

GLOBAL CORPORATE RESPONSIBILITY & PUBLIC AFFAIRS

**HUGO BOSS**  
**CHEMICAL MANAGEMENT POLICY**

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## **1 PREVIEW**

HUGO BOSS sees itself as a responsible, internationally-producing and -operating company. As such, the sustainable design of its products, its procurement and its production processes is of key importance. HUGO BOSS is aware that its international sourcing activities are associated with social and environmental risks. Simultaneously, it is aware that the products can pose a risk to people and the environment, due to the use of chemicals in dyeing, tanning, washing, etc. Hence, HUGO BOSS has set itself the goal of making sustainable products and production processes. HUGO BOSS has thus set itself the goal of managing these risks responsibly and minimizing them to the greatest possible extent.

As an overarching document, the HUGO BOSS Environmental Policy endeavors to reduce negative impacts on climate change caused by HUGO BOSS, conserve natural resources, reduce environmental pollution, and preserve biodiversity. Handling chemicals responsibly, makes an important contribution to achieving these goals.

The Chemical Management Policy is a fundamental component of the HUGO BOSS Environmental Management System, which is aimed at ensuring an environmentally-compatible orientation of product development and production.

The HUGO BOSS Chemical Management Policy defines general standards and principles for handling chemicals responsibly. In this way, HUGO BOSS satisfies its own responsibility to establish an environmentally-friendly and resource-saving course of action in cooperation with suppliers.

The principles defined in this policy help minimize HUGO BOSS' impact on the environment and protect the end user and workers in production facilities from the potential effects of hazardous chemicals.

## **2 SCOPE & VIOLATIONS**

### **2.1 HUGO BOSS INTERNAL**

This policy applies to all companies and business units of the HUGO BOSS Group and is to be implemented appropriately by the responsible bodies of all Group companies. Compliance must be ensured at all times. All employees must adhere to the policy. Violations of this policy will not be tolerated and may, among other things, result in consequences under labor law.

### **2.2 SUPPLIERS**

HUGO BOSS also obligates its direct suppliers to implement and comply with this Policy's requirements. In addition, direct suppliers of HUGO BOSS must obligate their sub-suppliers to comply with this Policy and its standards. Violations will not be tolerated by HUGO BOSS and may result in consequences, up to and including termination of the business relationship.

### **2.3 CONFLICT WITH COUNTRY-SPECIFIC REGULATIONS**

Exceptions may be made to individual provisions of this Policy if it conflicts with country-specific regulations. In doing so, there may be no deviation from the essential content and purpose of the respective provision. Necessary exceptions must be justified according to the needs and require prior consultation with HUGO BOSS' Global Responsibility department.

## 3 OUR APPROACH

### 3.1 RESPONSIBILITY AND PRINCIPLES

**The Managing Board of HUGO BOSS AG is committed to its own responsibility and to the duties of care arising from the Chemicals Management Policy.**

HUGO BOSS accepts its responsibility in fulfilling its due diligence obligations and aligns its own corporate actions with the following fundamental principles:

- Organization for Economic Cooperation and Development (OECD) Due Diligence Guidelines for Responsible Business Conduct.
- 10 principles of the United Nations (UN) Global Compact
- 17 United Nations Sustainable Development Goals (SDGs)

### 3.2 LEGAL REQUIREMENTS

#### 3.2.1 HUGO BOSS internal

HUGO BOSS is committed to the responsible use of chemicals. Compliance with the applicable legal requirements is mandatory for this - both with regard to the countries in which manufacturing processes are carried out and with regard to the countries in which the products are sold.

To ensure the marketability of its own products in all markets relevant to HUGO BOSS, HUGO BOSS assumes the task of summarizing and updating the product-related requirements at regular intervals and making them available to direct and indirect suppliers. The HUGO BOSS Restricted Substances List & Product Compliance (RSL) is the central document for this and summarizes the requirements relating to product safety and marketability.

#### 3.2.2 Suppliers

**The supplier is responsible for compliance with all applicable laws in the respective country in which there are production processes.**

In the context of chemical substances, this includes, for example, laws on topics related to the storage of chemicals, workplace safety, indoor air, wastewater, exhaust air, and emissions. An indispensable basic requirement is also the issuance of an operating license with all permits.

Within the scope of exercising due diligence with regard to safeguarding health and safety, the protection of employees also enjoys special priority. As a general rule, suitable protective measures must be taken to avoid health hazards caused by chemical substances. Protective equipment and work materials must always be in proper working condition. Furthermore, all employees must be qualified for the relevant work and given appropriate instruction.

As part of its due diligence obligations, the supplier is also obligated to work towards compliance with the legal requirements in the upstream supply chain. This is to be achieved through suitable measures, for example by anchoring the requirements in its purchasing conditions, ensuring suitable monitoring measures and by creating supply chain transparency.

### 3.3 OBJECTIVES

Beyond due diligence, for HUGO BOSS, responsible handling of chemicals means continuously working on improvements in its own company and in all stages of the supply chain. This is the only way to achieve the ambitious goals regarding chemical reduction and substitution. In this regard, HUGO BOSS sees the ZDHC Manufacturing Restricted Substances List (MRSL), which we have committed to implementing in the supply chain, as a central document.

The goal is to completely avoid water pollution at all suppliers with wet processes by 2030. This is to be achieved for strategic HUGO BOSS suppliers with wet processes as early as 2025.

### 3.4 COOPERATIONS

To achieve these goals and leverage industry-wide synergies, HUGO BOSS cooperates with various organizations and initiatives across companies. These include:

- Zero Discharge of Hazardous Chemicals (ZDHC), with the goal of eliminating harmful chemicals from apparel production processes and reducing the industry's chemical footprint.
- Apparel and Footwear International RSL Management (AFIRM), aiming to reduce the consumption and impact of harmful substances in the apparel, footwear and accessories supply chain.
- Alliance for Sustainable Textiles (Textile Alliance), a multi-stakeholder initiative aimed at improving social and environmental conditions in the global textile supply chain.
- Leather Working Group (LWG), with the aim of promoting sustainable and environmentally sound production and manufacturing conditions among leather manufacturers.
- Several initiatives on sustainable cotton with the aim of improving environmental conditions and social working conditions in cotton cultivation.

Basic requirements - developed within these initiatives - are included in this policy.

## 4 RISKS - REQUIREMENTS FOR SUPPLIERS

### 4.1 RISK MANAGEMENT

HUGO BOSS expects its suppliers along the supply chain to comply with the due diligence requirements as set out in this Policy. This means identifying risks within their own company as well as in relation to upstream supply stages and taking measures to preventively counteract potential risks.

In general, there are risks typical of the industry. Essentially, these are, in particular:

- **Violation of human rights.** In this context, there is a risk that suppliers may not comply with human rights standards in their operations or may be adversely affected by negative impacts on the environment, human rights of third parties.
- **Environmental damage.** This includes harmful changes in soil, water pollution, air pollution, harmful noise emissions or excessive water consumption. A special risk exists if the latter significantly impairs the natural basis for the preservation and production of food, denies access to safe drinking water, or damages a person's health.

- **Corruption.** Failure to comply with laws and regulations as a result of, for example, corruption, through improper disposal of waste and wastewater, can cause significant harm to people and the environment by allowing pollutants to enter the water cycle.

## 4.2 RISK MINIMIZATION MEASURES

HUGO BOSS expects its suppliers to have strategies, processes or corporate guidelines on how to counteract risks.

In general, every supplier must familiarize itself with the internationally-recognized agreements on sustainable action on the part of the OECD and the UN (United Nations) as well as the SDGs (Sustainable Development Goals), to which HUGO BOSS has committed itself. HUGO BOSS considers SDGs 3 -Health and well-being-, 6 -Clean water and sanitation- and 14 -Living under water- to be particularly relevant with regard to chemical management.

Apart from the self-commitment to sustainable business behavior, in relation to the respective material topics, this means:

- Creation of appropriate corporate guidelines and development of corresponding processes for implementation.
- Definition of responsibilities
- Monitoring of processes and measurement of effectiveness, as well as derivation of countermeasures in the event of non-compliance
- Conducting training courses for employees and for suppliers in the preliminary production stages
- Passing on HUGO BOSS requirements to upstream suppliers and disclosure of upstream supply chains to create transparency
- Willingness to cooperate with HUGO BOSS in monitoring processes such as self-assessments, audits and product tests, as well as continuous improvement and further development

In addition to compliance with the RSL and implementation of the MRSL, each supplier is required to take the initiative and contribute to the goals of chemical reduction and substitution with continuous further development. HUGO BOSS verifies this as part of its duty of care through product testing, monitoring of reports on wastewater and chemical inventory at suppliers, as well as through environmental audits.

## 5 MANUFACTURING PROCESSES - REQUIREMENTS FOR SUPPLIERS

### 5.1 PRODUCT CONTAMINATION BY CHEMICALS

Unauthorized chemicals in products can have a variety of causes, such as starting materials, manufacturing and equipment processes, contamination of chemicals or machinery, undesirable chemical side reactions, maintenance and cleaning processes, or even transportation.

To minimize the risk to the greatest extent possible, HUGO BOSS defines a valid standard for all suppliers.

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## 5.2 HUGO BOSS RESTRICTED SUBSTANCES LIST (RSL)

**The HUGO BOSS RSL, based on the AFIRM Restricted Substances List, is the central and binding document for product safety and marketability requirements.** It regulates which substances may not be contained in the finished end product, or only up to which limit.

The document contains further - substance-independent - requirements, based on international legal guidelines, e.g. on flammability, pH value, odor, color fastness and material composition.

**All suppliers must comply with the specifications of the HUGO BOSS RSL.** Any deviations between the AFIRM RSL and that of HUGO BOSS will be identified.

The RSL requirements differentiate between product and packaging. Further information on packaging requirements can be found in the HUGO BOSS Sustainable Packaging Guideline. In general, recycled materials are equally subject to the RSL requirements for the product.

The HUGO BOSS RSL contains information on the chemical substances that must not be detectable in the end product or only in limited concentrations. The limits are based on industry standards as well as legal requirements worldwide, such as REACH (EU), GB Law (China) or California Proposition 65 (USA). A comprehensive understanding as well as the implementation of the requirements on the part of the suppliers and sub-suppliers are of utmost importance. In the event of non-compliance, there is a risk not only of damage to the employees and end consumers' health, but also of far-reaching legal consequences, blockades at customs, financial losses and delays in delivery times, and even the destruction of goods.

Parallel to the RSL, HUGO BOSS provides its partners with the *HUGO BOSS RSL MATRIX*. This document provides a compact overview of recommendations on which materials should be tested for which substances. However, the document does not release the supplier from its own responsibility and duty of care to fully comply with the RSL requirements for all products supplied to HUGO BOSS and to add test parameters if necessary.

To ensure compliance with the RSL and to ensure that its products meet the HUGO BOSS requirements, it is the Supplier's responsibility to test this in a qualified manner. The Supplier undertakes to provide test reports or disclosure of other measures to ensure RSL at any time upon HUGO BOSS' request.

The Supplier shall note that compliance with the MRSL in the production processes does not necessarily guarantee compliance with the RSL on the product.

The supplier shall correspondingly pass on the obligation to comply with the RSL requirements to its upstream supply chains.

## 5.3 VIOLATIONS AND NOTIFICATION OBLIGATIONS

**Violations of the HUGO BOSS RSL are not permitted.**

**If the Supplier discovers a violation of the HUGO BOSS RSL, this must be reported to HUGO BOSS immediately, so as to take appropriate measures to minimize the risk.**

Deliberate or repeated violations of the HUGO BOSS RSL or failure to notify HUGO BOSS of a violation will entitle HUGO BOSS to appropriate consequences, up to and including termination of the business relationship.

## **5.4 PREVENTION & PROPRIETARY INITIATIVE**

Already during the product development stage, HUGO BOSS takes into account the criteria for greater sustainability in terms of environmental impact, use of chemicals and resources. This also applies to the selection of materials.

HUGO BOSS wishes to lead this way together with its suppliers. All suppliers are encouraged to continuously improve their own sourcing and production processes and make them more sustainable, irrespective of HUGO BOSS' specifications.

## **6 COMMITMENT TO THE USE OF SUSTAINABLE RAW MATERIALS**

HUGO BOSS promotes the use of sustainable starting materials for its own products. Starting materials include raw materials of plant, animal or mineral origin such as cotton, wool, silk or petroleum.

Particular attention is also paid to the extraction of plant fibers such as cotton. Chemicals can already be used in cotton cultivation, in the form of fertilizers or pesticides. This can negatively impact the environment. For this reason, legal regulations must also be observed in the cultivation and manufacture of plant products. In particular, with regard to cotton cultivation, the HUGO BOSS Cotton Commitment describes how HUGO BOSS intends to counteract harmful environmental impacts.

## **7 CONTINUOUS DIALOG**

Further development in the sustainability area is a continuous process at HUGO BOSS and is firmly anchored in its business activities.

In developing and implementing its sustainability strategy, HUGO BOSS relies on dialog and cooperation with its stakeholders. This continuous exchange is essential for achieving the ambitious goals and implementing effective measures. All suppliers in the supply chain are encouraged to actively participate in this dialog and, as such, also to contribute to HUGO BOSS achieving its own sustainability goals and continuously developing and improving.

## **8 APPLICABILITY & UPDATE**

This Policy is applicable as of November 01, 2021 and applies without restriction throughout the HUGO BOSS Group as well as to HUGO BOSS suppliers within the framework of the requirements set out in this policy (see 2. Scope).

Changes to the policy are possible at any time. At least once a year, the policy is reviewed by the Global Responsibility department to ensure that it is up to date. The current version of the policy is always posted on the corporate website, on the HUGO BOSS Supplier Portal and on the HUGO BOSS Intranet.



## 9 CONTACT PERSON

If they have any questions or suggestions, all employees can contact their own supervisor or the Global Corporate Responsibility & Public Affairs department at [Product.Compliance.Environment@hugoboss.com](mailto:Product.Compliance.Environment@hugoboss.com).

Violations can also be reported (anonymously) at any time by all employees, suppliers and their employees to the HUGO BOSS Ombudsman, [Dr. Carsten Thiel von Herff](#), or via the company's own [HUGO BOSS Whistleblowing Portal](#).

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