

FOR
DAYS

HUGO BOSS

Kendall Jenner wears a BOSS RESPONSIBLE leather jacket crafted from more sustainable leather obtained from tanneries certified by the Leather Working Group.



HUGO BOSS

TOMORROW

SAINT JHN wears a RESPONSIBLE HUGO parka made of cotton that is part of an initiative of the Aid by Trade Foundation. Cotton made in Africa. Aduh Akech's RESPONSIBLE denim look by HUGO consists of jeans made from certified organic cotton, and a denim jacket made from certified organic cotton and recycled cotton.

ALWAYS

HUGO BOSS

Future wears two RESPONSIBLE styles by BOSS; the crew-neck sweater is crafted from certified organic cotton, and the shoes are made of more sustainable leather.



SUSTAINABILITY REPORT 2021

HUGO BOSS

The BOSS RESPONSIBLE cotton blouse and chino shorts worn by Hailey Bieber are made from more sustainable cotton and treated with more responsible dyeing methods.

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FOREWORD BY THE MANAGING BOARD

Dear readers,

These are turbulent times. That is why it is all the more important to address challenges head-on and bring forward good ideas. With this in mind, HUGO BOSS made a number of important steps in the 2021 fiscal year: With Daniel Grieder as our new CEO, we have chosen a pioneer to drive the necessary transformation of our company. We have also launched our new "CLAIM 5" growth strategy, with which we want to achieve faster and guided by the motto "No, planet, no fashion!" sustainable growth. That's why more than ever, we are placing our customers at the heart of what we do. By demonstrating our commitment to climate action, circularity and other sustainability topics, our aim is to inspire our customers to choose premium, innovative and more sustainable products that are produced and sold responsibly.

For example, we want to make a contribution to limiting global warming to 1.5 degrees, in line with the aims of the 2021 Glasgow Climate Change Conference. As a starting point for this commitment, in 2018 HUGO BOSS signed the Fashion Industry Charter for Climate Action, which brings together around 130 companies from the fashion industry under the UN umbrella. Our shared vision is to achieve "net zero" greenhouse gas emissions by 2050. In order to achieve this goal, at HUGO BOSS we are systematically improving the efficiency of our processes and the environmental footprint of our products.

In addition, thanks to our circularity strategy, our products will also become more durable and recyclable and easier to reuse and repair. We aim to enable eight out of ten products to meet circularity criteria by 2030. We are taking the first steps towards this goal by providing comprehensive training on circular design concepts to our employees who work in design and product development.

Our RESPONSIBLE styles are also a particularly important component of our journey toward greater sustainability: They contain at least 60% raw materials that are more sustainable and are manufactured according to stringent environmental and social standards. In 2021, RESPONSIBLE styles already accounted for over 30% of our range. By 2025, this is set to increase to at least 60%.

In order to achieve these and other sustainability goals, we work together with our business partners in a spirit of trust. During this process, we attach great importance to human rights, working conditions and health standards, and aim to make our supply chains even more reliable and transparent. To this end, we have outlined our social and environmental requirements for 2021 in a new Supply-Chain-Sustainability-Program, and carefully monitor compliance at our suppliers.

Our sustainability efforts are being acknowledged: In 2021, we were included in the Dow Jones Sustainability Index (DJSI) World for the fifth time in a row. In addition, in 2021 we were able to secure a EUR 600 million sustainable finance loan for the first time.

I am optimistic about the future – because we are learning and staying agile. Increasing supply bottlenecks have taught us that we need to become more independent and sustainable. For this reason, we are planning to shorten routes from production to market and expand our production capacity, including at our own site in Izmir. This “nearshoring” will enable us to respond more quickly and with greater flexibility, and also translates into fewer transport-related CO₂ emissions and lower consumption of resources.

I am convinced that these changes will strengthen us further, thanks in part to our highly motivated employees who are open to change. Once again, I would also like to thank our other stakeholders. We appreciate your willingness to cooperate and engage in dialog, and value your feedback. For this reason, we also see this year’s report as a stimulus for exchange.

I look forward to hearing your feedback and hope that you enjoy reading the report.

Metzingen, April 2022

A handwritten signature in black ink, appearing to read 'H. Schäfer', written in a cursive style.

Dr. Heiko Schäfer
Chief Operating Officer of HUGO BOSS AG

REPORTING PROFILE

HUGO BOSS hereby presents its ninth 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 is based on the until 2023 valid version of the Standards of the Global Reporting Initiative (GRI). This report has been prepared in accordance with the GRI Standards: Core option. HUGO BOSS determined and prioritized the contents of the report in 2019 based on a materiality analysis. The analysis was reviewed in the year under review to ensure that it was up to date, and was adjusted accordingly. The reporting period is the 2021 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 March 31, 2022. 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, which refers to 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 2021, they employed 90% of the total workforce. Key figures were extrapolated primarily in the field of environment and occupational safety.

Europe (including Turkey)

- HUGO BOSS AG
- HUGO BOSS (Schweiz) 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 ✓ as well as those shown in grey font were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft for limited assurance engagement on the basis of the International Standard on Assurance Engagements (ISAE) 3000 (Revised).

COMPANY PROFILE

As a global fashion and lifestyle company in the premium segment, HUGO BOSS is one of the leaders in offering high-quality women's and men's apparel. The Company pursues a portfolio strategy, currently consisting of **two strong brands – BOSS and HUGO**. While both brands are clearly differentiated from each other by their individual attributes, they share the same high standards of quality, innovation and sustainability. The "CLAIM 5" growth strategy being pursued by the Company, which is based in Metzingen (Germany), has the vision and aspiration of making HUGO BOSS the world's leading technology-driven fashion platform and one of the world's 100 leading brands.

00 | 01 GROUP AT A GLANCE



2.8
Sales (billion EUR)



~16,700¹
Employees



128
Countries



5
Own production facilities
(in Germany, Italy, Poland,
Switzerland 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% in 2021, Europe contributes the largest proportion of sales. Asia and America accounted for 20% and 15% of Group sales respectively. 3% of Group sales is generated from the license business.

The **textile supply chain** of HUGO BOSS is 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, the Company therefore works with a stable network of **experienced and specialized suppliers**.

> Partners

Detailed information on the Company can be found in the Group Profile of the Annual Report 2021.

> Annual Report 2021, Group Profile

The sustainable development of a company, as understood by HUGO BOSS, requires a holistic strategic approach that determines all the business processes and actions of all operational departments throughout the Group. This sustainability strategy is divided into the **six fields of action defined by the Company** – We, Environment, Employees, Partners, Products and Society. These are explained in more detail in the following chapters of this report.

¹ The reported figure relates to headcounts as of December 31, 2021. The figure published in the Annual Report (around 14,000) however is based on a full-time equivalent (FTE) calculation.

CHAPTER 1

WE

CREATING VALUES TOGETHER



Sustainability has been an integral part of the strategic alignment at HUGO BOSS for a long time and is also firmly anchored in the new corporate strategy "CLAIM 5": under the motto "No planet, no fashion!", the Company wants to become even more successful and grow sustainably by means of a forward-thinking, constantly improving management strategy for environmental, social and economic opportunities and risks. With the development and implementation of its sustainability objectives, 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 socially and environmentally compatible manufacturing standards. With this basic understanding, the Company also aims to meet the increasing demands from customers and society. HUGO BOSS always views its **sustainability activities** as an opportunity to inspire customers and establish the Company as a leading fashion platform throughout the world. Sustainability therefore represents a key element of "CLAIM 5", the new HUGO BOSS corporate strategy. All five claims ("Boost Brands", "Product is King", "Lead in Digital", "Rebalance Omnichannel" and "Organize for Growth") are based on a comprehensive and clear understanding of sustainability. This understanding of sustainability guides HUGO BOSS in the further development of its business model and goes hand in hand with its efforts to **use resources more efficiently and further optimize processes along the value chain.** > group.hugoboss.com

In 2015, as the core of its Agenda 2030, the United Nations adopted a total of 17 goals and 169 targets for sustainable development, known as the **Sustainable Development Goals (SDGs)**. These aim to collectively address some of the most urgent global challenges of our time, such as climate protection. HUGO BOSS is contributing towards achieving the goals and targets by reducing the negative impacts of its business activities and, wherever possible, promoting positive change in its sphere of influence. Through its strategy work, HUGO BOSS has identified the following **ten SDGs** as particularly relevant to its business activities. They are therefore given special consideration in the planning and implementation of measures and projects.

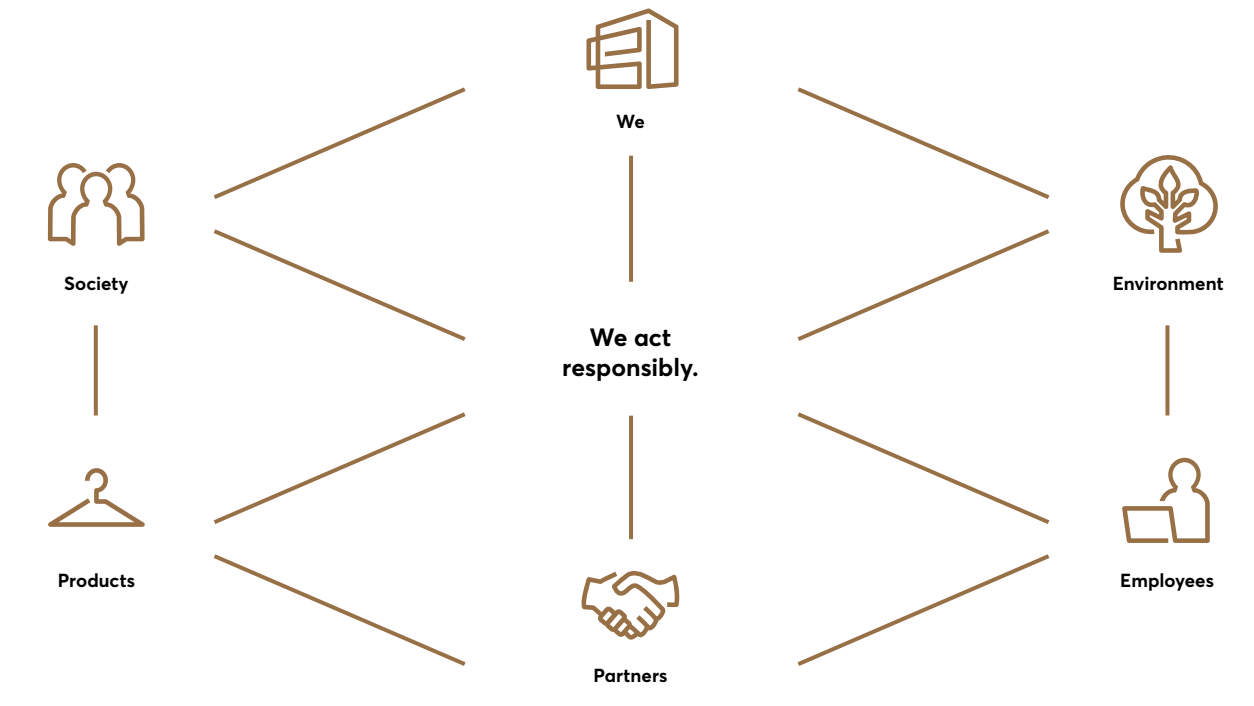
01 | 01 SDGS OF PARTICULAR RELEVANCE FOR HUGO BOSS



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

HUGO BOSS has defined **six fields of action** for its sustainability strategy: We, Environment, Employees, Partners, Products and Society, through which it sets the framework for responsible action in all its business processes and operational areas. Alongside the content-related division into six fields of action, the Company represents its sustainability activities with the concept **"TODAY. TOMORROW. ALWAYS."** **TODAY.** stands for the milestones reached in the reporting year 2021. **TOMORROW.** portrays the medium- and long-term sustainability objectives of the Company. Under **ALWAYS.** the ongoing efforts and commitments that represent the basis of the Company's sustainability management are communicated. An overview of the Company's achievements in terms of "TODAY. TOMORROW. ALWAYS." can be found in the Sustainability Program at the end of this report. > [Sustainability Program](#)

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 all sustainability issues. It regularly deals with sustainability-related topics at its meetings. It also approves the Group-wide applicable guidelines and standards that are relevant to sustainability. To implement these, the Company operates a sustainability management controlled by the Global Corporate Responsibility and Public Affairs (formerly Global Sustainability, hereinafter referred to as Global Responsibility) department.

The central committee for **steering the sustainability strategy** is the **Sustainability Committee**, chaired by the Chief Operating Officer (COO). In the reporting year, it was composed of members of the Managing Board and managers from all relevant central functions (Brand & Creative Management, Communications, Construction & Facility Management, Finance, Human Resources, Investor Relations, Logistics, Marketing, Retail, Sourcing & Operations and Sustainability). In 2021, the Sustainability Committee dealt with various topics including sustainable materials, circularity and product communication regarding sustainability. An additional work focus is the sustainable financing of the Company activities associated with the "CLAIM 5" strategy. For this purpose, 2021 saw HUGO BOSS secure a loan for EUR 600 million that is tied to its sustainability objectives. The objectives, the achievement of which also has an influence on the credit margin, include the proportion of women in leadership positions, an increased use of more sustainable cotton, fair working conditions with suppliers, and ambitious CO₂ reduction targets. > **Annual Report 2021, Financial Position, Capital Structure and Financing**

HUGO BOSS takes key indications for the alignment of its sustainability strategy from its stakeholders. Here, the Company places great importance on meeting the **expectations of its stakeholders** and endeavoring to exchange openly with them in order to discuss different requirements and jointly develop possible solutions.

It considers this 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 overarching **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

HUGO BOSS measures its **sustainability management performance** on the results of ratings, rankings and standardized surveys. These results are important, amongst other things, for setting targeted incentives for the Group management. They are used, for example, to establish the **compensation for members of the Managing Board and managers** at the two levels below. The classification in the Dow Jones Sustainability Index (DJSI) plays a role, as well as the figures gained regarding employee satisfaction, which HUGO BOSS surveys in accordance with the Great Place to Work® (GPTW®) standard.

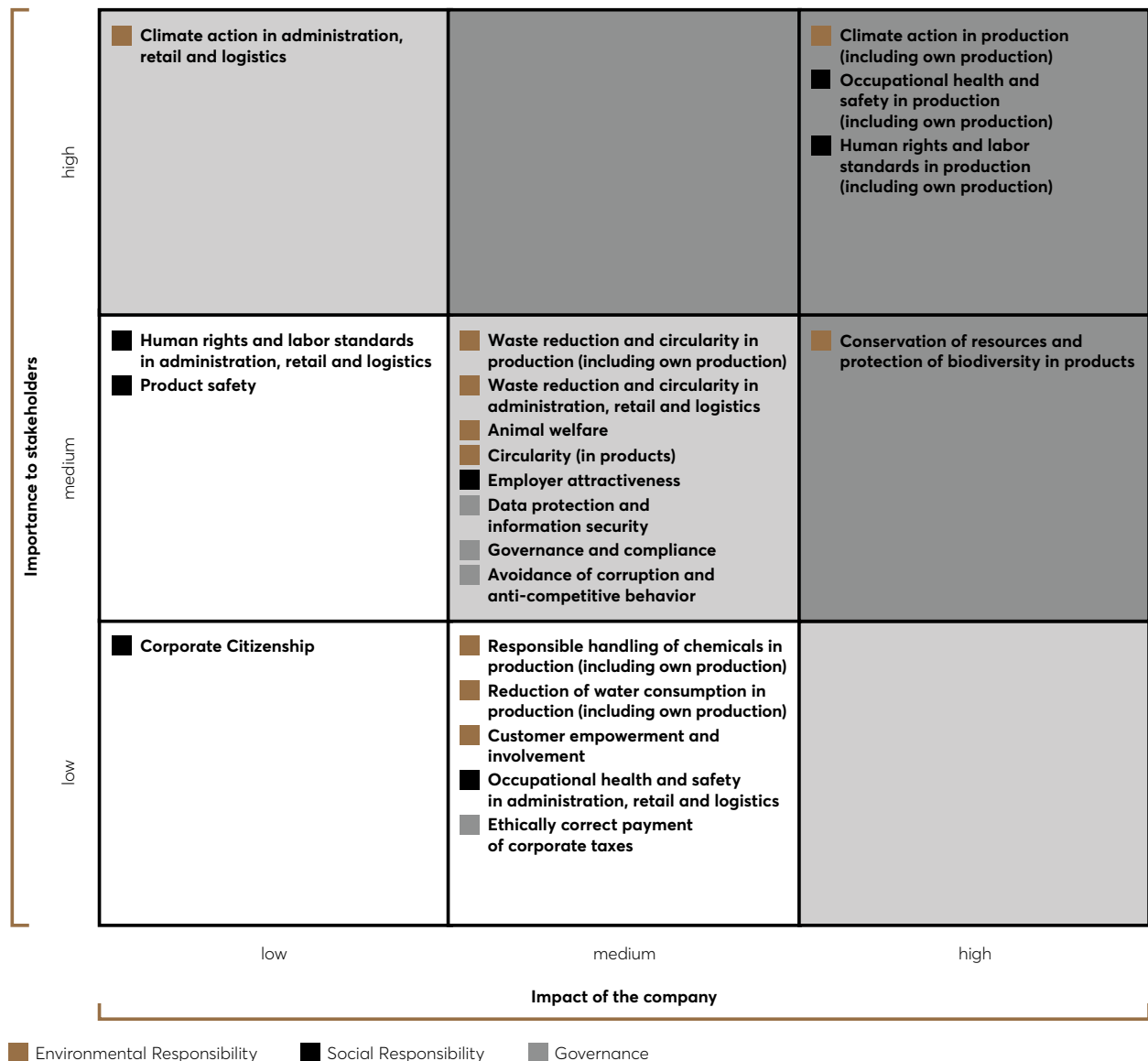
Materiality Analysis

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 through a multi-stage process. > [Sustainability Report 2019, Materiality Analysis](#)

The Company **revised the analysis again** in 2021. First of all, the topics that were considered in the previous years were updated and adapted by a body of experts consisting of employees and the Senior Vice President Global Responsibility. Due to their increasing strategic significance, greater emphasis has been placed on **biodiversity and circularity**. The body of experts then assessed the impact of HUGO BOSS on the individual topics, as well as their business relevance for the company and their significance for the Company's stakeholders. The topic of **waste reduction and circularity in production** was awarded a **higher classification** in terms of its importance for stakeholders (especially in the regulatory environment). By contrast, due to the very high standards already applied with regard to the impact of the Company, the topic of **responsible handling of chemicals in production** was given a **lower classification**. The adaptations were discussed with the relevant specialist departments and finalized. Final authorization of the materiality matrix was given by the Sustainability Committee.

In order to also **include external stakeholders in the assessment**, the Company consulted incoming inquiries, e.g. from customers, non-governmental organizations (NGOs) and investors. Ratings, current areas of research, regulatory projects and reporting in the media were also considered. As a fixed component of the Company's sustainability presentation, the materiality matrix is also regularly discussed with external stakeholders.

The material topics for this Sustainability Report in accordance with GRI are depicted in the following diagram.

01 | 03 MATERIALITY MATRIX


The topics in the gray-shaded quadrants of the matrix form the **focus of this report**. From a stakeholder perspective, they are of high or medium importance and/or are characterized by the fact that the Company's business activities have a strong to medium impact on them. The Company comments on the **material topics within the meaning of the CSR-RUG** and the changes in the assessment of topics resulting from the review carried out in 2021 in the **Combined Non-Financial Statement** of the Annual Report. > [Annual Report 2021, Combined Non-Financial Statement](#)

The findings from the materiality analysis form the foundation for the **ongoing strategy work** at HUGO BOSS. It is on this basis, in its Sustainability Program, that the Company defines strategic goals for its fields of action and reports on the progress and targets achieved. > [Sustainability Program](#)

Climate Action

HUGO BOSS attaches great importance to climate action and pursues a **comprehensive and far-reaching climate strategy**. The Company is one of the signatories of the **Fashion Industry Charter for Climate Action** in 2018 under the auspices of the **United Nations Framework Convention on Climate Change (UNFCCC)**. Within the framework of the Charter, HUGO BOSS, together with other companies in the fashion industry, is committed to achieving **"net zero" greenhouse gas emissions by 2050**. As the foundation for its climate strategy, HUGO BOSS pursues scientifically founded and by the Science Based Targets initiative recognized reduction targets: the Company wants to reduce its Scope 1 and Scope 2 emissions from primary energy use and electricity supply by at least 51% by the year 2030 (base year: 2018). For Scope 3 emissions, which mainly originate from transport, production and raw materials production, its target is to achieve a reduction of 30% over the same period.

Due to the increasing requirements placed on the signatories of the Fashion Industry Charter for Climate Action by the UNFCCC, HUGO BOSS will revise its climate targets in 2022 and set even greater ambitions for itself accordingly. The Scope 1, Scope 2 and also Scope 3 emissions should now be reduced by at least 50%. The new requirements of the Charter are designed to limit **global warming to a maximum of 1.5 degrees**.

In addition, HUGO BOSS announced in the reporting year that it would be **climate-neutral in its own area of responsibility by 2030 and along the entire value chain by 2045**. CO₂ emissions which cannot be avoided until then should be neutralized with the aid of compensation mechanisms.

In its own area of responsibility (Scope 1 and 2), the increased **use of renewable energy and more energy-efficient technologies** represent the central starting point of the HUGO BOSS climate strategy. Nevertheless, by contrast, outside of the Company's own area of responsibility (Scope 3), considerably more CO₂ emissions are released. In line with the Company's own natural capital evaluation, more than 90% of emissions arise outside the Company's own area of responsibility. To remedy this, HUGO BOSS is working closely with its partners and is helping them to make their own contribution towards reducing emissions by **optimizing their means and routes of transportation or promoting the use of renewable energies in production facilities**. Together with other members of the apparel industry and within the scope of its involvement in the **UNFCCC**, the Company has developed and published a **road map for a climate-neutral fashion sector** so as to demonstrate practicable ways for its partners to reduce their carbon footprint. Further information on the implementation of the climate action strategy is described in the chapters Environment and Partners.

> [Environment](#) > [Partners](#)

01 | 04 FOCUS OF CLIMATE ACTIONS AT HUGO BOSS¹

Climate neutrality throughout the entire value chain by 2045

Until 2030:

≥51% reduction within
the own area of responsibility

Until 2030:

30% reduction outside of
the own area of responsibility

Realize potentials



Efficient
technologies



Own electricity
from renewable
energy



Electricity
consumption from
renewable energy

Drive change



Trainings and
tools for
resource efficiency



Electricity
consumption from
renewable energy



Optimized means of
transport and
transportation routes

Join forces



Engage in collaborations

¹ Due to the increasing requirements placed on the signatories of the Fashion Industry Charter for Climate Action by the UNFCCC, HUGO BOSS will revise its climate targets in 2022.

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** in accordance with international and national standards such as the **German Corporate Governance Code (GCGC)**. HUGO BOSS provides information on compliance with the GCGC in its annual Declaration of Compliance. Further details on corporate governance and information about the composition of the management and supervisory bodies of HUGO BOSS as well as the duties and compensation of its employees can be found in the Annual Report and the Compensation Report. > [Annual Report 2021, 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. This corporate culture 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

HUGO BOSS has set out what **human rights and ethical due diligence obligations** specifically entail for the Company in its **Code of Conduct**. Through this, HUGO BOSS 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 protection of biodiversity**, 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 observe the internationally recognized **human rights** and to ensure that humane working conditions are respected. First and foremost, this includes physical integrity, but also the protection of personal dignity. Any willful misconduct or deliberate **infringements of the Code of Conduct** are not tolerated. The Code of Conduct is handed out to each employee together with the employment contract and is accessible to all employees in electronic form in more than ten languages. The latest 2021 version is also publicly accessible on the Group's website. In addition to the Code of Conduct, HUGO BOSS sets supplementary standards for its partners through its **Supplier Code of Conduct**. In order to prevent potential human rights violations in a targeted manner, 2020 saw HUGO BOSS introduce the Company's own, publicly accessible **Human Rights Policy**. This includes binding requirements for all employees and business partners with regard to human rights, humane working conditions as well as internationally recognized labor and social standards. > [Partners](#) > group.hugoboss.com

Risk Management

Responsible handling of risks constitutes a further key element of good and responsible corporate governance. The Company's **risk management** system includes all the steps that are required for a transparent and systematic approach towards managing risks. It aims to identify risks as early as possible, evaluate them, and – through suitable measures – limit, monitor and document them. The Managing Board of HUGO BOSS AG has **overall responsibility** for the effectiveness of the risk management system. The implementation and continuous further development of the system is coordinated on behalf of the Managing Board by the Company's independent **central risk management function**. The Supervisory Board is involved in risk management via its Audit Committee and regularly deals with relevant topics.

Alongside economic risks, **social and environmental risks** are also part of risk management. All risks are assessed by means of a **scenario analysis** (medium-, best- and worst-case scenarios). In addition to possible financial impacts for the Company, the external impacts of the Company's actions in the respective topic area (**inside-out analysis**) are also included during the course of risk assessments.

The comprehensive **risk report** of the Company can be viewed in the Annual Report. Further information on the risks that have been assessed for the sustainability topics of the Company (based on the materiality analysis) can be found in the following sections of this report. The **areas of focus** of this assessment are the topics of **climate change and human rights**. > [Annual Report 2021, Risk Report](#)

Compliance

HUGO BOSS expects all employees to conduct themselves in a legally impeccable manner in their day-to-day business activities. This includes **avoiding corruption and behavior that is damaging to competition**. For this purpose, HUGO BOSS operates a **compliance management system**. The Company's own Code of Conduct serves as the central document. In addition, strict internal compliance policies apply to all employees.

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**. The Managing Board commissioned the **central Compliance department** with the implementation of the respective requirements. A Compliance Officer has been appointed to lead the department, reporting directly to the Chief Financial Officer, who acts as Chief Compliance Officer. The Compliance department also supports the Chief Compliance Officer in monitoring the effectiveness of the compliance management system. Together with the compliance officers at the Group Companies, the department ensures the implementation and continuous further development of the compliance management system. The Audit Committee of the Supervisory Board is regularly informed about the activities of the Compliance department.

In the reporting year, the implementation of **German Act on Corporate Due Diligence Obligations in Supply Chains** was a key compliance topic for HUGO BOSS. As of 2023, HUGO BOSS is legally obliged to observe specific human rights and environmental due diligence obligations in its own supply chains. In order to monitor compliance with due diligence obligations, a new position, the Senior Human Rights Manager, was created in 2021.

For the compliance-culture, alongside the top management, HUGO BOSS employees also play a key role. HUGO BOSS therefore encourages an open communication about the respective compliance topics. This way, each employee can turn to their superiors or the local and central **compliance contact person** in matters regarding correct behavior and for support with compliance-relevant tasks. In addition, HUGO BOSS has established a **Group-wide, global online training system that can be accessed by all employees**. This aims to strengthen awareness of compliance regulations. The training contains modules on anti-corruption, data protection, animal and species protection as well as issues concerning human rights and associated topics. Employees who have direct PC access have to complete this on a regular basis. In the reporting year, more than 6,900 employees in the Group successfully completed the compliance online training. To improve the comprehensibility and acceptance of the compliance rules within the Company, the compliance online training was supplemented by additional language modules in spring 2021 to cover employees in the majority of the regions of HUGO BOSS.

Employees in positions where the topic of compliance is of particular relevance are prepared for the specific tasks in their area of responsibility by means of **on-site and online training**. In the reporting year, 974 employees were trained under this initiative, primarily through online face-to-face training.

Prevention of Corruption, Bribery and Anti-Trust Infringements

Ethically impeccable and lawful conduct also includes **preventing corruption, bribery and anti-trust infringements**. Violations of legal requirements do not only entail financial losses. They may – in the same way as ethically dubious behavior – also cause reputational damage. For this reason, all Group companies are subject to regular risk analyses and detailed audits where applicable. By means of these analyses, it was established that the greatest risk for corruption is in the sourcing of production and non-production materials. For this reason, HUGO BOSS reviews the relevant areas for weaknesses both on a regular and an ad hoc basis.

If **cases of corruption, bribery or anti-trust infringements** become apparent, the Audit Committee of the Supervisory Board is informed by the Compliance Officer accordingly. In 2020, the Danish Competition Authority identified an antitrust violation concerning an alleged disclosure of information with regard to prices and quantities of HUGO BOSS to local trading partners. However, HUGO BOSS took a contrary view on this and accordingly filed a complaint with the relevant Appeals Board, which was rejected by three votes to two in court in mid-2021. In order to continue to safeguard all its rights and in lightening of the close decision of the Appeals Board, HUGO BOSS is currently asserting its rights at the Danish Maritime and Commercial High Court. A final decision in this case is not expected before 2023. No fine has been imposed so far. Beyond this, in 2021, no further violations in the sense of legal violations due to corruption, bribery or antitrust cases established by authorities or courts were identified in the company ✓ [> Annual Report 2021, Combined Non-Financial Statement, Anti-Corruption and Bribery Matters](#)

Grievance Mechanisms

HUGO BOSS encourages its own employees and also external persons (employees of suppliers) to **report information or complaints regarding compliance violations**. In doing so, whistleblowers are free to choose the manner in which they make their comments and the person with whom they entrust the information.

In addition to a **HUGO BOSS Whistleblowing Portal** newly introduced in 2021, information can also be sent **confidentially and anonymously to an external ombudsman**. These options are available to all complainants, whether they are customers, suppliers and their employees or other third parties. All HUGO BOSS employees can also turn to the central Compliance department, their superiors or the HR department. The Group has established a further **whistleblower hotline** in the USA. The various reporting channels for compliance violations can be found by all employees throughout the world in the HUGO BOSS employee portal.

Interested persons can refer to the HUGO BOSS Company website for comprehensive information about grievance management. All key information, including the processes that are initiated in the event of a submitted report, can be found in the publicly accessible **HUGO BOSS Whistleblowing Policy**.

[> group.hugoboss.com](https://group.hugoboss.com)

Ethically Correct Payment of Corporate Taxes

For HUGO BOSS, corporate governance also includes the ethically correct payment of corporate taxes. This is of fundamental importance in order to continuously preserve the appearance of the Company in view of its employees, customers and also other stakeholders. The **comprehensive HUGO BOSS tax strategy** can be found on the Company's website. > group.hugoboss.com

Data Protection and Information Security

HUGO BOSS takes its duty of care in **handling personal data** very seriously. In order to meet the high requirements of the EU General Data Protection Regulation as well as other national data protection laws outside of the EU, HUGO BOSS has established an **internal data protection organization**. The Managing Board of HUGO BOSS AG is committed to and undertakes to comply with the legal data protection requirements. Customer and employee data are particularly relevant for the Company, however the personal data of business partners and shareholders are also important for HUGO BOSS. > [Annual Report 2021, Combined Non-Financial Statement, Social Matters](#)

Violations of data privacy always represent a risk for the relevant data subjects, but at the same time, they are also a considerable compliance risk with financial impacts and possible reputational damage for the Company. HUGO BOSS counters these risks with clear guidelines for handling personal data in its data protection guidelines as well as technical and organizational measures to minimize risk. The **HUGO BOSS data protection guidelines** and the **Privacy Policies** for the online store and customer loyalty program can be viewed online. > group.hugoboss.com > www.hugoboss.com

HUGO BOSS attaches particular importance to safeguarding all data subjects' rights. For example, all people whose data are used by the Company are informed transparently about the purpose and scope of data processing by means of appropriate data privacy information. On the other hand, HUGO BOSS pays attention to the timely fulfillment of the **rights of data subjects** to access, rectification, erasure, objection, data portability and restriction of processing. > group.hugoboss.com > [Annual Report 2021, Combined Non-Financial Statement, Social Matters](#)

Complaints and potential data protection incidents are reviewed and handled in accordance with the **Data Breach Complaint Policy**. In 2021, as in the previous year, the Company was not aware of any legal or regulatory violations that were officially noted by courts or authorities in the field of data protection ✓

Against the background of digital change, the importance of and the requirements for a **reliable information security strategy** are also increasing. Therefore, HUGO BOSS has been using an **information security and analysis system** which collates and analyzes data in real time. As a result, the Company is able to make predictions about possible incidents, data losses and attacks, and thus improve information security throughout the Group. In the reporting year, there were **no losses due to cyberattacks**. In light of the rising trend towards working from home, which has been accelerated by the pandemic, HUGO BOSS has developed further guidelines on information security. These guidelines will remain valid beyond the pandemic. The Company also continued to work on the introduction of an information security management system in accordance with **ISO 27001**, and completed the certification in the first quarter of 2022.

Dialog-Based Corporate Culture

As a global company, HUGO BOSS stands at the crossroads of varying evolving interests and opposing 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 all parties involved**. For this to succeed, HUGO BOSS attaches great importance to the **systematic exchange with relevant stakeholders**. Based on a stakeholder analysis in line with the AA 1000 SES standard, HUGO BOSS uses a number of standardized formats.

01 | 05 FORMATS AND APPROACHES FOR STAKEHOLDER COMMUNICATION

(Potential) employees	Intranet, employee newsletters and information e-mails, social media, sustainability events and dialog, employee surveys (e.g. on employee satisfaction), employee engagement through ideas platforms, cooperation with universities, trainings
Customers	Customer service (phone or via e-mail), customer surveys (including on sustainability issues), online store, 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, collaboration and cooperation on specific topics, trainings
Shareholders and financial community	Annual Report and Quarterly Statement, press releases, conference calls, annual general meeting, analysts' conference, investor days, individual requests for personal discussions during company visits, roadshows and conferences
Science and research	Annual Report, company visits, consultation, dialog events, round tables, guest lectures, research projects, collaboration and cooperation on specific topics
Politics and administration	Reports 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, membership and collaboration on specific topics
Other stakeholders	Press releases, Annual Report, direct contact (e-mails, personal meetings, phone calls), round tables and cooperation on specific topics

Website, sustainability report, social media and stakeholder dialog event

In 2021, HUGO BOSS held another **international stakeholder dialog** – solely in a virtual format as a result of the pandemic. Those who took part included representatives from different NGOs, representatives from cooperations and politics as well as scientists and investors. They held discussions with representatives of HUGO BOSS management – including the COO and a member of the Supervisory Board. The event was based on a **stakeholder survey** that was conducted in the reporting year. The results of this were presented and discussed. The group then discussed concepts and formats for making the dialog between the Company and its stakeholders even more productive in the future.

Many existing contacts with stakeholders were further strengthened in 2021. In addition, HUGO BOSS worked with start-ups on specific topics and was involved in various cooperative ventures and initiatives to strengthen its environmental and social activities along the value chain and drive them forward along with other players. > [Partners](#) > [Products](#) > group.hugoboss.com

The exchange with employees also plays a key role in the stakeholder dialogs of HUGO BOSS. For example, the Company uses a series of **internal dialog instruments** to help anchor **sustainability considerations** within the workforce. For example, the sustainability channel of the Company's internal information portal has been providing regular information on current sustainability topics at HUGO BOSS. The Company also offers its employees numerous **training courses on the subject of sustainability**, some of which are mandatory. In the reporting year, for the first time the Company also carried out a purely virtual international employee event on the topic of sustainability. In doing so, around 400 employees were able to gain an insight into the sustainability activities of the Company.

01 | 06 SUSTAINABILITY TRAINING BY CATEGORY (IN HOURS)

	2021	2020
Occupational health and safety	4,396	1,839
Vocational training and employee development	2,599	1,255
Compliance and IT security	11,007	9,011
Product and supply chain	3,897	3,143
Other	1,689	577
Total	23,598	15,825

The extent of the sustainability-linked training involved a total of 23,598 hours in the reporting year (2020: 15,825). The increase compared with the previous year is essentially reflected in the fact that despite the pandemic-related restrictions, fundamentally more training could be offered, as a significant amount of content was adapted for a virtual format. The considerably increased number of hours for occupational health and safety is due to increased training in the retail area.

As in the previous years, the **works meetings** at the locations in Metzingen, Coldrerio (Switzerland) and Izmir (Turkey) played an important role in promoting **dialog within the Company**. Moreover, there was the opportunity to have a direct exchange with members of the Managing Board within the framework of internal events. The COO, for example, used lunch meetings to have personal discussions with employees. In 2021, the Company also developed its own employee app "My HUGO BOSS" in order to further strengthen global communication within the organization by offering numerous opportunities for feedback and interaction. As a key instrument for regular exchange, HUGO BOSS once again carried out the above-mentioned Group-wide standardized **employee satisfaction survey** in the reporting year. > [Employees](#)

HUGO BOSS also maintains a constructive dialog with local trade unions at its production locations. The Company respects the right of its employees **to be unionized** and holds regular meetings with its representatives. With its Supplier Code of Conduct, the Company also encourages its partners to allow their employees to engage in union activities and, if necessary, provides support with dialog between the parties involved. > [Partners](#)

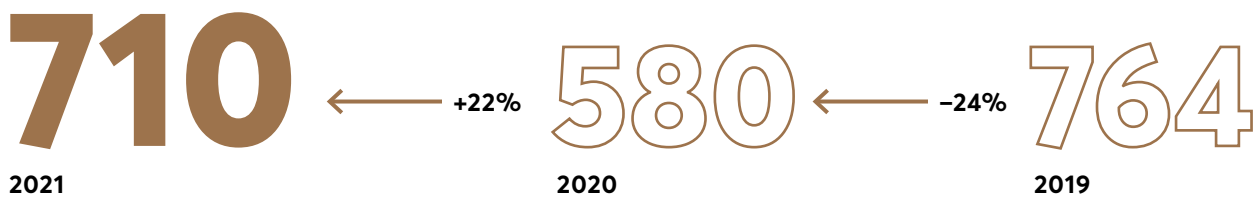
Refer to the Company's website for more information about **stakeholder engagement and the cooperation** of the Company, including an overview of the awards received as well as external sustainability-linked standards and agreements. > group.hugoboss.com

CHAPTER 2

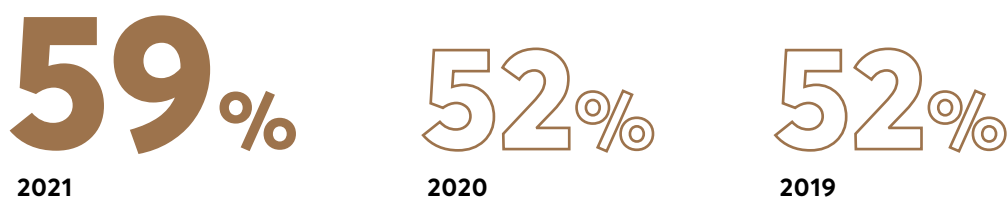
ENVIRONMENT

PRESERVING NATURAL RESOURCES

CO₂ EMISSIONS (SCOPE 1 TO 3) IN THOUSAND TONS



SHARE OF ELECTRICITY FROM RENEWABLE ENERGY SOURCES





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. The careful use of natural resources is just as important here as the avoidance and recycling of waste. Climate action is also a very high priority for the Group. 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). In doing so, together with other companies, HUGO BOSS is committed to the vision of a fashion industry that will have "net zero" greenhouse gas emissions by 2050. Through its overall environmental and climate action commitment, HUGO BOSS is also **contributing towards Sustainable Development Goals (SDGs) 6, 12, 13, 14 and 15.**

Management Approach

HUGO BOSS regards the **systematic management of environmental and energy topics** as an opportunity to reconcile economic and ecological interests and thus meet its corporate responsibility. The Company wants to continuously reduce the environmental impact of its own business activities, has set itself relevant ambitious goals and operates a **comprehensive environmental management**. 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. In all of the above-mentioned areas, HUGO BOSS is continuously achieving efficiency improvements with the help of its environmental management, which also have a positive impact on costs.

In its **publicly accessible Environmental Policy**, the Company has listed its requirements with regard to environmental topics such as energy and water consumption, greenhouse gas emissions and waste management. A constituent part of the Environmental Policy is the concrete requirements for the supply chain, product development, transport and logistics (covered by an integrated Logistics Guideline), as well as a store concept that defines sustainability criteria in the planning and operation of the Company's own retail stores. The **Logistics Guideline** establishes how transportation services for HUGO BOSS should be prepared and carried out, and defines ecological minimum requirements that contribute towards a long-term reduction of CO₂ emissions. Alongside environmental aspects, the Logistics Guideline also tackles social topics. These include a long-term alignment of supply contracts and safeguarding human rights within logistics processes.

More detailed information on the topic of **sustainability in retail stores** can be found on the Company website. The Partners chapter reports extensively on the **environmental and climate action measures in the HUGO BOSS supply chain**. > group.hugoboss.com > Partners

Responsibility for environmental protection in the Company and in its supply chain lies at the Managing Board level with the Chief Operating Officer of HUGO BOSS AG. The environmental management team at the Group headquarters which reports to the Chief Financial Officer is responsible for environmental protection at the Company's own sites. Together with the local managers in the subsidiaries, it coordinates environmental and energy projects Group-wide and prepares economic efficiency calculations. Through various 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 regarding environmental and climate targets. The assessment of environmental and climate risks is the responsibility of Group Risk Management.

> [Annual Report 2021, 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 three production sites in Italy, Poland and Turkey lies with the respective countries. Together with those responsible for energy management at the individual subsidiaries, the environmental management team in Metzingen (Germany) is responsible for the energy management systems at the European locations, which are certified in accordance with ISO 50001 and which now also include the site Morrovalle (Italy) since the reporting year. 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, those responsible for the Group's environmental management 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.

Alongside energy management, the procurement and self-generation of energy as well as the **energy efficiency of buildings and systems** also play a key role, particularly in view of climate action. This is why HUGO BOSS obtains **energy from renewable sources** wherever possible at its locations. The Company also regularly checks how it can improve the energy efficiency of its locations. When renovating, planning and constructing new locations, 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 during the renovation of the Group's own retail stores. Essentially, HUGO BOSS seeks to obtain **sustainability certifications for all newly built business properties**. In 2021, HUGO BOSS began to construct its own company daycare center at the headquarters in Metzingen, and strives to achieve a platinum certificate from the DGNB (German Sustainable Building Council) for sustainable implementation. To achieve this, sustainable materials and LED lighting will be used. The energy concept includes a photovoltaic thermal system with a heat pump, which generates both electricity and heat for the company daycare center. > group.hugoboss.com

The **environmental key figures** reported on in the following include the categories 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 status of their achievement and the implemented measures in the Environment field of action are also reported on in the Sustainability Program. > [Sustainability Program](#)

Environmental Risks

The Company's environmental and risk management are primarily concerned with strategic questions related to environmental risks. Climate risks are a key focus in this respect. HUGO BOSS is aware that it has an impact on the climate due to its economic activities and the associated release of emissions. For the Company itself, climate change risks are primarily short term, namely increasing energy costs. In the long term, investments in HUGO BOSS locations will be needed in order to respond to the consequences of global warming.

In light of the complexity of climate change and the various warming scenarios, in accordance with the requirements of the **Task Force on Climate-Related Financial Disclosures (TCFD)**, in 2022 HUGO BOSS plans to evaluate the corresponding transitional and physical consequences and to publish the results.

Further information on the environmental risks of the Company can be found in the Report on Risks and Opportunities in the Annual Report. > [Annual Report 2021, Risk Report](#)

Climate Action

As it moves towards becoming climate neutral, HUGO BOSS continues to pursue its scientifically sound reduction targets recognized by the Science Based Targets initiative: Accordingly, by the year 2030 the Company intends to **reduce its Scope 1 and Scope 2 emissions** from primary energy use and electricity supply **by at least 51%** (base year: 2018). For **Scope 3 emissions**, which mainly originate from transportation, production and the manufacture of raw materials, a **reduction of 30%** in the same period is envisaged. In order to achieve its climate targets, HUGO BOSS is particularly focusing on **saving energy, as well as procurement and self-generation from renewable sources**. The following chapter describes the Company, in particular its activities in the area of Scope 1 and Scope 2 greenhouse gas emissions, as well as logistics. Further information on the topic of climate action with suppliers can be found in the Partners chapter.

> [We](#) > [Partners](#) > [Sustainability Program](#) > group.hugoboss.com

Energy

A key instrument for reducing energy consumption at HUGO BOSS' own locations is the **GREENBUDGET** introduced in 2018: all HUGO BOSS subsidiaries can submit projects to the GREENBUDGET Committee. The projects are prioritized on the basis of economic and environmental aspects. Once approved, the subsidiaries can contribute their designated budget directly towards implementing the project. The projects which were planned in 2020 and had to be postponed due to COVID-19 were resumed in 2021. These include the **installation of a photovoltaic system** at the largest HUGO BOSS production site in Izmir (Turkey) and the replacement of lighting with **energy-efficient LED lighting** in an office building at the headquarters in Metzingen.

By **generating its own renewable energy**, HUGO BOSS also helps to avoid CO₂ emissions. For this purpose, the Company relies especially on the installation of photovoltaic systems for new building projects. This option is also being considered for existing facilities. Since 2019, HUGO BOSS has been operating **its four photovoltaic systems**, which generated a total of 941 MWh of electricity in the reporting year. That is about the same as the annual consumption of 188 four-person households. A small part of this generated electricity is fed into external power grids. The majority of it is consumed by the Company itself. It is intended that the planned photovoltaic system in Izmir will generate around 820 MWh of electricity per year.

By switching to **electricity from renewable energy sources**, HUGO BOSS is using another opportunity to reduce its CO₂ footprint. In 2021, the power supply at the Group headquarters consisted of 100% certified green electricity. Locations and Group-owned production facilities in a further twelve countries also used green electricity in the reporting year. More than half (59%), 47,043 MWh, of the electricity consumed within the Group in 2021 came from renewable energy sources. HUGO BOSS has set itself the goal of increasing the **amount of electricity from renewable sources to 100% by the year 2030**.

In the reporting year, the **total energy consumption** at HUGO BOSS locations was 118,468 MWh.

02 | 01 ENERGY CONSUMPTION BY REGION AND BY ENERGY SOURCE¹ (IN MWH) ✓

Direct energy consumption	Europe	Americas	Asia/Pacific	Total
Heating oil	1,745	0	0	1,745
Liquefied petroleum gas (LPG)	17	0	3	20
Natural gas	31,300	3,067	0	34,367
Photovoltaic	941	0	0	941
Other energy sources	0	0	0	0
Total direct energy consumption	34,003	3,067	3	37,073
Indirect energy consumption				
Certified green electricity	46,102	0	0	46,102
Electricity	8,027	13,842	11,207	33,076
Other energy sources (e.g. district heating)	2,217	0	0	2,217
Total indirect energy consumption	56,346	13,842	11,207	81,395

¹ Energy data for retail is generally based on data queries at retail stores and outlets. 38% 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 52% were able to report data on district heating. Extrapolations on the basis of existing consumption data were conducted by calculating average values (kWh/m² x opening hour) 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**. For this purpose, the consumption data of the technical systems at the Company's sites are constantly monitored and the energy consumption in the Company's own retail stores is reported on a quarterly basis. This means that any deviations and potential for improvement can be identified quickly. If the need for action arises, the environmental management team initiates effective **measures to reduce consumption** together with the relevant facility managers. Accordingly, in the reporting year the employees at retail stores were informed about energy saving by means of a brochure that also included other topics such as water consumption and recycling of waste.

In 2021, HUGO BOSS also replaced the cold storage and the air conditioning system in a building at the Izmir location with more energy efficient systems. In a distribution center at the Group headquarters in Metzingen, the uninterruptible power supply unit (emergency power) was replaced, delivering an electricity saving of around 87 MWh per year. Furthermore, several floors in two office buildings at the Group headquarters were equipped with LED lighting. This equates to a saving of around 65 MWh of electricity per year.

02 | 02 ENERGY CONSUMPTION BY ENERGY SOURCE¹ (IN MWH)

	✓ 2021	2020	2019
Direct energy consumption			
Heating oil	1,745	1,031	921
Liquefied petroleum gas (LPG)	20	23	37
Natural gas	34,367	33,274	39,774
Photovoltaic	941	939	604
Other energy sources	0	0	0
Total direct energy consumption	37,073	35,267	41,336
Indirect energy consumption			
Certified green electricity	46,102	38,579	45,707
Electricity	33,076	36,150	42,117
Other energy sources (e.g. district heating)	2,217	1,924	1,980
Total indirect energy consumption	81,395	76,653	89,804
Total energy consumption	118,468	111,920	131,140

¹ Energy data for retail is generally based on data queries at retail stores and outlets. 38% 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 52% were able to report data on district heating. Extrapolations on the basis of existing consumption data were conducted by calculating average values (kWh/m² x opening hour) for all other retail stores and outlets.

With the reopening of many of the retail stores which were closed due to the pandemic, energy consumption in 2021 increased by 6% compared to the previous year. Alongside the absolute figures, HUGO BOSS also takes into consideration the development of the specific consumption values per m²: As part of the Group-wide climate action strategy, HUGO BOSS has set itself the goal of reducing direct and indirect energy consumption in relation to area (in kWh/m²) by 20% by 2030 (base year 2018). Compared to the base year, this figure was reduced by 18%. > [Sustainability Program](#)

02 | 03 REDUCTION OF ENERGY CONSUMPTIONS PER M² AREA¹ (IN KWH/M²)

	✓ 2021	2020	2019	2018
Actual value	140.0	134.1	157.2	171.4
Change in actual value (in %)	-18	-22	-8	

¹ Ratio of energy consumption to area. The percentage change for 2019–2021 refers to the base year 2018. Energy data for retail is generally based on data queries at retail stores and outlets. 38% 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 52% were able to report data on district heating. Extrapolations on the basis of existing consumption data were conducted by calculating average values (kWh/m² x opening hours) for all other retail stores and outlets.

Emissions

In the reporting year 2021, **greenhouse gas emissions** amounting to 710,286t of CO₂ were caused in connection with the business activities of the HUGO BOSS Group. Not only does this include emissions from electricity purchases, the Group's own primary energy consumption, its own logistics activities and business travel by plane and car, but also emissions generated in the supply chain, in upstream processes such as the manufacture and processing of raw materials. Greenhouse gas emissions are broken down by Scope 1 to 3 in accordance with the logic of the GHG Protocol. Compared with the previous year, emissions from all three scopes rose by a total of 22% due to the general recovery of business activity. However, the CO₂ intensity per product sold has decreased compared to 2020.

Further information on Scope 3 production-related emissions in the supply chain can be found in the Partners chapter of this report. > [Partners](#)

02 | 04 DIRECT, INDIRECT AND OTHER GREENHOUSE GAS EMISSIONS¹ (IN T OF CO₂)

	2021	2020	2019
Scope 1			
Own vehicles	✓ 2,478	2,528	2,980
Direct energy consumption	✓ 7,747	7,627	9,029
Total Scope 1	✓ 10,225	10,155	12,009
Scope 2			
Indirect energy consumption	✓ 16,810	17,233	20,384
Total Scope 2	✓ 16,810	17,233	20,384
Scope 3			
Air travel	✓ 1,170	1,423	7,012
Transport ²	50,933	27,301	38,868
Purchased goods ³	594,274	495,419	645,516
Other ⁴	36,874	28,870	40,531
Total Scope 3	683,251	553,013	731,927
Total Scope 1 to 3	710,286	580,401	764,320

- 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, specific country emission factors are used.
- ² The value for the year 2019 deviates from the figure published in the 2019 Sustainability Report. It has been adjusted on the basis of a more comprehensive data collection and now includes not only incoming but also outgoing flows of goods. This adjustment also resulted in a change to the values under "Total Scope 3" and "Total Scope 1 to 3" for the year 2019.
- ³ The "purchased goods" category was newly included in the calculation of Scope 3 emissions in the reporting year 2020. Therefore, the "Total Scope 3" and "Total Scope 1 to 3" values for the year 2019 differ from those in the 2019 Sustainability Reports. "Purchased goods" corresponds with the "purchased goods and services" category as defined in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard of the Greenhouse Gas Protocol. It includes all CO₂ emissions released in connection with the manufacture of raw materials and the production of goods.
- ⁴ The category "Other" is the total of Scope-3 emissions from other categories in accordance with the Greenhouse Gas Protocol, whereby "end-of-life treatment of sold products" account for 2%, "fuel and energy-related activities" and "employee commuting" account for 1%. The remaining Scope 3 emissions each represent less than 1%.

The representation of Scope 2 emissions calculated in accordance with the **location-based approach** is included in the appendix. This is based on the average emission factors in the individual markets. > [Further Key Figures and Information](#)

HUGO BOSS has set itself the goal of reducing **Scope 1 and 2 emissions** by at least 51% compared to the base year 2018 by 2030. > [Sustainability Program](#)

02 | 05 REDUCTION OF GREENHOUSE EMISSIONS (SCOPE 1+2)¹ (IN T OF CO₂)

	2021	2020	2019	2018
Actual value	27,035	27,388	32,393	42,776
Change in actual value (in %)	-37	-36	-24	

¹ The percentage change for 2019–2021 refers to the base year 2018. Further guidance on the method of calculating emissions is provided in Table 02 | 04.

The Scope 1 and Scope 2 emissions amounted to 27,035t of CO₂ in the reporting year. They fell by 37% compared to the base year 2018.

HUGO BOSS has also defined goals to reduce its **Scope 3 emissions**. These emissions are to be reduced by 30% by 2030 (base year 2018). > [Sustainability Program](#)

02 | 06 REDUCTION OF GREENHOUSE EMISSIONS (SCOPE 3)¹ (IN T OF CO₂)

	2021	2020	2019	2018
Actual value	683,251	553,013	731,927	772,190
Change in actual value (in %)	-12	-28	-5	

¹ The percentage change for 2019–2021 refers to the base year 2018. Further guidance on the method of calculating emissions is provided in Table 02 | 04.

The Scope 3 emissions in the reporting year amounted to 683,251 t of CO₂ and therefore 12% below the 2018 reference value.

As part of Scope 3 emissions, external **logistics processes** represent an important field of work for reducing CO₂ emissions in the long term and conserving resources. To this end, all transport flows are being analyzed and optimized in close cooperation with the service providers performing the work. Since 2019, transport-related emissions have been an integral part of regular logistics reporting. The emissions data derived from this are presented in a quarterly **internal CO₂ report**, broken down by transport route. This reporting increases transparency within the Company, thus facilitating the strategic planning of transport flows and enabling consistent exploitation of the identified potential.

When planning and executing its transportation, HUGO BOSS pays attention to both high-quality logistics services and a reduction in its environmental impact. The publicly available Logistics Guideline with its regulations and recommendations, which is integrated into the Group's Environmental Policy, plays an important role in this respect. > group.hugoboss.com

02 | 07 ENVIRONMENTAL IMPACTS FROM TRANSPORTATION

		2021	2020	2019
Incoming flows of goods ¹	Ton-kilometers (in tkm)	193,166	161,308	200,341
	Greenhouse gas emissions (in t of CO ₂)	40,772	20,222	27,087
Outgoing flows of goods ²	Ton-kilometers (in tkm)	29,288	22,710	31,523
	Greenhouse gas emissions (in t of CO ₂)	10,161	7,079	11,781

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 All flows of outgoing goods from the HUGO BOSS distribution centers to its own retail stores, outlets and globally.

In the reporting year, **transportation-related CO₂ emissions** increased by 86%. Due to the reopening of retail stores after the pandemic, more goods were transported in the reporting year than in the previous year. Due to interruptions and delays with sea freight which were also caused by the COVID-19 pandemic, the Company additionally had to increasingly use air freight. However, HUGO BOSS still has the ambition to avoid the use of air freight wherever possible in order to achieve a continuous reduction in CO₂ emissions.

Water and Wastewater

In its direct area of responsibility, HUGO BOSS continuously checks which measures are necessary for a **resource- and environmentally-friendly handling of water and wastewater**, and implements these accordingly. The Company places its focus predominantly on areas where it has identified the greatest potential for improvement. At its own sites, this means the reduction of water consumption. In terms of wastewater, the largest environmental impacts come from the manufacturing of products in the supply chain, primarily during wet processes such as tanning, washing or dyeing. Further information on the HUGO BOSS requirements for handling wastewater in the supply chain can be found in the Partners chapter of this report. > **Partners**

At the Company's own sites, the majority of the water is used for sanitary systems. Group-wide water consumption increased by 8% in 2021 compared with the previous year. This increase is mainly attributable to the gradual return of employees to the sites.

Water consumption is also analyzed with regard to the availability of drinking water. **Especially in water-stressed regions, water consumption is to be reduced as much as possible.** During the reporting year, HUGO BOSS used 84,482m³ of water at its production sites in water-stressed regions.

One measure for using water responsibly in water-stressed regions are the groundwater tanks which were installed at the site in Izmir in 2017. In the reporting year, 25,608m³ of water were collected here and used for the irrigation of green areas and for the sanitary installations on the site. This is equivalent to around 38% of the site's water consumption. The remaining fresh water is obtained from external water supply sources.

HUGO BOSS also regularly reviews concepts for **reusing water at its production sites**. In Izmir, for example, water from a cooling unit has been recycled since spring 2021 and used for the irrigation of green areas. As a result, around 500m³ of fresh water will be saved each year. > [Further Key Figures and Information](#)

02 | 08 WATER CONSUMPTION BY REGION¹ (IN M³)

	✓ 2021	2020	2019
Europe	138,191	129,306	166,998
Americas	19,039	17,167	21,364
Asia/Pacific	18,740	16,024	18,496
Total	175,970	162,497	206,858

¹ Water consumption data for retail is generally based on data queries at retail stores and outlets. 15% of retail stores and outlets that are included in the data collection were able to report water consumption data. For the remaining retail stores and outlets, a benchmark of the real estate investment management company, Redevco, was taken from 2013 and a value of 0.22m³/m² for the apparel retail sector was established.

HUGO BOSS has set itself the goal of **reducing water consumption in relation to Group sales by 40%** by 2025 (base year and reporting scope 2016). In 2021, this value was 52.6m³/EUR million sales and therefore 21% lower than in the base year 2016. Water consumption from the external water supply (excluding the Company's own ground water tanks) was taken into consideration. In particular, the overproportionate increase in Group sales in 2021 contributed to this development. > [Sustainability Program](#)

02 | 09 REDUCTION OF WATER CONSUMPTION IN RATIO TO GROUP SALES (REPORTING SCOPE AND BASE YEAR 2016)¹ (IN M³/MILLION EUR SALES)

	✓ 2021	2020	2019	2018	2016
Actual value	52.6	63.6	55.8	57.6	66.9
Change in actual value (in %)	-21	-5	-17	-14	

¹ Ratio of total water consumption to Group sales. The percentage change of the years 2018 to 2021 represents the change in each case compared to the base year 2016. Water consumption data for retail is generally based on data queries at retail stores and outlets. For water consumption, data is available for 15% of the retail stores and outlets included in the data collection process. For the remaining retail stores and outlets, a benchmark of the real estate investment management company, Redevco, from 2013 was taken and a value of 0.22m³/m² for the apparel retail sector was taken as a basis.

During the reporting year, HUGO BOSS discharged a total of 130,651m³ of **wastewater mainly into the communal wastewater systems at the locations**. This was approximately 9% more than in the prior year. At the production site in Morrovalle, the water from the sanitary installations and the staff canteen is purified and discharged into a ditch. The discharge has been approved and is verified by means of annual tests. In addition to compliance with local legal regulations, the quality of the water discharged from its own production sites is subject to the requirements of ISO 14001 certification.

02 | 10 WASTEWATER DISCHARGES BY REGION¹ (IN M³)

	✓ 2021	2020	2019
Europe	93,340	88,044	120,422
Americas	18,573	15,343	18,236
Asia/Pacific	18,738	16,024	18,496
Total	130,651	119,411	157,154

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

Waste

Waste is generated across the entire HUGO BOSS value chain. The following section reports on the **waste generated by the Company's own sites**. Information on the handling of waste in the supply chain or at the end of the product's life can be found in the Partners and Products chapters. > [Partners](#) > [Products](#)

At HUGO BOSS sites, waste is generated by production and logistics, as well as by retail stores and administration buildings. HUGO BOSS is committed to **reducing this waste** and is therefore continuously **optimizing its processes** to achieve this. As a result, at three of its production sites where waste generation is significantly higher than at the other sites, the Company is using an environmental management system certified in accordance with ISO 14001. Waste that cannot be avoided using this approach is collected separately in order to ensure that it can be recycled or sent for professional processing or disposal. In the reporting period, the various types of waste, e.g. packaging, paper and cardboard, food waste, and other waste, were collected separately. This waste also includes production waste in the form of textile or leather scraps.

The **total waste volume** in 2021 was 5,907t. Compared with the previous year, this equates to an increase of 15%.

02 | 11 WASTE VOLUMES BY TYPE¹ (IN T)

	✓ 2021	2020	2019
Hazardous waste ²	43	49	56
Non-hazardous waste	5,864	5,082	7,041
Total	5,907	5,131	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.

² "Hazardous waste" includes various types of waste that pose a risk to health and/or the environment. In the reporting year, hazardous waste was generated in the categories "batteries", "chemicals", "oil", "electronic equipment", "toner cartridges" and "other hazardous waste".

02 | 12 WASTE VOLUMES BY TYPE AND REGION¹ (IN T)

	Europe	America	Asia/Pacific	Total
Hazardous waste	41	0	2	43
Non-hazardous waste	4,467	855	542	5,864
Total	4,508	855	544	5,907

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.

HUGO BOSS has continued to set the goal of reducing the volume of domestic waste per employee by 10% by 2025. In 2021, this equated to 65.2kg/employee and was therefore 20% below the figure for the base year 2018. The increase compared to the previous year is due to the fact that more employees were physically present at the sites.

02 | 13 REDUCTION OF WASTE VOLUME (DOMESTIC WASTE) IN RATIO TO NUMBER OF EMPLOYEES (BASE YEAR 2018)¹ (IN KG/EMPLOYEE)

	2021	2020	2019	2018
Actual value	65.2	62.7	80.8	81.1
Change in actual value (in %)	-20	-23	-0.4	

¹ "Domestic waste" includes residual waste and food waste.

A large proportion of the **waste generation** that has been produced at the HUGO BOSS sites has been **sent for recycling** (2021: 66%). All other waste is disposed of according to the locally valid provisions – partly with the support of certified waste disposal companies. > [Sustainability Program](#)

In addition, HUGO BOSS is working to further reduce waste in connection with product and transport packaging, for example by **saving packaging materials and applying reusable solutions**. > [Products](#)

CHAPTER 3

EMPLOYEES

FOSTERING A FAIR AND RESPONSIBLE CULTURE

EMPLOYEE SATISFACTION

76%

2021

72%

2020

70%

2019

SHARE OF WOMEN IN THE FIRST MANAGEMENT LEVEL BELOW THE MANAGING BOARD (TOP MANAGEMENT)

29%

2021

25%

2020

15%

2019



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. The Company therefore aims to inspire its employees every single day, motivate them with challenging and varied tasks, and thus retain their loyalty. HUGO BOSS assumes responsibility for the well-being of every single employee and promotes a corporate culture that is based on trust and characterized by mutual appreciation and respect. The Company is committed to equal opportunities and diversity, helps employees to reconcile their private and professional lives, offers excellent development opportunities and provides safe, healthy jobs throughout the entire group. In this way, HUGO BOSS aims to consolidate its reputation as an attractive employer. The Company is fully committed to respecting human rights and contributes towards **Sustainable Development Goals (SDGs) 5, 8 and 10** at all its locations 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 constantly increasing, while at the same time technological advances are changing everyday business. In addition, there are social changes, trends and other challenges to which the Company must respond, such as demographic change and recently the COVID-19 pandemic. HUGO BOSS actively meets these challenges with its growth strategy "CLAIM 5" and works **continuously on further developing its corporate culture**. In this respect, the Company relies on sense of **responsibility, courage, agility and participation**. HUGO BOSS thus aims to become even more attractive as an employer and, through greater involvement and agile processes, to empower its employees to make responsible decisions and proactively shape changes. The trust-based **HUGO BOSS values** of Entrepreneurial Spirit, Personal Ownership, Team Mentality, Simplicity & Quality and Youthful Spirit, which were intensified in the reporting year, form the basis of the Company's management approach.

Work at HUGO BOSS is characterized by a **motivating working environment, open and transparent communication and an appreciative management culture** which is based on the concept of leadership mindsets. This concept was further developed in the reporting year and established the primary role of managers as pioneers and promoters of trust and a feeling of belonging. Today these qualities are more important than ever. Being an **attractive employer** is extremely important for HUGO BOSS, both in the face of the competition for new talent and in its efforts to retain qualified personnel. With a **wide range of development programs and training courses**, the Company therefore enables all employees 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 private lives, thereby promoting their satisfaction and performance as well as their loyalty to the Company. In order to achieve this goal, the Company must protect its employees from discrimination and undesirable behavior. Consequently, an **Anti-Discrimination and Anti-Harassment Commitment** was formulated and published in the reporting year.

The past has shown that the **diversity** of the HUGO BOSS **workforce** has become increasingly significant: heterogeneous and **inclusive teams achieve better results in complex circumstances, are more creative problem solvers** and have a positive effect on employee satisfaction. HUGO BOSS has therefore made Diversity & Inclusion a Board-level topic. Accordingly, numerous measures have been established at the highest levels in order to promote the diversity of employees in a targeted manner. For example, the role of Head of Global **Diversity & Inclusion** was created and successfully filled in 2021. The implementation of defined measures is also supported by an internal task force in which employees from various sites and functional areas can promote selected topics.

HUGO BOSS is committed to **respecting human rights and labor standards** on the basis of internationally recognized standards, for all employees within the Company. HUGO BOSS offers fair working conditions globally through a structured and comprehensible compensation system as well as fair opportunities for development and participation. The Company is committed to freedom of association, gender equality and a strict principle of non-discrimination throughout its entire value chain. > [We](#) > [Partners](#)

As a responsible employer, HUGO BOSS also attaches a great deal of importance to the **occupational health and safety** of its employees. The Company's goal is to keep accident and health-related absences as low as possible and, through preventive measures, to reinforce the health and safety of its employees as well as confidence in HUGO BOSS as an employer.

Responsibility for the continuous review and development of Group-wide human resource management lies with **the central Human Resources department** based in Metzingen (Germany), which reports to the Senior Vice President of Global Human Resources who in turn reports to the Chief Financial Officer. The HR department works closely with the heads of other central departments as well as the Human Resources departments and managers of the Group companies. It also works regularly with the Managing Board.

Responsibility for occupational health and safety (OHS) is decentralized at HUGO BOSS. Clear responsibilities have been defined for this at the Group headquarters and in the respective Group companies as well as in its own retail stores. The responsible employees report regularly and as the situation demands to the relevant departments at the Group headquarters. There is also a regular exchange of information with the Managing Board. In order to control the processes in the area of OHS in a clear and binding manner across the Group, HUGO BOSS established a **Health & Safety Commitment** in the reporting year.

HUGO BOSS' human resource management is based on centralized and decentralized guidelines. The Company's **Code of Conduct** plays a central role. It specifies the basic cornerstones for trusted collaboration within the Company as well as for interaction with customers and suppliers. With binding rules, it creates clarity for essential ethical and legal issues. The **Human Rights Policy** and the **Supplier Code of Conduct** are also of fundamental importance for human resource management. The Human Rights Policy was revised and updated in the reporting year. It contains binding guidelines for all employees on the observance of human rights and humane working conditions, which must also be taken into account in cooperation with partners. The Supplier Code of Conduct, which is based in particular on internationally recognized labor and social standards, applies not only to suppliers, but also to the Company and its employees. > [We](#) > [Partners](#)
> group.hugoboss.com

The different subsidiaries of HUGO BOSS structure their personnel management with the aid of more far-reaching, decentralized guidelines. In doing so, they take into consideration their own standards and comply with the respective national legal norms. > group.hugoboss.com

HUGO BOSS uses various tools to evaluate the effectiveness of its measures to increase employer attractiveness and to ensure equal opportunities and diversity, such as an **annual global employee survey**. This is conducted in cooperation with Great Place to Work® Germany. The results of the survey are used by the Company to discover more about the requirements and the satisfaction of its employees. Compared with the survey results of the previous year, the employees particularly commended the fact that they were treated fairly at HUGO BOSS, irrespective of their sexual orientation or ethnicity. They also commended the open, welcoming culture towards new colleagues. In 2021 overall satisfaction rose to 76% (2020: 72%) ✓. This means that the Company has achieved its target of increasing Group-wide overall satisfaction to 75% by 2025 ahead of schedule. HUGO BOSS intends to at least maintain this strong level in the future. In addition to the annual employee survey, HUGO BOSS carries out further **evaluation processes** for personnel management and occupational health and safety management, and organizes a range of internal and external audits. > **Partners**
 > **Annual Report 2021, Combined Non-Financial Statement, Employee Matters**

HUGO BOSS received several awards for its work in the Employees field of action during the reporting period. > group.hugoboss.com

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

Employee Risks

Risks in personnel management can occur in various places: Insufficient training measures in work practices and specialist knowledge could, for example, have a negative impact on the productivity of employees and the effectiveness of their work. Within the context of diversity and equal opportunities, biased decisions during recruitment may mean that positions are not optimally filled and the full potential of the pool of applicants is not exploited. In terms of reconciling work and private life, a poor work-life-balance may lead to higher levels of absence. There is also the risk that the Company is regarded as an unattractive employer. HUGO BOSS takes a proactive approach to the risk of legal violations in connection with work standards and cases of discrimination, including in its own value chain. To reduce this risk, the Company has established preventative measures such as specific training and audits.

Employment

At the end of fiscal year 2021, 16,698² members of staff were employed by the HUGO BOSS Group (2020: 15,531). Thus, the figure was higher compared with the previous year.

03 | 01 EMPLOYEES BY REGION (HEADCOUNT)

	✓ 2021	2020	2019
Europe	12,366	11,663	13,100
Americas	2,045	1,620	2,212
Asia/Pacific	2,287	2,248	2,248
Total	16,698	15,531	17,560

During the reporting year, the working conditions were regulated for 84% of the workforce through collective agreements with trade unions or operational employee agreements (2020: 78%³).

Compared with the previous year, the gender quota remained the same.

03 | 02 EMPLOYEES BY GENDER AND REGION (IN %)

	✓ 2021		2020		2019	
	Women	Men	Women	Men	Women	Men
Europe	60	40	59	41	59	41
Americas	49	51	49	51	49	51
Asia/Pacific	72	28	71	29	70	30
Total	60	40	60	40	59	41

4,403 new employees were hired in 2021 (2020: 1,833). The recruitment drives were primarily related to the expansion of the various sales channels in order to ideally position the Company for the implementation of the "CLAIM 5" strategy. 3,905 people left the Company. In order to maintain the financial stability of the Company during the COVID-19 pandemic and, among other things, to preserve the jobs of its employees, HUGO BOSS continued its temporary measures to reduce working hours (short-time work) in the reporting year.

² The value reported here refers to the headcounts as of December 31, 2021. The figures published in the annual report (approx. 14,000) are based on a counting method full time equivalents (FTE).

³ Due to a change in the underlying data, the figure for 2020 was adjusted retrospectively and therefore differs from the value in the previous report.

03 | 03 NEW HIRES BY REGION¹ (HEADCOUNT)

	✓ 2021	2020	2019
Europe	2,689	1,027	2,870
Americas	1,161	388	891
Asia/Pacific	553	418	698
Total	4,403	1,833	4,459

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

HUGO BOSS considers the retail and corporate⁴ areas separately when evaluating the termination rate. This enables the Company to derive differentiated statements about **employee retention** in the individual divisions and to identify the individual need for action.

In total, the employee **termination rate** in the reporting year equated to 25%, representing an increase compared with the previous year (2020: 21%). The improvement of the COVID-19 situation had an impact on the dynamics of international labor markets, especially in retail. In 2021, employee-related turnover was 26% in the retail area (2020: 18%) and 10% in the corporate area (2020: 7%) ✓. The Company's goal is still to lower the level of employee-related termination. > **Sustainability Program**

03 | 04 TERMINATION RATE BY REASON AND REGION¹ (IN %) ✓

	Europe	Americas	Asia/Pacific	Total ²
Employee-specific	13	38	21	17
Employer-specific	6	7	4	6
Redundancy	1	2	2	1
Retirement	1	0	0	1
Death, emigration	0	0	0	0
Total	21	47	27	25

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

² The total 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

	✓ 2021		2020		2019	
	Headcounts	in %	Headcounts	in %	Headcounts	in %
Europe	1,505	13	1,056	10	1,815	15
Americas	716	38	378	25	778	42
Asia/Pacific	445	21	302	14	509	24
Total	2,666	17	1,736	12	3,102	20

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

⁴ The corporate area includes all functions in the Company that are not allocated to the retail business.

In order to find out how to improve employee retention and thus reduce the termination rate, HUGO BOSS holds individual exit interviews and records the reasons that caused its employees to leave.

Further key figures on the employee structure can be found in the appendix. > [Further Key Figures and Information](#)

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 also pays attention to the protection of human rights and respect of labor standards at its suppliers. > [We > Partners > Annual Report 2021, Combined Non-Financial Statement, Respect for Human Rights](#)

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

HUGO BOSS enables its employees globally to form or join **trade unions** and participate in collective bargaining within the scope of the respective national law. Employees receive information about their corresponding rights in compliance training courses and via the Group's Code of Conduct and Human Rights Policy. All specified information sources are accessible globally. > [We](#)

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, 13 internal **cases of discrimination** were reported (2020: 18). Of these, five incidents involved women and eight involved men. In 2021, corrective actions were initiated and completed in ten of the reported discrimination cases ✓.

In addition to complaint management, open communication and enhancing awareness of discrimination are important tools for **ensuring equal opportunities and fair working conditions**. Accordingly, the topic of anti-discrimination is a regular part of the Group's compliance training. To further raise awareness among employees, an independent **anti-discrimination e-learning**⁵ course was introduced. The e-learning is reviewed annually and, if necessary, adapted to current business-specific requirements. All global employees were requested to participate in the training. 1,165 employees completed training in the reporting year 2021.

⁵ E-learning are online trainings that the employees carry out independently.

In its Human Rights Policy, HUGO BOSS has committed itself to paying at least the statutory minimum wage or a cross-industry reasonable wage which is sufficient to cover the cost of living. The Company is convinced that, beyond these minimum requirements, fair working conditions imply **transparent and performance-related remuneration**. Therefore, HUGO BOSS has set itself the goal of continuing to increase the fairness and competitiveness of its compensation system, and to guarantee its employees at a global level a just compensation in line with market conditions. Since the start of the reporting year, all positions worldwide have been assessed using standardized criteria. This assessment enables a classification of compensation in line with market-based salary ranges, independent of gender or other diversity aspects. In cooperation with a renowned consultancy firm, 2022 saw HUGO BOSS publish and gradually implement a global **Fair Pay Commitment**. In doing so, the Company is focused on a continuous process of improvement. > [Annual Report 2021, 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. Within Germany, HUGO BOSS offers the same company pension for all employee groups. **Additional benefits for HUGO BOSS employees** relate to health protection, accident and incapacity to work insurance, maternity leave and other offers such as parental leave and subsidies for further training measures. > [Annual Report 2021, Employees and Teams](#)

Diversity, Inclusion and Equal Opportunities

The **diversity of the employees** at HUGO BOSS is a **natural component of the corporate culture**. By joining the Charter of Diversity in 2008, HUGO BOSS committed itself to providing all employees with a working environment that is free of discrimination and to enabling equal opportunities. Furthermore, the Company is committed to gender equality. To reinforce this, all Group companies worldwide signed up to the **Women's Empowerment Principles** of the United Nations. The **Diversity Task Force** plays a key role in implementing the commitments that HUGO BOSS has undertaken. This is made up of employees from several sites worldwide and has the task of intensifying diversity awareness and highlighting its value throughout the Company. It is for this purpose that the Diversity Task Force has established several working groups to implement awareness and qualification measures. In 2021, one of the workshops provided for employees of the Company was carried out in collaboration with the International Lesbian, Gay, Bisexual, Trans and Intersex Association (ILGA) on the topic of equality in the workplace.

In the reporting year, HUGO BOSS also formed groups at a global level to encourage employees to become proactive in their free time with matters that concern them personally and to join together to put forward their own topics for discussion. These so-called **HUGO BOSS CREWS** give employees the chance to further develop their talents away from hierarchies and formal channels and to share special interests or life experiences. With this concept, as well as **regular employee events**, the Company is pursuing the objective of combating silo mentalities and fostering openness, initiative and a feeling of belonging among employees.

To see how employees perceive diversity in their experience of working for HUGO BOSS, the Company conducted a separate **survey** for the first time during the reporting year. 2,419 employees from over 30 sites took part in the survey. HUGO BOSS used the results to further develop its **measures for promoting diversity and integration**. The areas of focus revealed by the survey were inclusive leadership, diversity and inclusion training and gender empowerment.

As a contribution towards equal opportunities, HUGO BOSS helps its employees reconcile their **private and professional lives**, for example to cope with family duties or childcare. The Company generally grants the statutory minimum entitlements. In addition, it provides parental leave benefits in excess of the statutory minimum at the international locations in Switzerland, Great Britain and Hong Kong. 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 and private events. As one of the first companies in the textile industry, HUGO BOSS has established a standardized regulation on **remote working**: with the **Threedom of Work** model, the Company allows administrative employees in Germany to freely choose where they work two days a week. Similar offers also exist at other Company sites outside of Germany. At the Group headquarters in Metzingen, HUGO BOSS is also expanding its services for employees with children by **constructing its own daycare center**. This should be operational in September 2022. To ensure the inclusion of employees who have specific requirements due to special physical limitations, the Company also practices an uncomplicated, barrier-free meeting policy.

> [Annual Report 2021, Combined Non-Financial Statement, Employee Matters](#)

At 60%, women account for the majority of the workforce. At the four management levels, 50% of the positions were held by women in 2021 (2020: 50%). In 2021, the Supervisory Board was made up of 42% women (2020: 42%) ✓. In the future, HUGO BOSS intends to increase the **proportion of women in upper management levels**. Accordingly, the Company has set a target gender quota of at least 40% women in the first management level below the Managing Board (top management), to be achieved by 2025. The proportion in the reporting year was 29% (2020: 25%) ✓. Moreover, HUGO BOSS has set a target gender quota of at least 50% women in the second management level below the Managing Board (middle management), to be achieved by 2025. The proportion of women at this level in 2021 was 45% (2020: 45%) ✓. > group.hugoboss.com

03 | 06 EMPLOYEES BY MANAGEMENT LEVEL AND GENDER (IN %)

	2021		2020		2019	
	Women	Men	Women	Men	Women	Men
Managing Board	0	100	0	100	0	100
Top management	29	71	25	75	15	85
Middle management	45	55	45	55	46	54
Management	52	48	52	48	51	49
Total	50	50	50	50	49	51

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 **vocational training and further education** as an important **contribution to securing its future**. For this reason, the Company attaches great importance to ensuring that its employees are able 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**. HUGO BOSS also offers school leavers, students and people at the beginning of their careers a variety of different training programs. > group.hugoboss.com > **Annual Report 2021, Employees and Teams**

It is very important to HUGO BOSS to identify the **performance and development potential** of its employees in a comprehensible and fair manner, and use this information for individual development planning. For this purpose, HUGO BOSS introduced the **Performance & Development Dialog (PDD)** in 2020 for all corporate employees at all the sites throughout the globe. At the end of 2021, the PDD was gradually introduced for all employees in the Company's own retail.

With the assistance of the PDD, HUGO BOSS carries out a comprehensive, transparent **assessment of employees in terms of performance and potential**. Based on this assessment, the Company then offers personalized development opportunities to each employee.

03 | 07 EMPLOYEES WITH PERFORMANCE APPRAISALS BY REGION (IN %)

	2021	2020	2019
Europe	73	80	84
Americas	39	63	27
Asia/Pacific	99	92	93
Total	73	80	79

To achieve the targeted further development of potential top performers, HUGO BOSS also implements **specific personnel development programs** including the **Leadership Development Program (LDP)** and the **Employee Development Program (EDP)**. The LDP prepares experienced managers for their next career steps. The EDP is aimed at permanent employees who have recently assumed a managerial role (specialist/disciplinary) for the first time or who have the capability to progress to such a role. In 2021, HUGO BOSS revised the EDP with the aim of establishing it Group-wide together with the LDP in the medium term. So far, the programs have only been available to employees in Germany and at selected sites in other countries. As of spring 2022 will see EDP and LDP being offered more broadly across the globe.

HUGO BOSS offers further development programs alongside EDP and LDP for employees and managers at its international locations. The HUGO BOSS training program also consists of **face-to-face training and e-learning** courses for the further development of social, technical and leadership skills.

Due to the positive experiences with digital formats, face-to-face trainings were largely expanded by digital formats in 2021. All online and face-to-face trainings and e-learning courses are offered via the **internal training platform, the HUGO BOSS University**. This means that uniform training content can be shared globally. The face-to-face trainings are also increasingly being digitalized so that they can be accessed at any time, allowing participants to tailor training times to their own requirements. HUGO BOSS carried out 2,403 face-to-face trainings the majority of which were online, throughout the Group during the reporting year (2020: 1,342). The Company's aim is to guarantee at least 15 training hours per employee per year; in the reporting year, all employees globally completed an average of almost nine training hours each.

> **Further Key Figures and Information**

03 | 08 TRAINING BY TYPE¹ (NUMBER)

	2021	2020	2019
Face-to-face trainings ²	2,403	1,342	2,070
Employees who participated in e-learning courses	10,717	7,876	7,710
Successfully completed e-learning courses	123,414	40,955	266,758

¹ Without OHS and compliance trainings.

² Face-to-face training in both physical and online formats.

HUGO BOSS continues to support its employees 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, in order to help with the transition. This includes a **partial retirement program** under which they continue to enjoy Company benefits such as free access to the fitness studio and the staff restaurant.

To promote its **young talents**, HUGO BOSS also works closely with regional, national and international universities and other vocational training institutions. In collaboration with them, the Company offers a wide range of industrial, technical and commercial **training** courses as well as dual **courses of study**. In light of the increasing shortage of specialists, the Company is therefore making an important contribution to securing a successful future. > **Annual Report 2021, Employees and Teams**

Occupational Health and Safety

The prevention of occupational accidents and the protection of employee health are central goals of HUGO BOSS. The Company runs a **comprehensive OHS program** to manage the areas of occupational health and safety. It is based on legal requirements and, in addition to its own employees, also includes employees who work for HUGO BOSS through personnel leasing agreements (contractors). The Company also decided to **introduce a management system in accordance with ISO 45001**. In the course of this, procedures for employee participation in the development, implementation and performance evaluation of the system will also be developed.

Employees receive information on occupational health and safety through various channels including the intranet, e-learning courses and briefings.

Occupational Safety

The **Health and Safety Committee** is of fundamental importance for occupational safety at HUGO BOSS. It meets quarterly and is composed of employer representatives, the works council, the company doctors, the safety officers and members of the occupational health and safety teams. The committee discusses occupational safety issues, shares technical information among its members, formulates protection goals and defines preventive measures to be implemented. The employer representatives present and the works council are authorized to make decisions. HUGO BOSS also uses a range of OHS instruments to ensure the occupational safety of all employees, including contractors. For example, the Company carries out regular **health and safety inspections** involving occupational safety specialists, company doctors, the works council, managers and, if necessary, external experts. Furthermore, the occupational safety team and the company doctors support all departments in the preparation of **risk assessments** in order to be able to identify and evaluate potential hazards in good time and to take suitable precautionary measures.

HUGO BOSS operates a **reporting system** in order to be able to respond to dangerous situations as effectively as possible. Within its framework, employees and contractors are required to report hazards and cooperate in risk assessments. The Company's Health & Safety Commitment also encourages employees to behave responsibly with regard to their own health and safety and that of others, and to report any abuses that occur. In the event that risks or hazards have been identified, a defined process of technical, organizational and personal **protective and preventive measures** is specified, starting with the elimination of the source of the hazard. Assigned first-aiders, safety officers and fire protection assistants ensure that all reporting channels and basic conditions to avert hazards are observed and that processes run smoothly.

The Company employees are also trained regularly on protection and safety in the workplace. Administrative and retail employees complete standardized **OHS e-learning courses**. In addition, all commercial employees in administration, retail and at the Company's own production and logistics sites must take part in **workplace-related training**. Contractors receive workplace-specific briefings as well as general instructions from supervisors. They are also provided with site-specific safety information. In addition, HUGO BOSS organizes regular training courses (initial training and refresher courses) for its fire protection assistants and assigned first-aiders.

Despite the high standards and observation of the duty of care, in 2021 there were 209 (2020: 142) **accidents** involving employees, each of which resulted in absence of at least one working day. The total number of **lost working days** was 3,244 (2020: 2,386) and therefore the absentee rate⁶ was 0.1%. Furthermore, there were no occupational accidents involving contractors (2020: 0). ✓ The Company aims to further reduce the number of accidents at work. > [Sustainability Program](#)

03 | 09 ACCIDENTS AND COMMUTING ACCIDENTS AND CORRESPONDING ABSENTEE DAYS BY REGION¹ (NUMBER)

	Accidents at work ≥1 Lost day ²			Commuting accidents ≥1 Lost day			Lost days		
	✓ 2021	2020	2019	✓ 2021	2020	2019	✓ 2021	2020	2019
Europe	124	87	153	33	29	60	2,689	1,677	2,704
Americas	17	13	21	8	2	2	500	504	430
Asia/Pacific	26	10	6	1	1	2	55	205	229
Total	167	110	180	42	32	64	3,244	2,386	3,363

¹ As of the 2021 reporting year, the data for occupational accidents and commuting accidents will be shown separately. Previously, commuting accidents were included with occupational accidents. Accordingly, the figures differ compared to the previous reports. A working day corresponds to eight hours.

² 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.

03 | 10 LOST TIME INJURY FREQUENCY RATE (LTIFR)¹

	✓ 2021	2020	2019	2018
Accident frequency rate for employees	7.1	5.2	6.3	6.3
Accident frequency rate for contractors	0	0	0	0

¹ The lost time injury frequency rate measures the number of accidents at work with at least one lost day per million hours worked. The previous year's data differs from the previous reports, as commuting accidents have been excluded since the reporting year 2021 and the previous year's values have been adjusted accordingly.

HUGO BOSS has implemented various measures to provide its employees with protection during the **COVID-19 pandemic**. In the reporting year, in addition to the safety measures initiated in 2020 and which are being continuously further developed, employees at the headquarters in Metzingen and other international sites were given the option to be vaccinated. HUGO BOSS continues to regularly inform its employees about new findings, measures and advisory services relating to the pandemic, as well as Company-specific and division-specific topics.

⁶ The absentee rate shows the number of absence days due to occupational accidents in proportion to planned working days.

Occupational Health

The strengthening of the **physical and mental health** of employees is an important matter for HUGO BOSS. To this end, the Company provides its employees with a **wide range of diverse offerings as part of its operational health management**. The topics range from physical and mental fitness to nutrition and ergonomic workstation design. Contractors who work mainly in the office also benefit from ergonomic workstations. In the staff restaurant, HUGO BOSS offers healthy, varied nutrition for both employees and contractors. In addition, HUGO BOSS operates a fitness studio at the Metzingen site and offers movement-oriented courses. The training takes place either in-person whilst observing the required hygiene measures, or in a digitalized format. HUGO BOSS **traditionally organizes so-called Health Days** at its headquarters in Metzingen and at some international locations. These could not take place since the beginning of the COVID-19 pandemic. Instead, the Company has implemented a digital health format. To help them to stay healthy during the ongoing pandemic, employees are regularly provided with entertaining information on the topics of everyday life & work, stress & relaxation, nutrition and exercise.

At many locations, **operational health management** is coordinated by designated responsible employees. In addition, **occupational medical care** is available at the headquarters in Metzingen and at other international locations, which contractors can also benefit from. In order to offer occupational health services of a consistently high quality, HUGO BOSS has standardized all related processes, from diagnosis and consultation to the alleviation of complaints with the use of orthopedic aids for instance. > group.hugoboss.com > **Annual Report 2021, Employees and Teams**

In the reporting period, the number of sick days amounted to 108,926 (2020: 103,627). The sickness rate⁷ rose slightly to 3.2% (2020: 3.1%). There were no work-related illnesses at HUGO BOSS, as was also the case in the previous years ✓.

⁷ The sickness rate shows the number of days of absence due to illness in proportion to planned working days.

CHAPTER 4

PARTNERS

ACHIEVING JOINT RESPONSIBILITY

GOODS FROM FINISHED GOODS SUPPLIERS
WITH AT LEAST A "SATISFYING" SOCIAL AUDIT

99%

2021

96%

2020

93%

2019

VALID SOCIAL AUDITS
WITH A "GOOD" RESULT

68%

2021

58%

2020

56%

2019



In addition to manufacturing at HUGO BOSS' own production sites, goods are sourced from numerous suppliers around the globe. As their customer, the Company assumes joint responsibility for the well-being of suppliers' employees. In doing so, HUGO BOSS is committed to the protection of human rights and labor standards in its value chain and promotes healthy workplaces among its partners. HUGO BOSS is also committed to protecting the environment in its production countries and is working to decrease the environmental footprint of its own and third-party production facilities. Key fields of action in this regard are climate action in production and the responsible handling of chemicals. HUGO BOSS has defined the tasks for the Company and its partners arising from this commitment in binding guidelines. By addressing this, the Company is also making a contribution to reaching **Sustainable Development Goals (SDGs) 6, 8, 12, 13, 14, 15 and 17.**

Management Approach

As a responsible company with international production activities and business operations, **sustainable design of sourcing and production processes** is of fundamental importance at HUGO BOSS. These processes range from **extraction of raw materials** to **processing and finishing of materials** to the **production of the final product**. From a sustainability perspective, these process stages differ in particular in terms of their environmental impacts. Raw material production and wet processes such as dyeing, tanning or bleaching are usually associated with substantial environmental impacts. There may also be risks in the areas of human rights, employee rights and health at all stages. HUGO BOSS only has limited influence on many of these environmental and social impacts. As a result, the Company relies on **close cooperation** with its partners, who directly control these processes, and focuses on upstream value-adding stages, in particular on a **continuous increase in transparency**.

04 | 01 SUPPLY CHAIN STEPS AT HUGO BOSS



In terms of managing supplier-related sustainability issues, HUGO BOSS focuses principally on partners with whom it has a direct contractual relationship. These partners can be classified into two different groups: finished goods suppliers, and fabric and trimmings suppliers. HUGO BOSS understands the term **finished goods suppliers** to mean its own production facilities, its contract manufacturing partners and producers of merchandise. The Company purchases shell fabrics as well as buttons, yarns and other materials for its own manufacturing and contract manufacturing from **fabric and trimmings suppliers**.

HUGO BOSS sources **17% of its finished goods from its own production sites**, measured in terms of total sourcing volume. With these finished goods, the Group covers a large part of its product range of classic tailoring in the men's and women's segment and increasingly also in the casual sector. At **83%**, the majority of the sourcing volume is accounted for by **products produced by independent suppliers by contract manufacturing or that are purchased as full merchandise**. The following diagram provides an overview of the structure of HUGO BOSS' sourcing and production activities. > [Annual Report 2021, Sourcing and Production](#)

04 | 02 HUGO BOSS SOURCING AND PRODUCTION ACTIVITIES



FABRIC AND TRIMMINGS SUPPLIERS

341 external fabric and trimmings suppliers with 366 production sites

(2020: 315 | 338)

One own production site (Poland)

(2020: one)

24 countries

(2020: 22)

37 strategic suppliers

(2020: 37)

with av. 13 years partnership

(2020: 13)



FINISHED GOODS SUPPLIERS

17%¹ own production

(2020: 17%)

Five own production sites

(2020: four)

Four countries (Germany, Italy, Switzerland, Turkey)

(2020: three)



~4,400 employees

(2020: ~4,400)

83%¹ outsourced production

(2020: 83%)

142 external finished goods suppliers with 169 production sites

(2020: 156 | 185)

26 countries

(2020: 26)

39 strategic suppliers

(2020: 40)

with av. 11 years partnership

(2020: 10)



~130,000 employees

(2020: ~120,000)

¹ Related to the total sourcing volume

In its general sourcing strategy, HUGO BOSS focuses on **long-term, trusting supplier relationships** and **joint development**. The Company has a structured supplier management system that ensures that its products are always produced to **high quality standards** in compliance with **strict sustainability requirements** and are available on time on the sales floor. By doing so, the Company wants to generate appropriate added value for everyone involved.

In recent years, the COVID-19 pandemic has shown that robust relationships pay off for everyone, especially in difficult times. This is why HUGO BOSS set up a **Supplier Financing Program** at the beginning of the pandemic to provide financial security for its suppliers. The program gives the Company's partners the opportunity, if necessary, to settle their financial receivables more quickly and to ensure their solvency.

The Company pursues a multi-year plan with its suppliers in line with the concept of long-term relationships. As part of the plan, HUGO BOSS performs a **strategic supplier assessment** twice a year in order to determine the distribution of order volumes among different suppliers. In this assessment, **sustainability criteria** are evaluated in addition to **cost, quality and delivery reliability**. Suppliers with a good supplier assessment receive preferred treatment in their cooperation with the Company. In addition to this performance incentive, HUGO BOSS supports improvement processes by close interaction and joint development of expertise (for example in the area of quality and efficiency). The Company engages in particularly close cooperation with strategic, i.e. especially large, strong suppliers or suppliers which are of particular importance for HUGO BOSS due to their unique manufacturing capabilities.

In order to minimize potential procurement risks (e.g. supply bottlenecks), HUGO BOSS needs a **stable network of partners** in different regions. The Company **analyzes and takes into account the country risks that exist on site when selecting its suppliers**. In addition to quality, price structure and compliance with specified social and environmental standards, further selection criteria include availability of certain certificates or the qualification of the supplier to produce particularly sustainable collections (RESPONSIBLE styles) for the Company.

The Company focuses on long-term cooperation and only actively separates itself from its partners in justified cases. If HUGO BOSS separates from a supplier, it takes action in a planned, responsible manner. The aim is to give the supplier enough time to adapt to the new situation. This is accomplished by reducing order volumes step by step so that the supplier can gradually acquire larger orders from other customers to utilize its capacity.

The Chief Operating Officer at HUGO BOSS has **Managing Board-level responsibility for environmental, social and human rights issues** in the supply chain. At the operational level, strategic and operational departments share responsibility for supplier management. Two teams in the Global Responsibility department create the central guidelines and standardize the supplier management processes. The operational units from the Brand & Creative Management and Sourcing & Operations departments are responsible for compliance with these specifications. They design the processes according to the business requirements and coordinate with the two teams from the Global Responsibility department. The results of the work are the subject of regular reports to the Managing Board.

The Company's **Supplier Code of Conduct** is an important framework for **responsible structuring of its procurement activities**. It regulates the handling of significant social and environmental issues within the Company and forms the basis for business cooperation throughout the entire supply chain. The Supplier Code of Conduct is binding and publicly available to all employees at HUGO BOSS' own production sites and to all employees of its suppliers. Each supplier must formally recognize the Supplier Code of Conduct, which is documented and monitored by a system. The Code is now available in 30 languages, meaning that most suppliers in the Company's procurement regions can access it in their official language. > group.hugoboss.com

The provisions are based on **internationally recognized standards**, such as the core conventions of the International Labour Organization (ILO), and also take into account the principles of the Fashion Industry Charter for Climate Action of the United Nations Framework Convention on Climate Change (UNFCCC). Through its Supplier Code of Conduct, HUGO BOSS also demands **compliance with human rights** throughout the entire supply chain. This means that suppliers are obligated to share these requirements with their upstream suppliers and their partners and to check observance of the requirements in an appropriate manner. The Supplier Code of Conduct also contains provisions on anti-discrimination and equal opportunities as well as freedom of association and collective bargaining. In addition, the Supplier Code of Conduct commits suppliers to adopt a continuous improvement approach in areas including **energy consumption, greenhouse gas emissions, chemical management** and **wastewater**. It also states that **no form of corruption** whatsoever is tolerated at HUGO BOSS. For countries where the national legislation is inadequate, the Supplier Code of Conduct defines the Company's own minimum requirements.

Other publicly available policies are also relevant to the supply chain management: For example, HUGO BOSS' **Environmental Policy** contains its standards and requirements for issues such as energy and water consumption, greenhouse gas emissions and waste management. In the reporting year, the Company also laid down specific rules for the handling of chemicals in the production process in its **Chemical Management Policy**. To emphasize the great importance of human rights in the HUGO BOSS supply chain, the Company has also adopted a binding and publicly accessible **Human Rights Policy** for all employees and partners. This is based on the **Human Rights Commitment** issued by the Managing Board. > [We](#) > group.hugoboss.com

The Company has been monitoring compliance with its environmental and social standards for many years and supports its partners to implement a sustainable corporate governance. The environmental and social issues that were previously handled separately have been merged in the reporting year into what is known as the **Supply-Chain-Sustainability-Program (SCS-Program)**, which is further explained in a separate section of this chapter.

A **factsheet** with all important **information on supply chain management** as well as **lists of finished goods, fabric and trimmings suppliers** producing for the Company can be found on the Company website. At the beginning of 2022, the Company made the list of fabric and trimmings suppliers available to the public for the first time. By providing its supplier data on the Open Apparel Registry (OAR) platform, the Company is also contributing to increased transparency in the textile industry in general. > group.hugoboss.com

The Sustainability Program also reports on the goals set, the status of their achievement and the measures implemented in the area of partners. > [Sustainability Program](#)

Supply Chain Risks and Due Diligence Process

HUGO BOSS is aware that its international procurement activities are associated with sustainability risks in addition to commercial and financial risks. There is no ultimate certainty that suppliers will comply with the legal requirements specific to HUGO BOSS or locally applicable requirements, for example with regard to human rights, labor or environmental standards. These risks result in **special due diligence obligations for HUGO BOSS along the supply chain**. To comply with these obligations, the Company conducts a clearly defined **due diligence process** as part of its risk management. HUGO BOSS makes a fundamental distinction between risks relating to its own operations and those relating to the environment and society.

In its **risk analysis**, the Company pays particular attention to the issue of **human rights**. Accordingly, the risk assessment uses internationally recognized standards such as the National Action Plan for Human Rights and the sector risks for the textile industry as defined by the Organization for Economic Cooperation and Development (OECD).

In addition, the Company creates special **country scorecards** in order to be able to evaluate and manage country-specific social and environmental risks in its supply chain. The human rights situation in the countries is also assessed. Countries whose scorecards show a very high human rights risk are excluded as procurement markets for the Company.

The following diagram shows examples of the supply chain risks to the Company identified in its due diligence process.

04 | 03 SUSTAINABILITY RISKS IDENTIFIED IN THE SUPPLY CHAIN

Violations of human rights	Non-compliance with environmental standards
<ul style="list-style-type: none"> • Child and forced labor • Discrimination, sexual harassment, gender-specific violence • Exceeding permitted work hours/working time violations • Risks to health and safety at the workplace • Restriction of freedom of association/collective bargaining • Unfair compensation • Corruption 	<ul style="list-style-type: none"> • Pollution of drinking and wastewater through the use of chemicals • Contributions to climate change • Threats to biodiversity • Inefficient use of resources • Air pollution • Soil pollution

Against the background of the new **German Act on Corporate Due Diligence Obligations in Supply Chains**, HUGO BOSS has published on its website a clear **commitment to its duty of due diligence with respect to human rights**. The topic is also an integral part of its SCS-Program and is anchored in the Supplier Code of Conduct mentioned above.

More information on identifying human rights risks, monitoring of human rights compliance, and resolving human rights violations can be found on the Company's website. > group.hugoboss.com

Supplier Selection

For rigorous supply chain management, it is important that HUGO BOSS chooses its partners carefully from a sustainability perspective. HUGO BOSS selects suppliers in **three stages**: First, every potential supplier is required to answer a **questionnaire** covering social, environmental and compliance issues, among other topics. HUGO BOSS checks this information carefully before moving to the second stage, which is **contract drafting**. A formal **recognition of the Supplier Code of Conduct** is a fixed and mandatory component of the contractual agreement. Potential suppliers must also successfully complete an online training course on social responsibility and environmental – as well as chemical management. The third phase focuses on **verifying social compliance**. All suppliers must submit valid certificates for examination before starting an active business relationship or, if these documents are not sufficient, submit a self-assessment questionnaire (SAQ). In the reporting year, all potential new suppliers were reviewed according to these procedures. Irregularities were found with two of these potential suppliers. As a result, HUGO BOSS did not enter into a business relationship with these suppliers. For newly admitted finished goods suppliers who pass the selection procedure, HUGO BOSS conducts a social audit on site after six or twelve months, depending on the country's risk.

Supply-Chain-Sustainability-Program

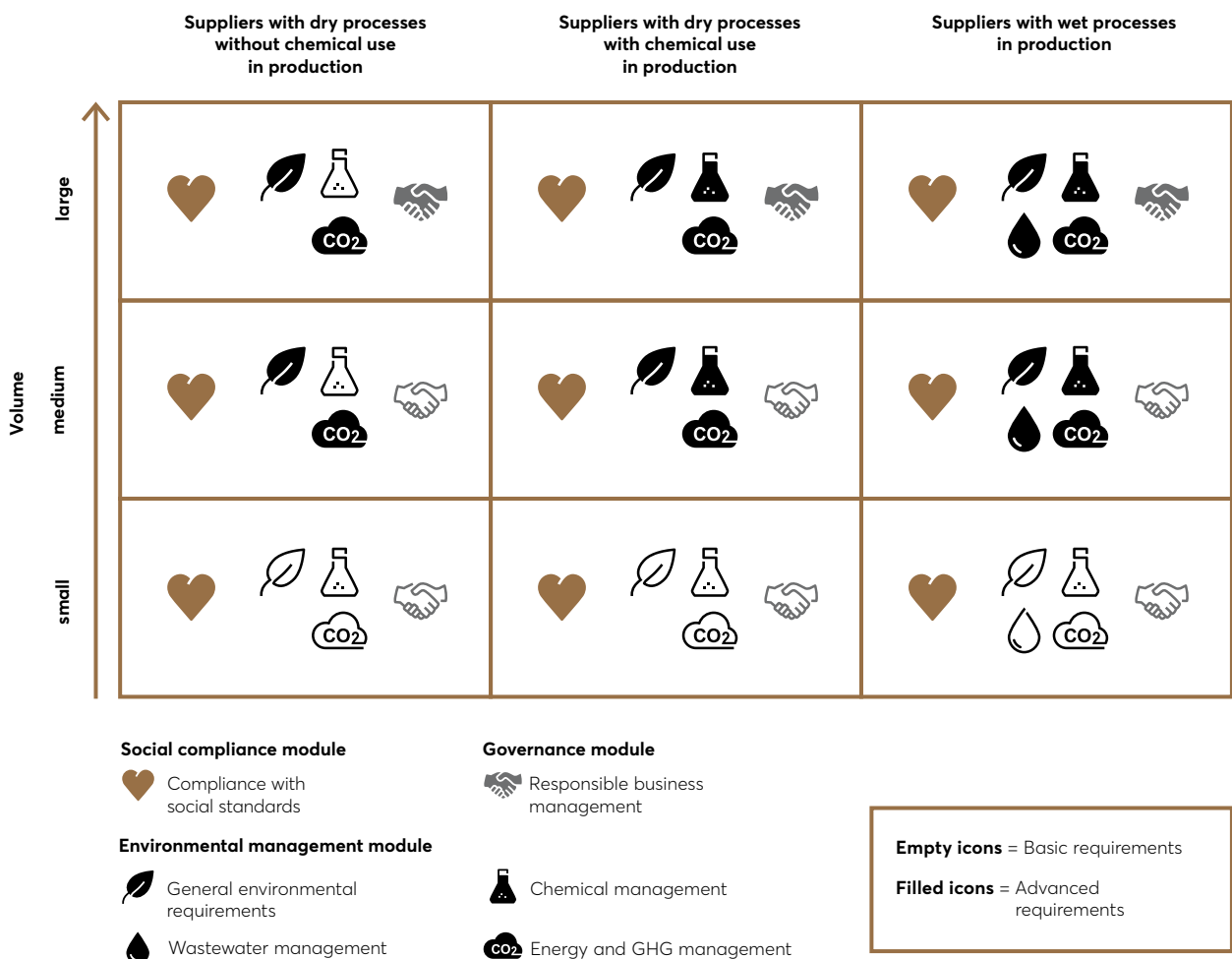
In order to comprehensively manage the risks mentioned above in existing supplier relationships, HUGO BOSS launched its **SCS-Program** in 2021. This includes the Company's Social Compliance Program that has been in place since 2011 and the Company's Environmental Program that has been in place since 2015. Accordingly, individual components of the new SCS-Program, such as social and environmental audits, have been known to suppliers for many years.

The SCS-Program will initially be applied to all suppliers from which the Company directly purchases finished goods or fabric and trimmings. In the medium term, all contractual partners are to be included as well as the fabric and trimmings suppliers nominated by the Company who supply materials not to the Company itself but to its finished goods suppliers.

The **SCS-Program consists of three modules**: social compliance management, environmental management, and governance, each of which contains different components. HUGO BOSS is using the **Social Compliance Management module** to create a binding framework for fair working conditions and human rights in its supply chain. This includes the elimination of child and forced labor, reasonable wages, and the right to freedom of association. The **Environmental Management module** focuses on measures to limit climate change, protect water and soil, and prevent air pollution. The goal of the **Governance module** is to provide suppliers with tools that enable them to take on increasing responsibility for their own supply chain in accordance with the regulations in the Supplier Code of Conduct, while reducing their own environmental and social supply chain risks. The provisions of the Supplier Code of Conduct are essential components of the requirements in all three modules.

In order to manage the sustainability risks that occur in the individual process stages of the textile supply chain in a meaningful and appropriate manner, the Company divides its suppliers into clearly **defined clusters** for the SCS-Program. For this categorization, the Company considers the existing **country risk**, the **volume** of the supplier as well as the **processes implemented at the supplier** (dry processes with and without chemical use as well as wet processes). Depending on which cluster a supplier is assigned to, different (basic or extended) requirements apply to it, as shown in the following diagram. There are differences, above all, with regard to the environmental standards defined by HUGO BOSS, while the social standards apply to all suppliers to the same extent.

04 | 04 CLUSTER OF THE HUGO BOSS SUPPLY-CHAIN-SUSTAINABILITY-PROGRAM



Social Compliance Management Module

HUGO BOSS uses the **Social Compliance Management module** to check to what extent the standards set out in its Supplier Code of Conduct, which applies to all suppliers to the same extent, are being complied with. As part of this module, the Company conducts **regular social audits** or collects **SAQs** for review. The Remote Risk Assessment (RRA) was added to this process in 2021. It is used when a supplier has been classified in one of the two best result categories in three consecutive audits. In this case, the RRA implemented in the form of a questionnaire can replace the next scheduled audit, depending on its result.

Social audits are carried out especially for **finished goods suppliers**. 87% of these audits were conducted by **external auditors** in 2021, and the remainder were conducted by **internal auditors**. Some of the social audits were announced (78%), some were semi-announced (22%). Due to the ongoing COVID-19 pandemic, unannounced audits were not possible in the reporting year. In general, the Company aims for a higher proportion of unannounced audits. The audits examine items such as issues relevant to human rights, for example, child and forced labor, discrimination, exceeding maximum work hours or standards relating to occupational safety and employee health. An important test point for employee health, for example, is free access to clean drinking water. Following the audit, all audited suppliers receive a detailed report.

If during the inspection – by audit or RRA – violations of the Supplier Code of Conduct are apparent, HUGO BOSS develops **corrective action plans** together with the affected suppliers. The corrective action plan implementation is accompanied by a structured process and verified by follow-up audits. If there are insufficient improvements or if the supplier refuses to cooperate regarding the identified issues, HUGO BOSS will, as a last resort, terminate the supplier relationship after conducting several reviews.

Relevant HUGO BOSS employee groups, for example from the operational sourcing units, are regularly **trained on the content of the social audits**. This makes them aware of the requirements placed on suppliers so that they can, for example, advise and help suppliers to implement action plans.

Since 2018, the Company's **Social Compliance Management** module has been **accredited by the Fair Labor Association (FLA)**. The FLA also verifies compliance with its standards using independent audits. Their results are likewise used to control the Company's supply chain management. The suppliers audited by the FLA in the reporting year were evaluated with a satisfying result.

HUGO BOSS has set itself the goal by 2025 of sourcing all of its goods, measured by sourcing volume, from finished goods suppliers (including its own production sites) with one of the top two performance levels ("good" or "satisfying") in the most recent audit. In 2021, this figure was 99% (2020: 96%) ✓. Based on this, the Company has decided that as of 2025, 80% of its goods – measured by sourcing volume – will only be sourced from finished goods suppliers (including its own production sites) who performed at the highest level ("good") in the last social compliance check (proven by an audit, SAQ or certificate) (2021: 68%). > **Sustainability Program**

The following overview shows the **current performance level of finished goods suppliers** regarding social compliance. It refers to all valid audits. Some of these audits were also carried out before January 1, 2021. In the reporting year, the proportion of finished goods suppliers covered by a valid audit was 90% (2020: 74%) ✓. An audit is valid if a (follow-up) audit has been carried out in the previous 24 months or if an RRA has been submitted in the same time period in line with the result-dependent audit frequency. The proportion of suppliers with "good" or "satisfying" performance increased from 91% to 96% in comparison to 2020 ✓. Of the finished goods suppliers audited in 2021, 19% (2020: 21%) were able to improve their result compared to the last audit; 42% (2020: 37%) again achieved a good result.

04 | 05 SOCIAL COMPLIANCE PERFORMANCE STATUS OF FINISHED GOODS SUPPLIERS¹ (IN %)

	✓ 2021	2020	2019 ²
Good	65	58	56
Satisfying	31	33	31
Improvements needed	3	7	9
Risky	0	1	3
Insufficient	1	1	1

¹ The table refers to the valid audits of the production sites of active finished goods suppliers (including our own production sites).

² The number in the performance stage "improvements needed" was subsequently adjusted for the year 2019 due to rounding and therefore differs from the figures in the 2019 Sustainability Report.

Good = The supplier establishes necessary activities for safe, fair working conditions in its management and takes its own social responsibility very well. – Follow-up audit usually after 24 months.

Satisfying = The supplier recognizes the need for activities for safe, fair working conditions and establishes processes and activities to be implemented. – Follow-up audit usually after 18 months.

Improvements required = The supplier is aware of the need for safe working conditions, but consistent implementation of the relevant activities in daily practice and for the employees is lacking. – Follow-up audit after six months.

Risky = The supplier is aware of social compliance requirements. However, management does not feel that implementation is important and allows abuses to occur. – Follow-up audit after three months.

Insufficient = Management is not aware of the topic of social compliance or is unwilling to address it and deal with any recognizable weaknesses in management. There is an immediate threat to employees. – Follow-up audit after three months.

The violations of the Supplier Code of Conduct that were discovered during the social audits in the reporting year related in particular to deficits in social compliance management and individual cases of discrimination. In the reporting year, no cases were known for specific topics such as **child and forced labor**, for which HUGO BOSS pursues a **zero tolerance policy** – including cases relating to subcontractors.

The following table shows the matters classified as "risky" and "insufficient" in the context of the social audits carried out in the reporting year. Four violations related to a supplier who was still in the onboarding process. As a result of the identified shortcomings, it was consequently not included in the Company's supplier portfolio. Another two cases were able to be solved directly. For the remaining cases, action plans were immediately defined in the three production sites concerned.

04 | 06 VIOLATIONS OF THE SUPPLIER CODE OF CONDUCT¹ (NUMBER) ✓

	Risky	Insufficient	Total
Social compliance management	2	1	3
Work hours	0	1	1
Compensation and benefits	0	0	0
Discrimination	3	0	3
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	7	2	9

¹ Listed violations refer to 68 conducted audits of the production facilities of finished goods suppliers (including own production facilities) in 2021.

The Company also defines appropriate action plans for less serious matters that are not shown in the table. In the reporting year, there were action plans for all audited production sites of finished goods suppliers.

For example, it was determined in the past that employees of a supplier lost social security benefits due to improper payment of wage components. As part of a jointly defined action plan, the supplier subsequently overhauled its payroll system. Since the reporting year, all employees have now received their entire salary including social security benefits. In another case, it was found that one supplier violated criteria relating to work hours and occupational safety. For example, overtime was not properly recorded, and necessary personal protective equipment was not provided and worn as required. By introducing regulated time recording and informing managers about correct handling of protective equipment, the supplier was able to improve its result in the follow-up audit and is no longer classified as "risky".

The Company checks compliance with the **social standards set by HUGO BOSS for fabric and trimmings suppliers**, in particular with the help of **SAQs**. In 2021, the Company received and evaluated a completed SAQ from 98 of these suppliers ✓. HUGO BOSS has set itself the goal of fully integrating all suppliers of fabric and trimmings into the Social Compliance Management module by 2025. This will ensure that these suppliers are also regularly verified for compliance with social standards and human rights, not only prior to the start of cooperation, but also during the course of their business relationship.

04 | 07 THE SOCIAL COMPLIANCE MANAGEMENT MODULE IN FIGURES

	2021	2020
Total number of suppliers	483	471
Number of finished goods suppliers	142	156
Number of fabric and trimmings suppliers	341	315
Total verified suppliers	172	121
Verified finished goods suppliers	60	71
By social audit	55	71
By SAQ or certificate ¹	5	–
Verified fabric and trimmings suppliers	112	50
By SAQ	98	39
By social audit	14	11

¹ Since this type of verification was only introduced in 2021, no figures are available for 2020.

HUGO BOSS recognizes that further development of social compliance management together with other actors in the textile value chain is an important requirement for systematic changes: For example, HUGO BOSS became a member of the **German Partnership for Sustainable Textiles** in 2015 and began to become involved in the **Tamil Nadu Initiative** in 2017. The goal of this initiative, now called "Tamil Nadu 2.0", is to improve working conditions for women and girls in the textile industry of the Indian state of Tamil Nadu. The Company has also been a member of the Bangladesh Accord since 2016 and joined its successor organization, the **International Accord for Health and Safety in the Garment and Textile Industry** in 2021. In 2021, the Company also launched a commitment to the **Women's Café** initiative in Bangladesh, which aims to provide women with a protected space for interaction and continuing education in their spare time.

> group.hugoboss.com

Furthermore, the Company exchanges information with its suppliers in various formats in order to increase their awareness of relevant sustainability aspects. In the reporting year, for example, HUGO BOSS once again hosted its **Supplier Summit** with suppliers from different regions of the world. A sustainability award was presented for the first time at the dialog forum hosted by the Chief Operating Officer. The winner was selected by factors including assessments of the suppliers' social, environmental and chemical management.

Environmental Management Module

The **Environmental Management module** of the SCS-Program sets requirements at various levels. In addition to **general environmental requirements**, the module also contains specific requirements for the topics of **chemical and wastewater management** as well as **climate impact management**. Depending on which processes a supplier uses and how large its volume is for HUGO BOSS, different requirements have been defined for these subject areas (see diagram 04 | 04). The most stringent requirements apply to those suppliers whose production processes have the greatest environmental and climate impacts. According to the Company's natural capital evaluation, these are mainly suppliers with wet processes, such as dyeing, washing, bleaching or tanning.

General Environmental Requirements

HUGO BOSS requires its suppliers to comply with comprehensive general environmental requirements in their operations and in their supply chain. The requirements range from implementing **environmental and energy management systems** to **embedding responsibility** for environmental issues **in the organization** to operating a **monitoring system** for monitoring environmental activities including setting appropriate goals. In addition, the principles of the HUGO BOSS **Environmental Policy** apply to all suppliers of the Company. > **Environment**

Depending on the processes associated with environmental risks that a supplier uses, **environmental audits** are conducted individually to verify the extent that its performance meet HUGO BOSS' general environmental requirements. The fundamental treatment of waste, water and wastewater, energy, transportation, greenhouse gas emissions and pollutants as well as appropriately embedding these issues in the organization by environmental management systems are questioned in environmental audits. The audits are based on the **framework of the Global Social Compliance Programme (GSCP)**. They are carried out by external auditors and are repeated regularly.

With the goal of making its supplier management even more efficient HUGO BOSS has, since the reporting year, given its suppliers the opportunity to submit previously received audit certificates from other third parties. If a check of the documents shows that the requirements defined by HUGO BOSS are fulfilled, the relevant subject areas are recorded as having been successfully audited and have not to be verified again.

For 2025, HUGO BOSS has set itself the goal of ensuring that all suppliers with high environmental impacts can present a valid environmental audit with the result of "satisfying" or better.

In the reporting year, 27 environmental audits were carried out at suppliers, and four third-party audit certificates were accepted. At the end of 2021, 35% of suppliers with high environmental impacts met the environmental requirements defined by HUGO BOSS (2020: 20%). If shortcomings are identified during the environmental audits, **corrective action plans** are defined together with all suppliers concerned, in the same way as for the social audits, and HUGO BOSS monitors implementation of these plans. HUGO BOSS offers its suppliers support in the form of training courses, appropriate training documents provided digitally and documentation templates to ensure correct implementation of the requirements.

04 | 08 VIOLATIONS OF HUGO BOSS ENVIRONMENTAL STANDARDS¹ (NUMBER)

	Risky	Insufficient	Total
Waste	4	0	4
Water consumption	3	0	3
Management systems	5	0	5
Energy consumption and greenhouse gas emissions	3	0	3
Wastewater	1	2	3
Chemical management	0	0	0
Total	16	2	18

¹ Listed violations refer to 27 audits conducted in 2020 at the production facilities with high environmental impacts.

In the reporting year, 18 violations classified as "insufficient" or "risky" were determined during environmental audits. The affected suppliers were requested to take the necessary corrective measures and were checked accordingly during implementation. One case involved a wastewater treatment facility that did not function properly due to a lack of maintenance and monitoring. The supplier responded immediately, replaced the non-functional components and introduced additional treatment stages. In addition, a team is now responsible for constantly monitoring the operating condition of the sewage treatment facility.

The following overview summarizes the **results of the environmental audits**.

04 | 09 STATUS ENVIRONMENTAL COMPLIANCE PERFORMANCE¹ (IN %)

	2021	2020
Good	2	0
Satisfying	35	20
Improvements needed	24	33
Risky	17	15
Insufficient	2	8
Not audited	20	24

¹ The table refers to the audits valid at the end of 2021 (own audits and satisfying third-party audit certifications) of production sites with high environmental impacts.

Good = Regular verification of relevant consumption and emissions; processes and structures for improving the company's environmental performance are established. – Follow-up audit after 36 months.

Satisfying = Basic structures and processes are established; however, relevant documentation is not available. – Follow-up audit after 36 months.

Improvements needed = Potential risks relate in particular to a lack of awareness and non-existence of relevant data. – Follow-up audit after 12 months.

Risky = Required licenses are not available, existing practices present an immediate threat and can lead to significant environmental impacts and violations of legal obligations. – Follow-up audit after six months.

Insufficient = Existing practices lead to significant environmental impacts. – Follow-up audit after three months.

Chemical and Wastewater Management

Chemical and wastewater management are two more building blocks in the Environmental Management module of the HUGO BOSS SCS-Program.

Chemicals are mainly used to produce fabrics, leather and trimmings or in washing and dyeing processes. If chemicals are released in these processes, such as via wastewater discharges, this can affect the water quality and, as a result, the water supply of the local population. In order to minimize health and environmental risks in its supply chain, HUGO BOSS therefore requires its suppliers to **handle chemicals responsibly** as part of its environmental program, and helps them to reduce their use and replace hazardous substances. An important instrument for this is the introduction of an **effective chemical management** in the supply chain.

HUGO BOSS has been working together with other companies in the apparel industry since 2017 as part of the initiative Zero Discharge of Hazardous Chemicals (ZDHC) to build a textile industry that does not require hazardous chemicals. In this context, the Company has committed itself to the adoption of the ZDHC Chemical Management System in its supply chain. The ZDHC program enables a **standardized assessment of a supplier's chemical management**. The ZDHC Manufacturing Restricted Substances List (ZDHC MSRL) defines the **upper limit for critical process chemicals** and has been an integral part of the HUGO BOSS

contract since 2020. This means that all suppliers, including the Company's own production sites, are obligated to verify their respective chemical inventory for conformity with the ZDHC MRSL and to avoid or limit the use of harmful substances accordingly. Furthermore, all suppliers with whom HUGO BOSS has a direct contractual relationship agree to require the implementation of the ZDHC MRSL from their suppliers. For suppliers with wet processes producing industrial wastewater, the requirements of the SCS-Program also include a functioning **wastewater management system**.

By 2030, HUGO BOSS wants to ensure that all its suppliers using wet processes produce in conformity with the **specifications of the ZDHC-based MRSL** – as evidenced by **reports on wastewater tests** and the **chemical inventory** of suppliers. All strategic finished goods suppliers that use wet processes should achieve this goal by 2025. Based on the wastewater tests requested by HUGO BOSS in 2021, 21% of all production sites checked showed compliance with the ZDHC program wastewater guidelines. The quota for the production sites of strategic finished goods suppliers was 80%. Conformity of chemical inventories at all checked production facilities was 15% in the reporting year; none of the checked facilities were strategic finished goods suppliers. ✓ > [Sustainability Program](#)

HUGO BOSS is working with its suppliers as part of the ZDHC program to continuously increase **transparency regarding wastewater values and chemical inventories**. The Company also makes suppliers aware of the topic and supports or trains them with setting up their own chemical management processes. It provides them **access to the ZDHC database** for this purpose. This database contains comprehensive information on alternative substances that are environmentally and economically justifiable and are comparable with conventional substances in terms of technical application. In addition, suppliers can have their wastewater tested by ZDHC-certified laboratories and make the results available to other companies on the database.

Management of Climate Impacts

With the signing of the **UNFCCC Fashion industry Charter for Climate Action** in 2018, HUGO BOSS aims to achieve **"net zero" greenhouse gas emissions** by the year 2050 together with other companies in the fashion industry. The fourth component of the Environmental Management module is therefore designed to decrease the climate impacts in the supply chain. In order to manage this process, the Company continuously increases **transparency regarding greenhouse gas emissions** in its supply chain. The main focus is on those suppliers that generate the most emissions due to high energy requirements. This includes mainly suppliers who heat water in their processes, or suppliers who require large amounts of energy, for example, during coating, steaming or ironing.

In the reporting year, greenhouse gas emissions of 608,498t CO₂ were generated in the Company's supply chain. Compared to the previous year, this represents an increase of 20%. This development can be attributed to the general recovery of business activity. The emissions generated in the supply chain were almost at the level before the COVID-19 pandemic (2019). However, GHG intensity (CO₂ emissions per unit produced) was below the figure for 2019.

04 | 10 GREENHOUSE GAS EMISSIONS OF PURCHASED GOODS¹ (IN T CO₂)

	2021	2020	2019
Raw material production	80,630	75,058	107,880
Production processes	520,756	424,580	542,282
From the Company's own production ²	7,112	5,963	5,305
Total	608,498	505,601	655,467

¹ The calculation of greenhouse gas emissions for purchased goods is based on the "purchased goods and services" category as defined in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard of the Greenhouse Gas Protocol. It includes all CO₂ emissions released in connection with the manufacture of raw materials and the production of goods. In addition, this table also contains the emissions of the Company's own production processes in the "production processes" category. Accordingly, the values in this table are not directly comparable with the "purchased goods" category in Table 02 | 04.

² Due to a change in the underlying data, the figures from 2020 and 2019 were adjusted and therefore differ from the data in the previous year's report.

Materials such as wool, which is very emissions-intensive due to sheep farming, account for most of the emissions in **raw material production**. The increased proportion of more sustainable materials, due in part to the increase in the share of RESPONSIBLE styles, had a positive effect on total greenhouse gas emissions.

In **production processes**, the generation of heat from fossil fuels and the consumption of electrical energy for the operation of production machinery were the main sources of emissions. The increased use of renewable energy sources at European suppliers had the greatest impact on the above-mentioned reduction in GHG intensity.

HUGO BOSS supports its partners in the supply chain with making their contribution to climate action. The Company has developed the **Resource Efficiency module (REM)** together with other companies under the umbrella of ZDHC. With the REM, suppliers can, in particular, record their energy consumption, set goals, start and manage their own resource efficiency projects, and report on their progress. By doing this, HUGO BOSS wants to enable its suppliers to make their contribution to **achieving the UNFCCC target**. For more information on the Company's Scope 3 emissions, see the Environmental chapter of this report.

> We > Environment

In addition, HUGO BOSS has developed the **online training session "Climate Action Training for the Fashion Industry"** in cooperation with GIZ (Society for International Cooperation) and the UN Fashion Industry Charter for Climate Action as well as other international companies from the fashion industry. It is aimed at all interested parties from the textile industry and is available free of charge. The goal of the training is to inform participants about the influence of the textile industry on the climate, to raise awareness about their responsibility to reduce greenhouse gases and to impart the appropriate expertise to do so.

Governance Module

In order to ensure that the sustainability requirements in the textile supply chain are consistently met, it is also **necessary to involve upstream suppliers**. HUGO BOSS has set itself a goal for 2025 of ensuring that all goods are sourced from a transparent and responsible supply chain. To achieve this, the Company uses the **Governance module** from its SCS-Program. This contains several elements that enable suppliers to assume increasing **responsibility for their own supply chains**. Among other things, they are directed to develop tools to verify and establish the environmental and social standards required by HUGO BOSS at their own suppliers. For suppliers with large order volumes, higher requirements apply (see diagram 04 | 04).

Requirements such as a risk management strategy are mandatory. Suppliers must also define their own strategies and policies, for example on social and environmental issues, and expand their knowledge about their supply chain. In addition, they are required to report on specified topics according to recognized standards. All suppliers are also obligated to **pass on the standards of the Supplier Code of Conduct to their business partners** and to verify compliance with the standards in an appropriate manner. Following the verification of all strategic finished goods suppliers in 2020 on the basis of a self-assessment questionnaire to determine the extent that they had implemented the Governance module, including the environmental and social requirements contained therein, 32 other finished goods suppliers submitted a self-assessment questionnaire in the reporting year. If shortcomings were evident, HUGO BOSS AGreed with the affected suppliers about the necessary measures for improvement. The proportion of HUGO BOSS' finished goods suppliers verified in 2021 was 44%. In 2022, suppliers of fabric and trimmings will also be included in the verification in addition to the finished goods suppliers. > [Sustainability Program](#)

Grievance Mechanism

If any **violations of human rights or labor standards** are reported, staff members of suppliers have recourse to a defined **grievance mechanism** through which they can contact the responsible contact person at HUGO BOSS directly, or an independent external ombudsman. In addition, a **whistleblowing portal** was established in 2021, which offers suppliers' employees the opportunity to report misconduct and criminal offenses in the Company confidentially and anonymously. In its newly developed and publicly available **HUGO BOSS Whistleblowing Policy**, HUGO BOSS clarifies how the Company receives, reviews and processes complaints and other information. > group.hugoboss.com

All information is carefully processed as part of a **structured and clearly defined process**. If the information proves to be justified, HUGO BOSS works together with the affected supplier to develop a **corrective action plan** to remedy the deficiencies. Depending on the severity of the violations, more frequent audits and more follow-up of remedial measures are ordered or specific training measures are implemented at the suppliers. In 2021, a total of three reports from external production sites were received through the available complaint channels, all of which were dealt with and completed in accordance with the procedure above.

In addition to the above-mentioned reporting methods, supplier employees can also use the complaint channels provided by the FLA.

The grievance mechanisms described here are also available to the Company's own employees.

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Fair Compensation

Fair compensation is a human right. For HUGO BOSS, appropriate compensation for employees in the supply chain is therefore the basis and prerequisite for a long-term, partnership-based cooperation with its suppliers and is also **stipulated in the Supplier Code of Conduct**. > group.hugoboss.com

In order to establish a living wage throughout the entire supply chain, HUGO BOSS contributes to the **design of industry-wide standards**. Together with the FLA and as a partner of an initiative launched by the German Partnership for Sustainable Textiles, HUGO BOSS is committed to political and economic conditions that are intended to improve wage levels in specific countries.

Since the reporting year, the Company has also been working on a **compensation strategy** for the employees of its suppliers. The aim of the strategy is to ensure that their salaries meet their **basic needs** of food, water, housing, education, health care, mobility and clothing for all household members. In addition, they should have **disposable income** to enable them to accumulate reserves for unexpected events.

In order to achieve this goal, HUGO BOSS is continuously dealing with the specific **compensation practices of its suppliers**. On the basis of the guiding principles contained in its strategy, the Company will, together with the respective suppliers, define specific measures to **bring salaries closer to the living wage level** described above. Details on the goals, measures and the specific implementation of the Company's compensation strategy can be found on its website. > group.hugoboss.com

HUGO BOSS is aware that the target wage development for suppliers can only be achieved if purchasing practices (such as collaborative production planning with suppliers or the implementation of fair and transparent payment terms) on the part of fashion companies improve. For this reason, the Company has introduced **mandatory training courses** for its Sourcing & Operations department employees on **sustainable procurement** and wants to include this topic in its **Purchasing Policy** that is currently being updated.

CHAPTER 5

PRODUCTS

IDEAS FOR TOMORROW

AMOUNT OF RECYCLED PAPER IN PRODUCT PACKAGING

55%

2021

50%

2020

35%

2019

SHARE OF RESPONSIBLE STYLES IN THE PRODUCT RANGE

31%

2021

15%

2020

~5%

2019



HUGO BOSS is committed to developing collections that meet its customers' high expectations of design, quality, durability and innovation, while at the same time not posing social, health or environmental risks. Accordingly, it is important to procure materials which are as sustainable as possible and pay particular attention to responsible extraction of processed raw materials. In addition, the Company wants to help conserve resources and protect biodiversity by offering high-quality, durable products and closing materials cycles. This also applies to the packaging used in logistics and distribution. In order to protect people and the environment, the responsible handling of chemicals and a high level of product safety are essential, and it is important that customers take care of products in an environmentally friendly way. Due to the use of materials of animal origin, animal welfare and species protection are also of great importance to HUGO BOSS. Through this comprehensive approach, the Group is contributing towards the implementation of **Sustainable Development Goals 6, 12, 13, 14, 15 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, the **selection of materials that are as sustainable as possible** and an increasing application of **circular design principles** are taken into account, which enable products to be safely returned to the raw material cycle. By doing so, HUGO BOSS is also contributing to its goals in the field of **climate action** and **biodiversity**.

HUGO BOSS pursues a **holistic strategy for more sustainable products**, which is constantly being developed. As a basis for this, the Company has analyzed the environmental and climate impacts of its materials. Among other things, it uses the Natural Capital Protocol from the Capitals Coalition based on life cycle analyses. The strategy for more sustainable products focuses in particular on a **more sustainable procurement of the most widely used materials**, the **expansion of the sustainable product range**, and **animal welfare**. The strategy is defined in the Company's own publicly available **RESPONSIBLE Product Policy**. In the reporting year, the policy was revised and extended with further criteria relating to more sustainable cotton and wool (for example, in the field of regenerative agriculture) and water-saving processing techniques. The requirements for designing its products in a circular way are defined in the **Company's Circular Product Policy**.

> Sustainability Program > group.hugoboss.com

In addition to the overarching RESPONSIBLE Product Policy, HUGO BOSS has imposed other comprehensive commitments on itself: For some time, these have included a **Cotton Commitment** that aims primarily to reduce the environmental impacts of cotton production, and a **Wool Commitment** that is intended to ensure the welfare of sheep. HUGO BOSS also produced a **strategy paper on biodiversity** in the reporting year. This builds on a white paper prepared jointly with the IUCN (International Union for Conservation of Nature),

identifies the Company's impacts on biodiversity along the value chain and describes specific measures to protect and promote biodiversity. In addition, an **Animal Welfare Policy** based on the recommendations of the non-governmental organization FOUR PAWS was adopted in the reporting year. This is valid throughout the Group and contains items such as concrete specifications and restrictions for the procurement and use of animal materials. In order to foster responsible agriculture, the policy also includes environmental aspects of animal husbandry. As a new partner of the environmental organization Canopy, HUGO BOSS also entered into a **commitment to protect forests** in the reporting year. The aim is to prevent old and endangered forests from being cleared for the production of packaging materials and cellulose fibers. All documents can be viewed on the Company website. > group.hugoboss.com

With regard to chemical management and product safety, HUGO BOSS focuses its product strategy on **responsible use of chemical substances**. Among other things, the Company requires its suppliers to countersign its own, constantly updated **Restricted Substances List (RSL)** and to consistently comply with its restrictions on the chemicals contained in products and packaging. The Company's RSL complies with the requirements of the Apparel and Footwear International RSL Management Group with regard to substances, limit values and test methods. In the reporting year, HUGO BOSS laid down its principles for responsible chemical management in a publicly accessible **Chemical Management Policy**. > [Partners](#)

The Company has a clear strategy not only in terms of products, but also in terms of **packaging**: The packaging design at HUGO BOSS is based on the principle that the products remain intact during transportation and storage and always meet the expectations of a premium brand. In addition, by using **innovative packaging designs**, the Company is committed to saving material, using more sustainable raw materials and applying **reusable solutions**. In order to minimize the impact on the environment and conserve resources, HUGO BOSS is gradually increasing the **proportion of recycled plastic and paper** as well as paper and cardboard with the Forest Stewardship Council® (FSC®)⁸ certification. The specifications for this are outlined in the **HUGO BOSS Packaging Guideline**. This policy assesses various material options for product packaging according to the environmental impacts of raw material extraction and production and in terms of recyclability and sets appropriate minimum standards and targets. In addition, the Company has internal regulations for the transportation packaging of its goods.

HUGO BOSS has clearly defined the **responsibility for its strategies for more sustainable products and packaging** along its value chain: The Global Responsibility department, which sets the overall framework for this, and the Sourcing & Operations (including logistics) and Brand & Creative Management departments work closely together in this regard. The first two departments report to the Chief Operating Officer, and Brand & Creative Management answers to the Chief Executive Officer.

HUGO BOSS **cooperates with internationally recognized organizations** to implement its strategy for more sustainable products and packaging. These include the Better Cotton Initiative (BCI), the Cotton made in Africa (CmiA) initiative supported by the Aid by Trade Foundation (AbTF) as well as Canopy and the Leather Working Group (LWG). In addition, the Company interacts with organizations in the field of regenerative

⁸ HUGO BOSS' FSC® license code is FSC® N002527.

agriculture. HUGO BOSS continues to work with **partners, creatives and start-ups** on exceptional materials and processing technologies: At the beginning of 2022, HUGO BOSS entered into a **strategic partnership with HeiQ AeonIQ LLC**, the subsidiary of the innovative Swiss company HeiQ. HeiQ AeonIQ offers a sustainable, cellulose-based alternative to synthetic fibers such as polyester and nylon. > [Partners](#) > [group.hugoboss.com](#)

HUGO BOSS evaluates the effectiveness of its brand and product strategy – and hence its approach to more sustainable products – on the basis of **feedback from its distribution partners** and **systematic customer surveys**. Performance indicators such as the Net Promoter Score (NPS) and the Brand Equity Index are measured. The NPS query in retail stores in Europe, the Americas and parts of Asia, as well as in the global online store, resulted in a score of 60% for 2021. The previous year's figure was 57%. The Company's combined non-financial statement explains in detail what measures HUGO BOSS is taking with regard to customer satisfaction. > [Annual Report 2021, Combined Non-Financial Statement, Social Matters](#)

When communicating with customers – especially in marketing materials about its products – the Company has defined ethical principles, especially in terms of credibility, and will publish these in a **Responsible Marketing Policy**. > [group.hugoboss.com](#)

HUGO BOSS has set itself measurable, time-bound goals for the entire Product field of action, which are also reported on in the Sustainability Program. > [Sustainability Program](#)

Product Related Risks

HUGO BOSS also has risks associated with the more sustainable and circular design of its products, packaging and services. For example, resources may not always be available in the **required quality or quantity**. In addition, the transition to new materials and circular design principles may involve **additional effort and costs**. On the other hand, by aligning the value chain in a more sustainable way, the Company can meet emerging challenges and create a product portfolio that strengthens the **brand trust** of existing customer groups and gains relevance for **additional customer groups**.

More Sustainable Materials and Products

Since 2020, HUGO BOSS has been labeling particularly sustainable products as **RESPONSIBLE styles** and making them directly visible to customers by using special product hangtags. RESPONSIBLE styles contain **at least 60% more sustainable raw materials** (based on trustworthy external certifications) and meet **additional strict environmental and social requirements for processing**. In addition to the product hangtags, the Company uses special communication campaigns to draw attention to its more sustainable product offering and to inform its customers about its benefits in the online store on various topic pages.

> www.hugoboss.com

Land use, water shortages and the use of chemicals threaten the livelihoods of many animal and plant species and other organisms. For this reason, in the reporting year HUGO BOSS developed an **exclusive collection** based on particularly **water-saving raw materials and dyeing techniques** as part of its RESPONSIBLE styles. It was launched at the beginning of 2022. Since 2021, the Company has also been sourcing **wool and cotton from regenerative agriculture** for its RESPONSIBLE styles, thereby making a contribution to biodiversity and climate action.

05 | 01 CHARACTERISTICS OF RESPONSIBLE STYLES



HUGO BOSS has set itself the goal of making **RESPONSIBLE styles account for more than 60% of the product range by 2025**. At the end of 2021, the share was 31%, which means that the Company has already exceeded its original target of 30% by 2025. > [Sustainability Program](#) > group.hugoboss.com

Responsible Materials

For its products, HUGO BOSS only uses materials that meet the Company's high quality criteria. Social and environmental aspects also play an important role in material procurement.

05 | 02 MATERIALS USED

	2021		2020	
	in t	in %	in t	in %
Cotton	9,095	55	6,305	50
Synthetic fibers	3,433	21	2,551	20
Wool	1,116	7	1,289	10
Leather	1,076	7	1,042	8
Regenerated cellulose fibers	503	3	395	3
Rubber	488	3	398	3
Polyurethane	428	3	245	2
Polyvinyl chloride	203	1	136	1
Linen	54	0	66	1
Silk	43	0	68	1
Other	79	0	53	1
Total	16,518	100	12,548	100

The following section is a detailed report on the materials used and the concepts with which the Company reduces its negative impact on CO₂ emissions, water consumption or biodiversity when selecting materials.

Plant-Based Fibers

Compared with synthetic fibers such as polyester or nylon, plant-based fibers such as cotton, hemp or linen have some advantages in terms of their environmental impacts and their carbon footprint. As with all other raw materials, resources are consumed for producing and processing plant-based fibers. However, these fibers are **renewable raw materials** that can **decompose much more quickly** than synthetic plastics. This is why the use of plant-based fibers plays a major role in the Company's more sustainable product strategy.

In order to continuously limit the environmental impacts of cotton cultivation, HUGO BOSS has set itself targets for procuring **cotton**: By 2025, 100% of purchased cotton should come from **more sustainable sources** in accordance with the criteria set out in the Cotton Commitment. In 2021, cotton purchased from more sustainable sources accounted for 79% (2020: 86%) ✓. The decrease compared to the previous year is, among other things, due to limited raw material availability and the revision of the claimed standards by the Company. HUGO BOSS is involved in specific projects – for example, the Company helps small farmers in Egypt cultivate cotton more sustainably via the **Egyptian Cotton Project**, together with the United Nations Industrial Development Organization (UNIDO) and the BCI. By the end of 2021, the number of small farmers involved in the project increased to 3,628 (2020: 1,576). HUGO BOSS offered the first products with cotton from this project in the spring of 2021. > [Sustainability Program](#) > [Further Key Figures and Information](#) > group.hugoboss.com

The following table shows the origin of the cotton sourced at HUGO BOSS.

05 | 03 ORIGIN OF THE COTTON SOURCED AT HUGO BOSS

	2021		2020	
	in t	in %	in t	in %
USA	2,354	26	804	13
India	1,666	18	1,232	20
Burkina Faso	924	10	51	1
Australia	900	10	377	6
Turkey	682	8	644	10
Cameroon	626	7	451	7
Brazil	536	6	448	7
Greece	348	4	9	0
Ivory Coast	321	3	11	0
Peru	141	2	0	0
Other	597	6	2,278	36
Total	9,095	100	6,305	100

Plant-based fibers made of **hemp** and **linen**, for example, are becoming increasingly important in HUGO BOSS' sustainable product strategy because of their low water consumption. Thanks to relatively higher yields, a hemp plantation also occupies less area than other fibers such as cotton. The plants also grow faster and are more robust, meaning that fewer herbicides and insecticides are needed for cultivation.

In the reporting year, HUGO BOSS launched a **RESPONSIBLE collection** that **focuses on natural materials such as hemp, linen and more sustainable cotton**, and which was produced – where possible – without resource-intensive dyeing processes (undyed).

Regenerated Cellulose Fibers

Regenerated cellulose fibers such as **modal** or **viscose** are obtained from wood and processed in an industrial manufacturing process. In contrast to a fossil raw material (such as polyester), this is a renewable raw material. In principle, cellulose-based fibers are therefore **easy to recycle and decomposable**. Both in the production of cellulose and in the energy and chemical intensive conversion of cellulose into fibers, care must be taken to minimize the environmental impacts as much as possible. For this reason, HUGO BOSS entered into a partnership with the non-profit environmental organization Canopy in September 2021. Since then, the Company has exclusively worked with viscose suppliers, who according to the **Canopy Hot Button Ranking** do not bring **materials from old and endangered forests** to the market and also meet the Company's requirements for chemical management. Furthermore, HUGO BOSS uses TENCEL™ Lyocell fibers from Lenzing on an ongoing basis – a material that is obtained from certified wood and leftover cotton fabric using an innovative closed-loop system.

Synthetic Fibers

Synthetic materials are mainly produced from non-renewable fossil raw materials, the extraction of which is associated with pressures on the ecosystems and water reservoirs affected by them. In addition, the production process of synthetic fibers is often energy and chemical-intensive.

HUGO BOSS wants to reduce the use of non-renewable resources and limit the environmental impacts of synthetic fibers. Accordingly, the Company has set itself the goal of increasing the **proportion of recycled synthetic fibers** in its products to **at least 50% of the total volume of synthetic fibers used by 2025**. To this end, HUGO BOSS cooperates with organizations such as the Plastic Bank® organization, whose goal is to collect and recycle plastic waste globally. Projects from Plastic Bank® also create a livelihood and educational opportunities for local communities in developing countries.

Various studies have also shown that small fiber particles are released when synthetic products are washed. These are known as **microplastics**. They are virtually completely non-biodegradable, bind to environmental toxins and dangerous microorganisms, and contribute significantly to water pollution. As a result, HUGO BOSS is increasingly seeking to exchange ideas with companies that offer **bio-based substitution materials** (for example, from waste from the textile and food industries) or develop additives for synthetic fibers that help to degrade microplastics in a natural way. The aim is to reduce synthetic fibers and their negative environmental impacts and replace them with alternative materials in the long term.

The **strategic partnership with HeiQ AeonIQ LLC** contributes to this goal. The innovative filament yarn resembles polyester and nylon fibers in its properties, but is based on cellulose. This makes it a sustainable, recyclable alternative to synthetic fibers. > group.hugoboss.com

Animal Materials

HUGO BOSS rejects animal experiments as well as inhumane animal husbandry and rearing. The Company strictly adheres to EU-wide and globally **recognized rules on animal welfare and protection of biodiversity**, as laid down in its **Animal Welfare Policy**. The Animal Welfare Policy also contains a clear commitment to the Five Freedoms recognized as guiding principles by the World Organization for Animal Health. In an **intensive dialog with animal welfare organizations** such as People for the Ethical Treatment of Animals (PETA) or FOUR PAWS, HUGO BOSS wants to promote animal welfare beyond its own value chain.

> group.hugoboss.com

HUGO BOSS uses only selected **leather types** and is also looking for replacement 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

The greatest environmental impact of leather is due to improper use of chemicals and insufficient wastewater disposal during tanning. This puts the water supply of the population and biodiversity at risk, especially in bodies of water and coastal zones. In order to limit these effects, HUGO BOSS has set itself the goal of **sourcing 100% of leather from tanneries certified according to LWG or comparable standards** by 2025. At the end of 2021, this figure was 72% (2020: 59%). The 60% milestone set for 2022 has therefore already been exceeded. > [Sustainability Program](#) > group.hugoboss.com

The requirements for the production of more sustainable **wool** are set out in HUGO BOSS' own **Wool Commitment**. They include **species-appropriate animal husbandry, gentle shearing** of 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 Company's pure wool knitwear products are made exclusively from mulesing-free wool, and HUGO BOSS wants to achieve this in its suits made of 100% wool by 2025. In addition, the Company, in cooperation with FOUR PAWS, has signed a letter of intent to switch to mulesing-free wool as far as possible by 2030. > [Sustainability Program](#) > [group.hugoboss.com](#)

Furthermore, HUGO BOSS continues to focus on **wool with a traceable origin** as well as on **regenerative agriculture**. The wool meets certified standards with the highest animal welfare requirements such as the ZQ Merino Standard. In addition, the Company regularly purchases wool that is certified according to the Responsible Wool Standard. > [group.hugoboss.com](#)

The Good Cashmere Standard® from AbTF, which HUGO BOSS helped to develop, is the world's first standard for **sourcing responsibly produced cashmere fibers**. The Company is also involved in the Mongolian Sustainable Cashmere Platform, which aims to ensure a common framework for sustainable sourcing of cashmere fibers from Mongolia.

The production of **down**, for example for quilted jackets, is often accompanied by impairments of animal welfare, which HUGO BOSS does not tolerate. Since 2016, the Company has therefore only used down that is neither produced by live-plucking nor in connection with force feeding and comes from animals that are reared under **controlled conditions**. In the reporting year, the Company introduced the **Downpass Commitment** quality seal as the standard for all down that it uses.

Consistent Use of Material Inventories

At HUGO BOSS, a responsible use of materials also means a **systematic reduction of excess goods from procurement**. For this purpose, the Company uses existing material inventories of past collections as raw materials for new product developments. In addition to creating efficient ways for saving raw materials, this also ensures that excess goods are used in a resource-saving and responsible manner. In the reporting year, HUGO BOSS launched a collection for this purpose in which more than 300,000 meters of leftover fabrics were used responsibly.

Responsible Use of Chemicals and Product Safety

HUGO BOSS is responsible for the **health and safety of people** involved in the production process or who come into contact with HUGO BOSS' products as customers. Responsible use of chemicals is particularly important in this context. Transparency also plays an important role – in cooperation with suppliers as well as in customer communication.

For many years, HUGO BOSS has been seeking industry-wide **interaction and cooperation with producers and experts** to avoid the use of hazardous chemicals in the value chain. For example, the Company is involved in the **Zero Discharge of Hazardous Chemicals (ZDHC)** association and uses its management and analysis tools in its value chain.

HUGO BOSS also takes potential environmental impacts of chemicals in products very seriously. For this reason, the Company has decided to step up its efforts to **exclude perfluorinated and polyfluorinated chemicals (PFC)**. By the end of the reporting year, 99% of all suppliers had already committed themselves, on the initiative of the Company, to discontinuing the use of PFC in their production processes.

HUGO BOSS commissions accredited institutes to carry out **extensive pollutant tests** in order to verify compliance with its specifications. The aim is to minimize the proportion of products that do not conform to market requirements and to ensure that they are not shipped. If abnormalities are identified during the tests, a defined escalation process is initiated. All relevant specialist departments are involved, including the Managing Board in serious cases. In 2021, 2,898 materials were assessed this way (2020: 2,631 materials). As part of these assessments, 0.3% of the tested products were found to be nonmarket-compliant and therefore were not released for distribution (2020: 0.1%) ✓.

HUGO BOSS takes all necessary precautions to comply with **legal labeling requirements**. All products are provided with information on the material composition and the country of origin, with care instructions, as well as with the product and supplier number. In the reporting year, there were no penalties imposed due to incorrect labeling.

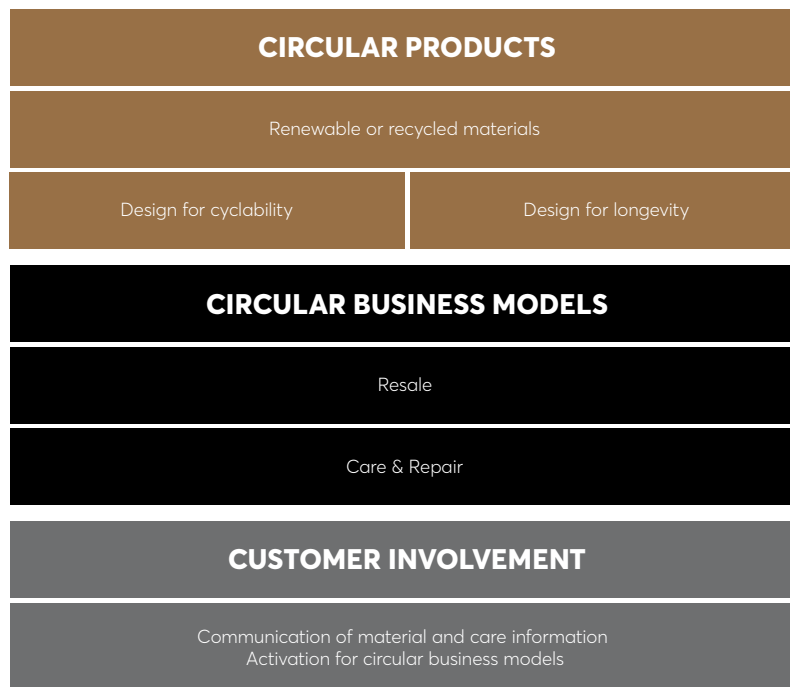
Circularity

Products from HUGO BOSS are of the highest quality and stand for long-lasting design. With the new **strategic focus on circularity**, the Company is now going one step further: HUGO BOSS intends to further increase the service life of its products, to close material cycles and to focus on the selection of high-quality recycled and renewable materials. In order to achieve the overall goal of **conserving resources and making products fit for circularity**, HUGO BOSS formulated three guiding principles in the reporting year: (1) develop solutions for technical and biological cycles, (2) expand the Company's own recycling potentials and (3) implement circular business models such as repair and resale.

In the reporting year, the Company was able to increase the proportion of recycled materials. The availability of recycled raw materials that meet the Company's high quality requirements continued to present a challenge.

After HUGO BOSS committed itself to the 2020 Circular Fashion System commitment already in 2017, circularity is now established as part of the corporate strategy. This is how the Company confirms its claim to increasingly **enable safe return to the raw material cycle** for its materials used. It focuses on the shared creative potential of the Design, Product Development and Sourcing & Operations departments. The **employees** from these departments were **trained in the area of circular design** with the support of the design consultancy circular.fashion. Based on the training courses, the Company worked with circular.fashion to develop a **Circular Product Policy**, which defines the criteria for circularity in the design and development phase and will be made available to employees as part of an online training course. In addition to the allocation of capacities of employees from the creative teams, the Company is intensifying its cooperation with start-ups and supporting them in the different phases of their development. All of these are important steps towards achieving the goal of **developing eight out of ten products according to circular design principles by 2030**.

05 | 04 BUILDING BLOCKS OF HUGO BOSS' CIRCULARITY STRATEGY



Circular Products

HUGO BOSS focuses its efforts on the **use of renewable and recycled raw materials** in order to implement the circularity strategy. Products that can be **recycled** in one material cycle and components that can be **disassembled** additionally contribute to an increasingly circular product range. The circular design of products is not only defined by the fact that they can be returned to the technical or biological material cycle, but also by a **timeless design** and **functional longevity**. Robust and highly resistant materials and processing steps as well as modular and multi-functional design elements ensure that the **service life of the garments can be extended** or the wearing style can be redefined.

The first **products** designed according to these criteria are **expected to be on the market at the beginning of 2023**.

Circular Business Models

Circular business models, such as reselling or care and repair services, are also an important component of the circularity strategy. In 2022, HUGO BOSS will launch its **online resale platform "Pre-Loved"** in France, which will allow customers to purchase and return used clothing from HUGO BOSS. A roll-out to other countries is scheduled for 2025. In addition, HUGO BOSS will introduce its **Care & Repair service** in select stores in Germany in order to prolong the lifespan of its products. These business models help to **keep products in circulation longer**. To ensure their long-term success, it will be particularly important to provide customers with offers that are user-friendly, inform them well about these offers and encourage them to take their own initiative. > group.hugoboss.com

Customer Involvement

Careful handling of clothing can also save resources in a circular economy: Careful handling makes material collection, separation, preparation and new production unnecessary in the short term. Customers have a key role to play here, who can significantly **increase the longevity of products with gentle cleaning and care**. HUGO BOSS offers its customers special material guides for this purpose on its online stores. These guides contain practical **information on quality, wearing comfort, product care and the sustainability aspects** of a range of materials.

More Sustainable Packaging

At HUGO BOSS, packaging is used at various stages in the value chain. **Transportation 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. The Company also uses **product packaging** such as shoeboxes and polybags for optimal handling during storage or presentation in retail stores. In addition, sales packaging, such as carrier bags and gift packaging, is used.

In the field of packaging materials, HUGO BOSS has set itself ambitious targets, similar to the goals for its products. These can be found in the Sustainability Program. > [Sustainability Program](#) > group.hugoboss.com

HUGO BOSS primarily uses paper and plastic for the different packaging in its value chain. Metals and natural materials such as cotton play a lesser role.

05 | 05 PACKAGING MATERIALS USED AND THEIR RECYCLED CONTENT¹

Material	Packaging type	2021		2020	
		Total weight (in t)	Recycled share (in %)	Total weight (in t)	Recycled share (in %)
Paper	Transport and shipping cartons	3,446	80	2,840	74
	Product/gift boxes	1,234	65	727	46
	Carrier bags	1,201	70	911	73
	Other packaging	628	5	359	6
	Total paper	6,510	68	4,837	65
Plastic	Polybags & garment covers	371	38	323	37
	Hangers	176	98	194	64
	Suit bags	165	87	127	82
	Other packaging	290	4	201	0
	Total plastic	1,002	47	845	41
Metal	Hanger hooks	20	11	22	9
	Other packaging	14	0	9	0
	Total metal	34	6	31	6
Natural materials (e.g. cotton, leather)		51	0	25	0
Total		7,597	64	5,738	61

¹ The total recycling content per material category (total) for 2020 was adjusted retrospectively due to a change in the calculation method.

In the reporting year, the proportion of non-renewable packaging materials was 14%, with a corresponding proportion of renewable materials of 86% (2020: 15% and 85% respectively).

The **paper used** by HUGO BOSS for all packaging and cardboard **consists almost exclusively of FSC®-certified material**. Wherever possible, recycled material is used for this purpose, as is the case with carrier bags and shoeboxes. Attention is paid to the recyclability of the material by avoiding lamination. Overall, the FSC®-certified proportion for transportation, product and sales packaging in 2021 was 89% (2020: 87%). In addition, all newly-sourced cardboard boxes that are intended for shipment out of German distribution centers are FSC®-certified. They consist of 77% recycled material on average (2020: 80%).

As part of its packaging regulations for transportation, HUGO BOSS also requires that its suppliers obtain cardboard packaging from sustainable sources and make the best possible use of each cardboard box. As a **signatory to Canopy's Pack4Good initiative**, the Company has also committed itself to ensuring that its packaging does not contain materials from ancient and endangered or cleared forests.

For **plastic packaging**, HUGO BOSS also increasingly uses **materials with recycled content**. The **polybags** and **garment covers** used as transportation packaging were made of 38% recycled material in 2021 (2020: 37%). In addition, 87% of the **suit bags** intended for end-user reuse are made of recycled plastic. In addition, the Company continuously tests which kinds of transportation can be carried out without garment covers and where further packaging material can be saved. In 2021, a pilot project was started to package individual products in **FSC®-certified paper bags instead of polybags**. In the reporting year, 740,000 of these paper bags were used on a trial basis. If all quality requirements can be met, this more sustainable packaging solution will be gradually expanded. > [Further Key Figures and Information](#)

In addition, HUGO BOSS has set itself the goal of further increasing the proportion of **reused materials in logistics and sales**. In the area of transportation packaging, 1,047 t (2019: 781 t) of cardboard used for delivering finished goods were reused for shipping from German distribution centers in the reporting year. This affected 49% of all transportation packaging used for shipping goods. At the same time, further work was being done on expanding the circuit of hangers for retail stores. This was established in Germany in 2017, followed by Austria in 2021. Used hangers are reused or recycled into new hangers. > [Sustainability Program](#)

CHAPTER 6

SOCIETY

PROMOTING PERSPECTIVES

SUPPORTED SCHOOLCHILDREN AND STUDENTS SINCE THE
ESTABLISHMENT OF THE HUGO BOSS EDUCATION ASSOCIATION

1,334

2021

1,140

2020

1,018

2019

ALUMNI OF OPEN DOORS FOR WOMEN
SINCE PROJECT LAUNCH

1,625

2021

1,489

2020

1,479

2019



As a Company, 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 Company aims to inspire people to succeed and, as the most important prerequisite for this, to give them equal access to high-quality education. In addition, HUGO BOSS promotes equal opportunities and diversity. Through its social commitment throughout the value chain, it is contributing towards **Sustainable Development Goals (SDGs) 4, 5 and 10**.

Management Approach

With its **corporate citizenship strategy** based on the SDGs, HUGO BOSS created a clear framework for its social commitment. At the core of the strategy are projects and measures that benefit **local communities**. The strategy was revised in 2020. Since then, it has been more closely aligned with the endeavor of the Company to inspire people to succeed personally and establishes an even closer link to the HUGO BOSS value chain. Under the motto "We help people grow stronger", the Company aims in particular to promote **individual potential for success** and has set the following strategic priorities:

- to support young people in particular with access to high-quality education as a basis for personal progress and social participation.
- to promote equal opportunities in general, and women and diversity in particular.
- to provide spontaneous help in emergency situations around the globe.

In the reporting year, the Global Responsibility department was responsible for the global corporate citizenship strategy, which it manages centrally. The respective subsidiaries continue to independently implement the local initiatives of HUGO BOSS' social commitment. Orientation is provided by the publicly accessible guideline established in 2021. This regulates that sponsored projects are in line with the Company's values and principles, and guides through the selection and implementation of the respective project.

> group.hugoboss.com

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 Business for Societal Impact model and evaluates the ratio of input, output and impact for selected projects. On this basis, HUGO BOSS makes decisions annually with regard to the continuation of the projects and makes any necessary adjustments.

HUGO BOSS also relies on the active involvement of local employees in its corporate citizenship activities. The Company specifically promotes **corporate volunteering** and counts the time spent on volunteer work in the selected projects as working hours.

Through targeted donations, HUGO BOSS also supports longer-term projects and initiatives and provides short-term spontaneous help for people in need. The Managing Board is responsible for the donations and for approving them. In the reporting year, the pure amount of donations totaled EUR 577,443 (2020: EUR 774,289) ✓

Information on the Company's goals as well as other initiatives and programs in the area of corporate citizenship can also be found in the Sustainability Program and on the Group's website. > [Sustainability Program](#)
> group.hugoboss.com

Social Commitment Priorities

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**. In connection with the **annual donation to UNICEF at Christmas time**, where employees are given the chance to vote on the sponsored project and further increase the donation amount by making a personal contribution, the Company supported the UNICEF project "Living Schools" in Malawi. In addition, with the HUGO BOSS Education Association, for many years the Company has provided financial support for the education of young people in Izmir (Turkey). In 2021, a total of 194 pupils and students from the region received a stipend from HUGO BOSS (2020: 122 pupils and students). They were also assigned HUGO BOSS employees as mentors with whom they can discuss professional goals and aspirations or private issues and from whom they can receive support. Furthermore, HUGO BOSS attaches great importance to **promoting young talent**. The Company also continued its partnership with the arts and design college Central Saint Martins, part of the University of the Arts London, in 2021. It is paving the way for three further selected students to enter the fashion world of tomorrow through a scholarship program. > [Sustainability Program](#)

In order to enhance equal opportunities in its own value chain, HUGO BOSS runs programs to **promote women and diversity**. At its largest production site in Izmir for example, HUGO BOSS offers a program aimed at supporting women to re-enter the workforce, under the motto "Open Doors for Women". In addition, in 2021 the Company supported for the first time three women's clubs in Zambia by promoting a project of its partner organization Cotton Made in Africa. Furthermore, in the reporting year HUGO BOSS began planning a women's café in Bangladesh. The aim here is to provide women with a safe space to converse after work and engage in further training. In order to increase awareness of equality of employees in the LGBTQIA+ community, since the reporting year the Company has also been cooperating with the ILGA (International Lesbian, Gay, Bisexual, Trans and Intersex Association). Accordingly, in the pride month of June, the Company introduced a capsule collection to the market which was combined with a donation to ILGA. > [Sustainability Program](#) > [Employees](#)

In 2021, besides the ongoing COVID-19 pandemic, other emergencies occurred in many countries around the world. They prompted HUGO BOSS, as an international fashion company, to introduce rapid relief efforts within the scope of its capabilities. In 2021, **spontaneous help and support services** therefore continued to play an important role in the Company's social engagement. For example, HUGO BOSS provided financial support after the catastrophic floods in some parts of Western Europe and for the severe forest fires in Turkey.

APPENDIX

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.

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.

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 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 ₂ emissions along the entire value chain compared with the base year 2018:	
		• Reduction of CO ₂ emissions (Scope 1 and 2) by at least 51% (SBT)	Reduction of 37%
		• Reduction of CO ₂ emissions (Scope 3) by 30% (SBT)	Reduction of 12%
		• Reduction of energy consumption (direct and indirect) in relation to area (m ²) 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 Milestone by 2022: 70%	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
8 	2025	Reduction of the Lost time injury frequency rate (LTIFR) by 5% compared with the base year 2019	Increase of 13%
5 	2024	Training of all employees on the topic of "Inclusive Leadership – Overcoming Bias for Business Success". Milestone 2023: 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
8	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%
8	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%
8 12	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
8	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"> • comply with national environmental legislation, • contribute towards the implementation of the Zero Discharge of Hazardous Chemicals (ZDHC) standards and • support the UNFCCC Fashion Industry Charter for Climate Action 	35%
	2030	All suppliers with wet processes produce in compliance with the ZDHC MRSL standards (measured by their wastewater tests and chemical inventory) Milestone by 2025: all strategic finished goods suppliers with wet processes	Wastewater tests: 21% of all inspected production facilities (80% of strategic finished goods suppliers) comply with the specifications Chemical inventory: 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
12 14 15	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%
12 15 17	2025	Use of 100% sustainably sourced cotton in accordance with the criteria of the HUGO BOSS Cotton Commitment	79%
12 17	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%
12 13	2025	Use of at least 50% recycled synthetic fibers	22%
12	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.

- 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
5 	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
4 	2025	Reaching 1,400 schoolchildren and students through the HUGO BOSS Education Association (Izmir location)	1,334 schoolchildren and students
4 	2025	Reaching 75 disadvantaged children through the project Food & Art in cooperation with the Filderstadt art school (project start 2015)	60 children
10 	2025	Support of 150,000 people in difficult living conditions through a donation of HUGO BOSS products (base year 2020)	86,372 people

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 **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.

FURTHER KEY FIGURES AND INFORMATION

Environment

A I 01 INDIRECT GREENHOUSE GAS EMISSIONS (LOCATION-BASED APPROACH) (IN T OF CO₂)

	✓ 2021	2020	2019
Scope 2 Indirect energy consumption	34,791	33,625	39,544

A I 02 WATER CONSUMPTION BY SOURCE (IN M³)

	✓ 2021	2020	2019	2018
Internally sourced	25,608	23,180	23,681	22,399
Externally sourced	150,362	139,317	183,177	202,500
Total	175,970	162,497	206,858	224,899

A I 03 WASTE VOLUME BY DISPOSAL METHOD¹ (IN T)

	✓ 2021	2020	2019	2018
Recycling	3,666	3,094	4,282	3,971
Reuse	7	41	16	15
Disposal (landfill)	872	875	878	691
Incineration	123	85	121	151
Unknown	1,239	1,036	1,800	1,403
Total	5,907	5,131	7,097	6,231

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 I 04 WASTE VOLUMES BY TYPE¹ (IN T)

	✓ 2021	2020	2019	2018
Solid waste	5,552	4,893	6,821	6,062
Unsolid waste	28	28	40	39
Total	5,580	4,921	6,861	6,101
Recycling amount of solid waste	3,671	3,131	4,269	3,953

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.

A | 05 SITES 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 I Metzingen	Germany	ISO 50001	2012
HUGO BOSS AG	Distribution Center II Metzingen	Germany	ISO 50001	2019
HUGO BOSS AG	Distribution Center Wendlingen	Germany	ISO 50001	2012
HUGO BOSS AG	Warehouse Raw Material Metzingen	Deutschland	ISO 50001	2012
HUGO BOSS AG	Warehouse Bad Urach	Germany	ISO 50001	2012
HUGO BOSS AG	Outlet Metzingen, Kanalstraße Outlet Metzingen, HUGO-BOSS-Platz	Germany	ISO 50001	2012 2019
HUGO BOSS AG	Showroom Düsseldorf	Germany	ISO 50001	2016
HUGO BOSS AG (Austria)	Site 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	2017
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 ISO 50001	2015 2018 2021
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 74% (calculation in relation to building area).

Employees

A I 06 EMPLOYEES BY CATEGORY AND REGION (HEADCOUNT)

	Management	Commercial employees	Industrial employees	Apprentices	Temporary workers
Europe	1,196	6,242	4,048	114	766
Americas	295	1,435	147	0	168
Asia/Pacific	400	1,734	32	0	121
Total	1,891	9,411	4,227	114	1,055

A I 07 EMPLOYEES BY AGE AND EMPLOYEE CATEGORY (IN %)

	<30	30≤-<40	40≤-<50	≥50
Management	5	39	38	18
Commercial employees	31	37	20	12
Industrial employees	19	37	30	14
Apprentices	100	0	0	0
Temporary workers	71	13	8	8
Total	28	35	24	13

A I 08 EMPLOYEES BY POSITION AND GENDER (IN %)

	Managers in revenue-generating positions	Employees in STEM-related positions ¹
Women	51	45
Men	49	55
Total	100	100

¹ STEM-related positions include positions thematically related to science, technology, engineering and mathematics.

A I 09 TERMINATION BY REASON AND REGION¹ (HEADCOUNT)

	Europe	Americas	Asia/Pacific	Total
Employee-specific	1,505	716	445	2,666
Employer-specific	689	134	83	906
Redundancy	150	37	48	235
Retirement	79	1	3	83
Death, emigration	10	3	2	15
Termination (total)	2,433	891	581	3,905

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

A I 10 TERMINATION BY GENDER AND REGION¹ (HEADCOUNT)

	Women	Men
Europe	1,414	1,019
Americas	429	462
Asia/Pacific	400	181
Total	2,243	1,662

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

A I 11 TERMINATION BY AGE AND REGION¹ (HEADCOUNT)

	<30	30≤--<40	40≤--<50	≥50
Europe	1,130	707	369	227
Americas	451	240	104	96
Asia/Pacific	184	296	73	28
Total	1,765	1,243	546	351

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

A I 12 AVERAGE EXPENDITURE FOR TRAINING PER FULL-TIME EQUIVALENT (FTE) (IN EUR)

Total	97
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Products

A I 13 STANDARDS OF SUSTAINABLY SOURCED COTTON

	in t	in % ¹
Better Cotton Initiative	5,637	62
Organic	946	10
Cotton made in Africa	522	6
Organic in-conversion	44	1
Recycled	20	0
Regenerative	3	0
The Egyptian Cotton Project	2	0
Total²	7,174	79

¹ Percentage of total cotton used by HUGO BOSS.

² Cotton LEADS, as a federation of Australian and American cotton associations, also supports other sustainable cotton standards such as myBMP, Organic, US trust protocol, Better Cotton. In order to be able to exclude overlaps in data collection, Cotton LEADS is no longer reported, but continues to be supported.

A I 14 TOTAL WEIGHT OF PLASTIC PACKAGING¹ (IN T)

	2021	2020	2019	2018
Total weight	1,002	845	1,192	1,269

¹ The totals for the years 2018 to 2019 differ from the figures published in the Sustainability Reports for these years. They have been adjusted retrospectively due to changes in the calculation method.

MATERIAL SUSTAINABILITY TOPICS AND GRI STANDARDS

Strategic intensity	Sustainability topic	Allocated GRI standards	Significant impact		
			Inside the company	Outside the company	Inside and outside the company
High strategic intensity	Climate action in production (including own production)	302: Energy, 305: Emissions			HB, suppliers
		307: Environmental compliance, 308: Supplier environmental assessment			HB, suppliers
	Occupational health and safety in production (including own production)	403: Occupational health and safety			HB, suppliers
		414: Supplier social assessment			HB, suppliers
	Human rights and labor standards in production (including own 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
Conservation of resources and protection of biodiversity in products	301: Materials			HB, suppliers	
Medium strategic intensity	Climate action in administration, retail and logistics	302: Energy, 305: Emissions	HB		
	Waste reduction and circularity in production (including own production)	301: Materials			HB, suppliers
		307: Environmental compliance, 308: Supplier environmental assessment		Suppliers	
	Waste reduction and circularity in administration, retail and logistics	306: Wastewater and waste	HB		
	Animal welfare	301: Materials			HB, suppliers
Circularity (in products)	301: Materials			HB, suppliers, consumers	

Strategic intensity	Sustainability topic	Allocated GRI standards	Significant impact			
			Inside the company	Outside the company	Inside and outside the company	
Medium strategic intensity	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	
	Employer attractiveness	401: Employment, 404: Training and education, 405: Diversity and equal opportunity, 406: Non-discrimination	HB			
	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	
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			
	Responsible handling of chemicals in production (including own production)	306: Wastewater and waste				HB, suppliers
		308: Supplier environmental assessment, 416: Customer health and safety				HB, suppliers, consumers
	Corporate Citizenship	413: Local communities			HB, suppliers	
	Product safety	416: Customer health and safety, 417: Marketing and labeling, 419: Socioeconomic compliance			HB, consumers	
	Customer empowerment and involvement	417: Marketing and labeling			HB, consumers	
	Reduction of water consumption in production (including own production)	303: Water and wastewater				HB, suppliers
		307: Environmental compliance, 308: Supplier environmental assessment			Suppliers	
Ethically correct payment of corporate taxes	201: Economic performance, 207: Tax, 419: Socioeconomic compliance	HB				

GRI CONTENT INDEX

The HUGO BOSS 2021 Sustainability Report was produced in accordance with the guidelines of the Global Reporting Initiative (GRI) in the until 2023 valid version GRI Standards including the "GRI Apparel and Footwear Sector Supplement". The choice of general and specific standard specifications which are to be reported on is based on a materiality analysis. This analysis was conducted in 2019 and it was reviewed for relevancy and adjusted accordingly in 2021. Selected disclosures were subject to an external audit.

GRI 102 GENERAL STANDARD DISCLOSURES 2016

		Page	Omissions	External audit
Organizational Profile				
GRI 102-1	Name of the company	4		
GRI 102-2	Activities, brands, products, and services	6		
GRI 102-3	Location of headquarters	6		
GRI 102-4	Location of operations	6, AR 36 ff.		
GRI 102-5	Ownership and legal form	6, AR 29 f.		
GRI 102-6	Markets served	6, AR 39		
GRI 102-7	Scale of the organization	6		
GRI 102-8	Information on employees and other workers	37–39, 98–99	Details about the employee structure by contract type and employment type are not available.	☑
GRI 102-9	Supply chain	6, 48–51		
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	14–15		
GRI 102-12	External initiatives	19–20		
GRI 102-13	Membership of associations	19–20		
Strategy				
GRI 102-14	Statement from senior decision-maker	2		
GRI 102-15	Key impacts, risks and opportunities	15, AR 122 ff.		
Ethics and Integrity				
GRI 102-16	Values, principles, standards, and norms of behavior	14–15		
GRI 102-17	Mechanisms for advice and concerns about ethics	16–17		

GRI 102 GENERAL STANDARD DISCLOSURES 2016

		Page	Omissions	External audit
Governance Structure				
GRI 102-18	Governance structure	8–11, AR 148 ff.		
GRI 102-19	Delegating authority	8–11		
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	8–11		
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	19–20		
GRI 102-22	Composition of the highest governance body and its committees	AR 150 ff.		
GRI 102-23	Chair of the highest governance body	8–11, AR 18 ff.		
GRI 102-24	Nominating and selecting the highest governance body	AR 152 ff.		
GRI 102-25	Conflicts of interest	8–11, 19–20		
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	8–11		
GRI 102-27	Collective knowledge of highest governance body	8–11		
GRI 102-28	Evaluating the highest governance body's performance	AR 150 ff.		
GRI 102-29	Identifying and managing economic, environmental, and social impacts	11–13, SR 2019 11–13		
GRI 102-30	Effectiveness of risk management processes	14–15		
GRI 102-31	Review of economic, environmental, and social topics	8–11		
GRI 102-32	Highest governance body's role in sustainability reporting	4		
GRI 102-33	Communicating critical concerns	16–17		
GRI 102-34	Nature and total number of critical concerns	16–17, AR 150 ff.		
GRI 102-35	Remuneration policies	AR 159 ff.		
GRI 102-36	Process for determining remuneration	AR 159 ff., 39–40		
GRI 102-37	Stakeholders' involvement in remuneration	AR 159 ff.	The Annual Shareholders' Meeting decides on the compensation of the Supervisory Board and the compensation system of the Managing Board. In May 2021, the compensation system of the Managing Board was approved by the Annual Shareholders' Meeting. The compensation of the Supervisory Board was redefined by the Annual Shareholders' Meeting in May 2020.	
Stakeholder Engagement				
GRI 102-40	List of stakeholder groups	19–20		
GRI 102-41	Collective bargaining agreements	37–39		
GRI 102-42	Identifying and selecting stakeholders	19–20		
GRI 102-43	Approach to stakeholder engagement	19–20		
GRI 102-44	Key topics and concerns raised	19–20		

GRI 102 GENERAL STANDARD DISCLOSURES 2016

		Page	Omissions	External audit
Reporting Practice				
GRI 102-45	Entities included in the consolidated financial statement	4		
GRI 102-46	Defining report content and topic boundaries	11–13, SR 2019 11–13		
GRI 102-47	List of material topics	12		
GRI 102-48	Restatements of information	4	Where information from earlier reports is continued in a different form, this is noted accordingly at the relevant points in the report.	
GRI 102-49	Changes in reporting	4, 11–13		
GRI 102-50	Reporting period	4		
GRI 102-51	Date of most recent report	4		
GRI 102-52	Reporting cycle	4		
GRI 102-53	Contact point for questions regarding the report	116		
GRI 102-54	Claims of reporting in accordance to the GRI Standards	4, 103		
GRI 102-55	GRI content index	103–110		
GRI 102-56	External assurance	111		

SPECIFIC STANDARD DISCLOSURES

		Page	Omissions	External audit
Economy				
GRI 201 Economic performance 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	8–11		
GRI 201-1	Economic value generated and distributed	6, 79–80, AR 196 ff.		
GRI 201-2	Financial implications and other risks and opportunities due to climate change	AR 128 f.		
GRI 201-3	Defined benefit plan obligations and other retirement plans	AR 196 ff.		
GRI 201-4	Financial assistance received from government	AR 223		
GRI 204 Procurement Practices 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	48–51		
GRI 204-1	Proportion of spending on local suppliers	48–51	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 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	14–17		
GRI 205-1	Operations assessed for risks related to corruption	17		
GRI 205-2	Communication and training about anti-corruption policies and procedures	17, 20		
GRI 205-3	Confirmed incidents of corruption and actions taken	17		✓

SPECIFIC STANDARD DISCLOSURES

		Page	Omissions	External audit
GRI 206 Anti-competitive Behavior 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	14–17		
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	17		✓
GRI 207 Tax 2019				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	18, Tax Strategy		
GRI 207-1	Approach to tax	Tax Strategy		
GRI 207-2	Tax governance, control, and risk management	Tax Strategy		
GRI 207-3	Stakeholder engagement and management of concerns related to tax	Tax Strategy		
GRI 207-4	Country-by-country reporting	Tax Strategy	HUGO BOSS shares information about tax payments paid according to jurisdiction with the corresponding regulatory bodies. From the Company's perspective, this information is neither intended for the general public nor is it important for presenting its economic, environmental and social impacts.	
Environment				
GRI 301 Materials 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	22–23		
GRI 301-1	Materials used by weight or volume	70, 77		
GRI 301-2	Recycled input materials used	70, 100		
GRI 302 Energy 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	22–23		
GRI 302-1	Energy consumption within the organization	25–26	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	25–26		
GRI 303 Water and Effluents 2018				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	22–23		
GRI 303-1	Interactions with water as a shared resource	29–31, 69, 96		
GRI 303-2	Management of water discharge-related impacts	29–30		
GRI 303-3	Water withdrawal	29–31, 96		✓
GRI 303-5	Water consumption	29–31	HUGO BOSS reports water consumption in units of cubic meters (m ³). One cubic meter is equal to 0.001 megaliters (ML). The determination of water consumption at the Company's own production sites in water-stressed areas is based on the globally recognized Aqueduct Water Risk Atlas of the World Resources Institute (WRI).	

SPECIFIC STANDARD DISCLOSURES

		Page	Omissions	External audit
GRI 305 Emissions 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	22–23		
GRI 305-1	Direct (Scope 1) GHG emissions	27–28		✓
GRI 305-2	Energy indirect (Scope 2) GHG emissions	27–28, 96		✓
GRI 305-3	Other indirect (Scope 3) GHG emissions	27–28		
GRI 305-5	Reduction of GHG emissions	27–29		
GRI 306 Waste 2020				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	22–23		
GRI 306-1	Waste generation and significant waste-related impacts	31–32		
GRI 306-2	Management of significant waste-related impacts	31–32		
GRI 306-3	Waste generated	31–32, 96		✓
GRI 307 Environmental Compliance 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	16, 31–32, 59–60		
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 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	53–54, 59–62		
GRI 308-1	New suppliers that were screened using environmental criteria	53, 59–60		
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	59–62		
Social				
GRI 401 Employment 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	34–36		
GRI 401-1	New employee hires and employee turnover	34–36, 98–99	Detailed information on new employee hires by gender and age is currently not available.	✓
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	39–40		
GRI 402 Labor/Management Relations 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	34–36, AR 75 ff.		
GRI 402-1	Minimum notice periods regarding operational changes		HUGO BOSS complies with all legal regulations on notice periods.	

SPECIFIC STANDARD DISCLOSURES

		Page	Omissions	External audit
GRI 403 Occupational Health and Safety 2018				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	34–36, 44–46		
GRI 403-1	Occupational health and safety management system	44–46		
GRI 403-2	Hazard identification, risk assessment, and incident investigation	46		
GRI 403-3	Occupational health services	46		
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	44–45		
GRI 403-5	Worker training on occupational health and safety	44–45		
GRI 403-6	Promotion of worker health	46		
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	46, 55–57		
GRI 403-8	Workers covered by an occupational health and safety management system	44	Detailed information on the coverage of employees and contractors by the OHS program is currently not available.	
GRI 403-9	Work-related injuries	45	As in previous years, there were no fatal accidents in the year under review.	✔
GRI 403-10	Work-related ill health	46		✔
GRI 404 Training and Education 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	34–36		
GRI 404-1	Average hours of training per year per employee	43, 99	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	42–43		
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	42	Figures on employees receiving reviews split by gender and employee category are currently not available.	
GRI 405 Diversity and Equal Opportunity 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	34–36, 40–41		
GRI 405-1	Diversity of governance bodies and employees	40–42, 98	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	39–40	HUGO BOSS pays women and men equally. The remuneration is based on the performance and qualification of the employees.	
GRI 406 Non-discrimination 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	14–15, 34–36, 51		
GRI 406-1	Incidents of discrimination and corrective actions taken	39–40, 55–56		✔

SPECIFIC STANDARD DISCLOSURES

		Page	Omissions	External audit
GRI 407 Freedom of Association and Collective Bargaining 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	14–15, 34–36, 51		
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	55–57		✓
GRI 408 Child Labor 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	14–15, 34–36, 51		
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	55–57		✓
GRI 409 Forced or Compulsory Labor 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	14–15, 34–36, 51		
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	55–57		✓
GRI 412 Human Rights Assessment 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	14–15, 34–36, 51		
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	55–57		✓
GRI 412-2	Employee training on human rights policies or procedures	16, 20, 39–40	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 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	80–81		
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	81		
GRI 413-2	Operations with significant actual and potential negative impacts on local communities		No negative impacts known.	
GRI 414 Supplier Social Assessment 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	48–51, 55		
GRI 414-1	New suppliers that were screened using social criteria	56–57		✓
GRI 414-2	Negative social impacts in the supply chain and actions taken	55–58		✓
GRI 415 Public Policy 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	19–20		
GRI 415-1	Political contributions		In the reporting year, HUGO BOSS made no donations to political parties.	

SPECIFIC STANDARD DISCLOSURES

		Page	Omissions	External audit
GRI 416 Customer Health and Safety 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	66–67		
GRI 416-1	Assessment of the health and safety impacts of product and service categories	74		✓
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	74		
GRI 417 Marketing and Labeling 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	66, 68		
GRI 417-1	Requirements for products and service information and labeling	74		
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	74		
GRI 417-3	Incidents of non-compliance concerning marketing communications		HUGO BOSS complies with all relevant marketing standards.	
GRI 418 Customer Privacy 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	18, AR 79 f.		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	18		✓
GRI 419 Socioeconomic Compliance 2016				
GRI 103	Management Approach (including GRI 103-1, 103-2, 103-3)	8–10, 16		
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	51, 58, 59–60		
AF8	Number of audits carried out and percentage of workplaces audited	58–59		
AF9–14	Number of incidents of non-compliance with the Code of Conduct	57, 59		
AF15	Analysis of data from audits	56–57, 59–60		
AF16	Remediation measures to address incidents of non-compliance	56–57, 59–60		

INDEPENDENT AUDITOR'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German PDF version of the Sustainability Report 2021 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 sustainability disclosures marked with the symbol "✔" in the Sustainability Report of HUGO BOSS AG, Metzingen (hereinafter the "Company"), for the period from 1 January 2021 to 31 December 2021.

Our engagement exclusively refers to the disclosures marked with the symbol "✔" in the German PDF version of the Sustainability Report. The Sustainability Report is published as a PDF version at https://group.hugoboss.com/fileadmin/media/pdf/sustainability/sustainability_reports_EN/HUGO_BOSS_Sustainability_Report_2021.pdf.

Responsibilities of the executive directors

The executive directors of the Company are responsible for the preparation of the Sustainability Report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (hereafter the "GRI criteria") as well as the selection of the information to be assessed.

These responsibilities of the Company's executive directors include the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual disclosures that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to fraud (manipulation of the report) or error.

Independence and quality assurance of the auditor's firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements – in particular the BS WP/vBP [“Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer”: Professional Charter for German Public Accountants/German Sworn Auditors] in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QS 1) and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the auditor

Our responsibility is to express a conclusion with limited assurance on the disclosures marked with the symbol “✔” in the Sustainability Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews of Historical Financial Information” issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the disclosures marked with the symbol “✔” in the Sustainability Report of the Company are not prepared, in all material respects, in accordance with the GRI criteria.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Inquiries of employees concerning the sustainability strategy, sustainability principles and sustainability management of HUGO BOSS AG,
- Inquiries of employees responsible for the preparation of disclosures marked with the symbol “✔” in the Sustainability 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 Sustainability 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 the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the disclosures marked with the symbol "✔" in the Sustainability Report of the Company for the period from 1 January 2021 to 31 December 2021 have not been prepared, in all material respects, in accordance with the GRI criteria.

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

General 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 accept 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 will not update the 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 summarized result of our work contained in this report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, May 16, 2022

Ernst & Young GmbH
 Wirtschaftsprüfungsgesellschaft

Richter

Wirtschaftsprüferin
 [German Public Auditor]

Johne

Wirtschaftsprüferin
 [German Public Auditor]

LIST OF ABBREVIATIONS

ABBREVIATIONS

AbTF	Aid by Trade Foundation
ACCORD	Accord on Fire and Building Safety in Bangladesh
BCI	Better Cotton Initiative
CEO	Chief Executive Officer
CmiA	Cotton made in Africa
COO	Chief Operating Officer
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)
EDP	Employee Development Program
FLA	Fair Labor Association
FSC®	Forest Stewardship Council®
FTE	Full Time Equivalent
GIZ	German Corporation for International Cooperation GmbH
GRI	Global Reporting Initiative
GSCP	Global Social Compliance Programme
GPTW®	Great Place to Work®
ILGA	International Lesbian, Gay, Bisexual, Trans and Intersex Association
ILO	International Labour Organization
ISAE	International Standard on Assurance Engagements
ISO	International Organization for Standardization
IUCN	International Union for Conservation of Nature
LDP	Leadership Development Program
LTIFR	Lost Time Injury Frequency Rate
LWG	Leather Working Group
MRSL	Manufacturing Restricted Substances List
NGO	Non-Governmental Organization
NPS	Net Promoter Score
OAR	Open Apparel Registry
OECD	Organization for Economic Co-operation and Development
OHS	Occupational Health and Safety
PDD	Performance & Development Dialog
PETA	People for the Ethical Treatment of Animals
PFC	Perfluorinated and polyfluorinated chemicals
REM	Resource Efficiency Module
RRA	Remote Risk Assessment
RSL	Restricted Substances List

ABBREVIATIONS

SAQ	Self-assessment questionnaire
SBT	Science-Based-Targets
SDGs	Sustainable Development Goals
TCFD	Task Force on Climate-Related Financial Disclosures
UNFCCC	United Nations Framework Convention on Climate Change (Klimarahmenkonvention der Vereinten Nationen)
UNIDO	United Nations Industrial Development Organization (Organisation der Vereinten Nationen für industrielle Entwicklung)
ZDHC	Zero Discharge of Hazardous Chemicals
Symbols	
☑	Labeling of information which has been audited for limited assurance engagement

IMPRINT

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