TCFD REPORT 2021

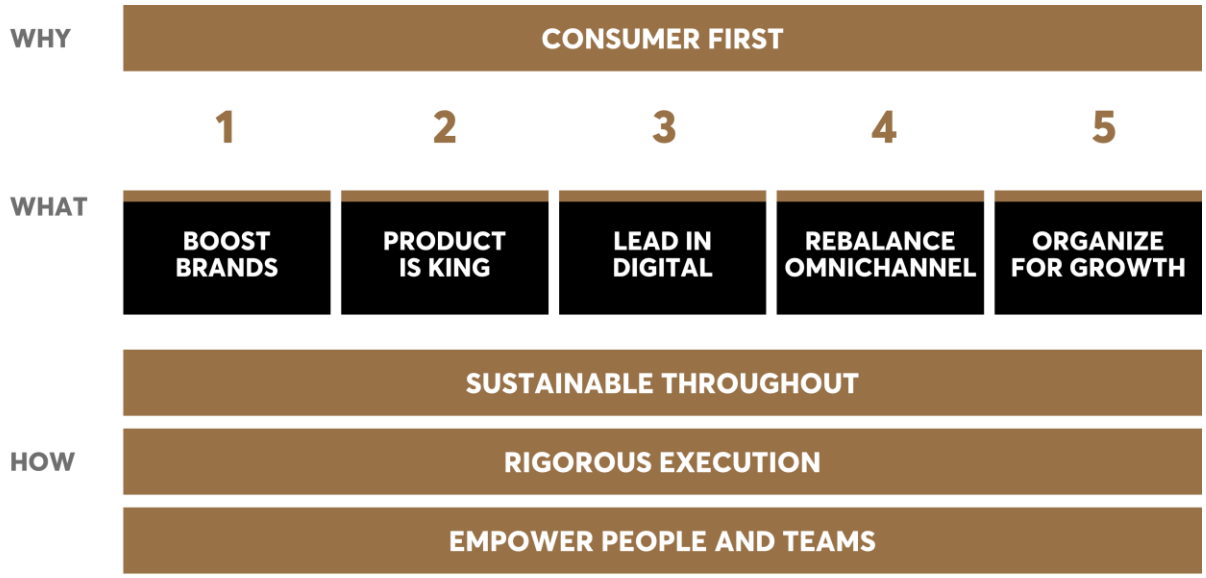
HUGO BOSS

Contents

By disclosing climate-related risks and opportunities in line with the recommendations of the Task Force for Climate Related Financial Disclosure (TCFD), HUGO BOSS provides a first summary of the actions taken to review and develop a strategy to manage the key risks and opportunities arising from climate change, and the potential impacts on its business. The underlying information and data in this report relates to the financial year 2021. The reporting will be updated and extended regularly as more progress will be made with regards to climate-related risk management.

1 Governance

Sustainability is one of the underlying principles ("Sustainable Throughout") of the Company's growth strategy "CLAIM 5".



As such, the Company has a sound sustainability management in place, including a dedicated sustainability strategy. A materiality analysis which the Group conducts on a regular basis serves as the basis for the sustainability strategy. Here, the topic of Climate Action was identified as one of the top priorities for HUGO BOSS (see Sustainability Report 2021, p. 11–12). Climate-related risks and opportunities are therefore also part of the Company's decision-making process and strategic positioning. **> Sustainability Report 2021**

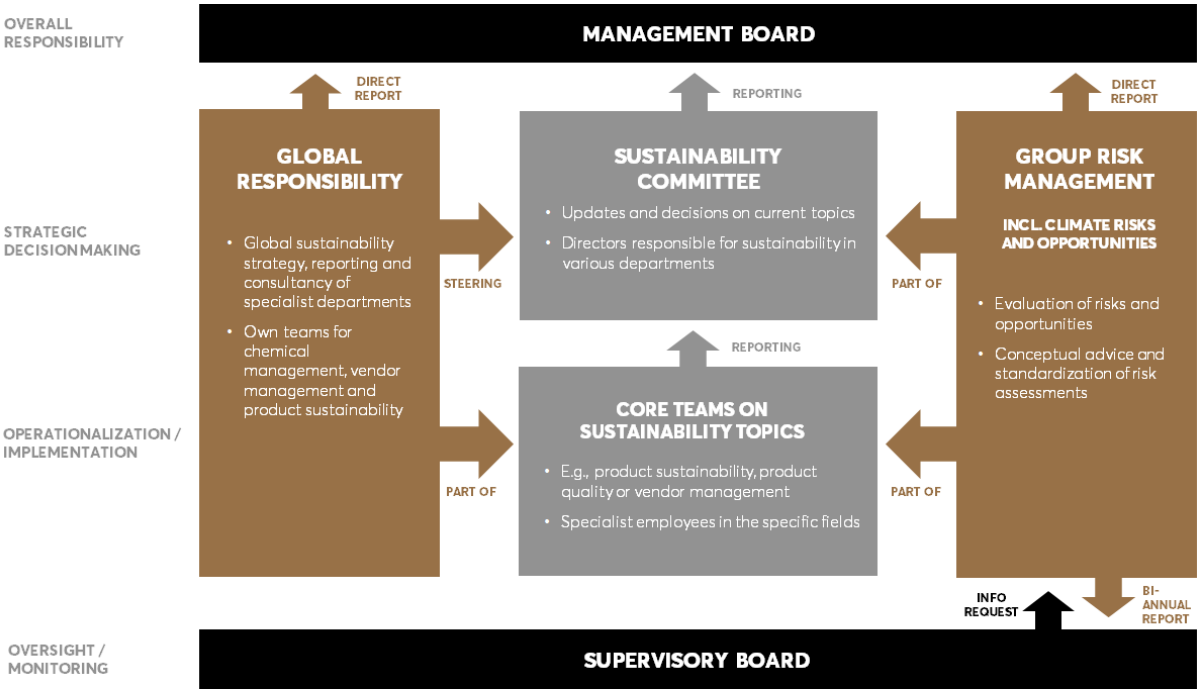
The oversight for sustainability and therefore the climate strategy falls within the remit of the Chief Financial Officer (CFO) since June 2022. The central committee tasked with steering the sustainability strategy is the HUGO BOSS Sustainability Committee, chaired by the CFO since June 2022. In the reporting year, it was composed of members of the Management Board and the managers responsible for the relevant departmental functions (Brand & Creative Management, Communications, Construction & Facility Management, Finance, Human Resources, Investor Relations, Logistics, Marketing, Retail, Sourcing & Operations, and Sustainability).

The Sustainability Committee regularly analyzes, discusses and takes decisions on climate-related issues and informs the members of the Managing Board about the progress and measures towards achieving the Company's climate-related targets. In addition to this, specific Board Meetings are held on a case-by-case basis if there are relevant climate-related issues to discuss in more detail.

Depending on the scope of the issue under discussion, the responsibility lies with the respective Board member and their organization. Responsibility is being shared if the issues involve more than one Board department.

The Managing Board together with the Audit Committee of the HUGO BOSS Supervisory Board have overall responsibility for managing and overseeing risks and opportunities regarding the Group's business operations, including climate-related issues. Group Risk Management informs both the Managing Board and the Supervisory Board twice per year about climate-related risks and opportunities: The Managing Board by means of Board Meetings and the Supervisory Board via the Audit Committee Meetings.

The following chart shows the overall sustainability governance of HUGO BOSS, including Group Risk Management which is responsible for coordinating climate-related risks and opportunities.



2 Strategy and Risk Management

Climate change has been identified as a main risk for HUGO BOSS. It has the potential to impact business in the short (1–3 years), medium (4–9 years) and long term (10+ years). The physical risks and opportunities that the Company faces from climate change include water scarcity and the risk of severe weather events damaging buildings and infrastructure. The transitional risks and opportunities include for example future regulation, changing consumer preferences and access to raw materials and workforce.

The responsibility of identifying and assessing climate-related risks is shared between Group Risk Management, the affected internal departments and Group subsidiaries. Risk Management takes over the coordinating role and provides the framework for the risk assessment whereas the individual departments are responsible for evaluating and managing their climate-related risks. The following chart shows the process of identifying and assessing climate-related risks.

The significance of climate-related risks is evaluated first by the Company's experts in the affected departments. They define their general relevance by a qualitatively categorizing risks into low, medium and high risk in either the short, medium or long term. If a risk is categorized as either medium or high and it is likely to occur in a relevant time frame, the potential negative impact is quantified. This quantification is taken into consideration when making relevant decisions which might be affected by the underlying risk. Short-term risks are mitigated by the respective departments as part of their daily business. Medium- and long-term developments are constantly monitored and included in strategic decision-making if necessary.

With its comprehensive and far-reaching climate strategy, HUGO BOSS sets out to monitor and manage its CO_2 emissions along the whole value chain. The Company was 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 "net zero" climate-damaging emissions by 2050. In addition, HUGO BOSS announced that it is going to be climate-neutral in its own area of responsibility by 2030 and along the entire value chain by 2045. CO_2 emissions which cannot be avoided until then should be neutralized with the help 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 CO_2 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 all partners in its supply chain and is helping them to make their own contribution towards reducing emissions by promoting energy efficiency and the use of renewable energies. Together with other companies within the Zero Discharge of Hazardous Chemicals initiative, the Company has developed the Resource Efficiency Module (REM). 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 focusing on energy efficiency, GHG emissions and water management. With regards to emissions from its raw materials, HUGO BOSS is focusing on using renewable, natural or recycled materials. The HUGO BOSS RESPONSIBLE Product Policy specifies preferred raw materials with lower emissions such as cotton cultivated according to recognized standards (e.g. Better Cotton, Cotton made in Africa, organic cotton) or wool and cotton from regenerative farming.

The following table shows the relevant climate related risks identified in the first qualitative assessment of HUGO BOSS including potential impacts and a summary of mitigation/resilience measures taken by the Company to address each respective risk.

CLIMATE-RELATED RISKS FOR HUGO BOSS

Risk	Regulatory risk	Reputational risk	Limited access to and price volatility of raw materials	Limited access to labor due to climate change-induced demographic change	Changes in consumer demand due to changes in seasonal weather	Water scarcity and security	Physical business continuity risk (severe climate events)
Consequences	▪ Increased pricing of GHG emissions ▪ Enhanced reporting obligations ▪ Regulation of existing products and services	▪ Shifts in consumer preferences ▪ Negative image of the textile industry ▪ Increased stakeholder concern or negative stakeholder feedback	▪ Reduced availability of raw materials ▪ Changes in raw material prices	▪ Reduced production capacities ▪ Longer product time ▪ Political instability ▪ Intercommunity violence	▪ Reduced demand for certain product groups in respective regions	▪ Lower yields in raw material production ▪ Reduced capacity for water intensive processes like dyeing, tanning, printing and laundering	▪ Damage to buildings and infrastructure ▪ Disruption of supply chains
Potential impact	▪ Increased operating costs ▪ Increased compliance costs ▪ Increased costs and/or reduced demand for products and services resulting from fines and judgements	▪ Reduced revenue from decreased demand for goods/services ▪ Reduced revenue from negative impacts on workforce management and planning (e.g. employee attraction and retention) ▪ Reduced capital availability	▪ Increased production costs and less plannability ▪ Decreased production volume leading to loss of sales	▪ Increased labor costs ▪ Changed sourcing portfolio ▪ Delayed product supply	▪ Loss of sales ▪ Loss of margin (if products with smaller margins replace those with higher margins) ▪ Increased inventory	▪ Increased production costs ▪ Increased regulatory penalties ▪ Lost social license to operate ▪ Damaged brand image	▪ Increased costs to repair damages ▪ Increased insurance premiums/less coverage ▪ Increased need for investments ▪ Increased business interruptions and delayed product supplies
Time period relevance	Short- to medium-term	Short- to long-term	Short- to long-term	Medium- to long term	Medium- to long-term	Medium- to long-term	Long-term
Mitigation / resilience	▪ Embedding sustainability into overall business strategy ▪ Constant monitoring of trends and developments that could potentially lead to increasing legal requirements	▪ Public commitment to the targets within the framework of the UNFCCC Fashion Industry Charter for Climate Action ▪ Transparent reporting of target achievement and related measures	▪ Constant monitoring of raw material prices and search for alternative materials. ▪ Investing in new alternative technologies and raw materials, which contributes to decarbonizing the textile industry	▪ Balanced regional distribution to avoid dependencies ▪ Actively managing and optimizing the sourcing portfolio	▪ Constant monitoring of consumption patterns and consumer preferences ▪ Optimized and flexible merchandise management	▪ Improving water efficiency in the Company's direct operations and across the supply chain ▪ Decreasing water pollution in the production processes through chemical management along the supply chain ▪ Water risk mapping	▪ Monitoring the resilience of own locations regarding severe climate events. ▪ Emergency plans to ensure business continuity

For its future assessment of climate related risks, the Company is planning to extend its climate related risk assessment by using specific climate-scenarios.

3 Metrics and Targets

HUGO BOSS has been measuring and reporting energy consumption and CO_2 emissions for Scope 1 and 2 since 2010 and Scope 3 since 2018. The CO_2 emissions are calculated according to the Greenhouse Gas Protocol standard and are partly audited by a third party (Scope 1 and 2 as well as emissions from air travel). Further details on climate-related metrics and targets can be found in the HUGO BOSS Sustainability Report 2021, p. 24–19 + 85–86. **> Sustainability Report 2021**

DIRECT, INDIRECT AND OTHER GREENHOUSE GAS EMISSIONS[1] (IN T OF CO_2)

	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 CO_2 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 Greenhous 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%.

As the Company moves towards becoming climate neutral, HUGO BOSS continues to pursue its scientifically sound reduction targets recognized by the Science Based Targets initiative. Accordingly, by 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).

REDUCTION OF GREENHOUSE EMISSIONS (SCOPE 1+2)[1] (IN T OF CO_2)

	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.

For Scope 3 emissions, which mainly originate from transportation, production and the manufacture of raw materials, the Company is aiming for a reduction of 30% in the same period.

REDUCTION OF GREENHOUSE EMISSIONS (SCOPE 3)[1] (IN T OF CO_2)

	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.

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 Scope 3 emissions should now be reduced by at least 50% until 2030. The new requirements of the Charter are designed to limit global warming to a maximum of 1.5 degrees.

In order to achieve its climate targets, HUGO BOSS is focusing in particular on energy saving, procurement and self-generation from renewable sources. However, as the majority of emissions derive from Scope 3, the Company is constantly striving to reduce the CO_2 emissions in its value chain. In order to reduce CO_2 emissions generated in the raw material production, HUGO BOSS has set up a strategy and targets related to the responsible sourcing of raw materials and increasing the share of RESPONSIBLE styles (meaning the Company's dedicated offering of more sustainable products). All product related targets can be found in the Sustainability Report 2021, p. 91-92. **> Sustainability Report 2021**