

# SUSTAINABILITY PROGRAM

## TODAY. TOMORROW. ALWAYS.

HUGO BOSS looks at sustainability as a journey that it embarked on a long time ago. The Company addresses the many challenges along this journey through **ambitious goals and effective measures**, which it portrays in the annual publication of its Sustainability Program. It summarizes its activities and goals in the individual fields of action under the concept "TODAY. TOMORROW. ALWAYS.". The 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 fields of action, which form the basis of sustainability management.



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.

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In 2021

- HUGO BOSS has set itself targets for climate neutrality in its own area of responsibility (Scope 1 and 2) and along the entire value chain (Scope 3) **as part of its climate strategy**.
- the Company has for the first time concluded a **loan linked to sustainability aspects** in the amount of EUR 600 million to secure the sustainable financing of its "CLAIM 5" strategy.
- HUGO BOSS invited internal and external stakeholders to its sixth **stakeholder dialogue event**.
- HUGO BOSS was included in the **Dow Jones Sustainability Index (DJSI) World** for the fifth time and in the DJSI Europe for the second time.

## TOMORROW.

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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.

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- 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 CO<sub>2</sub> emissions.

### TODAY.

In 2021

- the Company has set itself the goal of being **climate-neutral throughout the entire value chain** by 2045.
- almost 60% of the **electricity** consumed in the Group came **from renewable energy sources** (+7% compared to the previous year).
- the Company's **own photovoltaic systems** generated electricity equivalent to the annual consumption of approximately 188 four-person households.
- the Company began planning the construction of a photovoltaic plant at its own production site in Izmir (Turkey). The plant is expected to **generate approximately 820 MWh of electricity per year**.

### TOMORROW.

SDG reference (direct or indirect)	Target year	Target	Status quo
	2050	"Net zero" greenhouse gas emissions in the entire value chain (Scope 1–3)	
	2045	Climate neutrality in the entire value chain (Scope 1–3)	
	2030	Climate neutrality within own area of responsibility (Scope 1 and 2)	
	2030	Reduction of CO <sub>2</sub> emissions along the entire value chain compared with the base year 2018:	
		• Reduction of CO <sub>2</sub> emissions (Scope 1 and 2) by at least 51% (SBT)	Reduction of 37%
		• Reduction of CO <sub>2</sub> emissions (Scope 3) by 30% (SBT)	Reduction of 12%
		• Reduction of energy consumption (direct and indirect) in relation to area (m <sup>2</sup> ) by 20%	Reduction of 18%

SDG reference (direct or indirect)	Target year	Target	Status quo
  	2030	100% electricity from renewable sources by 2030	59%
	2025	Reduction of own water consumption (externally sourced water) in relation to Group sales by 40% compared with the base year 2016	Reduction of 21%
	2025	Reduction of waste volume (household waste) per employee by 10% compared with the base year 2018	Reduction of 20%

## ALWAYS.

- HUGO BOSS is constantly working to **minimize the environmental impact of its own business activities** and places a special focus on climate protection.
- HUGO BOSS operates a **comprehensive environmental management** system and in its Environmental Policy 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 2021

- the Company extended the **Performance & Development Dialogue** to the retail area worldwide as well as to the employees in logistics and production in Germany.
- the position of **Head of Diversity & Inclusion** was successfully filled.
- the Company was listed as **Financial Times Top 100 "Diversity Leaders"** in Europe.
- HUGO BOSS is an official supporter of the **UN Standards of Conduct for Business Tackling Discrimination against LGBTI people**.
- HUGO BOSS has offered vaccinations against **COVID-19 to employees** at the Group headquarters and at international locations through company campaigns.

### **TOMORROW.**

SDG reference (direct or indirect)	Target year	Target	Status quo
	2025	Increase in employee satisfaction to 75% in the Great Place to Work® survey	The target is achieved and will be assumed as standard from now on
	2025	Reduction of employee-specific fluctuation (departures) <8% in the Corporate area <30% in the Retail area	10% in the Corporate area, 26% in the Retail area
	2025	75% of vacancies for the two top management levels to be filled with internal candidates <b>Milestone by 2022: 70%</b>	61%
	2025	Share of at least 40% of women in the first management level below the Managing Board (top management)	29%
	2025	Share of at least 50% of women in the second management level below the Managing Board (middle management)	45%
	2025	Reduction of occupational and industrial accidents by 10% at the Headquarters in Metzingen (Germany) compared to the base year 2019	Reduction of 35%

SDG reference (direct or indirect)	Target year	Target	Status quo
	2025	Reduction of the Lost time injury frequency rate (LTIFR) by 5% compared with the base year 2019	Increase of 13%
	2024	Training of all employees on the topic of "Inclusive Leadership – Overcoming Bias for Business Success". <b>Milestone 2023:</b> All managers and HR managers involved in talent acquisition and management	First target update takes place for 2022

## ALWAYS.

- The Company undertakes to comply with the Human Rights Policy and the Supplier Code of Conduct, 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. By joining the Charta of Diversity in 2008, HUGO BOSS committed to enabling all employees to work in a non-discriminatory environment.
- 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 to balance private and professional life.
- The Company is committed to the **continuous training of its employees** and offers a wide range of training opportunities.

## 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 2021

- the company has united its existing environmental and social compliance management processes in the supply chain in the **Supply Chain Sustainability Programme (SCSP)** in order to align the processes in the future and exploit synergies.
- the company has **further increased transparency in its supply chain** and added fabric and ingredient suppliers to the publicly available supplier list in early 2022.
- HUGO BOSS, together with other companies and the ZDHC, has developed the **"Resource Efficiency Module"**, with which suppliers can record and control their energy consumption and initiate reduction measures.
- HUGO BOSS was awarded once again by the CDP (formerly Carbon Disclosure Project) in the category **"Supplier Engagement Leader"** for its climate commitment in the supply chain.
- the Company has started to collect and analyze wage data from its finished goods suppliers on the way to its **fair remuneration strategy**.

### TOMORROW.

SDG reference (direct or indirect)	Target year	Target	Status quo
	2025	Sourcing of all goods from finished goods suppliers (including the Company's own production sites) who achieved a result of "satisfying" or better in the last social audit (The milestone of 95% by 2022 has thus already been exceeded)	99%
	2025	80% of all goods are sourced from finished goods suppliers (including the Company's own production sites) who have achieved a result of "good" in the last social audit	68%
 	2025	All finished goods suppliers have an appropriate control system (Governance Model) for their supply chain	44%
	2025	All fabric and trimmings suppliers with a direct contractual relationship with HUGO BOSS have an appropriate control system (governance model) in place for their supply chain	First target update takes place for 2022
	2025	All fabrics and trimmings suppliers with a direct contractual relationship with HUGO BOSS are integrated into the HUGO BOSS Social Compliance Program	30%

SDG reference (direct or indirect)	Target year	Target	Status quo
	2021	Establishment of a strategy to promote fair remuneration in the textile supply chain. This includes, as a first step, the collection of wage data and the analysis of wage gaps based on recognized benchmarks.	Strategy has been created and is available on the company website
	2025	All suppliers with a high environmental impact comply with the environmental requirements defined by HUGO BOSS (measured by the result of their environmental audits) This means they: <ul style="list-style-type: none"> <li>• comply with national environmental legislation,</li> <li>• contribute towards the implementation of the Zero Discharge of Hazardous Chemicals (ZDHC) standards and</li> <li>• support the UNFCCC Fashion Industry Charter for Climate Action</li> </ul>	35%
	2030	All suppliers with wet processes produce in compliance with the ZDHC MRSL standards (measured by their wastewater tests and chemical inventory) <b>Milestone by 2025:</b> all strategic finished goods suppliers with wet processes	<b>Wastewater tests:</b> 21% of all inspected production facilities (80% of strategic finished goods suppliers) comply with the specifications <b>Chemical inventory:</b> 15% of all inspected production facilities comply with the specifications

## ALWAYS.

- HUGO BOSS is fully committed to **respecting human rights and fair working conditions** throughout its entire value chain and obliges its suppliers to comply with the HUGO BOSS Supplier Code of Conduct.
- HUGO BOSS, as a customer, 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 is committed to **reducing its environmental impact** along the entire supply chain, focusing on climate protection, the efficient use of resources and ensuring clean water.
- 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.

## 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 2021

- the company entered into a **strategic partnership** with the innovative Swiss company HeiQ to enable the long-term use of the **innovative cellulose-based filament yarn AeoniQ** as a substitute for synthetic fibers.
- the more sustainable **product range of RESPONSIBLE styles** was significantly expanded and additional attention towards the end customers was created through capsule collections.
- the Company conducted **training on the circular economy** for all employees in the design, development and procurement process, on the basis of which a **Circular Product Policy** was developed.
- the creation of a **Biodiversity Strategy** was started, which was published in spring 2022.
- the company entered into a cooperation with the non-profit environmental organization Canopy to **protect endangered forests**.
- HUGO BOSS has summarized and published all its efforts in the area of chemicals management in a **Chemical Management Policy**.

### TOMORROW.

SDG reference (direct or indirect)	Target year	Target	Status quo
  	2025	At least 60% of the product range consists of RESPONSIBLE styles (The original target of 30% by 2025 was exceeded and raised in the reporting year)	31%
  	2025	Use of 100% sustainably sourced cotton in accordance with the criteria of the HUGO BOSS Cotton Commitment	79%
 	2025	100% of the leather used is to come from tanneries certified by the Leather Working Group or a similar standard (The milestone of 60% by 2022 has thus already been exceeded)	72%
 	2025	Use of at least 50% recycled synthetic fibers	22%
	2025	Use of 100% mulesing-free wool in purely woolen suits	First target update takes place for 2022

SDG reference (direct or indirect)	Target year	Target	Status quo
   	2025	30% of all products contribute to a water-saving footprint through responsible treatment processes of the materials (dyeing, washing, refinement, tanning) (water consumption is reduced by at least 30% in the production of these products)	First target update takes place for 2022
	2030	80% of the product range meets the requirements for circular products	First target update takes place for 2022
	2022	Increase the share of reused transport packaging in outbound shipments by 3% compared with the base year 2019	The share of reused carton amounts to 49% (2019: 49%)
	2025	Reduction of single-use plastic used in packaging by 10% (per sold item) compared with the base year 2019	Reduction of 6%
	2025	100% of plastic packaging is made of recycled or other sustainably sourced material	47%
 	2025	Reduction of packaging paper by 5% (per sold item) compared with the base year 2019	Increase of 2%
 	2025	100% of the packaging paper comes from sustainably managed forests and/or is made of recycled material	89%
 	2025	>80% of the packaging paper comes from recycled material	68%
	2025	Reduction of metal in packaging by 30% (per sold item) compared with the base year 2019	Reduction of 38%

## ALWAYS.

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- 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 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 uses **at least 60% recycled material** in all paddings in clothing and accessories.
- HUGO BOSS only uses **mulesing-free wool** in purely woolen knitted products.
- In the future, HUGO BOSS will only source viscose fibers from suppliers according to the 20 **Hot Button Canopy Ranking**.
- HUGO BOSS ensures that all of its products that reach the market meet **international standards in the area of chemicals**.
- 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. Wherever possible, the Company uses paper from sustainable forestry.

## 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 equal opportunities in general.

### TODAY.

In 2021

- the **total amount of donations** was EUR 577,443.
- the Company supported **three women's clubs in Zambia** for the first time, together with the organization Cotton made in Africa. With the mills provided, the women can now grind maize on an independent basis and thus generate additional income.
- the Company supported the ILGA organization with a donation as part of the sale of a **pride capsule collection**.
- HUGO BOSS supported the **UNICEF project Living Schools in Malawi**, which was selected by the employees and for which the donation amount was additionally increased by them through a personal contribution.
- a total of 194 schoolchildren and students received support in the form of a **scholarship from the HUGO BOSS Education Association** in Izmir.
- 136 women at the Izmir location were supported to **re-enter the workforce** with the Open Doors for Women program.

### TOMORROW.

SDG reference (direct or indirect)	Target year	Target	Status quo
	2025	Reaching 2,100 women from a weak economic background with a training to re-enter the workforce at the Izmir location (project Open Doors for Women)	1,625 women
	2025	Reaching 1,400 schoolchildren and students through the HUGO BOSS Education Association (Izmir location)	1,334 schoolchildren and students
	2025	Reaching 75 disadvantaged children through the project Food & Art in cooperation with the Filderstadt art school (project start 2015)	60 children
	2025	Support of 150,000 people in difficult living conditions through a donation of HUGO BOSS products (base year 2020)	86,372 people

## **ALWAYS.**

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- 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 **equal opportunities and diversity** and particularly promotes women along the value chain.
- 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.