase external transparency. HUGO BOSS continuously monitors whether the suppliers audited by the FLA are implementing the defined corrective action plans. The FLA conducts audits to make sure that working conditions are improved.
Fashion Industry Charter for Climate Action of the United Nations Framework Convention on Climate Change (UNFCCC) (Signed in 2018)	Measures are being developed and implemented through industry-wide commitment and cooperation to reduce greenhouse gas emissions as part of the Paris Agreement.	HUGO BOSS is committed to the goals of the Charter and is involved in the "Raw materials", "Energy/Manufacturing" and "Policy engagement" working groups to define appropriate measures. As part of the working groups, HUGO BOSS engages with stakeholder groups from the fashion industry to create a common understanding of necessary activities relating to the raw materials cotton, viscose and polyester. HUGO BOSS set itself the target to reduce CO ₂ emissions in its value chain by 30% by 2030.

Name	Purpose of the cooperation	Activities of the cooperation and HUGO BOSS contribution
Initiative of the Partnership for Sustainable Textiles for Tamil Nadu (Engagement in initiative since 2017)	Social standards are improved in spinning mills and textile factories in the Southern Indian region Tamil Nadu where there is a particular focus on strengthening women's rights.	Through this initiative, more than 15,000 employees in spinning mills and textile factories have already taken part in training programs on social standards. HUGO BOSS actively takes part in events relating to the initiative, such as the first annual conference in Tamil Nadu, which was attended by the management team. HUGO BOSS supports the initiative by establishing political dialog between local government, brands, suppliers and civil society in order to strengthen trust between the stakeholder groups and discuss the challenges that the industry faces.
Initiative of the Partnership for Sustainable Textiles for living wages (Engagement in initiative since 2019)	Effective solutions for living wages are achieved in production countries.	HUGO BOSS conducts a self-assessment of its own purchasing practices and their impact on wages at its suppliers Purchasing Practices Self-Assessment. HUGO BOSS designs improvement measures to offer suppliers greater scope for wage increases.
Leather Working Group (LWG) (Member since 2017)	Protocols are developed and maintained to assess the environmental performance of leather manufacturers and to promote sustainable business practices.	The LWG provides information, training and other support to tanneries to continuously improve environmental standards. Tanneries are encouraged to obtain certification in accordance with LWG requirements and HUGO BOSS supports them with the process. HUGO BOSS takes part in regular exchange between the brands, product manufacturers, tanneries and chemical suppliers involved in order to make collective progress in tanning processes. By 2025, HUGO BOSS will purchase 100% of the leather used in its products from tanneries that are certified by the LWG (or a comparable standard) (as of 2019: 52%).
Zero Discharge of Hazardous Chemicals (ZDHC) (Contributor since 2017)	Harmful chemicals are eliminated from the entire textile and leather supply chain.	The ZDHC Roadmap to Zero program provides access to information platforms on chemicals as well as training on chemicals and wastewater management for HUGO BOSS and its suppliers. HUGO BOSS is involved in working groups such as those to update the ZDHC Manufacturing Restricted Substances List (ZDHC MRSL) and contributes towards the revision of the Wastewater Guidelines for leather processes. HUGO BOSS implements ZDHC tools, including strict guidelines for the use of chemicals (ZDHC MRSL) and the handling of wastewater (ZDHC Wastewater Guidelines) at its suppliers.

¹ The listed cooperations are only a selection. Details of further cooperations can be found on the Group's website.



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ENVIRONMENT


-5%

**Total energy
consumption**


-18%

CO₂ emissions


-8%

**Total water
consumption**



ENVIRONMENT – at a glance

HUGO BOSS is aware of its shared responsibility for protecting the environment and climate. Therefore, the Company is committed to the introduction and further development of environmentally and climate-friendly processes and takes appropriate measures to improve the environmental footprint of its own locations, production facilities and retail stores as well as the entire logistics chain. In this context, the careful use of natural resources is just as important as the avoidance and recycling of waste and the reduction of CO₂ emissions. For this reason, HUGO BOSS and nearly 100 other companies signed the Fashion Industry Charter for Climate Action in 2018 under the patronage of the United Nations Framework Convention on Climate Change (UNFCCC). Through this, the Company is committed to the vision of a climate-neutral fashion industry by 2050. Through its overall commitment, HUGO BOSS is contributing towards Sustainable Development Goals 6, 12 and 13.

Management approach

HUGO BOSS regards the systematic management of environmental and energy issues as an opportunity to reconcile economic and environmental interests. The Company wants to continuously reduce the environmental impact of its own business activities, has set itself ambitious goals and operates a **comprehensive environmental management system** to achieve this. This includes the Group's administration sites and production facilities, planning, construction and operation of the Group's own retail stores, as well as its own logistics. Furthermore, HUGO BOSS works closely with its suppliers to ensure that their processes are also environmentally and climate-friendly. → **Partners**

The publicly available **principles of environmental protection** for all business areas at HUGO BOSS are described in detail in its "Environmental Commitment". These fundamentals also apply to all partners from which the Group directly purchases goods. The "Environmental Commitment" is supplemented by concrete requirements in **transport and logistics** as well as a **store concept**, which defines sustainability criteria for the planning and operation of the Group's own retail stores. Further information on the subject of sustainability at the retail stores can be found on the Group's website. → **group.hugoboss.com**

In 2019, HUGO BOSS began revising its "Environmental Commitment" – which has since been renamed as its **"Environmental Policy"** – in order to adapt it to the current developments in the areas of climate protection, wastewater, water and chemicals management in the Company. This will be published in the first half of 2020. → **Partners** → **Products**

The **Managing Board** has **overall responsibility for Group-wide environmental protection** at HUGO BOSS. The environmental management team at the Company's headquarters in Metzingen is responsible for content. Together with the local managers in the subsidiaries, it coordinates environmental and energy projects Group-wide and prepares investment appraisals. Through various other bodies, such as the Sustainability Committee, members of the Managing Board and the management level below the Managing Board are regularly informed about the progress towards achieving environmental and climate targets. The assessment of environmental and climate risks is the responsibility of Group Risk Management. → **Annual Report 2019, risk report**

The Company operates **environmental and energy management systems** in accordance with ISO 14001 and ISO 50001, which are regularly audited by external certification companies. Responsibility for the environmental management systems implemented and certified according to ISO 14001 at the Company's own production sites in Italy, Poland and Turkey is borne locally. The **environmental management team in Metzingen** is in charge for the energy management systems in accordance with ISO 50001 at the European locations, together with those responsible for energy management at the individual subsidiaries. Within the framework of the management systems, clear targets are defined for the areas of environmental protection and energy efficiency as well as action plans for their implementation. To identify potential for improvement, the Group's environmental management responsables regularly collect and analyze environmental data. HUGO BOSS also has its own certified auditors who regularly conduct internal energy and environmental audits to identify potential for improvements on site.

In conjunction with energy management, the provision of energy and energy procurement play an important role along with the management of its own buildings. This is why HUGO BOSS obtains **energy from renewable energy sources** wherever possible at its locations. The Company also regularly checks how it can improve the energy efficiency of its buildings. When renovating, planning and constructing new buildings, HUGO BOSS always considers that the energy-related emissions are reduced through energy supply systems and energy-efficient technologies. Existing technical facilities are also checked for **energy efficiency** when renovating and refurbishing the Group's own retail stores. Essentially, HUGO BOSS seeks to obtain sustainability certifications for the construction of new own buildings. → **group.hugoboss.com**

In 2020, the new BOSS Outlet in Metzingen was awarded with two platinum certificates by the **German Sustainable Building Council** – for the building itself as well as the interior. DGNB certification evaluates the overall performance of a building on the basis of various criteria, such as environmental, economic and socio-cultural quality. A platinum certificate is awarded to those buildings that meet the relevant criteria in an outstanding way.

The **environmental key figures** reported on in the following include the electricity, heating energy, CO₂ emissions, water, wastewater and waste. Further key figures can be found in the appendix.

→ **Further key figures and information**

The defined targets, the level of their achievement and the implemented measures in the Environment field of action are also reported on in the Sustainability Program. → **Sustainability Program**

Climate protection

As part of its commitment to the Fashion Industry Charter for Climate Action under the UNFCCC, HUGO BOSS aims to make its climate protection activities effective and efficient with the help of so-called **science-based targets** (SBT). As a first step, the Company has set itself the goal of reducing CO₂ emissions for its entire value chain by 30% by 2030. → **We → Sustainability Program**

Energy

One lever for reducing CO₂ emissions at HUGO BOSS' own corporate facilities is the reduction of energy. In 2018, the **GREENBUDGET** was introduced throughout the Group to promote environmental and energy-saving measures within the Company. Measures can be submitted by subsidiaries globally and are prioritized on the basis of economic and environmental aspects. In regular GREENBUDGET Committees, consisting of the Managing Board, Construction & Facility Management and Controlling, joint decisions are made about the submitted projects and budgets. Once the projects have been approved, the relevant subsidiaries can contribute their designated budget directly towards implementing the project. Within this framework, three projects to convert to LED lighting were completed at the Metzingen and Toronto (Canada) locations in 2019. The total electricity savings of the GREENBUDGET projects amount to approximately 1,200 MWh per year.

HUGO BOSS also helps to reduce CO₂ emissions by **generating its own renewable energy**. In 2019, a photovoltaic system was installed on the roof of the new BOSS outlet in Metzingen (potential electricity generation of around 535 MWh per year). HUGO BOSS now owns and operates four photovoltaic systems, which generated a total of 847 MWh of electricity in the reporting year. That is about the same as the annual consumption of 169 four-person households. A small part of this generated electricity is fed into external electricity grids. The majority of it is consumed by the Company itself. More than half (52%), that is 46,311 MWh, of the electricity consumed within the Group in 2019 came from renewable energy sources.

By switching to **electricity from renewable energy sources**, HUGO BOSS is using another opportunity to reduce its carbon footprint. In 2019, the power supply at the Company's headquarters in Metzingen consisted of 100% certified green electricity. Other locations in Italy, Poland, Switzerland, Great Britain, Turkey, Sweden, Norway, Denmark and Austria also used green electricity.

In the reporting year, energy consumption at the HUGO BOSS locations was 131,140 MWh.

02|01 Energy consumption by region and by energy source¹ (in MWh)

Direct energy consumption	Europe	Americas	Asia/Pacific	Total
Heating oil	921	0	0	921
Liquefied petroleum gas (LPG)	22	0	15	37
Natural gas	33,995	5,779	0	39,774
Photovoltaic	604	0	0	604
Other energy sources	0	0	0	0
Total direct energy consumption	35,542	5,779	15	41,336
Indirect energy consumption				
Certified green electricity	45,707	0	0	45,707
Electricity	14,705	14,718	12,694	42,117
Other energy sources (e.g. district heating)	1,980	0	0	1,980
Total indirect energy consumption	62,392	14,718	12,694	89,804

¹ Energy data for retail is generally based on data queries at retail stores and outlets. 35% of the retail stores and outlets that are included in the data collection were able to report energy consumption with respect to natural gas. 82% of these retail stores and outlets reported data on electricity while 61% were able to report data on district heating. Extrapolations on the basis of existing consumption data were conducted by calculating average values (kWh/m²) for all other retail stores and outlets.

Within the scope of energy management, continuous efforts are being worked on across the entire Group to **reduce energy consumption**. As a result, it succeeded in reducing energy consumption in 2019 to around 5% below the level of the prior year. The increase in heating oil is due to the use of a new logistics location in Germany. The decline in natural gas was mainly due to the decommissioning of the combined heat and power unit at the Metzingen headquarters and the modernization of three steam boilers at the largest production site in Izmir. The decline in electricity was due to the implementation of numerous international energy projects. In several administration buildings and distribution centers in the Europe, Americas and Asia/Pacific regions, electricity consumption was reduced by switching to LED lighting. Furthermore, the installation of an energy management tool in the distribution center in Savannah (USA) saved around 500 MWh of electricity. The renewal of the uninterruptible power supply systems in the German data centers leads to a calculated **reduction in power consumption** of around 465 MWh per year.

02|02 Energy consumption by energy source¹ (in MWh)

Direct energy consumption	2019	2018	2017
Heating oil	921	432	901
Liquefied petroleum gas (LPG)	37	30	24
Natural gas	39,774	42,082	39,645
Photovoltaic	604	536	512
Other energy sources	0	0	0
Total direct energy consumption	41,336	43,080	41,082
Indirect energy consumption			
Certified green electricity	45,707	31,086	23,746
Electricity	42,117	61,782	71,364
Other energy sources (e.g. district heating)	1,980	2,011	1,435
Total indirect energy consumption	89,804	94,879	96,545
Total energy consumption	131,140	137,959	137,627

¹ Energy data for retail is generally based on data queries at retail stores and outlets. 35% of the retail stores and outlets that are included in the data collection were able to report energy consumption with respect to natural gas. 82% of these retail stores and outlets reported data on electricity while 61% were able to report data on district heating. Extrapolations on the basis of existing consumption data were conducted by calculating average values (kWh/m²) for all other retail stores and outlets.

As part of the **Group-wide climate protection strategy**, HUGO BOSS has set itself the goal of reducing energy consumption (direct and indirect) in relation to area (m²) by 20% by 2030 (base year 2018). Compared to the prior year, energy consumption in relation to area was reduced by 8% in 2019.

02|03 Reduction of energy consumptions per m² area¹ (in kWh/m²)

	2019	2018
Actual value	157.2	171.4
Change in actual value (in %)	-8	

¹ Ratio of energy consumption to area. The percentage change for 2019 refers to the base year 2018. Energy data for retail is generally based on data queries at retail stores and outlets. 35% of the retail stores and outlets that are included in the data collection were able to report energy consumption with respect to natural gas. 82% of these retail stores and outlets reported data on electricity while 61% were able to report data on district heating. Extrapolations on the basis of existing consumption data were conducted by calculating average values (kWh/m²) for all other retail stores and outlets.

Emissions

In the reporting year 2019, the HUGO BOSS Group caused **CO₂ emissions** of 66,492t. This includes emissions from electricity, the Group's primary energy consumption, its own logistics and business travel by plane and car (see Scopes 1 to 3 of the Greenhouse Gas Protocol). Compared to the prior year, this represents a decline of 18%, which is mainly due to the conversion to electricity from renewable energy sources at the production facility in Izmir and optimization of the logistics processes.

02|04 Direct, indirect and other greenhouse gas emissions¹ (in t CO₂)

	2019	2018	2017
Scope 1			
Own vehicles	2,980	3,052	3,007
Direct energy consumption	9,029	9,396	8,994
Total Scope 1	12,009	12,448	12,001
Scope 2			
Indirect energy consumption	20,384	30,328	35,924
Total Scope 2	20,384	30,328	35,924
Scope 3			
Air travel	7,012	7,567	7,519
Transport ²	27,087	30,689	25,043
Total Scope 3	34,099	38,256	32,562
Total Scope 1 to 3	66,492	81,032	80,487

¹ The Greenhouse Gas Protocol is used to calculate greenhouse gas emissions. Scope 2 emissions are calculated in general according to the market-based approach by the Company using specific supplier emission factors for the certified green electricity. For conventional electricity, country emission factors are used.

² The transport value 2018 was adjusted as a result of more comprehensive data collection, which also leads to a change in the total Scope 3 and total Scope 1 to 3 values for 2018.

The representation of Scope 2 emissions calculated in accordance with the **location-based approach** is included in the appendix. The calculation relies on average emission factors of the individual markets.

→ **Further key figures and information**

HUGO BOSS has set itself the goal of reducing **Scope 1+2 emissions** by at least 51% compared to the base year 2018 (according to SBT). → **Sustainability Program**

02|05 Reduction of CO₂ emissions (Scope 1+2)¹ (in t)

	2019	2018
Actual value	32,393	42,776
Change in actual value (in %)	-24	

¹ The percentage change of the year 2019 represents the change in comparison to the base year 2018. Scope 2 emissions are calculated in general according to the market-based approach by the Company using specific supplier emission factors for the certified green electricity. For conventional electricity, country emission factors are used.

In 2019, the reduced energy consumption and the increased share of renewable energies led to a 24% reduction in Scope 1+2 emissions.

In addition to own locations, **logistics and transport processes** are also an important lever for reducing CO₂ emissions in the long term and for conserving resources. To this end, HUGO BOSS has analyzed all transport flows in close cooperation with the service providers performing the work. In addition, the regular review of freight costs was expanded in the reporting year to include the additional component of emissions caused by transport. The emissions data are summarized quarterly in an **internal CO₂ report** on the status quo of the transport routes used (ship, rail, ship/rail combined, truck and air freight) and the associated CO₂ emissions. This reporting increases transparency, thus facilitating the strategic planning of transport flows, and the identified potential can be consistently exploited.

In connection with the signing of the **Fashion Industry Charter for Climate Action** of the UNFCCC, HUGO BOSS has formulated new science-based targets for its Scope 3 emissions, which also include emissions in logistics. The Scope 3 emissions are to be reduced by 30% by 2030 (base year 2018).

→ Sustainability Program

In addition, HUGO BOSS pays attention to quality assurance and reducing its environmental impact when planning its transportation. The publicly available **"HUGO BOSS Logistics Guideline"** with their regulations and recommendations play an important role in this respect. It specifies how transportation is to be prepared and carried out for HUGO BOSS and defines minimum environmental requirements that contribute to a long-term reduction in CO₂ emissions. Greenhouse gas emissions associated with HUGO BOSS' transportation orders are offset by financing **climate protection projects** in cooperation with certain transportation service providers. In addition to environmental aspects, the "Logistics Guideline" include social issues. This includes the long-term orientation of supply contracts and the respect of human rights within the logistics processes.

In 2019, CO₂ emissions for inbound goods flow amounted to around 14 grams of CO₂ per thousand ton-kilometers, that is the mass transported in tons times the distance traveled in kilometers. Compared to the prior year, this represents a reduction that is attributable to the Group's efforts to **avoid air freight** as well as the use of more environmentally-friendly modes of transport, such as rail from China or sea freight.

02|06 Environmental impacts from transportation¹

	2019	2018 ²	2017
Ton-kilometers (in Ttkm)	200,341	184,916	159,780
CO ₂ emissions (in t)	27,087	30,689	25,043

¹ All flows of incoming goods to the HUGO BOSS logistics centers in Germany, the USA and Canada, as well as the raw materials shipments from HUGO BOSS to its producers are taken into account.

² The prior year's figures have been adjusted due to a change in the data collection method.

In the reporting year, transportation-related CO₂ emissions were reduced by 12%. In the future, too, air freight is to be further avoided, thus achieving a constant reduction in CO₂ emissions.

Water

HUGO BOSS is continuously reviewing measures to **conserve water resources** in its direct area of responsibility. In doing so, the Company focuses primarily on those areas where it identifies the greatest potential for reducing consumption at its own location. In 2019, Group-wide water consumption fell by about 8% compared to the prior year. The decline in water is due in particular to a renovated location. In addition, water consumption was reduced by a new automated garden irrigation system at the Savannah location. Furthermore, water-saving fittings (aerators) were installed at several locations, which reduce water consumption by mixing air into the water jet. Motion sensors also adapt the water supply to the current demand. With the implementation of the sustainable store concept, appropriate solutions are taken into account for new openings and renovations too.

Water consumption is also analyzed with regard to the availability of drinking water. Especially in water-scarce regions such as Turkey, water consumption is to be reduced as much as possible. For instance, thanks to the installation of the groundwater tanks at the Izmir site in 2017, 23,681m³ of water were collected during the reporting year and used for the irrigation of green areas and for sanitary installations on the site. This is equivalent to around 11% of the total water used at the site. The remaining fresh water is obtained from external water supply sources. → **Further key figures and information**

02|07 Water consumption by region¹ (in m³)

	2019	2018	2017
Europe	166,998	184,363	173,536
Americas	21,364	21,828	21,190
Asia/Pacific	18,496	18,708	21,871
Total	206,858	224,899	216,597

¹ Water consumption data for retail is generally based on data queries at retail stores and outlets. 17% of retail stores and outlets that are included in the data collection were able to report water consumption data. For all other retail stores and outlets, an average value of 0.22m³/m² was used. This average value is derived from a clothing retail benchmark (2013) by the real estate investment management company Redevco (redvco.com).

HUGO BOSS has set the goal of reducing water consumption by 40% in relation to Group sales (base year and reporting scope 2016) by 2025. In 2019, water consumption in relation to Group sales amounted to 55.8m³/EUR million sales and were thus 17% below the figure for the base year 2016. Water consumption from external water supply (without company-owned groundwater tanks) is taken into account here. → **Sustainability Program**

02|08 Reduction of water consumption in ratio to group sales (reporting scope and base year 2016)¹ (in m³/EUR million sales)

	2019	2018	2017	2016
Actual value	55.8	57.6	65.9	66.9
Change in actual value (in %)	-17	-14	-2	

¹ Ratio of total water consumption to Group sales. The percentage change of the years 2017 to 2019 represent the change in comparison to the base year 2016. Water consumption data for retail is generally based on data queries at retail stores and outlets. 17% of retail stores and outlets that are included in the data collection were able to report water consumption data. For all other retail stores and outlets, an average value of 0.22m³/m² was used. This average value is derived from a clothing retail benchmark (2013) by the real estate investment management company Redevco (redvco.com).

Wastewater and waste

In order to reduce wastewater and waste, HUGO BOSS focuses upon **optimizing its processes**, in particular at its own locations.

Wastewater

During the reporting year, the Group discharged a total of 157,154m³ of wastewater mainly into the communal wastewater systems at the locations. This was approximately 11% less than in the prior year.

02|09 Wastewater discharges by region¹ (in m³)

	2019	2018	2017
Europe	120,422	137,700	126,497
Americas	18,236	18,722	18,861
Asia/Pacific	18,496	18,708	21,871
Total	157,154	175,130	167,229

¹ It is assumed that the amount of water consumption is equal to the amount of wastewater discharges for all retail stores and outlets in scope.

Waste

The total volume of waste in 2019 was 7,097t. Compared with the prior year, this equates to an increase of around 14%. The increase was due in particular to various renovation measures and the closure of the old HUGO BOSS outlet in Metzingen. Furthermore, the increase is attributable to a higher product demand – leading to higher packaging volumes.

02|10 Waste volumes by type¹ (in t)

	2019	2018	2017
Hazardous waste ²	56	57	45
Non-hazardous waste	7,041	6,174	5,931
Total	7,097	6,231	5,976

¹ Sold products at the retail stores and outlets in scope as well as transportation carried out (consideration of respective product and transportation packaging) form the basis for the calculation of retail waste data.

² The term hazardous waste refers to various types of waste, which are harmful for the environment and/or human health. In the year under review, waste was generated from the categories "batteries", "chemicals", "oil", "electronic devices", "toner & ink cartridges" and "other hazardous waste".

02|11 Waste volumes by type and region¹ (in t)

	Europe	Americas	Asia/Pacific	Total
Hazardous waste	51	3	2	56
Non-hazardous waste	5,352	950	739	7,041
Total	5,403	953	741	7,097

¹ Sold products at the retail stores and outlets in scope as well as transportation carried out (consideration of respective product and transportation packaging) form the basis for the calculation of retail waste data.

A large part of the generated waste at the HUGO BOSS locations is forwarded for recycling (2019: 60%). All other waste is disposed of in accordance with the local applicable regulations.

The Company's largest own production site in Izmir has set itself the goal of reducing waste volume by 3% within one year. → **Sustainability Program**

HUGO BOSS is also working on further reducing waste in connection with **product and transport packaging**. For example, HUGO BOSS is reviewing the need for plastic packaging and reducing the volume of waste by switching to reusable packaging. → **Products**



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EMPLOYEES



17,560

employees
globally



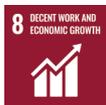
49%

female employees
in management positions



~270,000

**successfully
completed further
education courses**
at HUGO BOSS University



EMPLOYEES – at a glance

HUGO BOSS owes its competitiveness and international reputation to the many qualified and motivated employees at its own administrative, production and logistics sites as well as in its own retail stores. HUGO BOSS therefore aims to inspire its employees every single day, motivate them with challenging and varied tasks, and retain their loyalty. HUGO BOSS assumes responsibility for the well-being of each individual and promotes a corporate culture of mutual appreciation and respect. The Company is committed to equal opportunities, helps employees to reconcile their private and professional lives, offers excellent development opportunities and ensures safe and healthy jobs. In this way, HUGO BOSS aims to consolidate its reputation as an attractive employer. HUGO BOSS is fully committed to respecting human rights and contributes towards Sustainable Development Goal 8 through fair, performance-related compensation, protection against discrimination and respect for employee rights.

Management approach

The apparel market is subject to constant change. Customer requirements are continually increasing, while at the same time technological advances are changing everyday business. In addition, there are social changes and trends to which the Company must respond, such as demographic change and the growing need for reliable orientation. To keep pace with these changes and remain successful in the long term, HUGO BOSS is working continuously on further developing its **corporate culture**. In this respect, the Company relies on agility, personal responsibility and participation. HUGO BOSS thus aims to become even more attractive as an employer in the future and, through greater involvement and agile processes, to empower its employees to make faster, responsible decisions and proactively shape changes. The HUGO BOSS values of **quality, respect, innovation, passion and cooperation** are the constants in this process of change.

Working at HUGO BOSS has always been characterized by a motivating work environment, open, transparent communication and an appreciative management culture. Today these qualities are more important than ever. Being an **attractive employer** is crucial for HUGO BOSS, both in the face of increasingly fierce competition for new talent and in its efforts to retain qualified personnel. In order to meet the high expectations of its employees and applicants, HUGO BOSS offers attractive career prospects: With a wide range of employee development programs and training courses, the Company enables all colleagues to constantly expand their knowledge, learn new skills and abilities and develop personally. In addition, HUGO BOSS helps its employees to reconcile their professional and family lives, thereby promoting their satisfaction and performance as well as their loyalty to the Company. HUGO BOSS also attaches great importance to a broadly diversified workforce. It therefore specifically promotes the diversity of its employees. In the past, the Company has found that heterogeneous and inclusive teams achieve better and more creative solutions to complex issues and have a positive effect on employee satisfaction.

HUGO BOSS is committed to **respecting human rights** and to **working norms** on the basis of internationally-recognized standards, for all employees within the Company. The Company is committed globally to freedom of association and a strict principle of non-discrimination. HUGO BOSS can contribute to fair working conditions through a structured and comprehensible compensation system as well as fair opportunities for development and participation. As a responsible employer, HUGO BOSS also attaches a great deal of importance to the **occupational health and safety** of its employees. → **We**

Responsibility for the continuous review and development of Group-wide human resource management lies with the central Human Resources department based in Metzingen, which reports to the Director Global Human Resources. It works in close cooperation with the heads of other central departments as well as the Human Resources departments and managers of the Group companies. The central Human Resources department also consults closely with the Managing Board.

Responsibility for **occupational health and safety** is decentralized at HUGO BOSS. Clear responsibilities have been defined for this in the respective Group companies, as well as in the Group's own retail stores. The responsible employees report regularly and as needed to the relevant departments at the Company headquarters. There is also a regular exchange of information with the Managing Board on occupational health and safety issues. Where necessary, the existing processes in the area of occupational health and safety (OHS) are revised and optimized. In 2020, the occupational safety team will review whether the implementation of a comprehensive management concept for occupational safety is appropriate and, if so, will implement it. It is intended to document and evaluate all relevant processes and to control the necessary measures in each case.

HUGO BOSS' human resource management is based on both centralized and decentralized guidelines. The basic prerequisites for trusted collaboration within the Company as well as for interaction with customers and suppliers have been defined in the **"HUGO BOSS Code of Conduct"**. With binding rules, it creates clarity for essential ethical and legal issues. The **"HUGO BOSS Social Standards"** are also of fundamental importance for human resource management, particularly at the Company's own production facilities. Compliance with these standards is checked in regular on-site social audits.

→ **Partners**

In addition to these guidelines, HUGO BOSS has published an explicit **"Health & Safety Commitment"**. Decentralized, for the business activities of the various subsidiaries, HUGO BOSS applies a wide range of additional guidelines to ensure that its human resource management complies with its own standards and the respective legal norms. → group.hugoboss.com

HUGO BOSS evaluates the effectiveness of its measures to increase its attractiveness as an employer through an **annual employee survey**, among other things. In doing so, the needs and satisfaction of the employees are also determined. HUGO BOSS achieved good results in the reporting year, particularly in the "Further training opportunities" and "Work-life balance" categories. HUGO BOSS also conducts additional evaluation processes for human resource management as well as occupational health and safety management, and initiates various internal and external audits, for example. → **Partners**

→ **Annual Report 2019, combined non-financial statement, employee matters**

The defined targets, the level of their achievement and the implemented measures in the Employees field of action are reported on in the Sustainability Program. → **Sustainability Program**

Employment

At the end of fiscal year 2019, 17,560³ members of staff were employed by the HUGO BOSS Group (2018: 17,579). Therefore, the figure was stable compared with the prior year.

03|01 Employees by region (headcount)

	2019	2018	2017
Europe	13,100	13,117	12,343
Americas	2,212	2,271	2,334
Asia/Pacific	2,248	2,191	2,100
Total	17,560	17,579	16,777

The working conditions were regulated during the reporting year for 49% of the workforce through collective agreements with trade unions or operational employee agreements (2018: 49%). In 2019, the percentage ratio of men and women remained constant compared with the prior year.

³ The reported figure relates to headcounts as at December 31, 2019. The figure published in the Annual Report (around 14,600) is based on a full-time equivalent (FTE) calculation.

03|02 Employees by gender and region (in %)

	2019		2018		2017	
	women	men	women	men	women	men
Europe	59	41	59	41	59	41
Americas	49	51	48	52	47	53
Asia/Pacific	70	30	68	32	68	32
Total	59	41	59	41	59	41

In 2019, 4,459 new employees were hired (2018: 4,876). 4,596 people left the Company.

03|03 New hires by region¹ (headcount)

	2019	2018	2017
Europe	2,870	3,312	2,729
Americas	891	927	926
Asia/Pacific	698	637	687
Total	4,459	4,876	4,342

¹ Data without apprentices, interns, diploma students, agency staff.

Overall, the fluctuation rate in the year under review was 29%, a slight increase over the previous year (2018: 28%). In 2019, employee-related turnover was 34% in the Retail area and 9% in the Corporate area. The Company's goal is still to lower the level of employee-related termination. → **Sustainability Program**

In order to be able to make more nuanced statements about the **Company's ability to retain employees** in the future, the Human Resources department has changed the method for evaluating the termination rate for 2019. It is important to look at the Retail and Corporate areas (all functions within the Company that cannot be assigned to its own retail business) separately. A separate survey is useful because of the different job profiles, as Retail is more dominated by flexible job changes. By conducting this separate survey, an individual need for action can be derived and appropriate measures can be implemented.

In order to find out how to improve employee loyalty and thus reduce the termination rate, HUGO BOSS seeks to employ a structured approach in the future to record the reasons why employees leave. To this end, exit interviews are held with the colleagues who leave the Company. In addition to sales training, the Company is also using the Retail Academy, which was introduced in 2017, to strengthen identification with and loyalty to HUGO BOSS.

03|04 Termination rate by reason and region¹ (in %) ☺

	Europe	Americas	Asia/Pacific	Worldwide²
Employee-specific	15	42	24	20
Employer-specific	9	11	7	8
Redundancy	0	1	0	0
Retirement	1	0	0	1
Death, emigration	0	0	0	0
Total	25	54	31	29

¹ Data without apprentices, interns, diploma students, agency staff.

² The worldwide figure reflects the termination rate by weighted region. The weighting results from the different employee numbers in the regions.

03|05 Employee-specific termination by region¹

	2019		2018		2017	
	headcounts	in %	headcounts	in %	headcounts	in %
Europe	1,815	15	1,857	16	1,817	19
Americas	778	42	688	35	590	30
Asia/Pacific	509	24	519	26	548	28
Total	3,102	20	3,064	19	2,955	20

¹ Data without apprentices, interns, diploma students, agency staff.

Further key figures on the employee structure can be found in the appendix. → **Further key figures and information**

Diversity and equal opportunities

The **diversity of the employees** at HUGO BOSS is a natural component of the international Company's **corporate culture** and is a reality that we live and breathe. HUGO BOSS is committed to offering all employees a non-discriminatory working environment and equal opportunities. This dedication was publicly emphasized when the Group became a signatory of the Charter of Diversity in 2008.

As a contribution to **equal opportunities**, HUGO BOSS helps its employees at the locations reconcile their private and professional lives, for example to cope with family duties such as caring for relatives or childcare. The Company offers maternity and paternity leave arrangements that exceed the statutory minimum for instance – such as at the international locations in Coldrerio and Hong Kong (China). Special leave of one to three days is also granted when an employee gets married or enters a civil partnership, for the birth of a child and other family events. At its headquarters in Metzingen, HUGO BOSS is expanding its offering for employees with children between six months and three years of age, by building its own daycare center.

At 59%, women account for the majority of the workforce. At the four management levels, 49% of the positions were held by women in 2019 (2018: 48%). There were three women (25%) on the Supervisory Board in 2019. ✓ In the future, HUGO BOSS intends to increase the proportion of women in upper management levels. → group.hugoboss.com

03|06 Employees by management level and gender (in %)

	2019		2018		2017	
	women	men	women	men	women	men
Managing Board	0	100	0	100	0	100
Top management	15	85	16	84	19	81
Middle management	46	54	45	55	44	56
Management	51	49	50	50	48	52
Total	49	51	48	52	47	53

Further information on the subject of diversity and equal opportunities is available on the Group's website. → group.hugoboss.com

Vocational training and further education

HUGO BOSS regards professional training and further education as an important **contribution to securing its future**. In principle, the Company's various training and further education options are aimed at giving employees the opportunity to keep their knowledge up to date at all times. In addition to subject-related training courses, training on social skills is also offered. This is intended to promote an **appreciative, cooperative and performance-oriented corporate culture**. → group.hugoboss.com
 → Annual Report 2019, employees

HUGO BOSS attaches great importance to **transparency and fairness** when filling positions and developing employees in the Group. With the job grading system implemented in Germany in the reporting year, all jobs in the Company – regardless of the respective job holder – are to be evaluated in the future on the basis of clearly defined criteria and presented transparently in job profiles. The system is to be rolled out globally by the end of 2022.

With the aim of identifying the performance and development potential of all employees in a comprehensible and fair manner and using this information for individual development planning, HUGO BOSS began to introduce a further instrument at the end of 2019: the **Performance & Development Dialog** (PDD). The PDD is a comprehensive process with several dialog and evaluation formats. This process is designed to enable a holistic assessment of employees in terms of performance and potential. It is based on a detailed assessment sheet, which, among other things, includes a self-assessment by the employee, and ends with an open discussion between manager and employee. In addition to the assessment by the supervisor, feedback from third parties is also taken into account to facilitate a holistic assessment of the employee. The results of the PDD are used to find the best possible job opportunities for each employee in the Company and to retain **talent and expertise** in the Company in the long term. With the help of an online tool, the entire PPD process will initially be introduced at the Company headquarters in Metzingen and at other European locations. Over the coming years, it is to be established globally in other Group companies.

03|07 Employees with performance appraisals by region (in %)

	2019	2018	2017
Europe	84	85	82
Americas	27	28	39
Asia/Pacific	93	94	88
Total	79	79	78

HUGO BOSS uses special personnel development programs for the targeted further development of potential top performers: The **Employee Development Program** is aimed at the entire workforce and is designed to support employees who wish to develop their professional or management careers. The only exceptions are employees on limited-term contracts. The service has already been in place for some time at the headquarters in Metzingen and was also adopted by other international Group companies in 2019. In the reporting year, the HUGO BOSS Leadership Development Program was also introduced specifically for managers to prepare them for their next career steps. In addition, HUGO BOSS offers further extensive development programs for employees and managers at its international locations.

The HUGO BOSS training program consists of **face-to-face and online training** sessions on social, technical and leadership skills. The online training courses are offered via the Group-wide HUGO BOSS University Platform and enable standardized training content to be communicated throughout the Company. HUGO BOSS delivered 2,070 face-to-face training courses throughout the Group in the past fiscal year (2018: 2,360). The increased focus during the reporting year on online formats, which can be conducted flexibly in terms of time and space, led to a corresponding increase in online training and a reduction in the number of face-to-face training courses. The Company is committed to the continuous training of its employees and guarantees at least 15 training hours per employee per year; in the reporting year, all employees globally completed an average of almost 20 training hours each.

03|08 Training by type¹ (number)

	2019	2018	2017
Face-to-face trainings	2,070	2,360	2,808
Employees who participated in online trainings	7,710	6,496	4,309
Successfully completed online trainings	266,758	85,018	30,477

¹ without OHS and compliance trainings.

At HUGO BOSS, internal job changes and assignments in the Group’s international subsidiaries are supported. In this way, the Company wants to offer its employees additional **attractive career and development opportunities**.

HUGO BOSS continues to support its employees with their personal development beyond the employment relationship at the end of their working lives. HUGO BOSS offers a targeted program in Germany for employees who are planning to retire. This includes a partial retirement program under which employees continue to enjoy Company benefits such as free access to the fitness studio and the staff restaurant.

In addition, HUGO BOSS works closely with regional, national and international universities and other educational institutions to promote its **young talent**. In collaboration with them, the Company offers a wide range of industrial, technical and commercial training courses as well as dual courses of study.

Fair working conditions

The **respect of human rights and labor standards** are a fundamental element of the corporate culture at HUGO BOSS. This applies to all areas of its global business activities – from administration and its own production sites through to logistics and its own retail business. HUGO BOSS strives to ensure that its suppliers respect human rights and labor standards. → **Partners → Annual Report 2019, combined non-financial statement, respect for human rights**

Against the background of the existing high labor standards at the Company’s own locations, the focus is on the topics of freedom of association, the prohibition of discrimination and fair compensation.

HUGO BOSS grants its employees globally the right to form or join **trade unions** (such as works councils) and enables them to participate in collective bargaining within the scope of the respective national law.

In addition, HUGO BOSS consistently takes action against all cases of discrimination and violations of the freedom of association, the right to collective bargaining, and the right to fair working conditions that come to light in the Company. The Company has **comprehensive complaint mechanisms** and various reporting channels for reporting such incidents. → **We**

During the reporting year, 14 cases of discrimination were reported ✓ (2018: 11). Suitable measures were implemented in all reported cases. Ten cases were closed by the time the report was published.

In addition to complaint management, open communication about and awareness of discrimination is an important tool for **ensuring equal opportunities and diversity**. HUGO BOSS offers an environment in which all employees are recognized for their individuality and do not need to put on an act. Accordingly, the topic of anti-discrimination is a regular part of the Group's compliance training. HUGO BOSS will also launch a special training program on discrimination in 2020. It is intended to sensitize the recipients of complaints on this issue, as well as every other HUGO BOSS employee.

To check the effectiveness of its measures for ensuring equal opportunities and diversity, HUGO BOSS uses the standardized **Great Place to Work**® survey in which employees can give their opinion on relevant topics.

Fair working conditions also always imply **transparent and performance-related remuneration**. This understanding forms the basis for the HUGO BOSS compensation system. It incorporates fixed and variable salary components, additional allowances, benefits in kind and other immaterial benefits. The respective level of compensation is based on the market-based HUGO BOSS salary ranges and is independent of gender or other diversity aspects. Through the underlying job grading system, employees are evaluated according to job-related qualification and performance characteristics. As a matter of principle, HUGO BOSS has committed itself in its "Social Standards" to paying at least the statutory minimum wage or a reasonable wage across all industries. HUGO BOSS aims to further increase the **fairness and competitiveness** of its compensation system, and to guarantee its employees at a global level fair compensation in line with market conditions that is sufficient to cover at least the cost of living. → **Annual Report 2019, combined non-financial statement, respect for human rights**

Employees covered by collectively negotiated wage agreements in Germany share in the Company's success through an annual bonus. Employees who do not have collectively negotiated wage agreements receive a basic salary plus a personal bonus, which is linked to Company targets and the attainment of qualitative and quantitative personal goals. In order to increase awareness of social and environmental topics, in particular at upper management level, sustainability aspects including employee satisfaction form fixed components of the long-term management compensation. HUGO BOSS also makes an important contribution towards the **company pension** of its employees. Its scope and conditions differ from country to country. Additional benefits relate to health protection, accident and incapacity to work insurance, maternity leave and other offers such as parental leave. → **Annual Report 2019, employees**

HUGO BOSS offers the same company pension for all employee groups within Germany. They each contain an employer- and an employee-financed component. The latter is further subsidized by the employer. Comparable offers also exist in the other regions in which the Company operates.

Occupational health and safety

The prevention of occupational accidents and the protection of employee health are central goals of HUGO BOSS. As part of the restructuring of the OHS department, the Company started to revise the **OHS strategy** in 2019. As part of this process, HUGO BOSS is currently examining whether to introduce an OHS management system in accordance with ISO 45001.

Occupational safety

HUGO BOSS has already achieved a high level of occupational health with a series of proven OHS instruments. For example, the Company carries out **regular health and safety inspections** involving occupational safety specialists, managers and, if necessary, external experts. In addition, the occupational safety team supports all departments in the preparation of **hazard assessments**. This enables potential hazards to be identified and assessed in good time and appropriate precautionary measures to be taken.

HUGO BOSS operates a reporting system and implements appropriate emergency measures to avert various dangers and avoid dangerous situations. In dangerous situations or emergencies, assigned first-aiders, safety officers and fire protection assistants enable all reporting channels and other basic conditions to be observed and processes to run smoothly.

The Company employees are also trained regularly on protection and safety in the workplace. Administration and retail employees complete standardized **OHS online training**. Commercial employees at the Company's own production and logistics sites are trained on protection and safety in the workplace through face-to-face training and workplace instructions. In addition, HUGO BOSS organizes regular training courses (initial training and refresher courses) for fire safety assistants and first-aiders. All locations globally also conduct large-scale evacuation drills.

Despite the high standards and observation of the duty of care, in 2019 there were 244 (2018: 250) accidents involving employees, each of which resulted in absence of more than one working day. The total number of lost working days was 3,363 (2018: 4,248) and therefore, similarly to the prior year, the absentee rate⁴ was 0.1% ✓. Furthermore, there were no occupational accidents involving employees from the personnel service providers contracted by HUGO BOSS. The Company aims to further reduce the number of accidents at work. → **Sustainability Program**

03|09 Accidents and corresponding absentee days by region¹ (number)

	Accidents > 1 lost day			Absentee days		
	✓ 2019	2018	2017	✓ 2019	2018	2017
Europe	213	217	157	2,704	3,152	1,696
Americas	23	22	20	430	892	539
Asia/Pacific	8	11	6	229	204	77
Total	244	250	183	3,363	4,248	2,312

¹ If commuting and event accidents (accidents occurred at company events) are recorded as occupational accidents pursuant to local framework conditions, these are included in the data capture. Working day is equivalent to 8 hours.

⁴ The absentee rate shows the number of absence days due to occupational accidents in proportion to planned working days.

03 | 10 Lost Time Injury Frequency Rate (LTIFR) ¹

	✔ 2019	2018	2017
Lost time injury frequency rate (total)	8.7	9.3	7.0

¹ The lost time injury frequency rate measures the frequency of accidents at work that result in a loss of time per million hours worked.

An analysis of work-related dangers has shown that slipping and tripping are some of the main causes of accidents which carry a high risk of injury and can lead to serious consequences. As a remedial measure, managers in production and logistics and their teams carried out additional workplace-related instructions and checked the safety shoes that were used. Furthermore, **regular preventive safety training courses** were introduced.

Occupational health

The strengthening of the **physical and mental health** of its employees is a very important matter for HUGO BOSS. To this end, the Company provides a wide range of internationally diverse offerings on topics, such as physical and mental fitness, nutrition and ergonomics in the workplace, as part of its corporate health management. HUGO BOSS regularly organizes Health Days centered around a specific theme at its headquarters in Metzingen and at some international locations, with lectures, workshops and courses on topics such as nutrition and exercise. In 2019, the theme of the Health Day was “BREATHE DEEPLY – GET STARTED! How breathing properly changes your life!”. In Metzingen, the employees were also able to benefit from numerous target group-specific offers, such as exercise breaks in logistics and production or health workshops for the sales force, and they could take part in various running events. Employees at the Metzingen and Izmir locations can use the Company’s own sports facilities offering a variety of fitness options. At the Swiss location in Coldrerio, the company canteen is particularly committed to the topic of health. For example, as part of the Nutrition Steps Event, it offered a special menu plan with healthy dishes prepared by an external nutritionist for two weeks in spring and autumn.

At many locations, **operational health management** is coordinated by designated responsible employees. In addition, occupational medical care is also available at the headquarters in Metzingen and at some other international locations. → group.hugoboss.com → **Annual Report 2019, employees**

In the reporting period, the number of sick days amounted to 109,007 (2018: 110,833). The sickness rate⁵ thus fell to 2.9% (2018: 3.0%). There were no work-related illnesses at HUGO BOSS, as was also the case in the prior years. ✔

In 2019, HUGO BOSS received several awards for special achievements in health management. HUGO BOSS AG in Germany was crowned the winner of the **Corporate Health Award** for its achievements in occupational health management. HUGO BOSS was once again successful in passing the Corporate Health Audit, putting the Company at the top of the consumer goods industry in comparison to the prior year, and demonstrating that the Company has an above-average commitment to the health of its employees. The Izmir location also received the **Gold Award** from the Brandon Hall Group for “Best Benefits, Wellness and Wellbeing Program” and was also presented with the Bronze Stevie Award for “Achievements in Workplace Health & Wellbeing”.

⁵ The sickness rate shows the number of days of absence due to illness in proportion to planned working days.



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PARTNERS



Ø11

years

HUGO BOSS has been working with its strategic partners



93%

of goods

come from suppliers with a valid and at least satisfactory social audit



98%

of active suppliers

are trained in social responsibility and chemicals management



PARTNERS – at a glance

In addition to manufacturing at HUGO BOSS' own production sites, the Company sources finished goods as well as fabrics and trimmings from numerous suppliers globally. As their customer, HUGO BOSS assumes co-responsibility for the well-being of their employees and the protection of the environment in the sourcing countries. The basis for cooperation is respect for human rights and compliance with applicable labor standards as well as health and safety in the supply chain. The Company manages its own processes in accordance with internationally recognized environmental and social standards and expects its suppliers to comply with these standards at their production facilities too. HUGO BOSS monitors compliance with these standards in the production facilities and enables its suppliers to comply with the specifications by providing documentation materials and training. At the same time, the Company is participating in the further development of standards and plays an active role in external cooperations to shape sustainable textile supply chains. Through these commitments, HUGO BOSS also contributes to Sustainable Development Goals 6, 8, 12, 13 and 17.

Management approach

There are still considerable social and environmental challenges in the textile supply chain. As a company with international production activities and business operations, the sustainable design of **sourcing and production processes** is therefore of fundamental importance at HUGO BOSS. The Company manufactures 17% of its products, in terms of overall sourcing volume, at its own production facilities. They cover a large part of the Group's classic tailored menswear and womenswear segment. HUGO BOSS maintains important know-how in the further development of production technologies and quality standards within the Company and passes this on to its production partners. Furthermore, the remaining 83% of the sourcing volume, thus the majority, is manufactured by independent suppliers through contract manufacturing, or is purchased as full merchandise. HUGO BOSS groups together its own production facilities, its partners in the area of contract manufacturing and the producers of merchandise under the term **finished goods suppliers**. → **Annual Report 2019, sourcing and production**

In addition, the Company has a direct contractual relationship with a second group of suppliers; the **fabric and trimmings suppliers**. It sources fabrics as well as buttons, yarns and other materials from them for its own production and contract manufacturing.

Responsibility for supplier management at HUGO BOSS is shared between strategic and operational departments. The Vendor Sustainability team in the Global Sustainability department draws up the central specifications and defines the standard processes. The operational units from the areas of creative management and sourcing are responsible for compliance with the central specifications. They design the **supplier management processes** according to the business requirements and coordinate them with the Vendor Sustainability team. The results of the work are regularly reported to the Managing Board.

HUGO BOSS expressly acknowledges its **social responsibility** and in particular with regard to **respect for human rights**. The Company follows the principle that this responsibility is shared with its partners. The Company therefore expects all suppliers to respect internationally recognized human rights in all business activities within their own sphere of influence. HUGO BOSS does not tolerate violations. → **We**
→ **Annual Report 2019, combined non-financial statement, respect for human rights**

The **"HUGO BOSS Social Standards"** form an important framework for the responsible organization of the Company's business activities. They serve to ensure compliance with and improve social concerns within both the Company and the supply chain. Their requirements are based on internationally recognized standards such as the Core Conventions of the International Labor Organization and are binding for all HUGO BOSS employees and all the employees of its suppliers. The "Social Standards" also stipulate, among other things, that the Company's suppliers must not pay less than the statutory minimum wage. They contain rules for protecting the environment and state that no form of corruption whatsoever is tolerated at HUGO BOSS. They also specify corruption prevention measures. In countries where national legislation itself is inadequate, the "HUGO BOSS Social Standards" define the minimum requirements for the Company's suppliers.

In 2019, HUGO BOSS began revising its "Social Standards" and providing even clearer guidelines for the topics mentioned. In spring 2020, the revised standards are to be published in German and English and will be referred to as the **"HUGO BOSS Supplier Code of Conduct"**. Translations into other languages will follow in the course of 2020. → **group.hugoboss.com**

In parallel with the revision of the “Social Standards”, HUGO BOSS has set itself an ambitious target for supplier development. From 2025 the Company will only purchase goods from suppliers with a direct business relationship and who, according to the HUGO BOSS definition, demonstrate good sustainability performance in terms of social and environmental matters. The objectives and measures outlined in the following are designed to contribute to this overarching objective. → **Sustainability Program**

For **stringent supply chain management**, the selection of partners is of great importance. The supplier selection process at HUGO BOSS therefore takes place in three steps: As a first step, every potential supplier is required to answer a catalog of questions covering social, environmental and compliance issues, among others. The information provided is carefully checked before the second stage of contract drafting begins. In parallel, they have to successfully complete the HUGO BOSS online training on social responsibility and the environment – including chemicals management. A formal recognition of the “HUGO BOSS Social Standards” is a fixed and mandatory component of the contractual agreement. The third phase focuses on **verifying social compliance**. In the case of finished goods suppliers, pre-sourcing audits are carried out before business relations are established, while fabric and trimmings suppliers must carry out a relevant self-assessment. All potential finished goods suppliers were reviewed accordingly in the reporting year.

In order to achieve continuous economic, environmental and social improvements, HUGO BOSS places great importance on **long-term supplier relationships**. The Company invests in the knowledge of its partners, supports them with increasing quality and efficiency, as well as technological innovations and sustainable corporate governance. In addition, it checks compliance with social and environmental requirements, not only for new suppliers, but also for its existing suppliers, and helps them to further develop their respective management systems. To this end, the Company has its own **HUGO BOSS Social Compliance Program** and its own environmental program based on the Global Social Compliance Program (GSCP).

The HUGO BOSS Social Compliance Program introduced in 2011 for all finished goods suppliers has been fully accredited by the Fair Labor Association (FLA) since 2018. Within this framework, in addition to the audits organized by HUGO BOSS, the FLA also conducts **independent audits at suppliers** in order to verify compliance with the organization’s own standards. The results of the FLA audits are carefully evaluated and are also used in addition to the Company’s own audits for internal management purposes. If the findings are inconclusive, HUGO BOSS will arrange for its own audits of the companies concerned in order to clarify the situation.

Climate protection is also playing an increasingly important role in HUGO BOSS’ sourcing activities. The cultivation and production of textile fibers and energy-intensive processing methods such as washing, tanning or dyeing involve considerable energy consumption and therefore CO₂ emissions. In fact, these account for the majority of CO₂ emissions in the HUGO BOSS value chain. By supporting the Fashion Industry Charter for Climate Action of the United Nations Framework Convention on Climate Change (UNFCCC), HUGO BOSS is also taking into account the CO₂ emissions of its supply chain as part of its new climate strategy centered around **science-based targets (SBT)** and is relying on the cooperation of its suppliers to reduce them. Specifically, HUGO BOSS has set itself the goal of reducing Scope 3 emissions, which include all manufacturing processes in the value chain, by 30% by 2030 compared to 2018. → **We**

In addition to climate protection as well as social and environmental issues, the creation of transparency, which is necessary for the design of sustainable supply chains, also represents a major challenge. **Cooperations with other companies and organizations** play an essential role in solving these challenges. By exchanging information, experience and knowledge, they make it possible to further develop and expand industry standards and to use the opportunities offered by digitization and networking for greater transparency. Examples of organizations with which HUGO BOSS cooperates in this area are the FLA and the Partnership for Sustainable Textiles (Textiles Partnership). → **We, Table of cooperations**

HUGO BOSS sees increasing digitization as a great opportunity to achieve greater transparency in supply chains. The Company is therefore working with organizations such as the Organisation for Economic Co-operation and Development and the Textiles Partnership, as well as with its partners in the supply chain, on possible applications for blockchain technology. It can be used, for example, to make certificates or audit results available to all partners participating in the project along the entire value chain in a way that is secure and protected against misuse. Another approach is through the cooperation with the **Open Apparel Registry (OAR)**, a non-profit global database with supplier data for the textile and clothing industry. As part of a pilot project, HUGO BOSS was one of the first companies to publish its own supplier data on the OAR platform in 2019. Together with the data of other companies, they can now be viewed publicly and free of charge and can be filtered according to information needs. HUGO BOSS plans to further expand its cooperation with the OAR in 2020.

The Egyptian Cotton Project, among others, shows how cooperative efforts can promote a **sustainable cotton value chain**. The project for Egyptian small farmers was launched by the United Nations Industrial Development Organization in 2018 and HUGO BOSS has been involved from the start. The Company also was able to involve the Better Cotton Initiative as an additional partner of the project. It supports the participating small cotton farmers with water management as well as plant protection and fertilization in accordance with organic standards. By the end of 2019, the number of small farmers involved in the project increased from 400 to around 5,000.

A fact sheet containing all the important **information about supply chain management** is available on the Group's website. Further details of the Social Compliance Program are also publicly available on the website. → **group.hugoboss.com**

The defined targets, the level of their achievement and the measures implemented in the Partner's field of action are reported on in the Sustainability Program. → **Sustainability Program**

Due diligence process

HUGO BOSS is aware that its international sourcing activities are associated with risks. On the one hand, these concern the Company and its business success. On the other hand, the Company's activities pose risks to the environment and society in the countries in which HUGO BOSS operates. The Company has self-imposed special duties of care with regard to both risk categories. To comply with them, it carries out a clearly defined **due diligence process** as part of its risk management. The risks associated with sourcing processes are analyzed and classified from a corporate perspective. Depending on the type of risk, specific measures are defined to counteract it and to mitigate possible effects. → **We**

As part of this process, HUGO BOSS creates special **country scorecards for its supplier management** in order to be able to better assess and manage the social and environmental risks in the supply chain. These **risk analyses** include social and environmental risks as well as financial risks and political risks of the country. The Company pays particular attention to the issue of human rights in its risk analysis. The German Federal Government's National Action Plan on Business and Human Rights serves as a guide in this regard. A review of **human rights-related risks** based on HUGO BOSS' own audit data from the HUGO BOSS Social Compliance Program revealed that Asia is performing weaker than other regions. A need for action was identified, particularly in the areas of social compliance management, treatment of workers and working hours. Based on these findings, the Company continues to offer targeted training measures. In 2020, additional measures resulting from the risk assessment for potential suppliers will be developed.

Based on the risk analysis, HUGO BOSS takes measures in many areas to strengthen human rights. For example, the Company supports the Tamil Nadu and Living Wages initiatives of the Textiles Partnership to strengthen human rights and promote fair remuneration in certain sourcing countries.

With its Social Compliance Program, the Company also monitors compliance with the **standards defined in the area of human rights**. In order to uncover social compliance violations, employees on the supplier side are also given the opportunity to make use of a complaints mechanism. All complaints are handled within the framework of a structured and clearly defined action plan. If these prove to be justified, the suppliers are requested to remedy the deficiencies. Depending on the severity of the violations, more frequent audits and a stronger monitoring of remedial measures will be imposed or targeted training measures implemented at the suppliers. In 2019, a total of six notifications from external suppliers were received through the available complaint channels. → We

Social compliance for finished goods suppliers

In 2019, HUGO BOSS had an active working relationship with 198 external finished goods production facilities (2018: 210) in a total of 25 countries and additionally sourced finished goods from its three own production sites in Germany, Italy and Turkey. All finished goods suppliers have formally acknowledged the "HUGO BOSS Social Standards" and have confirmed their implementation at their production facilities. ✓

As part of its Social Compliance Program, HUGO BOSS regularly has employees or external auditors check the extent to which the Company's existing finished goods suppliers comply with its "HUGO BOSS Social Standards". These audits include issues and topics relevant **to labor law, such as child labor, occupational safety and exceeding maximum working hours**. Afterwards, all the audited suppliers receive a detailed report. In the event that violations of the "Social Standards" are identified, the Company develops **corrective action plans** together with the respective supplier, the implementation of which is supported by a monitoring process and is verified in follow-up audits. As part of the audit cycle, significant improvements were achieved in the social audit in 2019 at almost a quarter of suppliers with whom HUGO BOSS has an active business relationship. In the event of violations during the course of the implementation of measures, HUGO BOSS will terminate the supplier relationship as a last step if no adequate improvement can be shown after several assessments or if the supplier refuses to cooperate on the issues in question. Relevant employee groups such as those from the operational sourcing units are regularly trained on the content of the social audit. This way, they are made aware of the demands placed on the suppliers and can advise and support them with the implementation of corrective actions, for example.

A good audit result in the area of social compliance means that the corresponding company is only audited again after 24 months. The audit results also flow into the **supplier assessment in the area of Environment, Social, Governance (ESG)**. In addition to other criteria, this is an important basis for deciding whether or not a supplier will become a strategic partner for HUGO BOSS. Pilot projects are preferably launched with strategic partners and workshops are held on specific focus topics. In most cases, they are also more closely involved in HUGO BOSS' development work.

In the reporting year, a total of 93 production facilities were audited (2018: 123) with whom HUGO BOSS has worked in the area of finished goods during this period (including its own production sites). The number of corresponding audits was 119 (2018: 153). The lower number of audits compared to 2018 is due to various factors: As a result of better audit results for a large number of suppliers, the time interval between audits has increased. HUGO BOSS also established new business relations with fewer suppliers in 2019, therefore the number of initial audits in 2019 was lower than in 2018. The proportion of active production facilities covered by a **valid social audit** was 93% in 2019 (2018: 97%). Here, a valid audit refers to (follow-up) audits that have been carried out in the last 24 months in accordance with the results-related audit frequency.

As part of the revision of its catalog of goals, HUGO BOSS has set itself the goal of sourcing 95% of its goods by 2022 from finished goods suppliers (including its own production sites) that achieved one of the two highest performance levels, **"good" or "satisfying"**, in the last audit. In 2019, the level was 93% (2018: 91%). The previously valid goal was achieved back in 2018. → **Sustainability Program**

The following overview indicates the **current performance level of finished goods suppliers** in relation to social compliance. It relates to all valid audits. These were partly conducted before January 1, 2019. The percentage of suppliers that achieved a "good" or "satisfying" performance level increased from 85% to 87% compared with 2018.

04|01 Status social compliance performance¹ (in %)

	Share
Good	56
Satisfying	31
Improvements needed	10
Risky	3
Insufficient	1

¹ The graph refers to valid audits of all the production facilities of all active finished goods suppliers (including the Company's own production sites).

- Good** = The supplier establishes the necessary activities for safe and fair working conditions in its management and takes its own social responsibility very seriously.
- Satisfying** = The supplier recognizes the necessary activities for safe and fair working conditions and establishes processes and activities to implement them.
- Improvements needed** = The supplier is aware of the need for safe working conditions, however fails to implement the relevant activities consistently in daily implementation and amongst employees.
- Risky** = The supplier is aware of the requirements with regard to social compliance. However, the management team attaches no importance to implementing them, therefore resulting in non-compliances.
- Insufficient** = The management team is not aware or not willing to deal with social compliance, and/or is not willing to improve obvious shortcomings in management. There is an immediate threat to employees.

HUGO BOSS has defined a catalog of criteria for certain areas such as child and forced labor, which is subject to a **zero tolerance policy**. No cases of child and forced labor were reported in the last fiscal year. The violations of the “HUGO BOSS Social Standards” identified in the course of the social audits in the reporting year primarily concerned the areas of “social compliance management”, “working hours” and “compensation”. For all violations, a **corrective action plan** is defined.

The **HUGO BOSS Social Compliance team** supports the suppliers with implementation of the action plans. In the case of one supplier, for example, intensive and specially tailored training sessions during the reporting year resulted in significant improvements in the working conditions of its employees. Among other things, an approach to reduce overtime was developed and implemented in this context. In another case, a detailed root cause analysis conducted by the HUGO BOSS team helped to widen the knowledge of the supplier’s managers with regard to social compliance and make their management team aware of its importance. Over the course of several site visits, the team achieved a significant improvement in the supplier’s overall performance. This included examining a number of aspects including developments in the areas of “remuneration”, “working hours” and “occupational safety”.

04|02 Violation of the HUGO BOSS Social Standards¹ (number)

	Risky	Insufficient	Total
Social compliance management	7	1	8
Working hours	1	4	5
Compensation and benefits	0	4	4
Discrimination	2	0	2
Health and safety	1	0	1
Treatment of workers	1	0	1
Freedom of association and collective bargaining	0	0	0
Child labor and young workers	0	0	0
Supplier control	0	0	0
Forced labor	0	0	0
Total	12	9	21

¹ Listed violations refer to 119 conducted audits of the production facilities of finished goods suppliers (including own production facilities) in 2019.

HUGO BOSS wants to prevent violations of its “Social Standards” on a permanent basis and therefore supports its suppliers with **further developing their social compliance management**. For this purpose, the Company has been conducting face-to-face training on social compliance at its finished goods suppliers since 2017. The training courses are aimed at the management and Corporate Social Responsibility managers of suppliers, and support them with regard to the implementation and subsequent auditing of management systems. HUGO BOSS also provides them with comprehensive information on environmental aspects and on the subject of its “Social Standards”.

By the end of 2019, 98% of all active finished goods suppliers completed this form of **supplier training**. The group of trained persons represents almost 100% of the sourcing volume of HUGO BOSS. In 2019, HUGO BOSS further developed the training concept: In addition to face-to-face training, there has also been the opportunity to take advantage of **online training** since 2019. In future, online training will be an integral part of the onboarding process for new suppliers. In addition, it is to be offered to existing suppliers on specific topics.

The Company also takes advantage of the **HUGO BOSS Supplier Days**, at which it meets with its suppliers to exchange ideas and experience in order to enhance competencies and develop a common understanding of the tasks and solutions of social compliance management.

Due to their complexity, sustainability requirements in the textile value chain cannot be implemented by HUGO BOSS alone. **Upstream suppliers** also need to be involved in order to create the necessary transparency and end-to-end compliance. HUGO BOSS has set itself the goal of sourcing its goods from a transparent and responsible supply chain by 2025.

For this purpose, the Company is working on the further introduction of a **governance model** that will enable finished goods suppliers to increasingly take responsibility for their own supply chains. In recent years, HUGO BOSS has trained participating suppliers on the contents of the governance model at the Supplier Days. In the reporting year, strategic finished goods suppliers were also surveyed on the status of implementation of the model. The survey covered various aspects such as developed principles, certificates, knowledge of the company's own supply chain, internal training programs and regular reporting. Depending on the results of the survey, HUGO BOSS is preparing measures for 2020 to help finished goods suppliers develop the competencies needed to implement the governance model appropriately. This process is to be extended to other finished goods suppliers in the future.

→ Sustainability Program

In its "Social Standards", HUGO BOSS has stipulated that the remuneration of employees – including that of its suppliers – must always be sufficient to cover their basic needs and to provide them with a portion of disposable income. The **fundamental principles of fair compensation** include the regulated payment of wages, performance-related pay for hours actually worked, the right to collective bargaining and the avoidance of unequal compensation, for example. In order to establish principles such as these in the textile supply chains, the Company is involved in designing industry-wide catalogs of standards. The work is based on internationally recognized standards such as those of the Textiles Partnership or the FLA. For example, HUGO BOSS is involved in the **Living Wages initiative** launched by the Textiles Partnership in cooperation with the Action, Collaboration, Transformation (ACT) initiative of the trade union association IndustriALL. The main starting point of ACT is to establish wage negotiations between employers, employees and employee representatives at national level. In parallel to its work on the standards, the Company is looking specifically at the compensation practices of its suppliers. For this purpose, HUGO BOSS regularly collects and analyzes wage data from its finished goods suppliers.

Social Compliance with fabric and trimmings suppliers

The details cited above on the HUGO BOSS Social Compliance Program also apply directly to the Group's fabric and trimmings suppliers. In contrast to the finished goods suppliers, HUGO BOSS determines their suitability as business partners by means of **self-assessments**. If there are indications of violations of the "HUGO BOSS Social Standards" or if the Procurement department deems it necessary to conduct an audit, the supplier concerned will be audited on site according to the same principles as a finished goods supplier. If necessary, HUGO BOSS will then agree on appropriate measures to remedy any deficiencies and monitor their implementation.

In 2019, HUGO BOSS had an active direct working relationship with 325 production facilities of fabric and trimmings suppliers (2018: 334) in a total of 20 countries. By the end of the year, 314 suppliers in this group had formally acknowledged the "Social Standards" and confirmed their validity for their production facilities. ✓ The remaining 11 suppliers without formal recognition of the "Social Standards" represent a total sourcing volume of 0.01%. In 2019, 47 fabric and trimmings suppliers were evaluated positively by means of a self-assessment and 12 were evaluated through an additional audit ✓. This included

both potential and existing suppliers. Similarly to its finished good suppliers, HUGO BOSS is gradually beginning to regularly assess its fabric and trimmings suppliers for social compliance too. A total of 57 audits were carried out with fabric and trimmings suppliers between 2017 and 2019.

Environmental compliance

The **introduction and further development of environmentally-friendly processes** at its suppliers is just as important to HUGO BOSS as environmental protection at its own production sites. → **Environment**

In the framework agreements that HUGO BOSS concludes with its suppliers, the latter undertake to comply with all statutory environmental requirements and the “HUGO BOSS Social Standards”, which contain both social and environmental standards. In addition, the principles of environmental protection outlined in the publicly available “**HUGO BOSS Environmental Commitment**” apply to all the Company’s suppliers. In 2019, HUGO BOSS began revising its “Environmental Commitment” – which has since been renamed as its “Environmental Policy” – with particular regard to the scope of the supply chain and in order to adapt it to the current developments like in the area of climate protection.

As an expression of its commitment to climate protection and as part of its support for the Fashion Industry Charter for Climate Action of the UNFCCC, HUGO BOSS has also set itself a clear, **Group-wide CO₂ reduction target** and defined corresponding science-based targets (according to SBT) for the supply chain as well. In a first step, the Company’s direct suppliers are to agree to disclose their emissions and make their own contribution towards achieving the UNFCCC target. → **We** → group.hugoboss.com

HUGO BOSS has set itself the goal of increasingly establishing its environmental program, particularly among those suppliers whose production processes have the greatest impact on the environment. The focus here is on greenhouse gas emissions, energy consumption and wastewater.

Since 2015, HUGO BOSS has been using its own environmental program based on the GSCP to **analyze environmental risks and manage environmental protection in the supply chain**. The Company monitors compliance with the GSCP through regular environmental audits. In the audits, suppliers are assessed in at least 6 of the 11 dimensions of the GSCP framework. Improvement measures are identified and tracked for the environmental management system as well as for energy consumption, greenhouse gas emissions, water consumption, wastewater, chemicals management and waste management. In 2019, the audit protocol was revised to place particular emphasis on the **evaluation of wastewater management and chemicals management** for suppliers with wet processes. The aim of this is to promote the implementation of the goals that the Company has set itself in its support of the **Zero Discharge of Hazardous Chemicals (ZDHC)**. The aim is that by 2025, all suppliers with a high environmental impact will not only comply with the legal requirements, but also follow the requirements of the ZDHC program as well as the UNFCCC program. In 2019, the degree to which the objective was achieved was 24% (2018: 13%). → **Sustainability Program**

Like the social audits, the environmental audits are used to define **action plans** together with the supplier concerned to correct any violations that are highlighted. The auditors keep a record of the critical points while HUGO BOSS monitors the implementation of the action plans. HUGO BOSS offers suppliers assistance in the form of training courses and provides corresponding training materials and documentation templates electronically to help them implement the requirements correctly. The audit result determines the time interval until the next follow-up audit and shapes the further collaboration.

In 2019, HUGO BOSS arranged for 27 production facilities to be audited as part of the GSCP (2018: 26). Of the audited production facilities, 13 were using their own wet processes – i.e. **processes with major environmental impacts**. The positive development of the figures is due to the fact that the implementation of the audit program is showing noticeable results. Thanks to the consistent follow-up of measures and training of individual suppliers, a positive development can be seen at the production facilities.

04|03 Violations of HUGO BOSS GSCP environment standards¹ (number)

	Risky	Insufficient	Total
Waste	4	0	4
Water consumption	4	0	4
Management systems	1	0	1
Energy consumption, transport and greenhouse gas emissions	1	0	1
Wastewater	1	0	1
Avoidance of harmful substances	0	0	0
Total	11	0	11

¹ The violations relate to the audits carried out at 27 production facilities in 2019 (including the Company's own production locations).

In the reporting year, the **environmental audits** identified 11 violations classified as risky. The suppliers concerned were requested to introduce the necessary improvement measures. Their implementation was monitored by HUGO BOSS. For example, after the indirect wastewater discharge of a dyeing factory had not met the requirements, the follow-up audit that was conducted showed that the necessary improvements had been implemented on time. Another follow-up audit revealed that one supplier had, in the meantime, rectified the violations in its storage area for chemical substances.

The following overview summarizes the results of the Company's supplier audits. It contains all valid audit results until the end of 2019.

04|04 Status environmental compliance performance¹ (in %)

	Share
Good	0
Satisfying	24
Improvements needed	39
Risky	30
Insufficient	6

¹ The table refers to the 33 valid audits (including the Company's own production sites).

Good = Regular review of relevant consumption and emissions, processes and structures to improve the company's environmental performance are established.

Satisfying = Basic structures and processes are established, however relevant documentation is not available.

Improvements needed = Potential risks relate in particular to a lack of awareness and non-existence of relevant data.

Risky = Relevant licenses are not available, existing practices represent an immediate risk and can lead to significant environmental impacts and violations of legal obligations.

Insufficient = Existing practices lead to significant environmental impacts.

As part of its support for the **Fashion Industry Charter for Climate Action** of the UNFCCC, HUGO BOSS intends to focus its environmental program increasingly on the suppliers who have the greatest impact on the environment, including CO₂ emissions. The Company's natural capital evaluation has shown that these are primarily suppliers with energy-intensive wet processes.

Chemicals management in production

In fabric and trimmings production, chemicals are used in particular in **wet processes**, such as dyeing, washing, bleaching and tanning. The same applies to finished goods which undergo a dyeing or washing process in their finished condition. If chemicals are released in this process, via wastewater discharges for example, this can affect a number of things including the quality and supply of the water for the people living in the vicinity of the respective production facility. As a means of preventing water pollution, HUGO BOSS has committed itself to ensuring that its suppliers **no longer pollute water** with wet processes by 2030.

HUGO BOSS views **standardized chemicals management** as an important tool for minimizing health and environmental risks in its supply chain. The Company is making its suppliers aware of the issue and has set itself the goal of disclosing the use of hazardous chemical substances in the value chain and continually reducing their use. → **Annual Report 2019, combined non-financial statement, environmental matters**

Since 2017, the Company has been working together with other companies in the apparel industry, as part of the framework of the ZDHC initiative for instance. HUGO BOSS is committed to the ZDHC program and to the use of the ZDHC Chemical Management System (ZDHC CMS) in its supply chains. To ensure successful implementation of the ZDHC CMS, HUGO BOSS aligned a module of the GSCP audit relevant to wet processes with the ZDHC program in 2019. This now enables a **standardized evaluation of chemicals management** at its suppliers, which goes beyond the local regulations.

The basis of the ZDHC program is the **ZDHC Manufacturing Restricted Substances List** (ZDHC MRSL), which specifies limit values for hazardous process chemicals. HUGO BOSS has been using this MRSL in its supply relationships since 2018. For 2020, the Company plans to include the MRSL as an integral part of the contracts with all suppliers that use wet processes. HUGO BOSS has also drawn up a roadmap for reducing non-ZDHC MRSL-compliant chemicals. → **Sustainability Program**

The ZDHC helps suppliers prove their compliance with the MRSL. In addition, suppliers can refer to a ZDHC database to find information on alternative substances that are environmentally less harmful, economically justifiable and comparable to the conventional ones in terms of technical application. HUGO BOSS also supports its suppliers in setting up their own chemicals management using the ZDHC solutions and offers them appropriate training.

Starting in 2020, HUGO BOSS plans to request a **wastewater report** from its strategic suppliers that use wet processes, in accordance with the principles of the ZDHC Wastewater Guideline. In it, they have to prove, on the basis of wastewater tests by certified test laboratories, that no restricted substances were used. Their upstream suppliers must also be involved in this process.

HUGO BOSS uses its own "Restricted Substances List" as well, especially with regard to the safety and quality of its products. The Group uses it to set maximum standards for the chemicals contained in its products, which all suppliers must consistently comply with. → **Products**



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PRODUCTS



61%

of cotton
 from more
 sustainable sources



52%

of leather
 from LWG-certified¹
 suppliers



844t

of cardboard boxes
 reused for shipping

¹ or similar standards.



PRODUCTS – at a glance

HUGO BOSS aspires to develop collections that not only meet customers' high standards in terms of design, quality, longevity and innovation, but also pose no social, health or environmental risks. Accordingly, the Company faces a wide range of challenges in the Products field of action. The aim is to source materials that are as sustainable as possible and to use them in the most resource-friendly way possible. This can be achieved through high-quality products with an increased service life, for example. In order to protect people and the environment, it is also necessary to handle the chemicals used in production in a responsible manner. Last but not least, due to the use of materials of animal origin, animal welfare and biodiversity protection are also of great importance to HUGO BOSS. The Company works together with its stakeholders to find product-related solutions for environmental and climate protection as well as animal welfare. Through this comprehensive approach, the Group is contributing towards the implementation of Sustainable Development Goals 12, 13 and 17.

Management approach

HUGO BOSS products combine premium quality and sophisticated design with social, environmental and health requirements. When developing collections, in addition to qualitative aspects, close attention is therefore paid to **selecting materials that are as sustainable as possible**.

Since 2016, HUGO BOSS has been using the **Natural Capital Protocol of the National Capital Coalition** for the environmental impact assessment of its products based on Life Cycle Assessments. The method is used to convert the main environmental impacts such as CO₂ emissions into monetary values. This improves the comparability of the analysis results. In this context, the causes of climate change are also considered and possibilities for climate-friendly collections are highlighted.

→ group.hugoboss.com

The analyses also laid the foundation for the development of a **holistic sourcing strategy for sustainable materials**. In the reporting year, this strategy was set out in writing with the “HUGO BOSS Material Policy”. On this basis, HUGO BOSS has now formulated clear roadmaps with time targets for the materials most frequently used by the Company, as part of a sustainable materials policy. The document describes the environmental and social aspects of the most frequently used materials throughout the supply chain, explains the specific approach of HUGO BOSS and **specifies criteria for sustainable sourcing and product development**. These range from reliable certifications to recognized partnerships with a focus on sustainability. In the future, all products that meet the requirements of the “**HUGO BOSS Material Policy**”, which means they contain at least 60% more sustainable raw materials, will bear the newly introduced RESPONSIBLE label.

The Company has also made two voluntary commitments to promote a more sustainable approach to cotton and wool: the “**HUGO BOSS Cotton Commitment**” and the “**HUGO BOSS Wool Commitment**” that was published in 2019. Both are used as guidelines for sourcing management.

In the case of animal materials, responsibility for their sustainability also extends to the issue of **animal welfare**. HUGO BOSS has therefore been cooperating with animal welfare organizations for many years. The Company is engaged in intensive dialog with the organization People for the Ethical Treatment of Animals (PETA), along with others. → group.hugoboss.com

With regard to chemicals management and product safety, HUGO BOSS places the **responsible use of chemical substances** at the center of its product policy. In terms of the safety and harmlessness of products, HUGO BOSS requires its suppliers to countersign its list of restricted substances (“HUGO BOSS Restricted Substances List”, RSL) and to comply with its requirements.

HUGO BOSS also pursues the goal of minimizing the environmental impact of its product, sales and logistics packaging. To this end, the Company is gradually increasing the proportion of recycled plastic and paper as well as paper and cardboard with Forest Stewardship Council® (FSC®)⁶ certification.

The Global Sustainability department, the brand and creative teams and the Procurement department are working closely together to continuously increase the proportion of sustainable materials and thus the products in the overall brand portfolio.

⁶ HUGO BOSS' FSC® license code is FSC® N002527.

HUGO BOSS works closely with its stakeholders to **implement its sourcing strategy**. In the area of cotton, HUGO BOSS collaborates with the Better Cotton Initiative (BCI), Yarn Ethically & Sustainably Sourced, Cotton LEADS™ and COTTONFORLIFE, among others. The Company also supports Cotton made in Africa (CmiA), an initiative of the Aid by Trade Foundation. CmiA provides small cotton producers with knowledge about cultivation methods that increase the yield and quality of the cotton while protecting their health and the environment. HUGO BOSS has also been supporting The Egyptian Cotton Project in collaboration with the United Nations Industrial Development Organization from the very beginning. With the aim of always offering its customers **products that are safe and harmless to health**, the Company is involved in the Zero Discharge of Hazardous Chemicals (ZDHC), for instance. In the area of leather, HUGO BOSS is involved with other brand manufacturers as part of the Leather Working Group (LWG), of which the Company has been a member since 2017. In direct dialog with tanneries, leather producers and the chemical industry, the aim is to make continuous improvements in the tanning processes. → **We, Table of cooperations → Partners**

In 2017, HUGO BOSS signed the 2020 Circular Fashion System Commitment of the Global Fashion Agenda and has been integrating the **principles of the circular economy** into its product design processes ever since. In addition, HUGO BOSS intends to further increase the service life of its products in order to conserve resources. → **Sustainability Program**

In 2019, HUGO BOSS further developed its climate strategy. This now includes **targets according to methods of science-based targets** (SBT). In this connection, HUGO BOSS has identified raw materials as an important focus of its work in order to achieve its Scope 3 CO₂ reduction targets. Thanks to many years of in-depth analyses of materials as well as production and sourcing processes, the Company has the key competencies for **designing climate-friendly apparel products**. In 2020, concrete concepts for CO₂ reduction in the area of product development are to be provided accordingly. → **We → Partners**

Furthermore, HUGO BOSS is working together with partners, creatives and start-ups on exceptional materials and processing technologies. For instance, its second vegan sneaker collection made of pineapple leaf fibers was launched during the reporting year in cooperation with Ananas-Anam. In 2019, through another partnership, HUGO BOSS was the first global fashion brand to launch a range of **products made of Olivenleder®**. To manufacture this material, animal skins are processed into high-quality leather using an innovative tanning process with an extract of olive tree leaves. The leaves used in the process are a by-product of the olive harvest. Their exploitation provides an additional source of income for farmers with olive groves. No potentially hazardous substances are used in this vegetable tanning process. This reduces potential negative effects on humans and the environment compared to conventional processes. The leather produced is harmless to health, durable and biodegradable.

HUGO BOSS has set itself the goal of maximizing customer satisfaction and measures the success of its product policy through various means, such as on the basis of progress made in this area. In order to find out how satisfied customers are with its products and services, HUGO BOSS uses its personal customer contacts. The Company also determines **customer satisfaction and brand strength** with proven performance indicators such as the Net Promoter Score (NPS) and the Brand Equity Index. This helps HUGO BOSS recognize changing customer requirements at an early stage and to integrate them into the design of products and services. In the reporting year, the Company implemented the **Customer Voice Program** in its own European retail stores and its own online shop for the real-time collection and evaluation of the NPS. This resulted in an NPS of almost 54% in 2019 across all countries and channels covered. HUGO BOSS aims to roll out the Customer Voice Program to the remaining regions in 2020 and to further improve it in the future with suitable measures. The Company's combined non-financial statement explains in detail what HUGO BOSS is doing with regard to customer satisfaction. → **Annual Report 2019, combined non-financial statement, social matters**

The product management teams also request seasonal market feedback on collection performance from their sales partners. The results of the surveys are used to assess the effectiveness of the brand and product strategy as a whole.

HUGO BOSS has set itself measurable, time-defined goals for the entire Product field of action, which are reported on in the Sustainability Program. → **Sustainability Program**

Responsible use of materials

HUGO BOSS products are made exclusively from materials that meet its customers' high expectations in terms of design, comfort, longevity and fit. Alongside these quality features, **social and environmental aspects** also play an important role in material sourcing.

05|01 Materials used (in t)

	2019	share in %
Cotton	7,838	51
Synthetic fibers	2,531	16
Wool	2,052	13
Leather	1,393	9
Cellulosic fibers	530	3
Rubber	521	3
Polyurethane	265	2
Polyvinylchloride	144	1
Linen	95	1
Silk	76	1
Other	75	0
Total	15,520	100

The **RESPONSIBLE styles** are an integral part of the seasonal collections in the overall brand portfolio. These are products for which HUGO BOSS places a special focus on sustainability during product development. The brand and creative teams focus on the selection of sustainable raw materials, which help to reduce the environmental footprint of the products. The basis for this is the newly developed and implemented **"HUGO BOSS Material Policy"**. In order to make these sustainability features visible to customers, HUGO BOSS uses separate product labels known as RESPONSIBLE hangtags. In the future, the page used to communicate the RESPONSIBLE styles in the online store is to feature a Materials Guide. This presents the materials used as a priority, outlines care instructions for the longevity of the products and provides information on sustainability aspects and certifications. In addition, the subpage will be structured according to the **"Today. Tomorrow. Always."** concept, thus describing the time frame for product-related sustainability activities. In addition, the Company provides regular information about more sustainable product offerings and materials on its Group website and in its online store. → group.hugoboss.com

Environmental footprint of the product portfolio

At HUGO BOSS, cotton accounts by far for the largest proportion of its processed materials. This is followed by synthetic fibers, wool and leather. The fabrics procured by the Company, viewed by weight, are mainly from Europe – many of them are supplied by long-standing partners from Italy.

Based upon the analyses conducted in the **natural capital evaluation** with regard to the HUGO BOSS product portfolio, cotton and leather were identified as being the products that have the greatest impact upon the environment. In order to reduce the environmental impact of cotton cultivation, HUGO BOSS has set targets for sourcing cotton: By the year 2025, 100% of the sourced cotton will come from sustainable sources, in accordance with the criteria defined in the Group's own **"Cotton Commitment"**. In 2019, 61% of the cotton used by HUGO BOSS came from sustainable sources, meaning that the original interim target for 2020 (50%) was already exceeded in 2019. HUGO BOSS uses supplier data to determine how much of the cotton in each case comes from sustainable sources. The Company obtains the data as part of a comprehensive **annual cotton survey** from all its suppliers who process or produce cotton. The following information is requested in this context: Country of origin of the cotton, type of cotton (conventional, BCI, organic, recycled from pre- or post-consumption, CmiA, CottonLEADS™ and others) as well as the corresponding delivery quantities. → **Sustainability Program**

The greatest environmental impacts for leather are a result of water pollution caused by the improper use of chemicals or inadequate wastewater disposal in the tanning process. In order to reduce its environmental footprint in this area, HUGO BOSS has a materials policy and is involved with the LWG. Specifically, by 2022 HUGO BOSS has set itself the target to source 60% of the leather it buys from tanneries that are certified in accordance with LWG or comparable standards. By 2025, this percentage will increase to 100%. → **We, Table of cooperations → Sustainability Program → Annual Report 2019, combined non-financial statement, environmental matters**

Animal welfare and biodiversity protection

HUGO BOSS opposes animal testing and inappropriate animal breeding and husbandry methods. When using materials of animal origin, such as leather, wool and down, the Company complies strictly with recognized **animal welfare and biodiversity protection regulations** such as the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora.

Many aspects have to be considered for the production of sustainable wool: This includes species-appropriate animal husbandry, gentle shearing of the animals and the avoidance of the painful mulesing process, in which the skin around the tail of the sheep is removed to prevent fly infestation. The requirements for the wool used by the Company are set out in the **"HUGO BOSS Wool Commitment"**. The Company has set itself the goal of using only mulesing-free wool in purely woolen knitted products from 2025 onwards. HUGO BOSS has been using completely mulesing-free wool in its pure wool socks since 2010. → **Sustainability Program → group.hugoboss.com**

In the period under review, HUGO BOSS also launched a collection made of wool of traceable origin. The wool meets certified standards with the highest animal welfare requirements such as the ZQ Merino Standard. → **group.hugoboss.com**

In 2019, HUGO BOSS also began a collaboration with the Aid by Trade Foundation to develop The Good Cashmere Standard for the **sourcing of responsibly produced cashmere fibers**. The standard is based on the Five Freedoms concept developed by the Farm Animal Welfare Council to assess the welfare of livestock. It defines animal welfare requirements for goats bred and kept for cashmere production. It also includes social and environmental criteria for responsibly produced cashmere products.

HUGO BOSS only uses selected types of leather and looks for alternative materials that meet the Company's high quality standards. With regard to leather and fur, besides consistently **excluding farmed furs** from its collections, the Company is also committed to only using leather and fur from sheep, goats, cows and buffalo that are a by-product of the food industry. → group.hugoboss.com

Circular Design and longer life

Garments that can be reused and worn longer play an increasingly important role in closing the material cycles and conserving resources. Certain materials may have a different quality to their raw materials due to their general suitability for recycling processes. When using recycled materials, HUGO BOSS ensures that its own quality standards are always met.

HUGO BOSS is committed to the **2020 Circular Fashion System Commitment** and is working on concepts for a circular design. The issue of durability and closed life cycles is becoming increasingly important for HUGO BOSS. The BOSS and HUGO brand products are generally known for their long life. In addition, the Company has given employees from the design, product development and sourcing departments **training on circular design**. Due to the current difficult market conditions for recycled materials, HUGO BOSS is focusing on improving the recyclability of its products and less on using secondary raw materials. In this way, the Company is improving the conditions for a future market with high-quality recycled goods and is thus also making a contribution to the circular economy.

→ group.hugoboss.com

Packaging materials

At HUGO BOSS, packaging is used at various stages in the value chain and for various reasons. Only some of them are visible to the end customer. Transport packaging, such as cardboard boxes and protective garment covers, is used in particular to protect the goods but also to bundle transport and order units. HUGO BOSS also uses product packaging such as shoe boxes, clothes hangers and polybags for optimal handling during transport or presentation in retail stores. In addition, sales packaging, such as carrier bags and gift packaging, is used. The goals that HUGO BOSS pursues in the area of packaging materials can be found in the Sustainability Program. → [Sustainability Program](#)

Packaging design at HUGO BOSS is governed by the principle that the products must remain intact and meet the expectations of a premium brand. At the same time, the Company strives to save materials, use sustainable raw materials and develop reusable solutions. To meet this requirement, the Company developed a **"HUGO BOSS Packaging Guideline"** in the reporting year. In addition to the effects of the various materials, the "Packaging Guideline" sets out objectives. Furthermore, the Company has internal **"Packaging Regulations for Transport"** of hanging garments and flat-packed goods. Besides special delivery regulations, sustainability aspects are also taken into account. For example, they specify what materials the transport packaging should primarily consist of.

HUGO BOSS mainly uses paper and plastic as materials for the various packaging in its supply chain. Metals and natural materials such as cotton play a subordinate role.

05|02 Recycled proportion of packaging

Material	Packaging type	Total weight (in t)	Recycled share (in %)
Paper	Transport cartons	4,094	77
	Product/gift boxes	1,148	10
	Shopping bags	1,107	71
	Other packaging	540	20
	Total paper	6,890	60
Plastic	Polybags & garment covers	405	15
	Hangers	281	30
	Suit bags	258	89
	Other packaging	263	1
	Total plastic	1,207	31
Metal	Hanger hooks	67	26
	Other packaging	22	0
	Total metal	89	19
Natural materials (e.g. cotton, leather)		38	1
Total		8,224	55

In the reporting year, the proportion of non-renewable materials was 16%, with a corresponding proportion of renewable materials of 84%.

Most of the paper used comes from **sustainable forestry**. The sales packaging is made almost exclusively of FSC®-certified paper or, as in the case of the carrier bags, of recycled paper wherever possible. In the area of product packaging, shoe boxes, among other things, were converted to FSC®-certified paper with predominantly recycled content. Overall, the **FSC®-certified** proportion for transport, product and sales packaging is 73%. The use of coatings on packaging is avoided wherever possible. In the reporting year, in the area of transport packaging, almost 844t (2018: 811t) of cardboard boxes that were used for the delivery of finished goods were reused for shipping from German distribution centers. Since 2017, all newly-sourced cardboard boxes that are shipped out of the German distribution centers are also FSC®-certified and consist of 85% recycled material on average. As part of its "Packaging Regulations for Transport", HUGO BOSS also requires that its producers obtain cardboard packaging from sustainable sources and to make the best possible use of the cardboard in order to conserve resources and reduce transport costs. In addition, the cardboard boxes used in online retail were optimized during the reporting year. The cardboard box dimensions have been adapted to the common product sizes, thus reducing the packaging volume, the use of materials and the amount of waste.

HUGO BOSS is increasingly using **recycled materials** for plastic packaging. The polybags used as transport packaging for flat-packed goods are gradually being converted to plastics with 50–100% recycled content, and the protective garment covers used in the Company's own hanging garment warehouse have been made of almost 90% recycled material for some time now. HUGO BOSS is also investigating which transports can be made without protective garment covers. Work is being done to reduce the size of the film for transports that have to be carried out with protective garment covers. The suit bags intended for reuse by the end customer are made of 89% recycled plastic.

In addition, HUGO BOSS has set itself the goal of further increasing the **portion of reused cardboard boxes in logistics**. The Company also intends to expand the existing clothes hanger cycle, in which clothes hangers are either reused or recycled in a closed loop. → **Sustainability Program**

HUGO BOSS also assumes responsibility for resource-friendly packaging at its own locations. For example, the Company has changed the to-go food packaging and drinking straws used at its headquarters to sustainable material made from sugar cane waste.

Chemicals management and product safety

HUGO BOSS is conscious of its **responsibility for the health and safety of the people** who come into contact with its products during the manufacturing process or as customers. The responsible use of chemicals is therefore extremely important in this respect. Transparency plays an important role – also in customer communication. For this reason, the **Materials Guide** planned for 2020 will contain information on chemicals and product safety as well as care instructions.

For many years, HUGO BOSS has endeavored to **exchange information and collaborate with manufacturers and experts** throughout the industry in order to avoid hazardous chemicals in the value chain. Thus, the Company is involved in the ZDHC and uses its management and analysis instruments in its value chain. → **Partners**

The Company also maintains its own RSL with regard to the safety and quality of its products. With this **“HUGO BOSS RSL”**, the Group obliges its suppliers to comply with upper limits for chemicals contained in the products. The RSL is constantly being further developed, also within the framework of the Company’s membership in the **Apparel and Footwear International RSL Management (AFIRM) Group**. The “HUGO BOSS RSL” has satisfied the requirements of the AFIRM RSL since 2018.

HUGO BOSS takes the potential health effects of chemicals in products very seriously. For this reason, the Company has, for example, set itself the goal of intensifying the **exclusion of perfluorinated and polyfluorinated chemicals (PFC)** by 2020. PFCs are used in many consumer products because of their special properties – they are water, grease and dirt repellent as well as chemically and thermally stable. However, they also have a carcinogenic effect, reduce reproductive capacity and are not biodegradable. → **Sustainability Program**

HUGO BOSS arranges for its compliance with its requirements to be verified by accredited institutes by means of **extensive harmful substance tests**. The aim is to minimize the proportion of products that do not conform to market requirements and at the same time ensure that no such products are released for distribution. If abnormalities occur during the tests, a defined escalation process is initiated. All relevant specialist departments are involved, along with the Managing Board in serious cases. In the year 2019, around 3,950 materials were assessed this way ✓ (2018: around 3,050 materials). As part of these assessments, less than 0.5% of the tested products were found to be nonmarket-compliant and therefore were not released for distribution ✓ (2018: less than 0.5%).

In terms of the **labeling of its products**, HUGO BOSS meets the legal requirements. All product labels include details of material composition, country of origin and care instructions as well as the product and supplier number. In the reporting year, there were no penalties imposed due to incorrect labeling.



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SOCIETY



1,018

pupils and students

have received a scholarship since the HUGO BOSS Education Association was founded in Izmir



~1,500

women

have successfully completed the IŞKUR program to return to work



SOCIETY – at a glance

HUGO BOSS' commitment to social welfare is an integral part of its corporate responsibility. With its Corporate Citizenship Strategy, HUGO BOSS also leverages being a role model as a global leading fashion company. It aims to inspire people to succeed and, as the most important prerequisite for this, to give them equal access to high-quality education. HUGO BOSS also aims to improve career prospects, support creative minds and promote cultural diversity. With its commitment in these areas, the Company is making a contribution to Sustainable Development Goal 4.

Management approach

With its **corporate citizenship strategy** based on the SDGs, HUGO BOSS created a clear framework for its social commitment in 2015 and has defined the focal points of its work in the social environment. The strategy is based on the entrepreneurial values of **quality, respect, innovation, passion and cooperation** and aims to promote individual potential for success. Specifically, HUGO BOSS strives to

- support young people in particular in developing their individual potential for success and provides them with access to high-quality education as a basis for personal progress and social participation,
- improve career prospects and creates opportunities for lifelong learning, and
- promote creativity and cultural diversity.

The HUGO BOSS headquarters in Metzingen are responsible for and manage the global corporate citizenship strategy. By 2020, the strategy is to be refined and linked even more closely to the Company's business activities. The local initiatives of HUGO BOSS' social commitment are organized independently by the respective subsidiaries.

With its corporate citizenship strategy, HUGO BOSS focuses on **projects and measures along its own value chain** that benefit local communities. The respective funding purpose is closely related to the Company's own business activities and takes into account the needs of the local people.

HUGO BOSS also relies on the active involvement of local employees. The Company specifically promotes **corporate volunteering** and also counts the time spent on volunteer work in the selected projects as working hours. In 2019, the first joint activities with the Managers without Borders foundation took place in this context, in which HUGO BOSS employees with management experience in local development work were involved as trainers and consultants.

HUGO BOSS also assumes responsibility with regard to current social challenges and provides assistance in special emergency situations. Since 2018, the Company has been cooperating with the United Nations Refugee Agency, the German partner of the United Nations High Commissioner of Refugees (UNHCR), among others, and has been helping people globally in need of emergency assistance with clothing donations. Following preparations in 2018, more than 3,000 items of clothing were donated to help refugees from Venezuela in Ecuador in the reporting year.

In addition to appropriate campaigns, HUGO BOSS also considers it important to provide financial support for **local and global projects and initiatives**. The Managing Board is responsible for the donations and for approving them. In the reporting year, the amount of donations alone totaled EUR 450,347  (2018: EUR 386,283).

Since 2015, HUGO BOSS has been evaluating the success of its commitment using a special methodology for **measuring the impact of corporate citizenship projects**. It is based on the London Benchmark Group model and evaluates the ratio of "input", "output" and "impact" for selected projects. The input is the resources made available, such as time or money. The output is the activities carried out or the number of people reached. The model evaluates the resulting short- or long-term changes for people, organizations or the Company itself as impact. On this basis, HUGO BOSS makes decisions annually with regard to the continuation of the projects and makes any necessary adjustments to the existing commitment.

The Sustainability Program reports on the defined targets in the area of society; information on further initiatives and programs is available on the Group's website. → **Sustainability Program** → group.hugoboss.com

Commitment priorities

School and higher education enables people to lead an autonomous and successful life. In cooperation with recognized partner organizations, HUGO BOSS is therefore committed to **improving access to education**. For example, with the HUGO BOSS Education Association, the Company provides financial support for the professional education of young people in Izmir. In 2019, a total of 117 pupils and students received support in the form of a stipend. As part of the program, they also have a volunteer mentor who supports them with issues in the social environment. → **Sustainability Program**

HUGO BOSS is also committed to **promoting professional development**. Therefore, the Company launched a new partnership with the Central Saint Martins Art and Design College, part of the University of the Arts in London, during the reporting year. In this context, a scholarship program will help young talents on their way into the fashion world of tomorrow. At its largest production facility in Izmir, HUGO BOSS also offers a program for women to return to work, in collaboration with the local employment agency IŞKUR. → **Sustainability Program**

With its Corporate Citizenship Strategy, HUGO BOSS also aims to **promote creativity and contemporary art**. The Company specifically creates opportunities for encounters with art and individual creativity development. Its international cultural sponsorship program supports exhibitions, art projects and individual artists, for example. In the reporting year, the Company, together with the Rockbund Art Museum in Shanghai, presented the **HUGO BOSS ASIA ART Award** to up-and-coming young artists from the Asian region for the fourth time. Since 2016, the Company has been a sponsor of the HUGO BOSS Creative Workshop in the Staatsgalerie Stuttgart, which promotes a place for artistic creation and experimentation for children, young people and adults.

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APPENDIX

SUSTAINABILITY PROGRAM

Today. Tomorrow. Always.

The Company looks at sustainability as a journey that it embarked on a long time ago. HUGO BOSS addresses the many challenges along this journey through **ambitious goals and effective measures**, which it summarizes in the annual publication of its Sustainability Program. As part of its strategy work, the Company has completely revised its Sustainability Program in 2019 and has summarized its activities and goals in the individual fields of action under the concept **“Today. Tomorrow. Always.”**. The new program shows that sustainability is a continuous process within the Company, which is constantly evolving and is firmly anchored in its business activities.

Today. Milestones achieved in the current reporting year as well as initiatives and programs implemented to strengthen sustainability in the corresponding field of action

Tomorrow. Medium and long-term objectives in the corresponding field of action, along with their time frame and implementation status

Always. Continuous efforts and commitments in the corresponding field of action, which form the basis of sustainability management



WE

Sustainability is an integral part of business operations at HUGO BOSS. The aim of the Company's sustainability activities is to ensure its long-term success through **continuous improvement and anticipatory management** of environmental, social and economic opportunities and risks. With the development and implementation of its sustainability strategy, HUGO BOSS relies upon **dialog and collaboration with its stakeholders**.

Today.

In 2019

- the materiality analysis was updated and new, ambitious targets were defined for the fields of action.
 - the topic of climate protection was given greater focus through a newly developed climate strategy.
 - the Company published its own sustainability channel on the intranet to keep employees up to date on sustainability issues.
 - HUGO BOSS organized its fourth stakeholder dialog with internal and external stakeholders.
 - HUGO BOSS was included in the Dow Jones Sustainability Index for the third consecutive time.
 - HUGO BOSS was once again a member of the FTSE4GOOD.
-

Tomorrow.

The We field of action forms the overarching strategic framework for the Company's sustainability activities and for the other fields of action (Environment, Employees, Partners, Products and Society). Therefore, HUGO BOSS does not define any **specific sustainability goals** under We. The Company's goals are detailed under the individual fields of action on the following pages.

Always.

- HUGO BOSS is committed to **free and fair competition** and respects competition and antitrust laws and regulations.
 - HUGO BOSS does not accept or tolerate any form of corruption (such as bribery) or other corrupting behavior.
 - HUGO BOSS assumes **responsibility for ethical corporate management** and considers it a matter of course that the payment of corporate tax is not only made in accordance with applicable laws, but is also ethically justifiable.
 - HUGO BOSS proactively and responsibly manages the risks and opportunities associated with sustainability.
 - HUGO BOSS maintains **active and regular dialog with its stakeholders** and ensures that the concerns of stakeholders are incorporated into the sustainability strategy.
-



ENVIRONMENT

HUGO BOSS is committed to the **introduction and further development of environmentally and climate-friendly processes** and takes appropriate measures to improve the environmental footprint of its own locations, production facilities and stores as well as the entire logistics chain. In this context, the **careful use of natural resources** is just as important as the avoidance and recycling of waste and the reduction of CO₂ emissions.

Today.

In 2019

- absolute energy consumption was reduced by about 5% compared with 2018, in particular by **switching to LED lighting** in some buildings globally.
- CO₂ emissions were reduced by 18%.
- more than half of the electricity consumed within the Group came from **renewable energy sources**.
- the Company’s **own photovoltaic systems** generated 847 MWh of electricity in total.
- within the framework of the climate strategy of the United Nations Framework Convention on Climate Change (UNFCCC), **scientifically based targets** (in accordance with the methodology of science-based targets) for the reduction of CO₂ emissions were defined.

Tomorrow.

SDG	Target year	Target	Status quo
13	2050	Climate neutrality in the entire value chain	
	2030	Reduction of CO ₂ emissions along the entire value chain compared with the base year 2018:	
		– Reduction of CO ₂ emissions (Scope 1+2) by at least 51%	Reduction of 24%
		– Reduction of CO ₂ emissions (Scope 3) by 30%	Reduction of emissions in inbound logistics of 12%
		– Reduction of energy consumption (direct and indirect) in relation to area (m ²) by 20%	Reduction of 8%
6	2025	Reduction of own water consumption (externally sourced water) in relation to Group sales by 40% compared with the base year 2016	Reduction of 17%
12	2020	Reduction of waste volume in the production facilities in Izmir by 3% compared with the base year 2019	Target update to follow in 2020

Always.

- HUGO BOSS is constantly working to minimize the **environmental impact of its own business activities**.
 - HUGO BOSS operates a **comprehensive environmental management** system and in its “Environmental Commitment” it defines the principles of environmental protection for all relevant business areas.
 - HUGO BOSS ensures that the construction of new buildings or the renovation of existing company buildings includes **sustainability criteria** and strives to achieve sustainability certification for new buildings.
 - HUGO BOSS endeavors to use new innovative technologies wherever possible and in an economically viable manner in order to further **reduce the consumption of resources**.
 - HUGO BOSS strives to continuously **reduce waste volumes in production** and, where this is not possible, to adequately recycle and reuse the waste.
-



EMPLOYEES

HUGO BOSS assumes **responsibility for the well-being of its employees** and promotes a corporate culture of mutual appreciation and respect. The Company is committed to equal opportunities, helps employees to reconcile their private and professional lives, offers very good development opportunities and ensures safe, healthy workplaces. HUGO BOSS aims to inspire its employees every single day, motivate them with challenging and varied tasks, and retain their loyalty.

Today.

In 2019

- the jobs in the Company were evaluated using a **job grading system** with clearly defined criteria and were transparently summarized in job profiles.
- the Company introduced the **Performance & Development Dialog**, which enables a holistic assessment of employees' potential and performance and relies on open dialog.
- HUGO BOSS began the **construction of its own children's day care center** at the Metzingen location.
- the **Women's Empowerment Principles** were signed at the Izmir site.
- HUGO BOSS was awarded the following prizes: first place in the Corporate Health Award in the "Consumer Goods" category, the Brandon Hall Group Gold Award for "Best Benefits, Wellness and Wellbeing Program" (Izmir), and the Bronze Stevie Award for "Achievements in Workplace Health & Wellbeing" (Izmir).

Tomorrow.

SDG	Target year	Target	Status quo
	2025	Increase in employee satisfaction to 75% in the Great Place to Work® survey	70%
		Reduction of employee-specific fluctuation (departures): < 8% in the Corporate area < 30% in the Retail area	9% in the Corporate area 34% in the Retail area
		75% of vacancies for the two top management levels to be filled with internal candidates Milestone by 2022: 70%	First target update to follow in 2020
	2025	Reduction of occupational and industrial accidents by 10% at the headquarters in Metzingen compared with the base year 2019	First target update to follow in 2020
	2025	Reduction of the Lost time injury frequency rate (LTIFR) by 5% compared with the base year 2019	First target update to follow in 2020

Always.

- HUGO BOSS is fully committed to **respecting human rights** throughout its entire value chain.
 - The Company undertakes to comply with the **“HUGO BOSS Social Standards”**, which set out fundamental rights to protect workers (such as humane working conditions).
 - HUGO BOSS is committed to improving **equal pay regardless of diversity factors** and also wants to ensure fair and market-based remuneration on a global level.
 - For HUGO BOSS, the **diversity of its employees** is a natural element of its corporate culture and a living reality. In particular, the proportion of women in upper management levels is to be continuously improved.
 - HUGO BOSS is committed to **strengthening the physical and mental health** of all employees in accordance with its “Health & Safety Commitment”, through various measures.
 - HUGO BOSS attaches great importance to **equal opportunities** and promotes this, among other things, by providing access to flexible working models throughout the entire Group.
 - The Company is committed to the **continuous training of its employees** and offers a wide range of training opportunities, both at its headquarters and in the retail area.
-



PARTNERS

In addition to manufacturing at HUGO BOSS’ own production sites, the Company sources finished goods as well as fabrics and trimmings from numerous suppliers globally. As their customer, HUGO BOSS assumes **co-responsibility for the well-being of their employees** and the protection of the environment in the sourcing countries. The basis for cooperation is therefore respect for human rights and compliance with internationally recognized environmental and social standards, which are reviewed in regular audits.

Today.

In 2019

- the **“HUGO BOSS Social Standards”** (“HUGO BOSS Supplier Code of Conduct”) were extensively revised in order to provide even clearer guidelines, particularly on environmental issues.
- 93 production facilities were examined in **social audits**; the number of corresponding audits was 119.
- HUGO BOSS was one of the first companies to publish its own supplier data on the **Open Apparel Registry** platform.
- the Company revised its own **environmental program** (based on the Global Social Compliance Program), paying special attention to wastewater and chemicals management for suppliers with wet processes.

Tomorrow.

SDG	Target year	Target	Status quo
	2025	Sourcing of all goods from finished goods suppliers (including the company’s own production sites) who achieve a result of “satisfying” or better in the social audits Milestone by 2022: 95%	93%
	2025	All fabrics and trimmings suppliers with a direct contractual relationship with HUGO BOSS are integrated into the HUGO BOSS Social Compliance Program	10%
	2025	All suppliers with a high environmental impact comply with national environmental legislation and: – contribute towards the implementation of the Zero Discharge of Hazardous Chemicals (ZDHC) standards – support the UNFCCC Fashion Industry Charter for Climate Action	24%
	2020	All suppliers with a direct contractual relationship with HUGO BOSS are committed to implementing the ZDHC Manufacturing Restricted Substances List (MRSL) in their own production facilities and at their upstream suppliers	91%
	2025	All finished goods suppliers have an appropriate control system for their supply chain Milestone by 2020: All strategic finished goods suppliers	66% of strategic suppliers
	2030	All suppliers with wet processes produce in compliance with the ZDHC MRSL standards Milestone by 2025: All strategic finished goods suppliers with wet processes	First target update to follow in 2020

Always.

- HUGO BOSS is fully committed to **respecting human rights** throughout its entire value chain.
 - The Company obliges its suppliers to comply with the **“HUGO BOSS Social Standards”**, which regulate the observance and improvement of social matters both within the Company and in the supply chain.
 - As a customer, HUGO BOSS assumes joint responsibility for ensuring that all the workers in its supply chain work in a **safe and healthy working environment**. A constant and obvious goal of the Company is for no fatal accidents to occur in its supply chain.
 - HUGO BOSS is committed to improving **compensation standards within the global supply chain**.
 - HUGO BOSS works closely and in good faith with its suppliers, and focuses on **dialog and joint development**. For example, the Company organizes training sessions for all finished goods suppliers on focus topics relating to the sustainable supply chain.
 - HUGO BOSS undertakes to **comply with the MRSL of the ZDHC** throughout the entire supply chain.
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PRODUCTS

HUGO BOSS aspires to develop collections that not only meet customers’ high standards in terms of design, quality, longevity and innovation, but also pose **no social, health or environmental risks**. HUGO BOSS therefore gives high priority to manufacturing processes that conserve resources as much as possible, the responsible use of chemicals in production, animal welfare and biodiversity protection.

Today.

In 2019

- the comprehensive **“HUGO BOSS Material Policy”** was developed and introduced, setting standards for the use of sustainable materials.
- the Company launched its second **vegan sneaker collection** made of pineapple leaf fibers (Pinatex®), a range of **products made of Olivenleder®**, as well as its first Traceable Wool capsule (including the ZQ Merino Standard).
- HUGO BOSS began to collaborate with **Cotton Made in Africa** and with **The Good Cashmere Standard**.
- 844t of cardboard were reused in logistics.
- HUGO BOSS Australia received the Australian Packaging Covenant Organization Award for a more **sustainable approach to packaging**.

Tomorrow.

SDG	Target year	Target	Status quo
	2025	Use of 100% sustainably sourced cotton in accordance with the criteria of the “HUGO BOSS Cotton Commitment”	61% (the interim target of 50% by 2020 has already been exceeded)
	2025	Use of 100% mulesing-free wool in purely woolen knitted products	98% (the interim target of 90% by 2020 has already been exceeded)
	2025	100% of the leather used is to come from tanneries certified by the Leather Working Group or a similar standard Milestone by 2022: 60%	52%
	2025	Use of at least 50% recycled synthetic fibers	First target update to follow in 2020
	2020	Definition of circular design principles which form the basis of all product line developments starting with the spring/summer collection 2020	60%
	2020	Regular training sessions concerning the topic of circularity, recycling and the use of sustainable materials for all employees in the design, production and procurement departments	70%

SDG	Target year	Target	Status quo
12 ∞	2020	Setting up of an extensive digital media library for materials and textile fibers as well as dyeing, treatment and refinement processes, which facilitate recycling and circularity	30%
12 ∞	2020	Provision of detailed information for customers to support adequate product care to ensure its longevity	70%
12 ∞	2022	Increase in reused transport packaging in inbound logistics by 3% compared with the base year 2019	844t of reused cardboard
12 ∞	2025	Reduction of single-use plastic used in packaging by 10% compared with the base year 2019	First target update to follow in 2020
12 ∞	2025	100% of plastic packaging is made of recycled or other sustainably sourced material	31%
12 ∞	2025	Reduction of packaging paper by 5% compared with the base year 2019	First target update to follow in 2020
12 ∞	2025	100% of the packaging paper comes from sustainably managed forests and/or is made of recycled material	82%
12 ∞	2025	> 80% of the packaging paper comes from recycled material	60%
12 ∞	2025	Reduction of metal in packaging by 30% compared with the base year 2019	First target update to follow in 2020

Always.

- HUGO BOSS ensures that its products can be used over a **long period of time** by using selected materials and high-quality workmanship.
- HUGO BOSS strives to continuously increase the **proportion of sustainable products** in its collections and regularly launch innovative and sustainable product solutions.
- HUGO BOSS recognizes its particular responsibility for **animal welfare** and is opposed to animal testing as well as animal breeding and husbandry methods that are not appropriate to the species.
- HUGO BOSS excludes the use of down obtained through live plucking and force feeding.
- HUGO BOSS does not use **farmed fur**.
- HUGO BOSS does not use **angora wool**.
- HUGO BOSS only uses leather that is a **by-product of the food industry** and does not use exotic types of leather.
- HUGO BOSS ensures that all of the Company's products that reach the market meet **international standards in the area of chemicals**.
- As a signatory to the **2020 Circular Fashion System Commitment**, HUGO BOSS is committed to promoting closed material cycles in the textile industry.
- All the product packaging used should be **reduced to the absolute minimum** required to bring the products to the customer intact and in line with the brand's premium claim.



SOCIETY

HUGO BOSS' commitment to **social welfare** is an integral part of its corporate responsibility. With its corporate citizenship strategy, HUGO BOSS also leverages being a role model as a global leading fashion company. The focus is directed towards supporting and promoting educational opportunities for young people, as well as the Company's commitment to further education opportunities.

Today.

In 2019

- the **total amount of donations** was EUR 450,347.
- more than 3,000 items of clothing were donated to refugees from Venezuela in Ecuador.
- 117 schoolchildren and students received support in the form of a **scholarship** from the HUGO BOSS Education Association in Izmir.
- 45 women were supported at the Izmir location in cooperation with the local employment agency IŞKUR in Izmir to enable them to **return to work**.

Tomorrow.

SDG	Target year	Target	Status quo
 4	2025	Reaching 2,100 women from a weak economic background with training in the IŞKUR project	1,479 women
 4	2025	Reaching 1,400 children through the HUGO BOSS Education Association	1,018 children

Always.

- HUGO BOSS is particularly interested in promoting prospects and supporting **high-quality education for children** at a global and local level through long-term partnerships.
- HUGO BOSS is committed to providing **professional training** at a local level to strengthen the skilled workforce in the fashion segment.
- HUGO BOSS is committed to helping young people develop their **potential for success** and also supports young artists.
- HUGO BOSS assumes its **responsibility in the global textile supply chain** and is actively involved in dedicated programs to strengthen vulnerable groups.
- HUGO BOSS sees itself as a **part of society** and, in crisis situations, always looks at ways in which the Group can provide support.

FURTHER KEY FIGURES AND INFORMATION

Environment

Indirect greenhouse gas emissions (location-based approach) (in t CO₂)

	2019	2018	2017
Scope 2 Indirect energy consumption	39,544	43,470	47,458

Water consumption by source (full scope) (in m³)

	2019	2018	2017	2016
Internally sourced	23,681	22,399	15,684	7,376
Externally sourced	183,177	202,500	200,913	199,934
Total	206,858	224,899	216,597	207,310

Waste volumes by type (full scope)¹ (in t)

	2019	2018	2017	2016
Solid waste	6,821	6,062	5,605	5,746
Unsolid waste	40	39	33	31
Total	6,861	6,101	5,638	5,777
Recycling amount of solid waste	4,269	3,953	3,661	3,762

¹ Waste volumes of extraordinary activities (for example conversion work) as are not considered. The recycling volume consists of the waste volume from recycling and reuse.

Locations with certified ISO management systems¹

Subsidiary	Sites	Country	Management system standard	Certified since
HUGO BOSS AG	Headquarters Metzingen	Germany	ISO 50001 ISO 9001	2012 1999
HUGO BOSS AG	Own retail stores	Germany and Austria	ISO 50001	2016
HUGO BOSS AG	Distribution Center Filderstadt	Germany	ISO 50001	2014
HUGO BOSS AG	Distribution Center Metzingen	Germany	ISO 50001	2012
HUGO BOSS AG	Distribution Center Wendlingen	Germany	ISO 50001	2012
HUGO BOSS AG	Warehouse Raw Material Metzingen	Germany	ISO 50001	2012
HUGO BOSS AG	Warehouse Bad Urach	Germany	ISO 50001	2012
HUGO BOSS AG	Outlet Metzingen	Germany	ISO 50001	2012
HUGO BOSS AG	Showroom Düsseldorf	Germany	ISO 50001	2016
HUGO BOSS AG (Austria)	Showroom Salzburg	Austria	ISO 50001	2016
HUGO BOSS AG (Switzerland)	Headquarters Zug and own retail stores	Switzerland	ISO 50001	2017
HUGO BOSS Belgium Retail B.V.B.A.	Own retail stores	Belgium	ISO 50001	2017
HUGO BOSS Benelux B.V. y CIA, S.C.	Own retail stores	Spain	ISO 50001	2017
HUGO BOSS Benelux Retail B.V.	Own retail stores	Netherlands and Luxembourg	ISO 50001 ISO 50001	2017 2019
HUGO BOSS Finland Oy	Own retail stores	Finland	ISO 50001	2017
HUGO BOSS France SAS	Headquarters Paris and own retail stores	France	ISO 50001	2017
HUGO BOSS Hellas LLC	Own retail stores	Greece	ISO 50001	2017
HUGO BOSS International Markets AG Branch Poland	Own retail stores	Poland	ISO 50001	2017
HUGO BOSS Ireland Ltd.	Own retail stores	Ireland	ISO 50001	2017
HUGO BOSS Italia S.p.A.	Own retail stores	Italy	ISO 50001	2017
HUGO BOSS Magazacilik Ltd. Sti.	Own retail stores	Turkey	ISO 50001	2017
HUGO BOSS Nordic ApS	Own retail stores	Denmark	ISO 50001	2017
HUGO BOSS Portugal & Companhia	Own retail stores	Portugal	ISO 50001	2017
HUGO BOSS Rus LLC	Own retail stores	Russia	ISO 50001	2017
HUGO BOSS Scandinavia AB	Own retail stores	Sweden	ISO 50001	2017
HUGO BOSS Scandinavia NUF Branch Norway	Own retail stores	Norway	ISO 50001	2017
HUGO BOSS Shoes & Accessories Italia S.p.A.	Production Morrovalle	Italy	ISO 14001 ISO 45001	2015 2018
HUGO BOSS Shoes & Accessories Poland Sp. Z o.o.	Production Radom	Poland	ISO 14001	2017
HUGO BOSS Textile Industry Ltd.	Production Izmir	Turkey	ISO 14001 ISO 50001	2014 2014
HUGO BOSS Ticino S.A.	Headquarters Coldrerio	Switzerland	ISO 50001	2015
HUGO BOSS UK Ltd.	Headquarters London and own retail stores	United Kingdom	ISO 50001	2017

¹ The coverage of HUGO BOSS locations with an ISO-certification is at around 75% (calculation in relation to buildingarea).

Employees

Employees by category and region (headcount) ✓

	Management	Commercial employees	Industrial employees	Apprentices	Temporary workers
Europe	1,220	6,365	4,322	117	1,076
Americas	242	1,505	105	1	359
Asia/Pacific	412	1,622	73	0	141
Total	1,874	9,492	4,500	118	1,576

Employees by age and employee category (in %) ✓

	< 30	30 ≤ - < 40	40 ≤ - < 50	≥ 50
Management	7	44	34	16
Commercial employees	36	36	17	11
Industrial employees	21	40	26	13
Apprentices	97	3	0	0
Temporary workers	74	11	7	8
Total	33	35	20	12

Termination by reason and region¹ (headcount) ✓

	Europe	Americas	Asia/Pacific	Total
Employee specific	1,815	778	509	3,102
Employer specific	1,014	191	138	1,343
Redundancy	6	24	7	37
Retirement	96	2	0	98
Death, emigration	12	3	1	16
Termination (total)	2,943	998	655	4,596

¹ Data without apprentices, interns, diploma students, agency staff.

Termination by gender and region¹ (headcount) ✓

	women	men
Europe	1,617	1,326
Americas	443	555
Asia/Pacific	406	249
Total	2,466	2,130

¹ Data without apprentices, interns, diploma students, agency staff.

Termination by age and region¹ (headcount) ✓

	< 30	30 ≤ - < 40	40 ≤ - < 50	≥ 50
Europe	1,636	873	306	128
Americas	557	244	111	86
Asia/Pacific	289	273	74	19
Total	2,482	1,390	491	233

¹ Data without apprentices, interns, diploma students, agency staff.

Products

Total weight of plastic packaging¹ (in t)

	2019	2018	2017	2016
Total weight	1,207	1,283	1,315	1,315

¹ The 2016 to 2018 year's figures have been adjusted due to a change in the data calculation method.

MATERIAL SUSTAINABILITY TOPICS AND GRI ASPECTS

Strategic intensity	Sustainability topic	Allocated GRI aspect	Significant impact		
			Inside the company	Outside the company	Inside and outside the company
High strategic intensity	Climate protection (in production)	302: Energy, 305: Emissions			HB, suppliers
		307: Environmental compliance, 308: Supplier environmental assessment			HB, suppliers
	Occupational health and safety (in production)	403: Occupational health and safety			HB, suppliers
		414: Supplier social assessment			HB, suppliers
	Human rights and labor standards (in production)	401: Employment, 402: Labor/Management relations, 405: Diversity and equal opportunity, 406: Non-discrimination, 407: Freedom of association and collective bargaining, 408: Child labor, 409: Forced or compulsory labor, 412: Human rights assessment			HB, suppliers
		414: Supplier social assessment, 419: Socioeconomic compliance			HB, suppliers
Sustainable materials and responsible sourcing	301: Materials			HB, suppliers	
Medium strategic intensity	Climate protection (in administration, retail and logistics)	302: Energy, 305: Emissions	HB		
	Waste reduction and recycling (in administration, retail and logistics)	306: Wastewater and waste	HB		
	Responsible handling of chemicals (in production)	306: Wastewater and waste	HB		
		308: Supplier environmental assessment, 416: Customer health and safety			HB, suppliers, consumers
	Animal welfare	301: Materials			HB, suppliers
	Extension of the product life cycle and closure of the cycle	301: Materials			HB, suppliers
	Governance and compliance	201: Economic performance, 205: Anti-corruption, 206: Anti-competitive behavior, 307: Environmental compliance, 415: Public policy, 416: Customer health and safety, 419: Socioeconomic compliance			HB, suppliers
	Data protection and information security	417: Marketing and labeling, 418: Customer privacy			HB, suppliers, consumers
Avoidance of corruption and anti-competitive behavior	206: Anti-competitive behavior, 419: Socioeconomic compliance			HB, suppliers	

Strategic intensity	Sustainability topic	Allocated GRI aspect	Significant impact		
			Inside the company	Outside the company	Inside and outside the company
Low strategic intensity	Human rights and labor standards (in administration, retail and logistics)	401: Employment, 402: Labor/Management relations, 405: Diversity and equal opportunity, 406: Non-discrimination, 407: Freedom of association and collective bargaining, 408: Child labor, 409: Forced or compulsory labor, 412: Human rights assessment	HB		
	Occupational health and safety (in administration, retail and logistics)	403: Occupational health and safety	HB		
	Employer attractiveness	401: Employment, 404: Training and education, 405: Diversity and equal opportunity, 406: Non-discrimination	HB		
	Social commitment	413: Local communities			HB, suppliers
	Product safety	416: Customer health and safety, 417: Marketing and labeling, 419: Socioeconomic compliance			HB, consumers
	Environmentally friendly care of the products	417: Marketing and labeling			HB, consumers
	Waste reduction and recycling in production (in production)	301: Materials			HB, suppliers
		307: Environmental compliance, 308: Supplier environmental assessment		suppliers	
	Reduction of water consumption (in production)	303: Water			HB, consumers
		307: Environmental compliance, 308: Supplier environmental assessment		suppliers	
Ethically correct payment of corporate taxes	201: Economic Performance, 419: Socioeconomic compliance	HB			

GRI CONTENT INDEX

The HUGO BOSS Sustainability Report 2019 was prepared on the basis of the guidelines of the Global Reporting Initiative (GRI) in the version GRI Standards including the “GRI Apparel and Footwear Sector Supplement”. The selection of the general and specific standard disclosures to be reported is based on the materiality analysis which was comprehensively updated in 2019. Selected disclosures were subject to an external audit.

GRI 102 General standard disclosures

		Page	Omissions	External audit
Organizational profile				
GRI 102-1	Name of the company	5		
GRI 102-2	Activities, brands, products, and services	7		
GRI 102-3	Location of headquarters	7		
GRI 102-4	Location of operations	7		
GRI 102-5	Ownership and legal form	5, AR 18		
GRI 102-6	Markets served	7		
GRI 102-7	Scale of the organization	7		
GRI 102-8	Information on employees and other workers	33–35, 77	Details about the employee structure by contract type and employment type are not available.	✔
GRI 102-9	Supply chain	7, 42		
GRI 102-10	Significant changes to the organization and its supply chain		In the reporting year, no significant changes occurred.	
GRI 102-11	Precautionary Principle or approach	13–15		
GRI 102-12	External initiatives	19–21		
GRI 102-13	Membership of associations	17–21		
Strategy				
GRI 102-14	Statement from senior decision-maker	3		
GRI 102-15	Key impacts, risks and opportunities	14, AR 83 ff.		
Ethics and integrity				
GRI 102-16	Values, principles, standards, and norms of behavior	13–15		
GRI 102-17	Mechanisms for advice and concerns about ethics	13–16		

GRI 102 General standard disclosures

		Page	Omissions	External audit
Governance structure				
GRI 102-18	Governance structure	10, AR 105 ff.		
GRI 102-19	Delegating authority	9–10		
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	9–10		
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	10, 17–18		
GRI 102-22	Composition of the highest governance body and its committees	AR 105 ff.		
GRI 102-23	Chair of the highest governance body	10, AR 10		
GRI 102-24	Nominating and selecting the highest governance body	AR 105 ff.		
GRI 102-25	Conflicts of interest	10, 17		
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	10		
GRI 102-27	Collective knowledge of highest governance body	10		
GRI 102-28	Evaluating the highest governance body's performance	AR 105 ff.		
GRI 102-29	Identifying and managing economic, environmental, and social impacts	11–13		
GRI 102-30	Effectiveness of risk management processes	13–14		
GRI 102-31	Review of economic, environmental, and social topics	10		
GRI 102-32	Highest governance body's role in sustainability reporting	5		
GRI 102-33	Communicating critical concerns	10		
GRI 102-34	Nature and total number of critical concerns	15–16, AR 105 ff.		
GRI 102-35	Remuneration policies	AR 105 ff.		
GRI 102-36	Process for determining remuneration	AR 105 ff.		
GRI 102-37	Stakeholders' involvement in remuneration		During the general debate at the HUGO BOSS Annual Shareholders' Meeting 2019, a question was asked about the remuneration of the Supervisory Board.	
Stakeholder engagement				
GRI 102-40	List of stakeholder groups	17		
GRI 102-41	Collective bargaining agreements	33		
GRI 102-42	Identifying and selecting stakeholders	17–18		
GRI 102-43	Approach to stakeholder engagement	17–18		
GRI 102-44	Key topics and concerns raised	17–18		
Reporting practice				
GRI 102-45	Entities included in the consolidated financial statement	5		
GRI 102-46	Defining report content and topic boundaries	11–12		
GRI 102-47	List of material topics	79–80		
GRI 102-48	Restatements of information	5		
GRI 102-49	Changes in reporting	5		
GRI 102-50	Reporting period	5		
GRI 102-51	Date of most recent report	5		
GRI 102-52	Reporting cycle	5		
GRI 102-53	Contact point for questions regarding the report	91		
GRI 102-54	Claims of reporting in accordance to the GRI Standards	5, 81		
GRI 102-55	GRI content index	81–86		
GRI 102-56	External assurance	87–89		

Specific standard disclosures				External audit
		Page	Omissions	
Economy				
GRI 201 Economic performance				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	9–10		
GRI 201-1	Economic value generated and distributed	7, AR 128 ff.		
GRI 201-2	Financial implications and other risks and opportunities due to climate change	AR 88 f.		
GRI 201-3	Defined benefit plan obligations and other retirement plans	AR 127 ff.		
GRI 201-4	Financial assistance received from government		The Company has not received significant grants and subsidies during the reporting year.	
GRI 204 Procurement Practice				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	42–45		
GRI 204-1	Proportion of spending on local suppliers	42–45	Data regarding the proportion of spending on local suppliers are not available. When comparable, HUGO BOSS gives preference to local sourcing offers.	
GRI 205 Anti-Corruption				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	13–16		
GRI 205-1	Operations assessed for risks related to corruption	16		
GRI 205-2	Communication and training about anti-corruption policies and procedures	13–16, 18		
GRI 205-3	Confirmed incidents of corruption and actions taken	16		✓
GRI 206 Anti-competitive Behavior				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	13–16		
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	16		✓
Environment				
GRI 301 Materials				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	53–55		
GRI 301-1	Materials used by weight or volume	55, 58		
GRI 301-2	Recycled input materials used	58	Detailed figures on the percentage of the recycled input materials for the primary products are not available. HUGO BOSS reports on the use of recycled packaging materials in the corresponding chapter.	
GRI 302 Energy				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	23–24		
GRI 302-1	Energy consumption within the organization	25	Figures on the fuel consumption are not available. HUGO BOSS discloses energy consumption in the unit megawatt hour (MWh). One megawatt hour corresponds to 3.6 gigajoules (GJ).	✓
GRI 302-3	Energy intensity	26		✓
GRI 302-4	Reduction of energy consumption	24–26		
GRI 303 Water				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	23–24		
GRI 303-1	Water withdrawal by source	28, 75		✓

Specific standard disclosures

		Page	Omissions	External audit
GRI 305 Emissions				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	23–24		
GRI 305-1	Direct (Scope 1) GHG emissions	26		✓
GRI 305-2	Energy indirect (Scope 2) GHG emissions	26, 75		✓
GRI 305-3	Other indirect (Scope 3) GHG emissions	26–28		✓
GRI 305-5	Reduction of GHG emissions	27		
GRI 306 Effluents and Waste				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	23–24		
GRI 306-1	Water discharge by quality and destination	29	Detailed figures on the water discharge such as quality of the water and treatment method are currently not available.	✓
GRI 306-2	Waste by type and disposal method	29–30, 75		✓
GRI 306-3	Significant spills		No significant spills in the reporting year.	
GRI 307 Environmental Compliance				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	23–24		
GRI 307-1	Non-compliance with environmental laws and regulations		In the reporting year, the Group did not incur any penalties as a result of environmental violations.	
GRI 308 Supplier Environmental Assessment				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	42–45, 49		
GRI 308-1	New suppliers that were screened using environmental criteria	43, 49–50		
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	49–51		
Social				
GRI 401 Employment				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	32–33		
GRI 401-1	New employee hires and employee turnover	33–35, 77	Detailed figures on new employee hires and employee turnover split by gender and age are currently not available.	✓
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	37–38		
GRI 402 Labor/Management Relations				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	32–33		
GRI 402-1	Minimum notice periods regarding operational changes		HUGO BOSS complies with all legal regulations on notice periods.	
GRI 403 Occupational Health and Safety				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	32–33		
GRI 403-1	Workers representation in formal joint management–worker health and safety committees	39–40	Figures on the percentage of the total represented workforce are currently not available.	
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	39–40	As in previous years, there were no fatal accidents in the year under review.	✓

Specific standard disclosures				
		Page	Omissions	External audit
GRI 404 Training and Education				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	32–33		
GRI 404-1	Average hours of training per year per employee	37	Figures on average training hours split by gender and employee category are currently not available.	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	37		
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	36	Figures on employees receiving reviews split by gender and employee category are currently not available.	
GRI 405 Diversity and Equal Opportunity				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	32–33		
GRI 405-1	Diversity of governance bodies and employees	35, 77	Statements about minorities are not applicable for HUGO BOSS, because the Company does not consider anybody as such.	✓
GRI 405-2	Ratio of basic salary and remuneration of women to men	38	HUGO BOSS pays women and men equally. The remuneration is based on the performance and qualification of the employees.	
GRI 406 Non-discrimination				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	13–15, 32–33, 42–45		
GRI 406-1	Incidents of discrimination and corrective actions taken	38, 47		✓
GRI 407 Freedom of Association and Collective Bargaining				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	13–15, 32–33, 42–45		
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	45–48		✓
GRI 408 Child Labor				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	13–15, 32–33, 42–45		
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	45–48		✓
GRI 409 Forced or Compulsory Labor				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	13–15, 32–33, 42–45		
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	45–48		✓
GRI 412 Human Rights Assessment				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	13–15, 32–33, 42–45		
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	45–48		✓
GRI 412-2	Employee training on human rights policies or procedures	16, 18, 37–38	HUGO BOSS reports on training on human rights in the relevant chapters. Detailed figures such as the number of hours and percentage of employees trained are not currently available.	
GRI 413 Local communities				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	61–62		
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	62		
GRI 413-2	Operations with significant actual and potential negative impacts on local communities		No negative impacts known.	

Specific standard disclosures

		Page	Omissions	External audit
GRI 414 Supplier Social Assessment				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	43–45		
GRI 414-1	New suppliers that were screened using social criteria	43, 45–49		✓
GRI 414-2	Negative social impacts in the supply chain and actions taken	45–48		✓
GRI 415 Public Policy				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	15		
GRI 415-1	Political contributions		In the reporting year, HUGO BOSS made no donations to political parties.	
GRI 416 Customer Health and Safety				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	53–55		
GRI 416-1	Assessment of the health and safety impacts of product and service categories	59		✓
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	59		
GRI 417 Marketing and Labeling				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	53–55		
GRI 417-1	Requirements for products and service information and labeling	59		
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	59		
GRI 417-3	Incidents of non-compliance concerning marketing communications		HUGO BOSS complies with all relevant marketing standards.	
GRI 418 Customer Privacy				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	16–17, AR 52		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	16		✓
GRI 419 Socioeconomic Compliance				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	9, 13–15		
GRI 419-1	Non-compliance with laws and regulations in the social and economic area		There were no significant violations of social and economic laws and regulations in the year under review.	

Sector-specific disclosures for the apparel and footwear sector (pilot version) supply chain

AF7	Workplaces and suppliers covered by the Code of Conduct	45–50		
AF8	Number of audits carried out and percentage of workplaces audited	46–50		
AF9–14	Number of incidents of non-compliance with the Code of Conduct	47, 50		
AF15	Analysis of data from audits	46–50		
AF16	Remediation measures to address incidents of non-compliance	45–50		

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German PDF version of the Sustainability Report 2019 of HUGO BOSS AG. The following text is a translation of the original German Independent Assurance Report.

To HUGO BOSS AG, Metzingen

We have performed a limited assurance engagement on the disclosures marked with the symbol „✔“ in the Sustainability Report of HUGO BOSS AG for the reporting period from 1 January 2019 to 31 December 2019 (hereafter “report”).

Our engagement exclusively relates to the information marked with the symbol „✔“ in the German PDF version of the report. Our engagement did not include any prospective disclosures or disclosures for prior years. The report is published as a PDF version at https://group.hugoboss.com/fileadmin/media/pdf/sustainability/sustainability_reports_EN/Sustainability_Report_2019.pdf.

Management's responsibility

The legal representatives of HUGO BOSS AG are responsible for the preparation of the report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (hereafter “GRI criteria”) and for the selection of the information to be assessed.

This responsibility includes the selection and application of appropriate methods to prepare the report as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a report that is free from material misstatement, whether due to fraud or error.

Auditor's declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures marked with the symbol „✔“ in the report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the disclosures marked with the symbol „✔“ in the report of the Company have been prepared, in all material respects, in accordance with the GRI criteria. This does not mean that a

separate conclusion is expressed on each disclosure marked. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between December 2019 and April 2020, we performed amongst others the following assurance and other procedures:

- Inquiries of employees concerning the sustainability strategy, sustainability principles and sustainability management of HUGO BOSS AG,
- Inquiries of employees responsible for the preparation of information marked with the symbol „✔“ in the report in order to assess the sustainability reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement,
- Identification of likely risks of material misstatement in the report,
- Inspection of the relevant documentation of the systems and processes for compiling, aggregating and validating sustainability data in the reporting period and testing such documentation on a sample of basis,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of sustainability data at the locations Metzingen and Izmir,
- Analytical measures at group level and on the level of selected sites regarding the quality of the reported data,
- Critical review of the draft report to assess plausibility and consistency with the information marked with the symbol „✔“.

Assurance conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures marked with the symbol „✔“ in the report of the Company for the period from 1 January 2019 to 31 December 2019 have not been prepared, in all material respects, in accordance with the relevant GRI criteria.

Intended use of the assurance report

We issue this report on the basis of the engagement agreed with HUGO BOSS AG. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

Engagement terms and liability

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, 30 April 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter

Wirtschaftsprüferin

(German Public Auditor)

Annette Johne

Wirtschaftsprüferin

(German Public Auditor)

LIST OF ABBREVIATIONS

Abbreviations

ACCORD	Accord on Fire and Building Safety in Bangladesh
ACT	Action, Collaboration, Transformation
AFIRM	Apparel and Footwear International RSL Management
BCI	Better Cotton Initiative
CmiA	Cotton made in Africa
CSR-RUG	CSR-Richtlinie-Umsetzungsgesetz (German implementation of the CSR Directive on Non-financial Reporting)
GCGC	German Corporate Governance Code
DGNB	Deutsche Gesellschaft für Nachhaltiges Bauen e. V. (German Sustainable Building Council)
ESG	Environment, Social, Governance
FLA	Fair Labor Association
FSC®	Forest Stewardship Council®
GFA	Global Fashion Agenda
GRI	Global Reporting Initiative
GSCP	Global Social Compliance Programme
ISO	International Organization for Standardization
LTIFR	Lost Time Injury Frequency
LWG	Leather Working Group
MRS�	Manufacturing Restricted Substances List
NGO	Non Governmental Organization
NPS	Net Promoter Score
OAR	Open Apparel Registry
OECD	Organization for Economic Cooperation and Development
OHS	Occupational Health and Safety
PDD	Performance & Development Dialog
PETA	People for the Ethical Treatment of Animals
RSL	Restricted Substances List
SBT	Science Based Targets
SDGs	Sustainable Development Goals
Textiles Partnership	Partnership for Sustainable Textiles
UNFCCC	United Nations Framework Convention on Climate Change
UNHCR	United Nations High Commissioner for Refugees
ZDHC	Zero Discharge of Hazardous Chemicals

Symbols

☉	Labeling of information which has been audited for limited assurance engagement
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IMPRINT

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HUGO BOSS
Stakeholder Reporting GmbH, Hamburg

Layout:

nexxar GmbH, Vienna