



**H U G O   B O S S**

**SUSTAINABILITY REPORT 2015**

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# FOREWORD

## Dear Readers,

2015 marked the sixth consecutive year of growth for HUGO BOSS. The Company expanded its sales by 9% to more than 2.8 billion euros. However, the trends eased over the course of the year. The increasingly competitive environment meant that the financial results fell short of initial expectations.

Complex market conditions and rapid changes in the purchasing behavior of consumers will continue to require dedicated commitment from the Company in 2016. Tackling these issues enables us to build on the foundations that have made us strong: a globally recognized, powerful brand, a streamlined operational platform, and a passionate workforce.

We have made a commitment to sustainable management with the purpose of developing the future growth of the Group. Sustainability at HUGO BOSS is based on the interplay between the three factors of quality, innovation, and responsibility. As one of the leading companies in the premium and luxury segment of the global apparel market, the Company and its brands represent premium fashion and accessories for men and women. We ensure that these products are also manufactured in compliance with environmental and ethical standards on the production side. When selecting raw materials and carrying out refinement, we acknowledge the aspect of environmental and socially friendly production. This approach is rooted in our intrinsic conviction and forms part of the **quality promise** we make to our customers. You can read about an example of how we implement this claim in our own production facilities in the documentary report from Izmir (**see p. 50–53**).

**Innovation** at HUGO BOSS is closely connected with sustainability. The Company works together with external research partners and other stakeholders to develop strategies for materials which focus on preserving species diversity and environmental protection alike. This strategy also includes avoidance of farmed fur and exotic materials, and embraces environmentally friendly processes for leather and a sustainably designed supply chain for cotton intermediate products → **section: Products**. Topics like this are defined in a comprehensively consolidated sustainability program, which establishes the conceptual framework for the future. For HUGO BOSS, an intensive dialog with stakeholders also forms part of future research: It generates ideas for product innovations and provides suggestions with the objective of prioritizing and focusing on key themes (**see materiality analysis, p. 18–19**).

**Responsibility** forms a key feature of all the processes within the Company – from material procurement, through environmental protection, which has been given greater status with a new Environmental Guideline → **section: Environment**, to our approach toward our employees. We provide the platform for the team spirit and commitment that make the Company so successful, through a value-based dialog culture and attractive career development opportunities → **section: Employees**. We also provide intensive support for the different suppliers and production partners of the Company and assist them in implementing and complying with the HUGO BOSS Social Standards → **section: Partner** so that they are empowered to take responsibility. Beyond the operating business, HUGO BOSS has a sense of responsibility for the communities at its locations. A dedicated Corporate Citizenship Strategy takes strategic account of this → **section: Society**.

# 4

Sustainability is not a state but a roadmap for HUGO BOSS. We believe that this roadmap will take the Company on a journey to a successful future over the long term. We pursue this objective by making a joint commitment together with our employees and partners and in dialog with our stakeholders. We look forward to receiving your feedback.

Yours,

**HUGO BOSS Managing Board**

## REPORT PROFILE

HUGO BOSS AG herewith presents its third Sustainability Report. It covers the business year 2015, and this period also corresponds to the calendar year 2015. The report was prepared in compliance with the G4 Guideline of the Global Reporting Initiative (GRI) in the “Core Option”. Selected quantitative and qualitative information in the report was reviewed by an independent auditing company in order to achieve limited assurance (✓). The Sustainability Report addresses a broad readership including employees, customers, business partners, shareholders, investors, non-government organizations, as well as representatives from business, academia, government, and the community at large. The report is published on an annual basis and provides information about the existing and planned sustainability objectives and activities of the Group. The Company carried out a comprehensive materiality analysis during the reporting year with the aim of defining and prioritizing the content of the report.

The report covers the HUGO BOSS Group. Unless otherwise stated, all the quantitative information relates to production, logistics, and administrative locations, and includes the Group’s directly operated stores in Europe, North America, and the locations in the area of Asia/Pacific China. The companies included in the report correspond to those incorporated last year (**Sustainability Report 2014, see p. 3–4**). In 2015, HUGO BOSS created structures and processes for collecting environmental data in the Group’s directly operated stores and it has already been able to generate valid performance indicators on the electricity consumption of these stores. The employee and environmental data reported for the Cleveland location relate exclusively to the period between January and March 2015, because the plant was sold to a new owner on 5 April 2015.

Since a number of sustainability targets at HUGO BOSS relate to development as compared with the baseline year of 2010, some indicators are presented as they emerged from the scope of the integrated companies on the basis of the year 2010. A small number of indicators from the reporting years 2013 and 2014 underwent minimal adjustments in this Sustainability Report. This is primarily due to improved data quality and exerts no effects on the trajectories of the trends presented.

This Sustainability Report was approved by the Managing Board of the HUGO BOSS AG. The closing editorial deadline was 17 May 2016. The report is published in German and English.

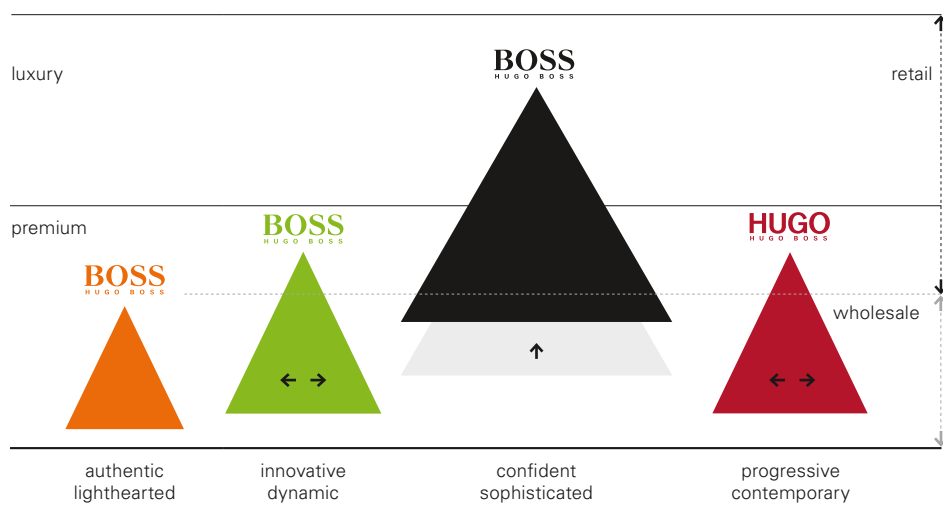
## COMPANY PROFILE

HUGO BOSS is one of the leading companies in the premium and luxury segments of the apparel market. The Group focuses on developing and marketing premium fashion and accessories for men and women. Headquartered in Metzingen (Germany), the Company employs 13,764 employees<sup>1</sup> who generated annual sales of EUR 2.8 billion in the business year 2015. This result makes HUGO BOSS one of the most profitable companies in the sector. Additional financial performance indicators are provided on pages 83 ff. in the Annual Report.

The Company’s mission statement “HUGO BOSS inspires people towards success” forms the foundation for the **corporate strategy**. This strategy is intended to obtain a long-term increase in the enterprise value, and the management works toward this goal. The core competences of HUGO BOSS form the platform for this strategy – the development and marketing of high-quality apparel, shoes and accessories in the premium and luxury segment. Other information on the corporate strategy is provided on pages 46 ff. in the Annual Report.

HUGO BOSS reaches out to varied and clearly differentiated target groups through the core brand BOSS, the brand HUGO, and the brand lines BOSS Green and BOSS Orange. These brands present a comprehensive product portfolio with a range spanning classic to modern apparel, elegant evening clothing and sportswear, shoes, leather accessories, and product groups marketed under license – including fragrances, eyewear, watches, children’s fashion, textiles for the home, and instrument for writing. In 2015, around 12,200 different products were marketed in four collections across all brands.

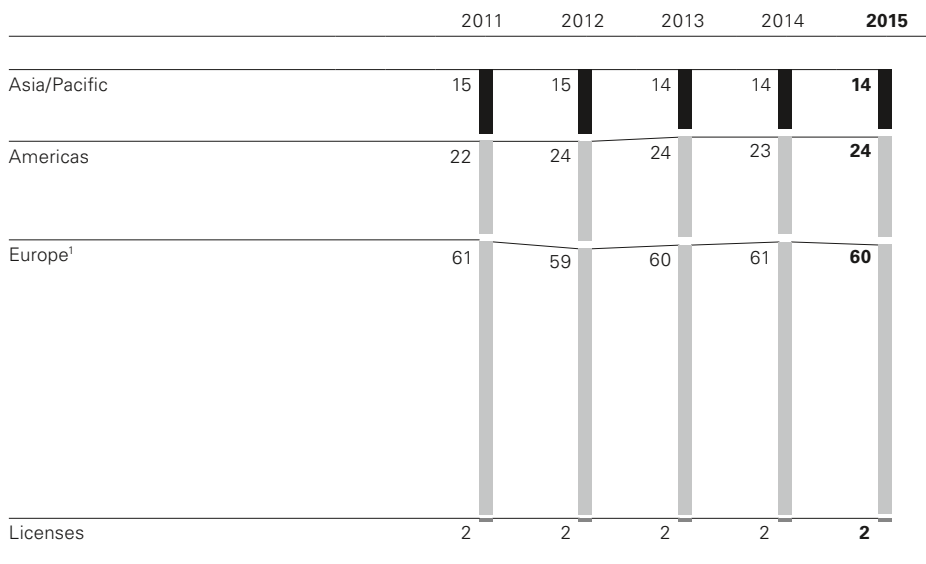
### 01|01 HUGO BOSS BRAND POSITIONING



<sup>1</sup>Number of people (headcount) with the HUGO BOSS Group in an active employment relationship on 31 December 2015, including interns, diploma students, and agency staff.

Customers worldwide were able to purchase HUGO BOSS products at around **7,600 points of sale** in 2015. 1,113 of these were directly operated stores and shop-in-shops. 60% of the sales were generated through the Group’s own stores. HUGO BOSS currently also operates 11 online stores. Europe is the biggest sales market for the Group. Alongside expansion of its market position within traditional core markets such as Germany, the United Kingdom, France, the Benelux countries, and the USA, the Company also sees attractive growth opportunities in Eastern Europe, including Russia and the Middle East. HUGO BOSS is going to expand direct control of its market presence in the latter two markets during the course of 2016. The steady growth of the middle class and the anticipated accompanying increase in purchasing power for premium and luxury goods offers HUGO BOSS substantial sales potential in Asia, and China in particular. Other information on sales and the markets served is provided on pages 53–54 in the Annual Report.

**01|02 SALES BY REGION** (in %)



<sup>1</sup>Including Middle East and Africa.

HUGO BOSS AG **manages** the HUGO BOSS Group as the parent company where all the central management functions are bundled. Responsibility for defining the strategy of the Group and for its management lies with the Managing Board. The organizational structure of the Group is based on a regional approach. Local business activities are pooled in three organizations: Europe (including the Middle East and Africa), the Americas and Asia/Pacific. These three regions and the License business form the four operating segments of the Group. Other information on the organizational structure is provided on pages 38–39 in the Annual Report.

01|03 HUGO BOSS GROUP STRUCTURE

MANAGING BOARD	
CENTRAL FUNCTIONS	OPERATIVE SEGMENTS
Brand Management	EUROPE incl. Middle East and Africa
Communication	
Creative Management	AMERICAS
Finance and Controlling	
Human Resources	
Investor Relations	ASIA/PACIFIC
IT	
Legal, Compliance, and Risk Management	
Licenses	
Logistics	LICENSES
Own Retail	
Sales	
Sourcing and Production	

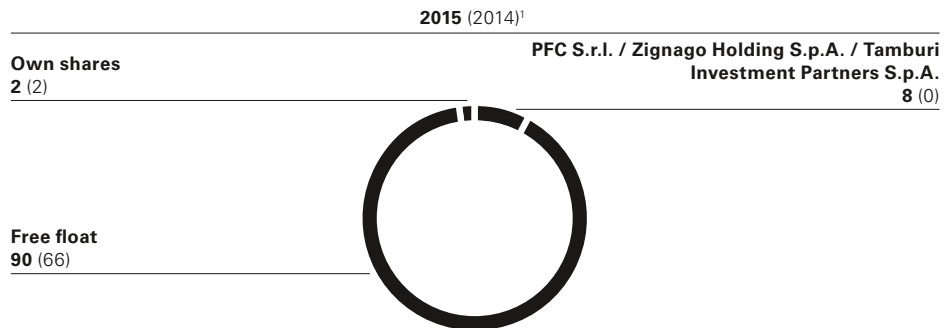
Apart from HUGO BOSS AG, the Group has a total of **56** (2014: 55) **consolidated subsidiaries** located in Europe, the Americas, and Asia/Pacific. All subsidiaries are themselves responsible for local business activities. 34 subsidiaries are organized within this framework as distribution companies. In the year under review, the Group operated its own production facilities in Izmir (Turkey), which is the Group's largest in-house production location, Metzingen (Germany), Radom (Poland) and Morrovalle (Italy). Following a comprehensive analysis of the location, the plant in Cleveland (USA), where suits were produced for the American market up to and including March 2015, was sold to another garment manufacturer in the first half of 2015 with a guarantee for all the jobs there. Conversely, capacities at the Group's own production facility in Izmir were expanded with the addition of a new production building. In addition, the Group carried out refurbishment work at the former warehouse in Wendlingen (Germany) during the reporting year. HUGO BOSS is going to control the distribution processes for the online business in Europe from this location starting in the first half of 2016.

The **textile supply chain** is typically defined by complex processes which largely take place outside the confines of the Company. Procurement activities play a key role here. HUGO BOSS works together with a stable network of experienced and specialized suppliers in order to guarantee excellent processing quality and optimum availability of its products. Over the past year, the HUGO BOSS Group was in an active supply relationship with 257 partners in the field of contract manufacturing and merchandise (2014: 281). Optimized capacity utilization enabled the number of suppliers to be further reduced. The procurement volume is distributed over a global network of suppliers to mitigate risk so as to ensure maximum independence from individual procurement markets and production facilities. Only 9% of the total procurement value of the Company is therefore concentrated with the biggest independent supplier (2014: 8%).



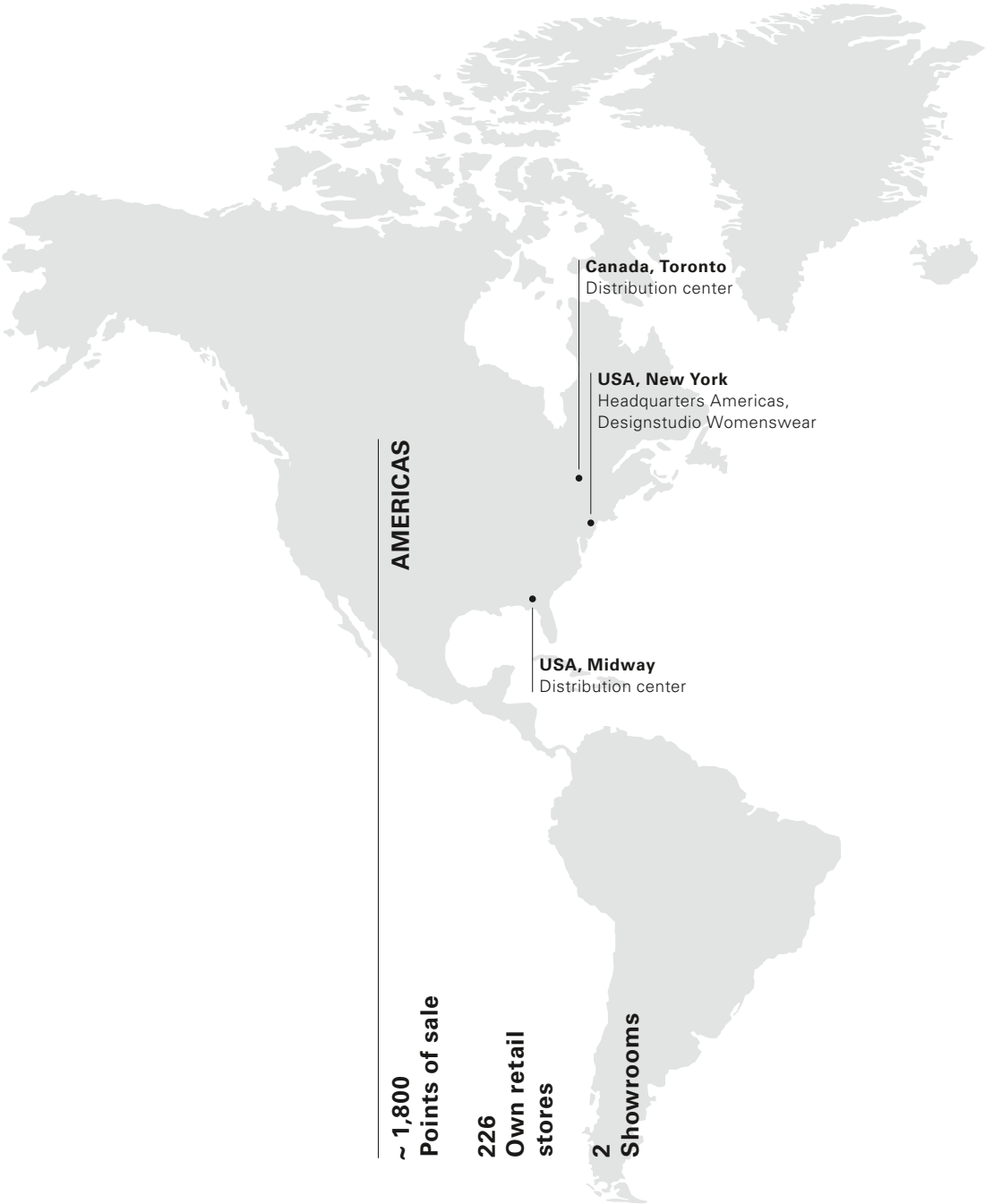
The **shareholder structure** was changed in the reporting year by two events in particular. After the placement of a total of some 14 million shares on 10 February 2015, major shareholder Permira also sold its remaining shareholding of approximately eight million shares through the company Red & Black Lux S.à r.l. on 17 March 2015. As a result, the shareholder structure of HUGO BOSS was made up as follows on 31 December 2015: 90% of the shares are in free float. 8% of the authorized shares are held by Zignago Holding S.p.A. and PFC S.r.l., which are both controlled by the Marzotto family, and Tamburi Investment Partners S.p.A. The three companies bundled their shareholdings in a shareholder pool. 2% of the capital is held by HUGO BOSS AG as own shares.

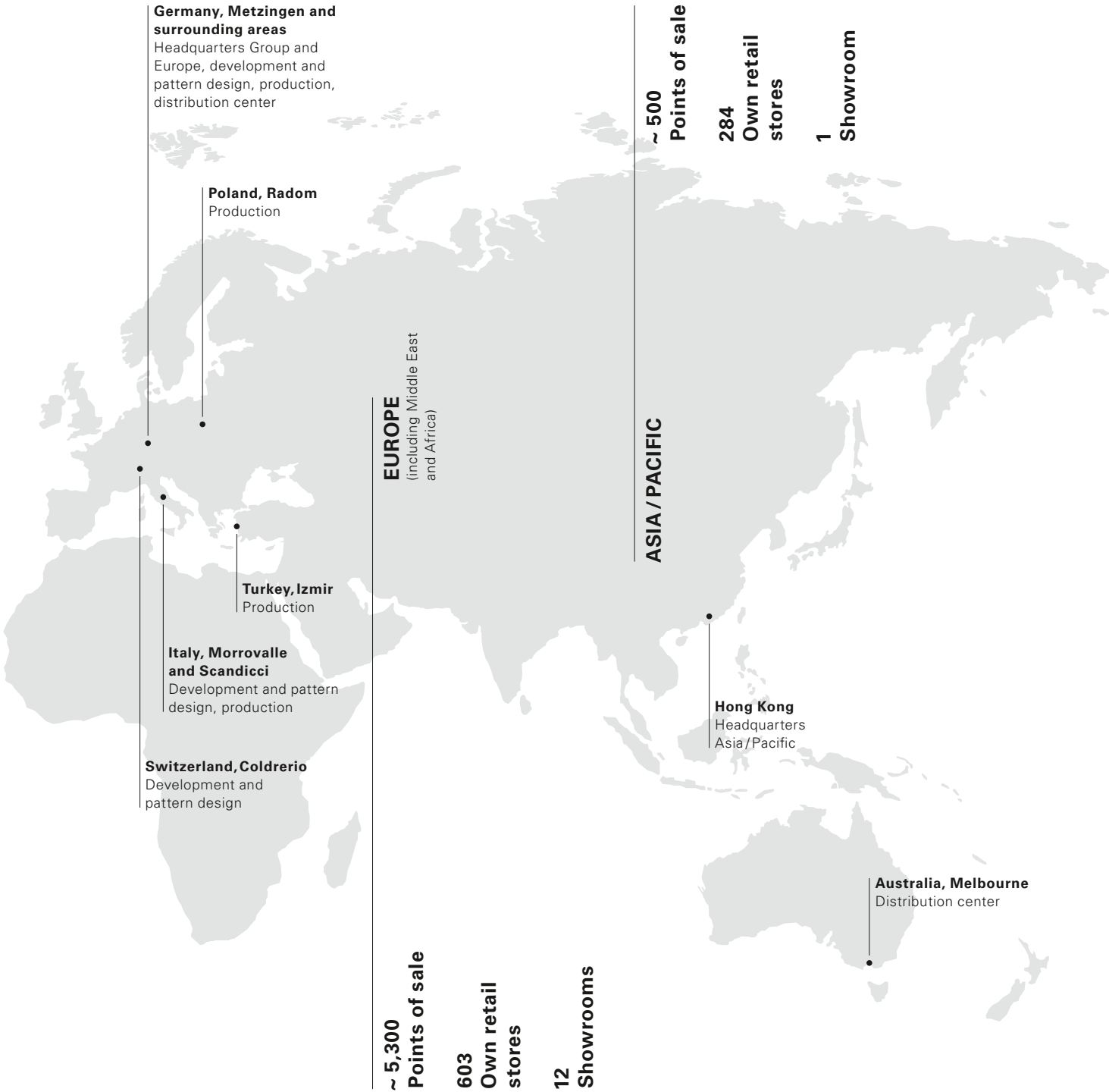
**01|04 SHAREHOLDER STRUCTURE AS OF DECEMBER 31** (in % of share capital)



<sup>1</sup>The share of 32% of the share capital held by Red & Black Lux S.à r.l. as of December 31, 2014 was reduced to 0% in 2015.

01|05 KEY LOCATIONS/GLOBAL MARKET PRESENCE







# WE

## **Materiality Analysis**

Identification of the topics of strategic importance involving internal and external stakeholders

## **Sustainability Days**

A day dedicated to sustainability at the locations Metzingen and Coldrerio

## **Corporate Philosophy** **“commit”**

Further integration of the Company values through worldwide workshops and campaigns

## WE – CREATING VALUES TOGETHER

**Sustainability is an integral element of the HUGO BOSS corporate mission statement, its strategy, and the business processes. The Company's objective is to secure success over the long term by a process of continuous improvement and a forward-looking management of risks and opportunities. When developing and implementing its sustainability strategy, HUGO BOSS is committed to dialog and cooperation with stakeholders.**

### MANAGEMENT APPROACH

HUGO BOSS regards sustainable business equally as an opportunity to guarantee the high quality expected by customers, and to ensure ethical and environmentally friendly manufacture of the Company's products. Both these aspects are assessed as basic enablers for customer loyalty and innovative capability. They are therefore key factors for the long-term success of the Company. Sustainability is also an important aspect for developing the business model with a forward-looking perspective, making efficient use of resources and optimizing processes along the value chain.

HUGO BOSS believes that meeting the expectations of its most important stakeholders, exchanging views about different requirements, and entering into joint discussion about challenges and potential solution pathways are essential as a business objective. The aim is to establish an opportunity for the community and the Company to jointly create added value (see section **Stakeholder Dialog**, p. 24–25). HUGO BOSS summarizes the principles for sustainability management and the **dialog with its stakeholders** under "We". In 2015, a comprehensive materiality analysis was carried out in order to engage systematically with the requirements of internal and external stakeholders (see p. 17–18) and incorporate their perspectives in the strategic decisions within the six action areas.

Since business operations are carried out in different regions and under varying legal jurisdictions, a Code of Conduct and strict compliance rules ensure that employees adhere to the legal requirements (see p. 22). HUGO BOSS also believes that **good and transparent corporate governance** in compliance with German and international standards is a key factor for the success of the Company over the long term. Corporate governance is therefore part of the self-image at HUGO BOSS and is an aspiration encompassing all the divisions in the Group (see p. 20–21).

## STRATEGY AND MANAGEMENT

The **sustainability strategy** of HUGO BOSS is intended to support the Group's strategic objective. It is based on the six action areas We, Environment, Employees, Partners, Product, and Society:

**HUGO BOSS has a sustainability strategy with six clearly defined action areas.**

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### 02|01 SUSTAINABLE ACTIVITIES

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**We:** HUGO BOSS integrates sustainability in its business processes and engages in a constructive dialog with its stakeholders in order to create value for both sides.

**Environment:** HUGO BOSS makes an effective contribution to environmental and climate protection. The Company focuses in particular on energy efficiency, renewable energies, and water consumption.

**Employees:** HUGO BOSS creates a working environment where each individual can be ideally integrated and make the most of their potential to achieve success. The Code of Conduct and high social standards provide the framework for this.

**Partner:** HUGO BOSS commits itself and its suppliers to upholding human rights and protecting the environment. The Company strengthens its social compliance and continuously develops environmental and social standards.

**Product:** HUGO BOSS demands the highest standards for quality, product safety, animal welfare, and species protection, as well as environmental protection, in order to ensure absolute compliance with customers' expectations.

**Society:** HUGO BOSS supports young people in developing their individual potential for success. The focus is on access to education and professional development, and fostering of creative skills.



The Managing Board of HUGO BOSS AG has overall responsibility for sustainability. At the meetings of the board, it regularly addresses issues relating to occupational safety, health protection, personnel development, risk management, stakeholder dialog, and environmental protection. The Managing Board also adopts guidelines and standards in the area of sustainability. The Company has an appropriate **sustainability management** for consistent implementation of this strategy.

The Sustainability Committee is the central body for steering the sustainability strategy. The committee is overseen by the Chief Brand Officer and the Chief Financial Officer. During the reporting year, it comprised the Senior Head of Global Sustainability and the managers responsible for the divisional functions of Central Services, Investor Relations, Global Communication, Logistics, Brand and Creative Management, Operations, Human Resources, Process Management, and Legal Affairs. The committee also includes the regional manager responsible for Europe. The functional areas of the Sustainability Committee were divided into the three working groups Corporate Responsibility, Sustainable Operations, and Corporate Culture. One or more committee members are responsible for these areas.

The central functions of the working group Corporate Responsibility include monitoring stakeholder management and corporate citizenship activities, and communication relating to the sustainability commitment of the Company. Work in the area of sustainable operations entails guaranteed standards for human rights and environmental standards along the value chain, and developing more sustainable products. The responsibility of the working group on Corporate Culture is to address issues relating to the cooperation between companies and conduct in business operations. In 2015, the focus of the work of the Committee was on carrying out the materiality analysis and the intensified stakeholder dialog within the framework of this work. A decision was also taken to raise employees' awareness for sustainability by organizing two Sustainability Days (**see p. 28–29**). There were also activities at the level of products and suppliers.



A comprehensive **materiality analysis** was carried out in 2015, encompassing internal and external stakeholders. The aim was to raise the profile of the most important strategic issues in the area of sustainability and to make them even more tangible in relation to business opportunities and risks for HUGO BOSS. A further objective was to create a stronger link with the six defined action areas. The materiality analysis was based on the following individual steps:

**The materiality analysis is based on intensive dialog with internal and external stakeholders.**

**Step 1**

Internal review

**Step 2**

Definition of sustainability issues relevant for HUGO BOSS

**Step 3**

Online survey of internal and external stakeholders

**Step 4**

Individual stakeholder interviews along all action areas

**Step 5**

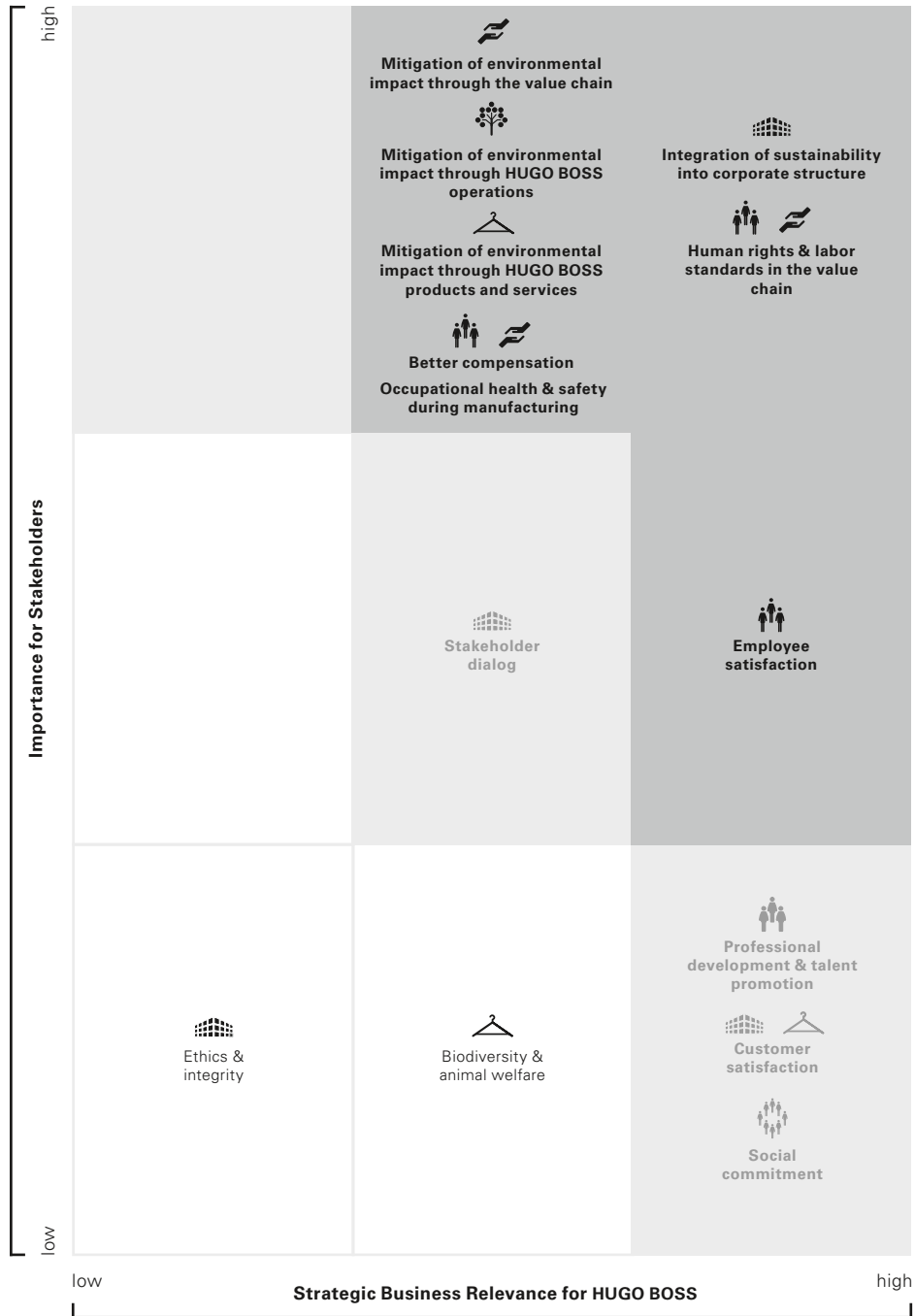
Internal workshop in the second half of 2015

All the specialist departments of the Company represented in the Committee played a role in carrying out the internal review. A large number of topics were identified with strategic relevance for the business operations of HUGO BOSS. A prerequisite was that the topics are regarded as significantly important by the stakeholders of the Company. After reconciliation with the requirements of relevant sustainability standards and a media analysis, 40 sustainability issues identified as relevant for HUGO BOSS were allocated to the three dimensions of Governance, Environment, and Social Engagement.

The stakeholder dialog started with an online survey. This yielded a prioritization of 40 sustainability issues and an assessment of the performance of the Company in the individual areas. More than 1,200 people took part in the survey. The spectrum of issues was defined on the basis of a prioritization of topics with particularly high relevance for both sides. The survey was complemented by personal interviews with stakeholders, including representatives from non-government organizations, SRI investors, suppliers, and the works council.

The issues were evaluated in an internal workshop held in October 2015. Criteria were provided by the influence of issues on a) Innovation and growth, b) Brand value, c) Resilience, and d) Operational efficiency. The external and internal assessments were then mapped in the materiality matrix (**see p. 18**). 40 sustainability issues were plotted in 14 overarching thematic blocks so that integration in the corporate processes is a better fit. The results were presented in the Sustainability Committee and approved by the Managing Board.

02|02 MATERIALITY MATRIX 2015



02|03 MATERIAL SUSTAINABILITY TOPICS AT HUGO BOSS

Priorities	HUGO BOSS Sustainability Topics	Allocated GRI Aspects	Significant Impacts		
			Inside the Company	Outside the Company	Inside and Outside the Company
<b>High Strategic Intensity</b>	1. Integration of sustainability into corporate structure	Economic performance, market presence			HB, suppliers
		Procurement, assessment, environmental grievance mechanisms	HB		
		Compliance (SO), compliance (EN), compliance (PR)			HB, customers
	2. Human rights & labor standards in the value chain	Grievance mechanisms for impacts on society, marketing communications		Customers, suppliers	
		Non-discrimination, freedom of association and collective bargaining, child labor, forced and compulsory labor, human rights and labor practices grievance mechanisms			HB, customers, suppliers
		Investment, supplier assessment for labor practices			HB, suppliers
	3. Employee satisfaction	Supplier assessment for human rights and for impacts on society		Suppliers	
		Employment, diversity and equal opportunities	HB		
4. Mitigation of environmental impact through the value chain	Energy, emissions, materials, water, effluents and waste			HB, customers, suppliers	
	Supplier environmental assessment		Suppliers		
	Transport			HB, suppliers	
5. Mitigation of environmental impact through HUGO BOSS operations	Energy, materials, effluents and waste, supplier environmental assessment, emissions, water	HB			
6. Mitigation of the environmental impact through HUGO BOSS products and services	Energy, materials, effluents and waste, products and services			HB, customers	
7. Better compensation	Equal remuneration for women and men, market presence			HB, suppliers	
8. Occupational health & safety during manufacturing	Occupational health and safety			HB, suppliers	
<b>Medium Strategic Intensity</b>	9. Professional development & talent promotion	Training and education	HB		
	10. Customer satisfaction	Customer privacy, product and service labeling, customer health and safety		Customers	
		Marketing communications			HB, customers
11. Social commitment	Indirect economic impacts, local communities			HB, customers, suppliers	
12. Stakeholder dialog					
<b>Low Strategic Intensity</b>	13. Biodiversity & animal welfare	Marketing communications		Suppliers	
		Biodiversity, supplier environmental assessment			HB, suppliers
	14. Ethics & integrity	Anti-competitive behavior, compliance (SO)			HB, customers, suppliers
		Anti-corruption, Economic performance			HB, suppliers
	Customer privacy		Customers		
	Diversity and equal opportunity, equal remuneration for women and men, labor/ management relations, market presence	HB			

HB = HUGO BOSS

## CORPORATE GOVERNANCE

**HUGO BOSS wants to strengthen trust among its stakeholders and generate value by implementing responsible corporate governance.**

HUGO BOSS believes that good and transparent corporate governance in compliance with German and international standards is a key factor for the success of the Company over the long term. Responsible corporate governance is therefore part of the corporate culture at HUGO BOSS. It is an aspiration that encompasses all the divisions of the Company. The Managing Board and the Supervisory Board are committed to confirming the trust of investors, financial markets, business partners, employees and members of the public and they are dedicated to ensuring the continuation of the Company and the generation of sustainable value added by promoting responsible corporate governance that is geared to the long term. The Company is seeking to achieve this essentially through compliance with the regulations of the German Corporate Governance Code (DCGK) and submitted a declaration of compliance in December 2015 (see **Annual Report**, p. 26–27).

As a publicly listed stock corporation constituted under German law, HUGO BOSS has a **dual governance and controlling structure**. The Managing Board is responsible for defining and steering the strategy of the Group. The Supervisory Board advises the Managing Board and monitors the executive management. The Managing Board and the Supervisory Board work closely together for the benefit of the Company. Their shared objective is to increase the enterprise value over the long term combined with incorporation of sustainability aspects. The Managing Board therefore informs the Supervisory Board in a timely manner and in detail about all issues of importance for the Company relating to strategy, planning, business development, risk management, and about compliance issues. Deviations from targets and budgets are explained to the Supervisory Board and its committees. The strategic alignment and further development of the Group are discussed and coordinated with the Supervisory Board.

The members of the Managing Board and the Supervisory Board are not permitted to pursue personal interests or grant unjustified advantages to third parties when making decisions in connection with their role at HUGO BOSS. In the business year 2015, there were no conflicts of interest involving members of the Managing Board or the Supervisory Board.

The Managing Board consists of the Chief Executive Officer and the other equal members of the board with their divisional portfolios. During the reporting year, there were three members of the Managing Board. The **compensation structure of the Managing Board** is oriented toward the sustainable growth of the Company by factoring in compensation components with a multiple-year assessment basis. The total compensation for individual members of the Managing Board comprises non-performance-related (fixed) compensation components and performance-related (variable) compensation components. The total compensation of individual members of the Managing Board is defined by the Supervisory Board, taking into account any payments made by Group companies on the basis of a performance assessment. For the first time in 2015, compensation is being recorded individually in a compensation report published in the Annual Report. In 2016, the compensation of the members of the Managing Board will be developed further and oriented more specifically on the issue of sustainability (see **Annual Report 2015**, p. 115–122). There are some areas where the Company deviates from the recommendations of the German Corporate Governance Code (see **Annual Report 2015**, p. 26–27).

In conformity with the German Corporate Governance Code, the Managing Board gives **diversity** a top priority when making appointments to management functions in the Company. A key objective is to take appropriate account of women. In September 2015, the Managing Board defined a target of 30% for the proportion of women in each of the two management levels below the Managing Board by 30 June 2017 in conformity with the statutory regulations.

HUGO BOSS also makes the **independence of members of the Supervisory Board** a top priority. At the end of 2015, four out of twelve members of the Supervisory Board were women, including one representative of the shareholders. None of the current members of the Supervisory Board had previously held a Managing Board position within the Company. Further information on the work of the Supervisory Board, its committees and compensation is provided in the Annual Report 2015, p. 8–11 and 122.

Handling risks responsibly is a key component of good corporate governance. Systematic **risk management** enables the Company to identify and evaluate risks at an early stage. The risk positions can then be optimized by taking appropriate measures. Coordination of group-wide risk management is an independent risk management function at the headquarters of HUGO BOSS AG. Risk management continuously develops the tools within the risk management system and ensures that risks are systematically and regularly captured across the Company within the defined intervals.

The process of capturing and aggregating global risks is carried out on the basis of a universally applicable risk atlas that allows several individual risks to be bundled together into thematic risk areas. These are in turn assigned to an external, strategic, financial, operational, or organizational main risk category. Tax risks, risks in relation to suppliers and procurement markets, and risks in the area of occupational safety, healthcare management, and environmental protection form a constituent element of the risk atlas, and are controlled through the standardized risk-management process. A large number of information systems and instruments is also directly geared toward specific fields of risk such as quality assurance, and environmental and social standards. All risks are also assessed for their potential medium and long-term development. These risks specifically include reputational risks which could arise as a result of damage to the brand image, risks in relation to climate change, and the resulting regulations, customer requirements and insurance premiums, as well as potential market changes in the area of raw-materials procurement. Further information on the topic of risk management is provided in the Annual Report 2015, p. 126 ff.

**The HUGO BOSS risk atlas records financial and non-financial risks.**

The Supervisory Board is also involved in risk management. The Audit Committee set up by the Supervisory Board regularly monitors the financial reporting process, the effectiveness of the systems of internal control, risk management and internal audit, and the audit of the financial statements. The external auditor is also involved in the audit and the systems in place are continually being enhanced and adapted to changing circumstances.

## VALUE-BASED CORPORATE GOVERNANCE

**The corporate philosophy  
“commit” defines the  
values for daily interaction  
between people in the  
Company.**

The corporate culture defined by the corporate values forms the platform for cooperation between employees at HUGO BOSS. Launched in 2012, the **corporate philosophy** “commit” is at its core. It is made up of the Company’s vision<sup>1</sup> “HUGO BOSS inspires people towards success” and the values of quality, passion, respect, cooperation, and innovation. “commit” enjoys a high level awareness among all employees throughout the world as an internal hallmark of the Company. The values are reinforced in daily interactions between staff through workshops and campaigns held on a regular basis. They have also been included in the target agreement for each employee. In addition, the sustainability strategy is presented to employees in the course of measures providing internal communication on “commit” such as training sessions and Sustainability Days.

The **Code of Conduct** is also a key element of the value-based corporate culture at HUGO BOSS. This code is binding for all employees. It regulates cooperation within the Company and with customers, suppliers, and service providers. The code includes regulations on avoiding conflicts of interest, provides rules governing data protection, occupational safety and health protection, and it prohibits bribery and corruption. HUGO BOSS does not tolerate deliberate misconduct and breaches of the Code of Conduct.

During the reporting period, all the companies included in the report were investigated for possible corruption risks. Also, three sites were audited for compliance with human rights. ✓ In 2015, there were no cases of corruption. No lawsuits were filed relating to anti-competitive behavior, the area of consumer protection, breaches of regulations concerning diversity and equal opportunities for employees. Nine cases of discrimination were reported within the Group. The Company is committed to carrying out a thorough investigation in all cases and rolling out appropriate measures – in 2015 for six of the cases referred to above appropriate measures have been implemented; three cases are currently still being assessed.

## COMPLIANCE

Corporate compliance encompasses the measures for complying with statutory and government regulations, internal company guidelines and codes which the Company is committed to. One of the key management functions of the Managing Board at HUGO BOSS is corporate compliance and ensuring that the Group companies are in conformity with it. This includes antitrust and anti-corruption regulations, and the regulations under legislation governing capital markets. The Compliance Department supports the Managing Board in monitoring effective management of this area and reports directly to the Chief Financial Officer, who is also the Chief Compliance Officer. The central Compliance Office and the individual members of management in the Group companies ensure that the program is implemented across the Group and continuously developed. The Audit Committee of the Supervisory Board is regularly informed about the activities of the Compliance Office.

<sup>1</sup>HUGO BOSS empowers people worldwide to express their personal lifestyle and to tap into their full potential for success. We act responsibly and create tangible value for customers, employees, partners, shareholders, and society.

HUGO BOSS AG expects all employees to act in accordance with the law at all times and provides the parameters for this with the HUGO BOSS Code of Conduct. Employees are provided with training on the content of the compliance regulations and other Group guidelines at regular intervals, in order to raise their awareness for the need to conform with compliance guidelines. Alongside classroom-based training sessions, HUGO BOSS has set up a worldwide e-learning program for this purpose. Relevant employees have to complete this training on a regular basis. The e-learning program is gradually being extended to all the subsidiary companies of HUGO BOSS. During the course of the reporting year, 4,555 employees (24% more than in 2014) received training in online training sessions on compliance topics. They were familiarized with the rules relating to human rights and this raised their awareness on the need for compliance.

**The HUGO BOSS  
Code of Conduct is binding  
on all employees.**

Employees can consult supervisors, the central Compliance Officer, and local compliance officers in order to obtain support and advice where there are questions about conduct in compliance with legal regulations. HUGO BOSS has also established a worldwide ombudsman system as a supplementary reporting pathway. Employees and third parties – such as suppliers or customers – can turn to an ombudsman if they have any suspicions about breaches of compliance guidelines, antitrust infringements or crimes. The contact data for the ombudsman are published on the Group website. Upon request, the information can be processed and dealt with anonymously.

HUGO BOSS takes a responsible approach to corporate governance and adopts an ethical stance in international business. The Group interprets this as guaranteeing compliance with the prevailing tax laws through clearly defined internal structures and processes. Overall responsibility for all tax issues in the Company is with the Chief Financial Officer and the central controlling function reports to the CFO. Tax issues are regularly analyzed and assessed by this function. The assessment of taxation risks forms a fixed component of group-wide risk management (**see Annual Report 2015, p. 126 ff.**). When evaluating risks in this area, the Company draws on the assessment of local external specialists, such as lawyers or tax advisors.

The Company is well aware of the importance that tax issues play in the development of local and global economies. HUGO BOSS therefore believes that establishing subsidiaries only in countries where the Company generates a taxable income in the course of its ordinary business activities is part of sustainable and responsible corporate governance.

HUGO BOSS reports revenues in the relevant countries where they are generated and adheres to internationally acknowledged standards for disclosures. The group of consolidated companies is presented transparently on pages 182 f. in the Annual Report 2015. Further information on the subject of taxes is provided on pages 189, 199, 205–208 in the Annual Report 2015.

**Data protection** also is a part of Compliance. Data protection guidelines ensure that the relevant statutory data protection regulations are complied with in all countries. During the year under review two complaints occurred, for which the necessary measures – in accordance with data protection requirements – were taken.

## STAKEHOLDER DIALOG

As a company in the apparel industry operating on the global stage, HUGO BOSS is located in the field of tension between a wide range of different interests and is sometimes positioned between contradictory positions. The Company therefore needs to take as much account of business perspectives as social and environmental aspects – from sourcing, through manufacturing, to the sale of products. This process involves finding ways of reconciling business success with the need to give due consideration to people and the environment.

HUGO BOSS actively fosters the exchange of views with relevant stakeholders. This dialog was already developed further in the business year 2014. It is based on a stakeholder analysis which was developed further in compliance with the Standard AA 1000 and supplemented by standardized processes. HUGO BOSS made additional capacities available for this in 2015.

The **main concerns of stakeholders** essentially focus on integration of sustainability into the corporate structures, employment and social standards in the value chain, reduction of environmental impacts, and compensation issues (**see also results of the materiality analysis, p. 18**).

**HUGO BOSS works together with stakeholders to improve global standards.**

During the reporting year under review, HUGO BOSS responded to numerous customer inquiries relating to sustainability, including direct communication with the media, human rights and animal welfare organizations, and consumer protection associations. In the course of this engagement, HUGO BOSS intensified its existing contacts with research institutions, cross-sector initiatives and cooperation with non-government organizations, and animal welfare and species conservation organizations, and continued to expand its engagement with these stakeholders. Participation in multi-stakeholder initiatives was also intensified during the reporting year. As part of this activity, HUGO BOSS joined the Partnership for Sustainable Textiles of the German Federal Government in 2015 in order to link up with other companies in making a contribution to put responsibility in globalized supply chains. Government, industry, trade, associations, and non-government organizations (NGOs) work together to develop pathways and measures for improving working conditions in the production countries and to enhance product safety.

The Company adopted multi-stage processes for communication with different organizations. The objective was to address concrete issues within the action areas of the sustainability strategy of HUGO BOSS. In 2015, the dialog on focus issues derived from the HUGO BOSS materiality analysis was specifically intensified (**see materiality matrix, p. 18**) and targets and measures presented. HUGO BOSS further prioritized its activities in the area of sustainability based on the assessments of stakeholders about the relevance of the issues defined in the analysis and their concrete expectations for the Company.

In the business year 2015, cooperation with the International Union for Conservation of Nature (IUCN) focused on the analysis of medium and long-term risks, and developed approaches to master the challenges relating to biodiversity along the textile supply chain. The Company built on this platform and collaborated in a pilot project with the Natural Capital Coalition to develop an in-depth approach to the issue of biodiversity. This involves measurement of direct and indirect environmental impacts along the supply chain and assessment in monetary terms with the aim of determining optimization potential at a practical level. This cooperation is being continued in 2016.



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**02|04 FORMATS AND APPROACHES FOR STAKEHOLDER COMMUNICATION**

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<b>(Potential) employees</b>	Intranet, cooperation with universities, HUGO BOSS website, social networks, trade fairs, employee newspaper, works council, works meeting, seminars
<b>Customers</b>	Customer service (phone or email), customer surveys (including sustainability issues), HUGO BOSS website, customer brochures, social networks, personal discussions, points of sale, customer events and fashion shows
<b>Business partners</b>	Supplier development, workshops, audits, personal discussions
<b>Shareholders and investors</b>	Annual report, quarterly report, telephone conferences, annual general meeting, analysts' conferences, Investor' Day, personal discussions during company visits, roadshows and conferences
<b>Society</b>	Press releases, press conferences, information events, personal discussions, HUGO BOSS website
<b>NGOs</b>	Individual enquiries, personal discussions, thematic discussions, participation in surveys

HUGO BOSS implements the **dialog with its stakeholders** at a number of different levels. The Company regularly issues timely reports about the business development and key strategic and operational initiatives. The objective of these reports is to ensure maximum transparency and to enhance the level of trust received by the Company within the public domain. This approach ensures that investor relations activities involve continuous communication with institutional investors, financial analysts and private shareholders. The Managing Board takes part personally in the press briefing and analysts' conference on the financial results, the Investors' Day, and a large number of additional meetings with investors. Whenever the activities and projects of the Company impact the interests of the public, HUGO BOSS engages in an open and constructive dialog with the parties involved.

HUGO BOSS also actively promotes continuous communication between the employees and the Managing Board. The employees have a variety of opportunities to discuss issues with the members of the Managing Board in various discussion formats such as the Managing Board Forum, the Managing Board Breakfast, and the works meeting of HUGO BOSS AG held once a year.

## AWARDS DURING THE REPORTING PERIOD

- 1st place MDAX of the 2015 Extel Survey Award (German Investor Relations Prize)
- 3rd place in the employer image ranking of German fashion companies in the magazine Textilwirtschaft
- Place 18 (out of 100) in the employer ranking of the Universum Study; the survey was conducted among economics students
- Inclusion as “Member” in the RobecoSAM Sustainability Yearbook 2015

## MEMBERSHIPS OF ASSOCIATIONS AND INTEREST GROUPS

- Apparel and Footwear International RSL Management (AFIRM) Group  
afirm-group.com
- Association for Real Estate and Facility Managers e.V. (RealFM)  
realfm.de
- Partnership for Sustainable Textiles  
textilbuendnis.com
- Deutsche Gesellschaft für Nachhaltiges Bauen e.V. (DGNB),  
German Sustainable Building Council  
dgnb.de/en/
- Deutscher Investor Relations Verband e.V. (DIRK),  
German Investor Relations Association  
dirk.org
- Dialog Textil-Bekleidung (DTB),  
Dialog Textiles and Garments  
dialog-dtb.de
- Fair Labor Association (FLA)  
fairlabor.org
- German Fashion Modeverband Deutschland e.V.  
germanfashion.net
- Global Social Compliance Programme (GSCP)  
theconsumergoodsforum.com/gscp-home
- Markenverband e.V.,  
Brand Association  
markenverband.de/english\_/
- Südwesttextil e.V.,  
Southwest German Textile and Clothing Industry  
suedwesttextil.de
- Member of the committee of TicinoModa  
ticinomoda.ch
- Sponsoring member of the Verein Deutscher Textilveredlungsfachleute e.V. (VDTF),  
German Association of Textile Refiners  
vdtf.de

## **EXTERNAL STANDARDS AND AGREEMENTS**

- Signatory to the Charter of Diversity  
[charta-der-vielfalt.de/en/diversity-charter.html](http://charta-der-vielfalt.de/en/diversity-charter.html)
- Compliance with the recommendations of the German Corporate Governance Index  
(see **Annual Report 2015, p. 26–27**) to a large extent  
[dcgk.de/en/home.html](http://dcgk.de/en/home.html)

## HUGO BOSS SUSTAINABILITY DAYS

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Innovative ideas for a more sustainable future. This was the message of the first **HUGO BOSS Sustainability Day**. The event was held in Metzingen, Germany, and in Coldrerio in Switzerland in October and November 2015. All local employees were invited to attend the event, to find out about the topic of sustainability and to engage in a lively exchange of ideas. The events reflected the six action areas from the **sustainability strategy** to demonstrate the meaning of sustainability for HUGO BOSS in the course of routine every day work: We, Environment, Employees, Partners, Products, and Society. Alongside a selection of presentations, the participants were actively involved at various stations and had the opportunity to experience sustainable textiles, to try them out, and to ask questions. The “Share Your Ideas” wall offered additional space for participants to contribute and discuss their own ideas.



### ENCOURAGEMENT FROM EMPLOYEES TO EMPLOYEES

The **action area Products** was the particular focus on these two days. Employees from many different project teams explained to their colleagues what producing a sustainable product at HUGO BOSS implies. For example, a colleague from Technical Product Development explained the leather strategy that has been based solely on the use of hides from farm animals since 2015.

A colleague from Production Management in Outerwear & Jackets presented the new guidelines for the use of down: audited production processes, traceability, no down from live-plucked animals.

**“We now have a more sustainable down product for the same price and this enables us to meet the aspirations of our customers.”**

**NATALIA WALTER**  
Team Leader Production Management  
Outerwear & Jackets

A colleague from Brand Strategy explained the importance of sourcing wool and how gentle methods of sheep shearing are promoted. A creative manager outlined how alternative chemicals are used for refining fabrics and how water-savings could be made. Information was provided on the topic of environmental packaging and there was an opportunity “to feel” the difference between jeans material with and without a recycled fraction.

**Innovative opportunities for introducing more sustainability in the value chain** were also demonstrated in various product sustainability workshops. Furthermore, employees were given the chance to talk to experts about the six action areas at a variety of information stands.

**“The good thing about reusable coat hangers is that they can survive up to five life cycles and are even cheaper than new hangers. We want to increase the number of these coat hangers.”**

**ANNA GRUDZIEN**  
Buyer Trimmings Specialist

The positive response and the enthusiastic participation of employees highlighted the success of the events. A decision was therefore taken to **hold the HUGO BOSS Sustainability Days on a regular basis in future.**

#### **HUGO BOSS SUSTAINABILITY AWARD**

HUGO BOSS promoted strategically innovative ideas put forward by its own employees with the presentation of the first **HUGO BOSS Sustainability Awards**. In 2015, an impressive idea for reducing waste was successful: a polybag made of transparent film which is now half the size of its previous version. The winner of the award received a cash prize and was also given the opportunity to take part in the Copenhagen Fashion Summit 2016, which enjoys a global reputation.



**“Sustainability also relates to packaging. In future, we will be making more use of FSC certified paper qualities in our product packaging.”**

**BRANIMIR AHMETOVIC**  
Vendor Management Specialist



# ENVIRONMENT

## **Environmental Guideline**

The environmental guideline, published in 2015, describes the principles of environmental protection in all relevant divisions

## **Environmental Management System**

Expansion of the environmental management system by DIN EN ISO 14001 to the production site in Morrovalle (Italy)

## **Electricity from Renewable Sources**

90.5% of electricity from renewable sources at the Group headquarters in Metzingen



## ENVIRONMENT – PRESERVING NATURAL RESOURCES

**HUGO BOSS adopts a leading position with environmental protection and also sets ambitious targets in compliance with internationally accredited standards. These relate to logistics and production, as well as to the issues presented in the sections Partners and Products.**

### MANAGEMENT APPROACH

Protection of the environment is a top priority for HUGO BOSS. The objective of environmental management is to continually reduce the environmental impacts of the Company beyond the entire value chain – from the procurement of raw materials, through the development and manufacture of products, to their transport, retail and marketing. Intelligent concepts and technologies for reduction of emissions are particularly effective here – this also applies to our own locations.

In 2015, an **Environmental Commitment** was published in which the principles of environmental protection were described in detail for all relevant divisions and the requirements for the partners of HUGO BOSS were also set out. Another focus in the reporting year was on the development of a manual for external architects and technical planners. The guideline defines a number of parameters including the requirements relating to the use of more efficient and more advanced technologies for the planning and construction of new retail stores and the renovation of stores. In 2015, structures and tools for collecting environmental data in directly operated stores were also created and valid performance indicators for electricity consumption were already being generated in this year (**see section: Facts and Figures, p. 93**). The listed data in this section exclude data from retail.

**Key aspects of environmental performance** at HUGO BOSS are climate protection and a frugal approach to natural resources. The Company has defined concrete targets in this connection (**see p. 86–91**). In order to achieve its environmental targets, HUGO BOSS is committed to environmental and energy management systems in conformity with ISO 14001 and ISO 50001, and to measures for increasing energy efficiency (**see p. 33–34**). The Company perceives a major opportunity here to align economic and environmental interests. Facilities are increasingly using energy from renewable sources.

The Managing Board of HUGO BOSS is **responsible for group-wide environmental protection**. Members of the Managing Board are regularly informed about progress and measures for achieving environmental targets in various bodies. Compliance with environmental laws and integration of environmental perspectives in business decisions are firmly established within the Company. The base for this is provided by the Environmental Commitment of HUGO BOSS. This guideline is enhanced by the concrete requirements in the transport and logistics sector (**see p. 36**).



HUGO BOSS intensified its strategic cooperation with external partners and specialist groups to develop dedicated environmental management and define sector-wide standards. You will find more information on this topic in the section Products from p. 66.

## ENERGY AND EMISSIONS

HUGO BOSS regularly checks the potential for **increasing the energy efficiency** of its buildings. Energy efficiency is therefore already considered in the planning phase of new buildings. When renovating and constructing operational facilities, the Company always ensures from the outset that the energy consumption and the associated emissions are reduced through own energy supply systems and energy-efficient technologies. Generally, HUGO BOSS strives to obtain sustainability certifications for all new buildings in its portfolio of operational facilities.

At the Company's headquarters in Metzingen, HUGO BOSS AG used 90.5% of its electricity consumption from **renewable energy sources** in 2015. The conversion to green electricity was implemented in all directly operated retail stores in the German-speaking regions of Germany, Austria, and Switzerland. The photovoltaic systems on the roof of the distribution center in Filderstadt operated at full capacity over an entire year for the first time in 2015. The photovoltaic systems on the administrative building D15 on the Metzingen campus generated a total of approximately 656,197 kWh of electricity. Aggregated overall, the proportion of electricity used from renewable energies in the Group amounted to a total of 19,009 MWh.

**All retail stores in the German-speaking region of Germany, Austria and Switzerland are supplied with green electricity.**

In 2015, measures to increase energy efficiency were implemented at several of the Group's locations. This yielded a saving of around 380,000 kWh of electricity in the year 2015 alone compared with the previous year. The energy efficiency at the Metzingen site was also improved with insulation of the steam pipework in production. Conversion to LED lighting at several sites also led to reductions in energy consumption, for example at HUGO BOSS Textile Industries Ltd. (production location in Izmir). When the employees' parking garage in Metzingen was extended at the end of 2015, LED lighting with presence detectors were installed – as was the case in the first phase of construction.

### 03|01 ENERGY CONSUMPTION WITHIN THE ORGANIZATION BY TYPE<sup>1</sup> (in MWh)

	2015 <sup>2</sup>	✓ 2015	2014 <sup>3</sup>	2013 <sup>3</sup>	2010
Direct energy consumption	35,416	36,674	34,726	33,265	34,059
Indirect energy consumption	39,661	41,210	41,229	36,713	39,041
<b>TOTAL</b>	<b>75,077</b>	<b>77,884</b>	<b>75,955</b>	<b>69,978</b>	<b>73,100</b>

<sup>1</sup> Data from the years 2013, 2014 and 2015 are not comparable on account of changed reporting boundaries.

<sup>2</sup> Like-for-Like: Values for the reporting year based on the reporting units of the baseline year 2010.

<sup>3</sup> Data have been slightly adjusted compared to the Sustainability Report 2014 and 2013 due to altered data collection and definitions. This has not led to fundamental changes of trends.

During the reporting year, energy consumption at the locations analyzed amounted to 77,885 MWh. This is equivalent to an increase of approximately 3% within the reporting boundaries as in the previous year (or by 4% based on the original reporting boundaries of the baseline year 2010). This is due to increased production capacities at the location in

Izmir, the insourcing of the e-commerce in the warehouse in Wendlingen and the operation of the distribution center in Filderstadt at full capacity. Further information on this topic is available in the section Facts and Figures from p. 92.

A total of 53,560 tonnes of CO<sub>2</sub> were emitted across the Group (Scope 1+2+3) during the reporting year. This corresponds to an increase of approximately 1% in emissions based on Scope 1+2 within the reporting boundaries of the previous year (or by 2% on the basis of the original reporting boundaries of the baseline year 2010). However, compared to the baseline year 2010, the greenhouse gas emissions (Scope 1+2) have already been reduced so far by nearly 56% in relation to Group sales for 2015. You will find more information on greenhouse gas emissions in the section Facts and Figures from p. 94.

**03|02 GREENHOUSE GAS EMISSIONS SCOPE 1-3<sup>1</sup> (in t CO<sub>2</sub>)**

	2015 <sup>2</sup>	✓ 2015	2014 <sup>3</sup>	2013 <sup>3</sup>	2010
Scope 1	10,258	10,785	10,621	10,378	11,300
Scope 2	11,423	12,120	12,079	10,938	19,286
Scope 1 + 2	21,681	22,905	22,700	21,316	30,586
Scope 3	29,964	30,655	34,164	4,437	4,123
Scope 1 + 2 + 3	51,645	53,560	56,864	25,753	34,709

<sup>1</sup> Data from the years 2013, 2014 and 2015 are not comparable on account of changed reporting boundaries. Emissions from logistics and transport have been recorded since 2014.

<sup>2</sup> Like-for-Like: Values for the reporting year based on the reporting units of the baseline year 2010.

<sup>3</sup> Data have been slightly adjusted compared to the previous Sustainability Report 2014 and 2013 due to altered data collection and definitions. This has not led to fundamental changes of trends.

**Expansion of the energy management system  
DIN EN ISO 50001 to the location of HUGO BOSS  
Ticino SA.**

The entire Group has been working continuously on reducing energy consumption within the framework of **energy management** and this has reduced the emissions of greenhouse gases. The biggest lever for achieving this goal in the portfolio of operational facilities is in technical and organizational optimization. The energy management system in accordance with DIN EN ISO 50001 was introduced at the location of HUGO BOSS AG in Metzingen in 2012. This system was expanded to the subsidiary HUGO BOSS Ticino SA (Switzerland) in 2014, and the production site in Izmir, and the Company's headquarters in Metzingen was successfully reaudited. Furthermore, an environmental management system in conformity with DIN EN ISO 14001 was introduced at the production site in Morrovalle (Italy) and reaudited at HUGO BOSS Textile Industries Ltd in 2015.

HUGO BOSS offers its employees working at the headquarters in Metzingen a car-share network operating within the Company for business and commuter journeys. During the reporting period, the number of registered users increased by comparison with the previous year. In 2015, 330 employees (2014: 176) made use of this service on their daily commute to and from their workplace. The emissions saved since the beginning of this initiative had therefore increased to 3.1 tonnes of CO<sub>2</sub> by the end of the year.

**WATER AND WASTE**

During the reporting year, HUGO BOSS introduced a range of measures for **reduction of water consumption** and **generation of waste**. These initiatives were primarily taken at locations where the Group sees the most significant potential with its own production sites. After DIN EN ISO 14001 certification had been completed, a process was launched at the

Group's biggest production site in Izmir (Turkey) which facilitates the separation of textile and paper waste during cutting operations. In Morrovalle (Italy), differentiated collection of waste in conformity with the European Waste Catalogue underwent significant expansion and this is now carried out in 18 different categories. The two initiatives exerted a positive impact on the local recycling rates. In addition, an efficient rotation system for irrigation of landscaped areas was introduced at the site in Metzingen and it was successfully operated in all the summer months during 2015. By comparison with the previous system, the new method of irrigation enabled a water-saving of approximately 8%. Water consumption throughout the Group amounted to some 136,308 m<sup>3</sup> during the reporting year. On the basis of the reporting boundaries from the previous year, this is equivalent to an increase of approximately 3% in a year-on-year comparison or 4% compared with the original reporting boundaries from the baseline year 2010. The specific water consumption (m<sup>3</sup>/EUR sales) was reduced by a total of 46% compared with the baseline year 2010. You will find further information on water consumption in the section Facts and Figures from p. 57.

**03|03 WATER CONSUMPTION**<sup>1</sup> (in m<sup>3</sup>)

	2015 <sup>2</sup>	✓ 2015	2014	2013	2010
	128,040	136,308	132,648	125,675	146,980

<sup>1</sup> Data from the years 2013, 2014 and 2015 are not comparable on account of changed reporting boundaries.

<sup>2</sup> Like-for-Like: Values for the reporting year based on the reporting units of the baseline year 2010.

While most of the **waste** generated at the headquarters in Metzingen is already being recycled, today, part of the waste disposal in Turkey continues to be through transport to landfill sites. The first recycling projects were already successfully launched in 2014. During the reporting year, HUGO BOSS Textile Industries Ltd. was able to build on this success and further increase the recycling rate at the location – this rate was 62% at the end of the year (2014: 54%). In the like-for-like analysis, the volume of waste underwent an increase of 607 tonnes by comparison with the year 2014. A significant reason for the increase in the volume of waste was attributed to refurbishment measures and the waste resulting from construction and demolition work at the Group's production site in Turkey. Moreover, operation of the distribution center in Filderstadt at full capacity led to an increased volume of paper and cardboard waste.

**03|04 WASTE VOLUME BY TYPE**<sup>1</sup> (in t)

	2015 <sup>2</sup>	✓ 2015	2014 <sup>3</sup>	2013
Nonhazardous waste	4,779	4,839	4,233	3,685
Hazardous waste	34	35	28	29
<b>TOTAL</b>	<b>4,813</b>	<b>4,874</b>	<b>4,261</b>	<b>3,714</b>

<sup>1</sup> Data from the years 2013, 2014 and 2015 are not comparable on account of changed reporting boundaries.

<sup>2</sup> Like-for-Like: Values for the reporting year based on the reporting units of the baseline year 2010.

<sup>3</sup> Data have been slightly adjusted compared to the previous Sustainability Report 2014 due to altered data collection and definitions. This has not led to fundamental changes of trends.

During the year under review, nonhazardous waste or wastewater was discharged inappropriately into the environment at HUGO BOSS. No penalty payments were therefore incurred in the year 2015 as a result of breaches of environmental regulations. A lawsuit in Italy relating to soil pollution continues to be ongoing. A judgement was handed down at the court of first instance in favor of the Company, a judgement in the court of second instance was announced for 2015 but the proceedings have not yet been completed.

## LOGISTICS

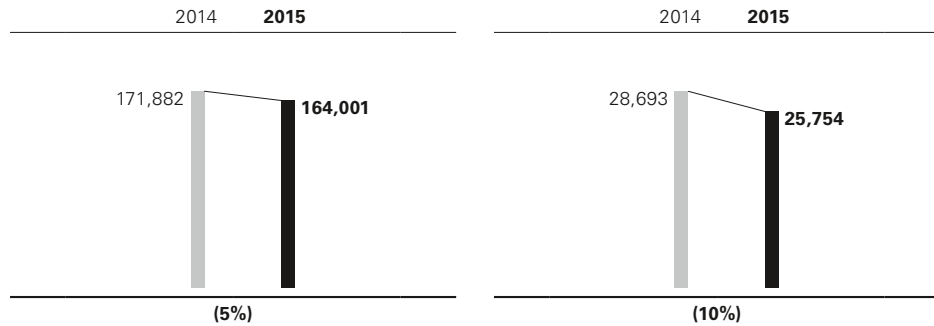
HUGO BOSS is continually reviewing the **options for optimizing its logistic and transport processes**, in order to contribute to a long-term reduction in the Company's CO<sub>2</sub> emissions. A start was made on defining social and environmental minimum requirements which will result in a Transport Guideline. The guideline will be completed and approved in 2016.

**Continuous expansion  
of goods transport by  
rail freight.**

A step toward the reduction of CO<sub>2</sub> emissions is therefore the increased use of environment-friendly means of transport. In 2015, HUGO BOSS was able to complete the full system link for a new **transport mode**. Textiles from Asia can now be transported on a rail route from Chongqing (China) to Duisburg. By comparison with combined air and sea freight, this change allows significant emission reductions of up to 95% for every thousand kilometers.

Since 2013, HUGO BOSS has been supported by the IT system in coordinating approximately 80% of the incoming volume of foreign goods. This gave the Company complete transparency for coordinating deliveries in this section of the supply chain. Optimized deliveries therefore avoid unnecessary transport journeys to the warehouse. The bundling of transport routes leads to lower noise pollution and to emission savings.

**03|05 ENVIRONMENTAL IMPACTS BY INCOMING GOODS FLOWS<sup>1</sup>**  
(in Ttkm) (CO<sub>2</sub>-emissions/in t)



<sup>1</sup> Takes into account all the incoming goods flows to the HUGO BOSS logistics centers in Germany, the USA and Canada, and the transport of raw materials by HUGO BOSS to its producers.

The Company also regularly reviews options for optimizing packaging and transport units. In this connection, the Company analyzed information on the filling quantities of packaging units for various product groups. This approach allowed the average filling quantities to be further improved during the reporting year and enabled transport to be structured more efficiently. HUGO BOSS has developed a system for the distribution of hanging goods in the Asia-Pacific region to return cargo equipment to the distribution center and thereby to facilitate reuse. During the year under review, the return process for cargo equipment was extended to the North America region (USA) along the lines of the procedure used in the Asia-Pacific region.

**CLIMATE CHANGE**

**Greenhouse gas emissions (Scope 1 & 2) in relation to Group sales:  
Reduction of 56% since 2010**

**Target attainment > 100%<sup>1</sup>**



**Saving of approximately 380,000 kWh of electricity** by means of a **new cooling supply** at the data center in Metzingen

**Annual saving** of approximately **300,000 kWh** through **installation of heat recovery** at the raw-material warehouse in Metzingen



**Car-share network:** **2.3 tonnes of CO<sub>2</sub> reduction** by 330 employees

**WATER**

**Water consumption in relation to Group sales:  
Reduction of 46% since 2010**

**Target attainment > 100%<sup>2</sup>**

**Saving of 8% water in 2015** by more efficient irrigation of landscaped areas in Metzingen



**Installation of water-saving technologies** in sanitary facilities at several sites

**Water-saving** by changing the method of **irrigation** for landscaped areas at the Izmir production site



**MANAGEMENT SYSTEMS**

**Extension of the environmental management system  
DIN EN ISO 14001  
to two out of three own production sites**



**Introduction of DIN EN ISO 14001** at the Morrovalle site (2015)

**Extension of DIN EN ISO 50001** to the Coldrerio site (2015)



**Introduction of DIN EN ISO 14001 and DIN EN ISO 50001** at the largest own production site in Izmir (2014)

<sup>1</sup>Progress Status 186% to the target for a reduction of 30% from the baseline year 2010 by 2020

<sup>2</sup>Progress Status 115% to the target for a reduction of 40% from the baseline year 2010 by 2020



# EMPLOYEES

## **Intensified Dialog**

Workshops on the materiality analysis, turnover and management principles

## **Increased Occupational Safety**

New, worldwide applicable occupational health and safety standards in retail

## **Training Strengthened**

Participation in online training sessions increased by 22%, in on-site training sessions by 14%



## EMPLOYEES – FOSTERING A FAIR AND RESPONSIBLE CULTURE

**HUGO BOSS promotes its employees as individuals with the aim of creating an attractive working environment for its workforce defined by a tangible sense of team spirit and commitment. This is the most important function of human resource management.**

### MANAGEMENT APPROACH

HUGO BOSS aspires to recruit qualified and committed employees in order to continue expanding its position in a challenging market environment. Inspiring and ambitious tasks, performance-related compensation, optimum career development pathways, and packages for an excellent work-life balance ensure that each individual can make a contribution to the best of their ability.

**A value-based corporate culture provides the platform for routine cooperation.**

The foundation for this approach is provided by an open and value-based corporate culture. This includes recognition of diversity and equal opportunities for all employees. The HUGO BOSS Code of Conduct provides detailed definitions of these and other enablers for routine cooperation within the Company every day, and in dealings with customers and suppliers (see section We, p. 22).

Human Resources structures its activities into **five strategic fields**:

**Diversity:** The diversity of employees and the associated safeguards for equal opportunities are a lived reality at HUGO BOSS. This is a key factor for success.

**Culture:** We create a culture of openness and creativity by promoting the HUGO BOSS values of quality, respect, innovation, passion, and cooperation that allows every individual to make a contribution to the success of the Company.

**Talents:** We recruit the best employees with the required expert skills, foster their commitment to the Company for the long term, and we support them systematically in their career development.

**Health and safety:** We create a safe and healthy working environment with a portfolio of sports and health packages, as well as measures for occupational safety and reconciling the demands of career and family.

**Standards:** We guarantee compliance throughout the world with human rights and labor standards based on the internationally recognized standards of the United Nations (UN) and the conventions of the International Labour Organization (ILO).



HUGO BOSS is committed to **open and constructive dialog** – in particular with its employees. Employee representatives were involved in an analysis and discussion of the material issues which the Company intends to engage with in the future. In 2015, workshops were also held and an online survey was carried out (see **materiality analysis, in the section We, p. 17**). Furthermore, pathways for reducing employee-related turnover were also discussed in the forum of several regional workshops (see **sub-section Employee Fluctuation and Turnover, p. 42**). Over the course of the year, the management principles of the Company were revised and new principles introduced in close cooperation with managers at all management levels (see **sub-section Dialog-Based Corporate Culture, p. 43**).

## EMPLOYMENT

At the end of the business year 2015, 13,529 employees were employed at the locations analyzed. Compared with the previous year, the number of employees rose by 3.7% in relation to the figures within the reporting scope.

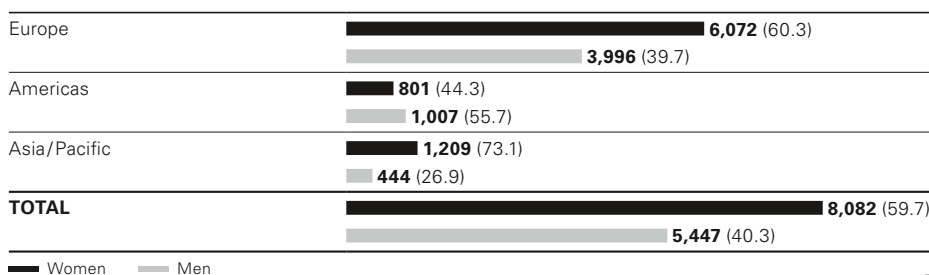
The increase reflects the business development in the reporting year and the increasing alignment on the Group’s own retail business. The Company also built up additional capacities in the context of its omnichannel activities, primarily in digital marketing.

**HUGO BOSS is expanding capacities in the context of its omnichannel activities.**

Women form the majority of the workforce at HUGO BOSS with a proportion of 59.7% (2014: 60.3%).

The relationship between employees working in commercial (62.1%) and industrial (37.9%) jobs essentially remained the same in a year-on-year comparison (not including apprentices and employees on short-term contracts). At the end of December 2015, the proportion of employees with a full-time contract was 83.7%. The Company also employed agency staff, student employees, interns, and diploma students (see **other workforce indicators from p. 99**).

### 04|01 EMPLOYEES BY GENDER AND REGION (headcount, in %)



## EMPLOYEE FLUCTUATION AND TURNOVER <sup>1</sup>

In 2015, 3,435 new employees were appointed at the analyzed locations in the reporting period. During the same period, a total of 2,999 employees left the Company (2014: 2,911). Employee-related reasons were responsible in 2,203 cases (2014: 2,050) and this corresponds to an employee-related **turnover rate** of 18.1% (2014: 17.5%). A positive development of the employee-related turnover was posted in the Asia-Pacific region.

### 04|02 TERMINATION BY REASON AND REGION<sup>1</sup> (headcount, in %)

✓ 2015	Employee-specific	Employer-specific	Redundancy	Retirement	Other <sup>2</sup>	TOTAL
Europe	1,187/13.2	399/4.4	13/0.1	120/1.3	2/0.0	1,721/19.1
Americas	414/26.9	73/4.7	0/0.0	1/0.1	3/0.2	491/31.9
Asia/Pacific	602/37.9	159/10.0	25/1.6	1/0.1	0/0.0	787/49.6
<b>TOTAL</b>	<b>2,203 / 18.1</b>	<b>631 / 5.2</b>	<b>38 / 0.3</b>	<b>122 / 1.0</b>	<b>5 / 0.0</b>	<b>2,999 / 24.7</b>
2014						
Europe	1,040/12.2	367/4.3	15/0.2	64/0.8	6/0.1	1,492/17.5
Americas	344/22.1	211/13.5	1/0.1	1/0.1	3/0.2	560/35.9
Asia/Pacific	666/41.1	141/8.7	50/3.1	2/0.1	0/0.0	859/53.1
<b>TOTAL</b>	<b>2,050 / 17.5</b>	<b>719 / 6.1</b>	<b>66 / 0.6</b>	<b>67 / 0.6</b>	<b>9 / 0.1</b>	<b>2,911 / 24.9</b>

<sup>1</sup>Without apprentices, interns, diploma students, agency staff.

<sup>2</sup>Other: death, emigration.

2015 data excluding Cleveland, USA (production site closure)

The total turnover rate across all the locations was 24.7% (2014: 24.9%), although the employer-related turnover has fallen. In 2015, the Company's production facility in Cleveland (USA) was sold. An agreement was reached with the new owner to take on all 157 employees. This transaction is not included in the specified turnover rate.

The employee-related turnover rate in retail is high in many regions where HUGO BOSS is active, either as a sector-specific feature or on cultural grounds. In 2015, human resource management engaged intensively with options for reducing the employee-related turnover based on the individual cultural framework conditions at three regional conferences. This resulted in a series of short-term and medium-term measures, including in the area of further training and employee development measures.

<sup>1</sup>Data varies in this section and does not include apprentices and temporary workers (interns, diploma students, agency staff).

## DIALOG-BASED CORPORATE CULTURE

The foundations underpinning the corporate culture at HUGO BOSS are the corporate philosophy “commit” (see section **We**, p. 22), the corporate vision “HUGO BOSS inspires people towards success”, the corporate mission (see section **Company Profile**, p. 6) and the values of quality, passion, respect, cooperation and innovation. The values were developed in intensive dialog with employees and they form part of continuous training measures.

A range of different dialog formats were used to promote **communication between management and employees** in 2015. Local employee satisfaction surveys were carried out at the locations in Izmir, Coldrerio, and Italy. Specific improvement measures were derived from the results of the anonymous, online survey on employee satisfaction carried out at HUGO BOSS AG in 2014 at numerous workshops during the reporting year, and specific action for improvement was then taken.

One element of this is revision of the **management principles** at HUGO BOSS. A representative group of managers from all hierarchical levels revised the current management principles in workshops. They are based on the five defined corporate values and facilitate a group-wide management culture in relation to leadership and the development of employees. Leadership competencies were developed from the management principles and they will be used as the basis for evaluating managers worldwide in future. The agreed management principles and their creation and establishment in the corporate culture were communicated to all managers worldwide in personal workshops or telephone conferences, initially in the context of human resource management and subsequently by the chief executive officer.

The employee dialog was also in the focus of the **Sustainability Days** at the sites in Metzingen and Coldrerio. These events were held for the first time in October 2015. The information event will be held regularly in future and it aims to provide employees with more information about sustainability concepts and make them more tangible (see section **We**, p. 28–29).

Since 2013, the procedural alignment and further development of the Company has been driven forward significantly by the initiative “Business Process and Transformation Management – EVOLUTION”. Meanwhile, HUGO BOSS is training the third generation of EVOLUTION managers in a 20-day training program. The focus of their function is scoped by all relevant aspects of contemporary process management ranging from process optimization, through process training, to advice on specialist areas. Furthermore, all participants are given the opportunity to progress their career in the form of comprehensive training sessions for developing their personal skills. As a result, employees are trained to take on the function of role models for personal responsibility and their implementing of the HUGO BOSS values. They are encouraged to adopt an even more confident and professional approach to their duties. Supporting change processes also forms part of the responsibilities of an EVOLUTION manager. The objective is to create a culture in which processes are undergoing continuous improvement and a consistently customer-centric business model is brought to life. By the end of 2015, a network of 19 EVOLUTION managers and 70 EVOLUTION multipliers had been trained. This is contributing to making cost and time savings by increasing the efficiency of processes and to moving the development of the Company forward.

**EVOLUTION managers and multipliers improve the awareness of personal responsibility and customer orientation.**

**HUGO BOSS guarantees freedom of association for all employees.**

In compliance with the conventions of the International Labour Organization (ILO), HUGO BOSS respects the right of its employees to join **staff councils** which represent their interests. This right also includes collective bargaining negotiations within the framework of the relevant national legislation of individual countries. Employees are provided with timely information about fundamental changes in compliance with the statutory requirements under regional legislation. The annual works meeting provides the workforce with an opportunity for regular dialog in the Company at the headquarters in Metzingen. This framework provides a forum for discussions between the works council, the Managing Board and the Human Resources Officer. Employees are able to submit written questions and ideas in advance or during the course of the event. The Managing Board also updates managers with a bulletin about the financial and strategic development of the Company every quarter. The managers are responsible for subsequently passing on this information to their staff. All employees are also able to exchange views on current issues with the Managing Board in a discussion forum situated in the Group's dedicated intranet. A staff breakfast is also held at regular intervals with individual members of the Managing Board. This provides an opportunity to meet board members in a relaxed atmosphere and in a small group.

During the year under review, the working conditions for  42.6% (2014: 41.4%) of the employees at the locations analyzed were regulated by collective bargaining agreements (collective wage agreements and company agreements) with unions or company employee representative bodies. Appropriate provisions were established in particular relating to working hours, compensation, and occupational health and safety. Collective bargaining agreements on employment relationships are in place for companies and branch offices in Germany, Austria, Switzerland, France, Italy, Australia, the USA, and China (retail). At the Izmir site, a Communication Group elected by the employees provides a channel for communicating information about the interests of the employees and the management. In Cleveland, HUGO BOSS worked together with union representatives to ensure that the employees at the plant were able to negotiate equivalent or better conditions with the new employer.

During the reporting year, there were accusations relating to unions at the production site in Izmir and the global union IndustriAll asserting that individual employees had been fired as a result of being members of the union. The Company takes these allegations very seriously because the principle of freedom of association is a key component of the Code of Conduct at HUGO BOSS. Appropriate investigations were commenced immediately. HUGO BOSS is a member of the Fair Labor Association (FLA) and the Company voluntarily allowed this organization to carry out an audit in Izmir in 2015. HUGO BOSS took the **findings and recommendations** of the FLA audit very seriously and is **currently working on them**. The report by the FLA and the position of HUGO BOSS can be accessed at [group.hugoboss.com/en/sustainability/current-topics/](http://group.hugoboss.com/en/sustainability/current-topics/). The Company has also appointed a mediator to structure ongoing discussions with the representatives of the FLA and the relevant union, and to ensure that they are constructively conducted.

## VOCATIONAL TRAINING AND EMPLOYEE DEVELOPMENT

HUGO BOSS strives to recruit the best employees, create loyalty to the Company over the long term, and to develop their careers continuously. A wide range of criteria are used in the selection of applicants, such as specialist qualification, as well as personal qualities and social skills.

HUGO BOSS invests in **vocational training within the Company** in order to safeguard the long-term requirement for skilled employees. The Company offers a broadly based package of industrial and commercial training vocations and dual courses of study including in-service training within the Company at Baden-Württemberg Cooperative State University (DHBW). The students on a dual study program gain initial international experience through secondments abroad in international Group companies and/or at partner universities of DHBW. Over the past year, 121 apprentices and dual students were working in the Company (2014: 108).

HUGO BOSS works closely together with national and international universities in order to identify talented candidates outside the Company at an early stage and to recruit these. During the reporting year, cooperation was strengthened with Parsons School of Design in New York. The Company also maintains close contacts with the fashion design course at Pforzheim University of Applied Sciences, the ESB Business School Reutlingen, Central Saint Martins College of Art and Design in London, and with Bocconi University in Milan. In 2015, the Company also attended 15 career fairs. Internships in various departments of the Company provide another way of recruiting employees. Nearly 400 young people successfully gained their first career experience through an internship at HUGO BOSS in 2015.

**Students on a dual study program with in-service training gather international experience with HUGO BOSS at an early stage.**

The success of the Group's employer branding activities and intern-mentoring is reflected in the Company's ranking in various lists presenting most popular employers. For example, the Company continued to improve its position in the ranking of the annual student survey Universum TOP 100 for the categories business studies and IT in the list of Germany's most attractive employers. A survey of 1,700 emerging leaders carried out by trade magazine "TextilWirtschaft" ranked HUGO BOSS in one of the top places for its sector in 2015.

Systematic **training and development of employees** enables HUGO BOSS to provide support for its personnel by continuously expanding their knowledge and their capabilities. Motivated and ambitious employees enhance their own performance and also make the Company more successful. **Employee appraisal interviews**, held at least once a year, provide the platform for evaluating the individual development requirements. A performance appraisal is carried out during the interviews. Individual targets and development potential are also defined. The advanced training requirement derived from the appraisal is then defined together with the employee. In 2015, a total of 9,742 employees had an appraisal interview at the locations that were analyzed. This amounts to 79.4% of all employees<sup>1</sup> (2014: 54.9%).

The broadly based portfolio of tailor-made early-career and advanced training measures at the HUGO BOSS University is accessible globally and is available in several languages. The portfolio is intended to build up, consolidate, and improve personal, specialist and leadership-related expertise. HUGO BOSS promotes life-long learning. Alongside a large number of classroom-based training sessions, the Company is increasingly using e-learning to support formal learning. HUGO BOSS promotes a network-based work environment for

**The HUGO BOSS University is the central career training program in the Group.**

<sup>1</sup>This statistic included the industrial employees in Izmir in 2015 for the first time.

self-guided learning. Personal targets and the expectations of the training participant are defined. The resulting measures yielded from this process are then supported in cooperation with the line manager. During the business year under review, ✓ 2,563 **classroom-based training sessions** were held at the locations, and this represents expansion by 14% in a year-on-year comparison. Successful participation in the online-based training offer increased by 22% to around ✓ 39,500 successful outcomes. HUGO BOSS is planning to introduce a new integrated learning management system, which will enable additional indicators to be recorded in the future.

Flexible and individual learning gives employees in HUGO BOSS' own retail business the opportunity to use tablet PCs and a mobile learning app to access a range of thematic areas flexibly, find out about them, and complete online-based training. In 2015, the Group's dedicated digital reference work was successfully launched worldwide for the brand message, product and sales knowledge.

In addition to specialist training, all employees receive regular training sessions on the subject areas of workplace safety and occupational safety, as well as compliance.

The **quality of leadership** plays a particularly important role. Managers are therefore supported on their career journey with individual advice and a broadly based training offer of opportunities for their career development. A senior specialist excellence program has been set up for development requirements with the **specialist career pathways** and this was rolled out for the first time in foreign subsidiary companies during the course of 2015.

As an international company, HUGO BOSS offers its employees a broad **range of responsibilities and assignments** in different regions. The career and development opportunities for individuals are systematically enhanced by opportunities to move to other departments or functions, expansion of responsibilities or promotion to a management or specialist position. Employees who are interested in an international career are able to access global job vacancies and they are proactively supported on their career journey.

HUGO BOSS also offers support programs for employees in Germany who are planning to **retire**.

## COMPENSATION AND BENEFITS

The **compensation system** within the HUGO BOSS Group is based on fair and transparent rewards for employees, and is designed to promote a culture of motivation and commitment coupled with a consistent policy of equal opportunities. The platform for compensation is provided by clearly documented job profiles, and national and regional benchmarks for comparison.

In Germany, the compensation for employees in production and administration under collective arrangements is based on the collective agreements for the garment industry in south-western Germany. Employees also receive a voluntary bonus above the general payscale. The amount of the payment is defined according to the experience and level of qualification for the individual employee. The compensation for personnel with jobs in retail is based on the Baden-Wuerttemberg retail collective agreement. Employees working in retail and sales have a fixed salary and a variable element of compensation linked to the attainment of specified retail sales indicators.

Non-payscale employees receive a bonus in addition to their basic salary. Half of this bonus is linked to the corporate targets and half to the achievement of individual qualitative and quantitative personal targets. Alongside financial elements, the corporate targets also include components related to sustainability. Sustainability ratings are used for assessment of these targets. The compensation system for managers in the first two management levels below the Managing Board also include corporate targets geared to longer-term indicators such as the development of sales and the operating result over a period of three years. This bonus system therefore offers an incentive program over a longer-term assessment horizon.

All other employees participate in the corporate success of the Company in the form of a performance bonus paid annually. This is linked to reaching corporate targets defined internally.

At **international locations**, the companies ensure that, as a minimum, they structure their wage payments to comply with the statutory national framework conditions and respond to the competitive environment. The process of defining compensation in Germany, Switzerland, France, Italy, and Turkey takes a number of factors into account including professional education, experience and the scope of responsibility of the employee. In the UK/Ireland, Australia and China, comparison with competitors is the defining criterion for salaries. Local sales are the key factor in the USA and Canada.



HUGO BOSS makes an important contribution to the **company pension plan** of its employees. The scope and conditions for this plan vary from country to country. A range of life-insurance policies are used for example in Germany, Poland, the UK/Ireland, USA, Canada and China. Additional **benefits** include health promotion, accident and occupational disability insurance policies, maternity leave and other similar parental packages. All employees in Germany are also entitled to other benefits including a commuting cost allowance.

**Successful employees benefit from annual bonuses.**

## DIVERSITY

Diversity with respect to nationality, gender, religious and political affiliation, sexual orientation, age or potential disability is a top priority at HUGO BOSS as an international company, operating on the global stage. This entails a working environment free of discrimination, and **equal opportunities** for all employees. The diversity of personal attitudes and the associated approaches to assignments provides an environment for the corporate culture, and is a factor for success in international competition. The Group highlighted the high status of diversity within the Company through its accession to the “Charter of Diversity” in 2008.

**Diversity is a factor for success in international competition.**

The proportion of women in the workforce is  59.7% and they form the majority among the HUGO BOSS companies represented in this report (2014: 60.3%). In 2015,  46.4% of the positions in the four management levels were occupied by women (2014: 45.8%). Four out of twelve members of the Supervisory Board were women (2014: one) in 2015.

Getting the **work-life balance** right is often an enabler for a successful career in the case of employees with children or who have a role as a carer for relatives. In Germany and Austria, HUGO BOSS promotes a flexible model for supporting families. Employees at the Group Head Office in Metzingen have access to reserved places in two daycare nurseries. They also have the opportunity of financial support for alternative care packages or for having their children looked after in a vacation program. HUGO BOSS also cooperates with an external service partner in Germany. This partner supports employees free of charge in looking for suitable childcare places for children, dependent relatives with care needs or coaching for challenging life situations. This is the eighth year that HUGO BOSS has been a member of the nationwide network “Success Factor Family”. Daycare nursery places or financial support for childcare is available at many more of the Company’s locations.

Another module for combining work and family is promotion of flexible working hours models. In the reporting year, the framework conditions were created for a home-office program. This will be gradually rolled out for the Metzingen location during the course of 2016.

In 2015, 325 employees (2014: 311) took parental leave at HUGO BOSS AG (Germany), including 292 women (2014: 279) and 33 men (2014: 32). 88 women (2014: 71) and 25 (2014: 31) men returned to work again after they had come to the end of their parental leave.



## OCCUPATIONAL HEALTH AND SAFETY

As a responsible employer, HUGO BOSS makes the occupational health and safety of its employees a top priority. In January 2015, the Managing Board highlighted this commitment by adopting the “Health & Safety Management Commitment” and enforcing it at all HUGO BOSS sites globally. At the level of the executive management and at operation level, there are several committees at the headquarters with a mission to drive forward strategic and operational issues. Similar committees were set up in France, Switzerland, UK/Ireland, Canada, and Australia. Workplaces and new or modified processes are regularly assessed for risks in order to guarantee a high level of **occupational safety**. Employees in Germany and Austria receive information and training sessions. Country specific activities take place at the international locations. For example, employees in Izmir are informed about risks in the workplace through various communication channels. Furthermore, occupational health and safety is incorporated in managers’ annual targets at the companies in Turkey, Italy, UK/Ireland, and in Coldrerio.

The “Health & Safety Management Commitment” is valid at all HUGO BOSS sites globally.

In 2015, occupational health and safety standards applicable throughout the world were adopted for the retail sector. The intention is to transfer these standards to each national company. In 2015, the first online training program was carried out in the UK/Ireland. Global implementation is planned by the end of 2016 in order to ensure annual training for all retail employees.

In 2015, there were 168 (2014: 162) occupational accidents which in each case led to an absence of more than one working day. Overall, this resulted in a total of 2,638 (2014: 1,786) lost days. The accident and lost day rate increased in individual countries. Relevant causes for this were analyzed and measures were introduced. These include enhanced communication and training measures, and an improved process for risk and accident analysis. Starting in 2017, occupational safety data will also be reported for selected external contract partners.

The number of occupational diseases identified was zero worldwide in 2015. HUGO BOSS AG supports personal wellbeing as a constituent element of **corporate health management** by provision of a company medical center, nutritional advice, and operational reintegration management. A service partner also provides an advice hotline which is available 24/7 and free of charge to all HUGO BOSS employees in Germany. A team of specialist counsellors with training in psychology and socio-educational sciences provides anonymous and confidential support for a wide range of different problems in challenging life situations. All employees have access to a mental health program adopting a preventive approach by building up resilience to combat stress and pressure. Bespoke health concepts are developed to fit the needs of employees with physically demanding jobs.

**Health days were held annually**, for the first time on three days in 2015. They included presentations, workshops and information stands in order to continue to raise the level of awareness of employees for healthy nutrition, physical exercise, and stress reduction at the headquarters in Metzingen.

Employees here are also able to take part in a broad spectrum of sporting activities and compete in sports tournaments. There is also a fitness studio offering more than 20 different courses and sports groups.

## TOGETHER FOR QUALITY

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# AT THE **IZMIR** LOCATION QUALITY IS EXPERIENCED AS TEAM RESPONSIBILITY

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Responsibility is a joint task at HUGO BOSS' largest own production site in Turkey. Each employee here is involved in continuous improvement processes – with impressive participation rates. A unique team spirit is created through an ethos of learning and working together, which extends into leisure activities.

### **8:00 A.M.** BEGINNING OF THE DAY

This day is like any other for Korhan Yildirim: different to yesterday. The Production Manager at the HUGO BOSS production site in Izmir heads the suits product group. When he arrives at the production building in the morning, the early shift has already been working for two hours. In spite of the routine that he is able to draw on, each day comes with surprises. Perhaps the process steps need to be corrected because the trial fitting did not run entirely smoothly, or maybe one of his line managers springs a surprise with an ingenious idea for improvement.

Today, Yildirim is starting his day at the Andon display located at one of the suit production lines. The displays are suspended directly in the production area and present the production flow. "Andon" is not a Turkish word but is Japanese, and comes from the sphere of the Kaizen Method of continuous improvement process, which Japanese companies like Toyota have perfected. An

Andon display visualizes the production status of a machine or system. Yildirim goes through the weekly and monthly volume targets in a series of discussions with the group leaders and line managers and discusses potential development programs within the teams. These programs include Kaizen training and they are directed toward ensuring that these targets can be maintained over the long term.





## 9:00 A.M.

### TRIAL FITTING

Every day at 9:00 a.m., there is a trial fitting – not for Yildirim (who observes with a critical eye), but with a mannequin. Together with a group of colleagues, he examines the appearance, fit, and processing details of a new jacket model. The meeting includes all the line managers, group leaders and team leaders, who are going to be involved in the production process for this fine piece of tailoring. Method trainers and selected employees who will be engaged in training their colleagues are also present.

## 11:00 A.M.

### ACKNOWLEDGEMENT CARDS

The system of recognitions and incentives in Izmir has been refined extremely carefully. Engagement and creativity pay off at HUGO BOSS and these attributes are rewarded – sometimes with an acknowledgement card to individual employees,

sometimes with the nomination as team of the month. There are also other forms of recognition such as “BOSS points”, which empower the recipients to make specific wishes come true. These incentives provide motivation. Yildirim presents the acknowledgement cards in front of the assembled workforce at the production line to employees whose improvement proposals have recently been put into practice. Yildirim explains to everyone the nature of the improvement and expresses his thanks in the name of the Company.

## 12:00 NOON

### IMPROVEMENT PROPOSALS

Since 2001, Total Quality Management (TQM) has been in place at HUGO BOSS Izmir. And quality concepts encompass everything here – from an apparently unimportant improvement proposal, through monthly team awards, to certified environmental and energy management systems. The site is unparalleled in Turkey when it

comes to efficiency, quality, and environmental protection – and the facility is comparable with any Western European production plant. At 12:00 noon, Yildirim presents another award for an improvement proposal – one out of 9,139 submitted proposals in the year 2015, of which around 7,800 were implemented. The special feature: Each individual feels that they have a responsibility for quality. And mutual success is celebrated on the “TQM Day” held every year.

## 01:00 P.M.

### LUNCH

Now it is time to go to the staff restaurant. Yildirim and his colleagues build up their strength for the second half of the day with a lunch that is free of charge.

## 02:00 P.M.

### INCOMING GOODS REPORT

After the lunch break, Korhan Yildirim works through the feedback which has arrived in the form of reports about incoming goods and trial fittings. He forwards any necessary improvements directly to the Company’s headquarters in Metzingen so that the correction can be implemented worldwide.

## 03:00 P.M.

### BEST PRACTICE TIME SLOT

The “Best practice time slot” is scheduled for every Thursday at three o’clock in the afternoon. Project teams, improvement teams (“I Teams”) and extraordinary Kaizen events meet under Yildirim’s moderation in order to disseminate the best ideas from the previous week throughout the Company. 349 “I Teams” worked together in 2015.

## 04:00 P.M.

### ERGONOMIC PROJECT

Anyone who has been working in a concentrated way all day needs to look after their health. The ERGORISK project is also part of Yildirim’s work. The objective is to examine working conditions for health risks which are due to the body posture adopted when working. The ergonomic design of a workplace can be improved using technical tools, but the employees need to receive appropriate information. Employees in the project team include company medical officers, the physiotherapist, an occupational safety engineer, a production engineer, and a method trainer. And anybody who happens to need a physician at some point can go to the very modern company medical center – all within walking distance of the operational facility.

## 05:00 P.M.

### TRAINING SESSION

Yildirim is now standing in front of his management trainees and he updates his colleagues on the latest status of techniques for problem solving and project management, TQM, and other soft skills. His day is gradually coming to an end, the late shift started work at 2:15 p.m.

## 06:00 P.M.

### END OF THE WORKING DAY WITH FOOTBALL

As far as many of Yildirim’s colleagues are concerned, the best pastime after a day’s work is a kick-around on the soccer pitch. In 2015, there were 20 teams with more than 300 players from various production lines, which competed for the HBTR (HUGO BOSS Turkey) Cup. In addition, there were also eleven volleyball and five basketball teams. Leisure time therefore offers possibilities for commitment and team spirit.

## HUGO BOSS IZMIR IN FACTS

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Established:

**1999**

Total Quality Management since:

**2001**

Employees 2015:

**4,027**

1,594 men  
2,433 women

Production area:

**65,000 m<sup>2</sup>**

Machines (number):

**3,938**

Production volume 2015:

**1,765,478**

items of menswear (jackets/trousers)

**2,120,319**

items of menswear (shirts)

**541,826**

items of womenswear

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# PARTNERS

## **Social Audits**

271 social audits conducted in 2015

## **Environmental Audits**

Environmental audits in conformity with the new HUGO BOSS GSCP Standard carried out for the first time

## **Joining the German Textile Partnership**

Dialog and joint ventures expanded further: joining the German Textile Partnership in 2015

## PARTNERS – ACHIEVING JOINT RESPONSIBILITY

**Compliance with the environmental and social standards is a crucial objective in the global supply chain of HUGO BOSS. The focus is on ensuring commitment to international standards and their further development. HUGO BOSS is committed to open dialog and successful cooperation with its partners, and plays a guiding role in achieving a sustainable structure for its textile supply chain.**

### MANAGEMENT APPROACH

A sustainable framework for procurement and production processes is absolutely essential – given the international production and business operations of HUGO BOSS – from the Company's perspective and also from the standpoint of its stakeholders. Approximately 20% of the overall products, measured by the total procurement volume, are manufactured at the Company's own production sites. The Group produces a large proportion of its product range in classic tailoring for the menswear and womenswear segment at its own production facilities. This enables the Company to acquire expertise in the advancement of product technologies and quality standards, which can then be transferred to the partners working in production for HUGO BOSS.

Apart from the Group's own production, a proportion of the procurement volume amounting to 80% is attributable to products which are manufactured by independent suppliers in contract manufacturing or sourced as merchandise. Pivotal factors in this context are the careful selection of partners, the cooperation in a structure of mutual trust, as well as the establishment and maintenance of long-term strategic supplier relationships. The development of expertise with its partners and the creation of a common understanding in relation to social and environmental requirements play a major role in sustainability management at HUGO BOSS.

HUGO BOSS and its suppliers are committed to **complying with the HUGO BOSS social standards**, which are a fixed constituent element of the Company's contractual agreements. They are based on the internationally recognized core conventions of the International Labour Organization (ILO) and the Universal Declaration of Human Rights of the United Nations. HUGO BOSS expects its suppliers to comply with local and national environmental laws. Suppliers also have to establish the conditions for measures relating to environmental protection at their locations. By giving priority to local sourcing with otherwise equivalent offers, HUGO BOSS also attempts to reduce environmental impacts when selecting its suppliers.

As necessary, HUGO BOSS advises its partners and maintains continuous knowledge transfer. Support is also provided in connection with the regular implementation of social audits and the recently introduced environmental audits, based on the Global Social Compliance Programme (GSCP). Suppliers are also able to contact experienced employees of



HUGO BOSS and external experts for additional assistance in advance and after the audits. Furthermore, strategic measures are worked out together with suppliers to facilitate an improvement process at the production facilities. The Company thereby makes a contribution to the continuous development of its suppliers in the areas of business, environment, and social engagement.

**Joint ventures** with other companies and organizations are important for HUGO BOSS. These partnerships include the commencement of the Company's membership with the German Partnership for Sustainable Textiles (Bündnis für nachhaltige Textilien) in 2015 and the ongoing cooperation with the Fair Labor Association (FLA), the Global Social Compliance Program (GSCP), the International Union for Conservation of Nature (IUCN) and the Apparel and Footwear International RSL Management (AFIRM). By sharing experiences and lessons learned with companies and NGOs common standards in the sector can be developed and the sustainable design of the textile supply chain can be expanded. HUGO BOSS addresses social and environment aspects within the framework of its engagement – from improvement of working conditions, through the development of chemical management, to the preparation of a better remuneration policy.

## PROTECTING HUMAN RIGHTS

HUGO BOSS social standards apply to all employees at the production facilities operated by the Company and they also cover all workers employed by suppliers. The social standards include:

- compliance with national laws and international conventions,
- prohibition of child labor (minimum age for all employees: 15 years) and forced labor,
- definition of maximum working hours (48 hours of regular working time and an overall maximum of 60 hours incl. overtime during the week), and ensuring ethical and safe working conditions,
- prohibition of discrimination,
- payment of adequate wages (regular remuneration, which is high enough to meet the employees' basic needs, and is equivalent at least to the statutory minimum wage defined in the country of the production site),
- right to freedom of association and collective bargaining, and
- rules to promote a conscientious and ethical approach to the environment.

HUGO BOSS social standards ensure a minimum standard in countries where only inadequate national legislation is available.

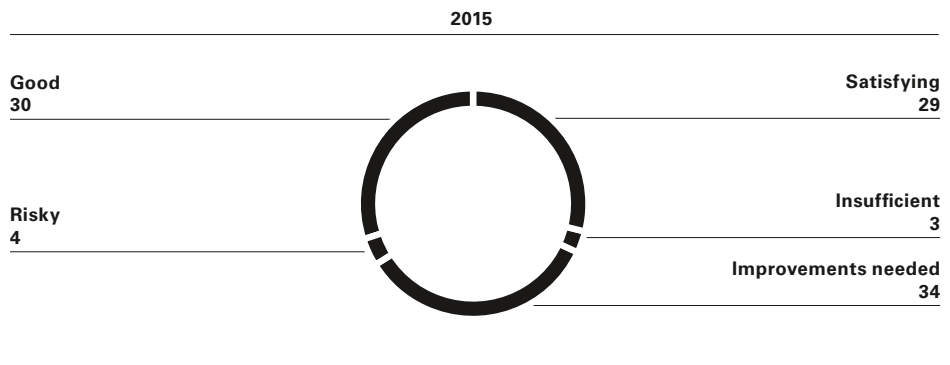
Sustainability criteria are taken into account when new business partners are selected. Compliance with the HUGO BOSS social standards is a mandatory enabler and validation is carried out either in a process of self-assessment or by means of local audits prior to a partnership. In 2015, 852 contractual relationships existed with suppliers in 44 countries where the HUGO BOSS social standards were confirmed. Out of these suppliers, 671 were engaged in an active supplier relationship with HUGO BOSS. Cooperation in a total of 26 cases was rejected during the assessment process for potential business partners due to non-compliant working conditions or the non-acceptance of contracts. ✓

**Compliance with HUGO BOSS social standards is required from all suppliers and this is reviewed by HUGO BOSS.**

**Social Audits** are carried out on an ongoing basis in order to guarantee that suppliers comply with the HUGO BOSS social standards during the course of business relations. HUGO BOSS pursues an approach based on partnership for compliance with these standards and regards audits as an opportunity to continuously improve the working conditions with its suppliers. Selected business partners receive detailed information before and after the audits, for example about the requirements of HUGO BOSS for good working conditions. If there are any breaches of the social standards, binding action plans are worked out and the implementation of these measures is monitored. Employees of HUGO BOSS and external experts are available to the suppliers for the audits, and they can provide assistance at the site itself if necessary.

Active finished-goods suppliers are audited in accordance with defined criteria (e.g. sales volume) at regular intervals. Most raw-material suppliers are evaluated through self-assessments, but some are also monitored through audits. Overall, a total number of ✓ 271 audits were carried out at ✓ 234 production facilities in 2015. This represents a coverage rate of ✓ 32% of audits performed at suppliers in an active business relationship. There are also evaluations by self-assessments. During the reporting year, ✓ 51% of the significant suppliers were covered by this means. This entails that a total of ✓ 83% of the active suppliers were assessed for compliance with social standards.

**05|01 PRESENTATION OF SOCIAL AUDITS IN 2015 BY PERFORMANCE LEVEL (in %)**



HUGO BOSS evaluates each audit on the basis of defined criteria and allocates the suppliers to five different performance levels (good, satisfying, improvements needed, risky, insufficient). The analysis of the audits carried out in 2015 shows that 59% of the suppliers subject to a

review obtained a level of good to satisfactory performances. Another 34% of the audited suppliers are situated in the middle performance level. Breaches were only ascertained in 7% of the suppliers which resulted in a risky and insufficient assessment. Major risks relating to good working conditions were identified in the areas of Social Compliance Management, working hours and compensation, as well as health and safety.

**05|02 BREACHES OF THE HUGO BOSS SOCIAL STANDARDS**

	Risky <sup>1</sup>	Insufficient <sup>2</sup>	OVERALL
Social compliance management	11	4	15
Child labor & young workers	0	1	1
Forced labor	1	0	1
Treatment of workers	0	0	0
Discrimination	0	0	0
Hours of work	3	6	9
Compensation and benefits	1	4	5
Health and safety	5	0	5
Freedom of association and collective bargaining	0	0	0
Supplier control	0	0	0
<b>TOTAL</b>	<b>21</b>	<b>15</b>	<b>36</b>

<sup>1</sup> Management is aware but not committed to Social Compliance/Environmental Management. The topic is not managed effectively but only in a rudimentary way. Documentation is not complete and insufficient. There is a high risk/disadvantage for employees/environment.

<sup>2</sup> Management is not aware/not willing to deal with Social Compliance/Environmental Management. Significant flaws in management are apparent in many areas and management is not willing to improve. The documentation system is not adequate. There is an imminent threat for employees/environment.



In the course of its audits, HUGO BOSS uncovered one case of child labor at a supplier in Bangladesh. A female worker was employed on the basis of falsified identity documents. At the time in question, she was probably younger than 15 years old. The employment relationship was immediately terminated and the affected family was offered supporting services. HUGO BOSS sought out the former employee in order to find out more information, determine her actual age, and to assess her current living situation. However, the family was not open to cooperation. Nevertheless, it was possible to ascertain that the employee was well and that she had returned to her village. HUGO BOSS continues to remain in close contact with the management of the supplier. They worked together to introduce measures with the aim of preventing this kind of incident at the hiring process from reoccurring in future. These included a review of identity documents and implementing a regular process for this.

An incident in relation to forced labor at a supplier from Italy was traced back to wages and social benefits that had not been paid. This was due to financial difficulties at the supplier in question. HUGO BOSS requested that the supplier make immediate payment of the outstanding wages and benefits, and monitored that the amounts were indeed paid.

As early as 2014, HUGO BOSS intensified its own investigations at another supplier from Malta by conducting a number of measures including interviews with the affected employees. The supplier had already been subject to a court proceeding in 2014, on account of suspicion

relating to forced labor. These investigations revealed that the allegations against the supplier could not be verified. HUGO BOSS will continue to review the progress of this situation within the framework of its monitoring system.

In spring 2015, the Company received a complaint from an NGO in relation to a breach against freedom of association at a Peruvian supplier. HUGO BOSS immediately sent independent experts to the local site in order to investigate the complaint. As a result of this, an arbitration proceeding was initiated between the management of the supplier and the local union. This focused on fostering regular communication and cooperation between two parties. HUGO BOSS will continue to monitor the ongoing developments in this case, provide support for the two parties, and report on the outcome.

Ongoing development of management systems at its suppliers is a top priority at HUGO BOSS in order to prevent any breaches from happening in future. All reviewed suppliers received a detailed audit report. In case there are any breaches of social standards, Corrective Action Plans are developed together with the supplier. HUGO BOSS checks implementation of these plans in follow-up audits and prepares detailed documentation for tracking the action taken. The Company created an additional communication pathway for employees of suppliers with feedback cards launched in 2015. The cards are distributed to the employees of the Company under review during the course of the audit. They contain contact information of HUGO BOSS and provide a simple way for employees to give notification of potential and actual breaches regarding the social standards.

## BETTER REMUNERATION

HUGO BOSS believes that better remuneration with its partners improves the platform for long-term cooperation built on partnership. It also provides the means for the employees to lead an independent life. This is why HUGO BOSS plays an active role in designing sector-wide standards and develops a compensation strategy for the employees of its suppliers. The engagement is based on internationally recognized standards such as the FLA principles.

In 2015, fundamental data were collected in a **pilot study with selected suppliers** – for example compensation structures, performance indicators related to working hours, employee statistics, and country-specific information. The results of the analysis led to lessons learned that formed the starting point for developing sector-wide standards.

The **HUGO BOSS Better Compensation Framework** developed in the year under review builds on the fundamental principles of better compensation. They include requirements for regular payment of wages, the compensation for working hours, the design of compensation systems, information on individual salaries (e.g. through detailed salary statements), the right to hold collective bargaining negotiation, and better compensation structures.

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**05|03 HUGO BOSS BETTER COMPENSATION PRINCIPLES**

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**BETTER COMPENSATION**

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Every employee has a right to compensation for a regular work week that is sufficient to meet the employees' basic needs and to provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract.



<b>PAYMENT OF WAGES</b>	<ul style="list-style-type: none"> <li>• Wages are paid regularly, formally, and in full</li> </ul>
<b>PAYMENT OF WORKING HOURS</b>	<ul style="list-style-type: none"> <li>• Normal working hours and overtime are properly rewarded</li> <li>• Excessive working hours are not generated</li> </ul>
<b>PAY SYSTEMS</b>	<ul style="list-style-type: none"> <li>• Balanced wage structure/composition is ensured</li> <li>• Different levels of education, skills and professional experience are considered</li> <li>• Individual or collective performance can be rewarded</li> <li>• Regulations on social insurance payments and paid holidays are met</li> <li>• No deductions may be made from an employee's basic salary for punitive or disciplinary reasons</li> </ul>
<b>COMMUNICATION AND SOCIAL DIALOG</b>	<ul style="list-style-type: none"> <li>• Sufficient information on wages is provided to workers (through an individual work contract, regular communication channels and a detailed pay slip)</li> <li>• The right to conduct negotiations on working conditions, in particular wages, and to bargain freely is respected</li> </ul>
<b>WAGE DISCRIMINATION AND WAGE DISPARITY</b>	<ul style="list-style-type: none"> <li>• Equal wages for equal work are ensured (no wage discrimination)</li> <li>• No unjustified wage differentials are generated within the Company</li> </ul>

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Data collection for this purpose was expanded during the year under review by a field study carried out in three countries. Local auditors familiar with the circumstances on the ground collected information on expenditure for everyday needs in the immediate surroundings of the business premises and in typical residential areas. Employee interviews were also carried out and statistical data was evaluated in order to gain a valid and a maximally comprehensive image of the average spending to cover everyday requirements. HUGO BOSS is planning detailed communication with its global suppliers and potential cooperation partners in 2016. It will focus on the results and findings that have been gathered to date. The approach further down the line will be defined within the framework of the Fair Compensation Project with the FLA.

## SAFEGUARDING OF ENVIRONMENTALLY FRIENDLY REFINEMENT

The establishment and **development of environmentally friendly processes** is equally important for HUGO BOSS at its suppliers as at its own production sites. In 2015, HUGO BOSS cooperated with the Global Social Compliance Programme (GSCP), environmental experts, a software provider, and environmental auditors to further optimize the GSCP Open Source Environmental Program on the basis of the GRI G4 environmental indicators. It forms the platform at HUGO BOSS for recording and improving the environmental conditions in the supply chain.

The Company commits its suppliers to collecting information on environment-related data in at least six core areas. These include performance indicators on management systems, energy, greenhouse gases and transport, water consumption, wastewater, waste, and avoidance of harmful substances. During the year under review, HUGO BOSS had used this procedure to audit  37 suppliers and obtained data from a further  104 business partners in the form of self-assessments. The results were classified in accordance with the defined audit performance levels and this provides a better picture of the environmental impacts in the Company's supply chain.

### 05|04 BREACHES OF THE HUGO BOSS GSCP ENVIRONMENT STANDARD<sup>1</sup>

	Risky <sup>2</sup>	Insufficient <sup>3</sup>	OVERALL
Management systems	15	0	15
Energy consumption, transport and greenhouse gas emissions	1	0	1
Water consumption	3	0	3
Wastewater	5	0	5
Waste	8	1	9
Avoidance of harmful substances	1	0	1
<b>TOTAL</b>	<b>33</b>	<b>1</b>	<b>34</b>

<sup>1</sup> The breaches shown above related to a group of 20 audited suppliers. No breaches were identified in the other 17 suppliers investigated.

<sup>2</sup> Management is aware but not committed to Social Compliance/Environmental Management. The topic is not managed effectively but only in a rudimentary way. Documentation is not complete and insufficient. There is a high risk/disadvantage for employees/environment.

<sup>3</sup> Management is not aware/not willing to deal with Social Compliance/Environmental Management. Significant flaws in management are apparent in many areas and management is not willing to improve. The documentation system is not adequate. There is an imminent threat for employees/environment.



The only unsatisfactory case out of the environmental audits carried out relates to non-conforming sludge disposal from the factory's own wastewater treatment plant. An action plan was drawn up for the supplier following a review of the location. The measures included the immediate installation of a collecting basin, for drying the sludge in conformity with environmental principles. The Company has also made a commitment to building an environmentally friendly incineration plant as a next step.

As in the social audit, the Company is supporting its suppliers with the correct implementation of the new requirements in the area of **environmental management**. Contacts with appropriate know-how are available to suppliers, and HUGO BOSS is also prepared to provide contacts to experts in the relevant region as necessary. HUGO BOSS is committed to supporting the Global Social Compliance Programme (GSCP) in order to ensure uniform minimum requirements in the area of environmental protection for suppliers across the world and to develop existing standards further. The complete introduction of environmental standards with all strategic suppliers will be completed in the course of 2016.

**Complete introduction of environmental standards with all strategic suppliers will be completed in 2016.**

In the area of **chemicals management**, the Company perceives a large lever for further mitigating environmental impacts in production. This applies to activities at its own production sites, but in particular in relation to upstream production processes at its suppliers. For many years, HUGO BOSS has therefore been seeking to engage in sector-wide communication and cooperation with other companies. By joining the German Partnership for Sustainable Textiles, the Group has made a commitment to the objective of achieving transparency for dealing with hazardous chemical substances in the value chain and continuously reducing their application. HUGO BOSS is also cooperating on the development of chemicals management through its membership of AFIRM. The focus here is on the definition of a sector-wide Restricted Substances List (RSL), exchange of information about best practices, and on a common approach. In 2015, a final RSL was worked out within the framework of AFIRM and this was approved by all members (**see sub-section Product Safety in section Products, p. 72**).

In 2015, HUGO BOSS defined an approach, which intends to avoid the use of substances that may be harmful for humans and the environment. This comprises different aspects in relevant production processes and it is based on comprehensive internal analyses. The first stage in the approach involved the investigation of the different potential risks of the chemicals being used and their areas of application. This phase identified options for substitution, tested them and then worked out detailed concepts for implementation. The integration of suppliers is absolutely essential in this context. Consequently, they are provided with concrete information – for example through regular supplier information statements or in the form of documents on specific substances – and obtain advice from experts provided by HUGO BOSS as required. HUGO BOSS communicates closely with its suppliers, particularly during the implementation phase for alternative substances, provides training, and monitors the success of the roll-out.

HUGO BOSS also works on the wet chemical processes, such as dyeing in the textile sector, so as to selectively optimize the procedures here and to continuously reduce the environmental impacts of critical chemicals, and to avoid intensive use of water.







# PRO DUCTS

## **3D Virtualization**

3D virtualization supports saving resources and time in design process

## **Recycled Materials**

Increased use of sustainable material for paddings

## **Animal Protection**

Complete ban on farmed furs

## PRODUCTS – IDEAS FOR TOMORROW

**HUGO BOSS takes its responsibility seriously for developing collections that meet premium standards for high-grade materials, quality standards, and product innovation. Likewise, they have to be produced in full compliance with environmental and healthcare requirements, as well as conforming to ethical standards. The Company works together with suppliers and other stakeholders to find innovative solutions for environmental protection and animal welfare.**

### MANAGEMENT APPROACH

HUGO BOSS believes that added value can be created by means of products manufactured on the basis of innovation and responsible principles – for the Company, its customers, and the community. Sustainability is implemented specifically in product design as a driver for innovations.

Sustainable product design at HUGO BOSS starts at the **design** stage. 3D virtualization in the creative process already enables a significant reduction in the number of prototypes in this phase (**see p. 67**). When collections are created, the **selection of sustainable materials** has a high priority. Premium product quality and pricing play an equal role to the selection of the product components. Recyclates are increasingly being used in products and in packaging (**from p. 69**). In 2015, HUGO BOSS worked out an environmental guideline with the objective of establishing environmental protection more firmly in manufacture → **section: Environment**.

Issues relating to materials and animal welfare are part of the product sustainability strategy which is implemented in the relevant action fields with annual reviews. The Company adheres strictly to the recognized regulations governing **animal welfare and species protection**, as defined in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), also known as the Washington Convention, for materials originating from animals, such as leather, wool, or down. HUGO BOSS rejects animal testing and non-species appropriate animal breeding and animal husbandry methods. These include a ban on the use of farmed furs, angora wool, and sourcing down from live-plucked animals. HUGO BOSS has a long track record of cooperation with animal welfare and consumer protection organizations, and is in intensive dialog with organizations such as PETA aimed at achieving improvements in animal protection (**see p. 71**). HUGO BOSS received the Henry Spira Humane Corporate Award for this commitment from the Humane Society of the United States (HSUS). This represented an accolade specifically honoring the decision to reject the use of farmed furs in collections from 2016.

HUGO BOSS takes account of **product safety** on several different levels. The focus is on chemical substances which must be avoided for the benefit of environment, employees or suppliers involved in the manufacturing process and customers alike. The Company requires its suppliers to submit a guarantee declaration of compliance with the Restricted Substances

List (RSL) and actively carries out comprehensive tests for harmful substances (see p. 72). HUGO BOSS also participates in **product life cycle** initiatives, which collect information on the environmental impacts along the entire value chain and highlights potential for optimization (see p. 73).

HUGO BOSS uses a number of benchmarks to quantify the success of its measures including **customer satisfaction**. In July and August 2015, information was gathered in a variety of ways including an online survey carried out in Germany, France, the Netherlands, the UK, the USA, and China. More than 15,000 customers and around 3,000 other stakeholders participated in the survey. The customer requirements most frequently requested from HUGO BOSS were environmental and ethical standards, animal welfare, brand transparency, and good working conditions in production.

## DESIGN

The different stages in the process of product design and product development at HUGO BOSS are closely interlinked. Sustainability is integrated in this process and taken account of in **all phases of product development**.

**Creative management** is situated right at the beginning of the product creation process. The work of the design team comprises the definition of the collection statement, designing the concepts for color, theme, shape, and outer fabric, and establishing the projected product prices. The content of the collection is defined by evaluating social trends, including the local purchasing power, the climate, and the market environment in specific markets. Designers also find inspiration in architecture and art, new technologies, and social and economic trends.

The pattern department subsequently carries out the second stage with a review of the creative ideas developed by the design teams to assess the feasibility of the tailoring patterns and to develop the patterns to prototypes. These are then tested for their suitability in the industrial production process. New processing techniques are also evolved in product development. The Company is increasingly making use of innovative welding, gluing, and dyeing technologies. One example is the use of Orange Dye which involves the addition of orange peel to the dyeing process for jeans. It is a particularly sustainable dyeing process, owing to the use of natural materials, and gives the products an additional hand-made effect.

In 2014, HUGO BOSS established a database from product life-cycle studies on **environmental aspects** of materials and processes in order to support the design teams in their work with facts relevant to the environment. This database was drawn up in cooperation with research institutes, universities, suppliers, and experts.

The far-reaching possibilities of **3D virtualization** are already being used for most product categories to accelerate and simplify the creative development processes. 3D technology is used for tasks ranging from virtualization of the designers' preliminary ideas through to presentation of the final collection. This enables color and fabric variations, as well as trimmings to be displayed virtually as a basis for internal consultation and discussion. The close cooperation between the development teams enables products to be developed more quickly, less expensively and more sustainably due to the reduced need for physical samples.

**3D virtualization helps to save time and resources in the design process.**

In the future, the broad range of options available through visualization beyond the creative design phase will be used in the sale of products to business partners and consumers. For example, 3D virtualization makes it possible to display virtual samples showing variations in color and outer fabric for products when collections are presented so that the use of resources can be optimized.

HUGO BOSS focuses on quality and this encompasses the **durability** of the products. This exerts a positive influence on the life-cycle assessment. However, the use of natural materials creates the platform for recycling products after use, or recovery and use in other areas of application.

## MATERIALS

**Sustainability criteria are becoming increasingly important in the selection of materials.**

HUGO BOSS only uses high-quality materials in its products, which meet the high demands of customers for wearing comfort, durability, excellent fit, and color fastness. Alongside these quality attributes, sustainability criteria – from design and decision-making on materials, through purchasing of raw materials, to environmentally benign refinement – play an essential role. The criteria also include social and environmental manufacturing conditions → **section: Partners and care (see sub-section Product Safety, p. 72).**

Many materials originate from raw materials of natural origin. **Cotton** makes up by far the biggest proportion of total consumption of raw materials at HUGO BOSS (see table). This is followed by wool and synthetic fibers, ahead of leather. The majority of the fabrics purchased originate from Europe – many materials come from partners in Italy with long-standing relationships.

As part of the **product sustainability strategy**, HUGO BOSS employees have been working since 2015 on providing a more structured framework for procurement and processing of cotton intermediate products, and optimizing our procedures in this area. The Company is currently cooperating with organizations and initiatives to develop a range of options for implementation. The most important assessment criteria include impact factors such as water, soil, and chemicals or pesticides in cultivation, and working conditions and healthcare aspects with the growers.

**06|01 MOST FREQUENTLY USED RAW MATERIALS** (weight in t)

	✓ 2015	2014
Cotton	6,761	6,659
Wool	2,606	2,565
Synthetic fibers	1,852	1,775
Leather	1,816	1,923
Rubber	577	566
Regenerated fibers	470	440
Polyurethane	204	147
Silk	134	132
Linen	84	93
Compressed wood fibers	52	61
Other	141	156
<b>TOTAL</b>	<b>14,697</b>	<b>14,517</b>

**Recycled materials** are playing an increasingly important role in closing the circle for material flows and reducing waste. It is important for the Group to ensure its own quality expectations in this process. In 2015, paddings used in fall and winter clothing were identified as the main area of application for sustainable material. For example, sustainable paddings can be created from recycled PET bottles. These are processed to form high-grade polyester fibers which meet the quality expectations of HUGO BOSS for performance and haptic feel. This innovative approach to the use of recycled material allows HUGO BOSS to combine excellent product quality with sustainability. In order to move forward the initiative for recycling of materials and raw materials, the Company has made a commitment to only making use of paddings from sustainable production for all clothing products as early as the Fall/Winter Collections in 2017.

**Sustainable paddings represent a promising initiative for the use of secondary raw materials.**

The **avoidance of waste** also makes a contribution to conservation of resources. This means that the amount of raw materials no longer required and needing disposal is significantly reduced, if it can be reused and included in upcoming collections.

Furthermore, recycled materials are increasingly being used in **packaging**. This includes coat hangers used during transport. Since 2012, HUGO BOSS has been increasing the proportion of coat hangers being reused – not only by purchasing recycled plastics through suppliers but also by collecting hangers from the retail trade. On the one hand, this has increased the recycling rate and on the other hand it has reduced costs. This is because hangers used in the closed-loop process can be reused up to five times and they are also up to 50% cheaper. In accordance with the certified life-cycle assessment for the reuse of coat hangers in conformity with ISO 14044, the environmental impacts have been reduced by between 25% and 99% depending on each category. The objective is to increase the proportion of coat hangers reused from 6% (2015) to 30% in 2020.

A large proportion of the packaging is made of paper or cardboard. This will gradually be converted to recycled material or FSC-certified paper. The proportion of FSC paper in bodywear currently amounts to 37% and the proportion of recycled paper is 8%. Since 2015, carry bags have been made entirely of FSC materials. Shoe boxes will gradually be converted to FSC from 2016.

**Product sustainability** is a topic which is also in the interests of employees. HUGO BOSS is therefore strategically promoting knowledge exchange between employees. The Sustainability Days (**see p. 28–29**) in 2015 were dedicated to the action area Products and the first Sustainability Award was handed over to employees who have engaged actively with innovative ideas. The award was presented for the idea on polybag packaging for jersey products (incl. T-shirts). The transparent bags have been reduced to half their original size – with corresponding savings on materials and costs. The idea is currently being implemented. A recycled or biologically degradable material is currently being tested for manufacture. The application of polybags like this is also being tested for other product areas.

Since 2014, HUGO BOSS has established the EcoLogTex information platform for sustainable products with the aim of analyzing the **environmental impacts** of its products and reducing these impacts as much as possible. The latter was developed to emulate the initiative “Product Environmental Footprint” of the European Union (**see p. 73**). This comprehensive initiative covers all the environmental impact factors relating to items of clothing – from raw materials, through processing and transport, to care instructions for customers.

## ANIMAL WELFARE

A key principle for product responsibility is animal welfare and species protection in the selection of animal products such as leather, wool, and down. In summer of 2015, the announcement by HUGO BOSS that it was completely banning the use of farmed furs from animals such as the raccoon dog, fox, and rex rabbit starting in 2016 generated a great deal of interest within the sector and in the media.

**HUGO BOSS has banned the use of farmed furs from the beginning of 2016.**

Guidelines have also been worked out for leather within the framework of the product sustainability strategy. From the winter 2016 season onwards, HUGO BOSS will be restricting the purchase of hides for leather processing to materials from sheep, goats, cattle and buffalo that are byproducts of the food industry. Another contribution to the protection of species diversity is the **rejection of exotic leather**. The current demand of customers for these kind of products is reflected by a variety of procedures, such as relief prints and imitations. Over a period of many years, HUGO BOSS has been sharing ideas with animal welfare and consumer protection organizations about the types of leather used and their origin. Aspects of environmental protection (such as optimized tanning processes), species-appropriate animal husbandry, and the use of land have also been given a higher priority when sourcing.

HUGO BOSS has also made pioneering decisions on the use of **wool**. Since the beginning of the Fall/Winter 2015 Collection, the Company has ceased purchasing angora wool, as most of this wool is sourced using processes that are painful for the animals. Rolling out a sustainable initiative for merino wool and other types of wool is more challenging. The painful mulesing method of preventing deadly flystrike infestations is generally used in the primary source markets for wool (Australia and New Zealand). The Company is engaging in intensive communication with partners in this area so that it will be able to use more wool in future that has not relied on the practice of mulesing. Today, HUGO BOSS is already giving preference to suppliers of knitwear who do not use wool from sheep subject to the mulesing practice. Since the business year 2014, the Company has therefore been increasingly leveraging the proportion of mulesing-free wool in outer fabrics during the purchasing process. The target is to achieve 90% for all pure-woolen products by the year 2020. In order to achieve this target, suppliers must verify that they work without using the mulesing practice, for example by presenting certificates. In the Fall/Winter 2016 Collection, this initiative will also be extended to cover mixed products with a proportion of virgin wool – this includes suits in the “Create Your Look” series from HUGO BOSS.

Since the Fall/Winter 2015 Collection, HUGO BOSS has not been using any **down** from live-plucked or force-fed birds. Down is now only used if it has been sourced responsibly and is 100% traceable. All products of HUGO BOSS which include down are labeled appropriately. At the same time, the Company is continuously working on optimizing the filling quantities and reviewing the use of alternative fibers for high quality requirements.

## PRODUCT SAFETY

The collections created by HUGO BOSS meet the very highest **quality and safety standards**. Comprehensive guidelines and harmonized processes ensure that there are no health hazards for employees during the production process or for customers while they are using the garments.

The products are tested for potentially harmful chemicals during all manufacturing stages right through to delivery. Numerous internal analyses were carried out during the business year 2015 in the search for potential improvements. This formed the platform for identifying potential improvements in product development, the sampling phase, and production. Products are tested at accredited institutes and laboratories in accordance with recognized standards for possible health and safety impacts. In 2015, ✓ 3,372 tests of this nature were carried out and these revealed that only ✓ 5% of the tested products fell short of the high HUGO BOSS standards beyond the statutory requirements. These were not placed on the market.

**The use of substances harmful to people and the environment is continually being reduced.**

HUGO BOSS requires a guarantee declaration on compliance with the **Restricted Substances List (RSL)** as a fundamental requirement for cooperation with suppliers. On the one hand, the RSL defines regulations to ensure compliance with the applicable national and international laws on the use of chemicals and other substances with potentially harmful effects on health. On the other hand, it also includes internal guidelines of the Company which frequently extend beyond these minimum provisions. The regulations apply to all the materials used and for the substances included in the production process. HUGO BOSS tests these proactively by carrying out comprehensive tests for harmful substances in accredited laboratories, and this guarantees the safety and quality of products. Furthermore, a group-wide project is going to be carried out in order to reduce all substances potentially harmful to humans and the environment over the medium term by replacing them with alternative substances or completely eliminating them (**see sub-section Safeguarding of Environmentally Friendly Refinement in the section Partners, p. 62–63**).

HUGO BOSS meets all the statutory requirements for **labeling** its products. ✓ All products are provided with information on material composition, care instructions, country of origin, and product and supplier numbers. Clear washing instructions on the care labels make it easier for consumers to carry out environmentally friendly cleaning. During the year under review, there were no customer complaints or financial penalties relating to faulty product labeling.



## PRODUCT LIFE CYCLE

HUGO BOSS has created a system of **Life Cycle Assessments** (LCAs) using efficient tools, such as EcoLogTex, a project promoted by the Swiss Commission for Technology and Innovation (KTI), and partnerships like the World Apparel & Footwear Life Cycle Assessment Database (WALDB) launched in 2015 (see p. 75). LCAs present the aggregate total of all the environmental influences of a particular product, including the CO<sub>2</sub> emissions generated in manufacture and during use, the consumption of water and resources, the influences on the ecosystem, and the impacts on human health.

Since 2009, LCAs have been carried out for specific products and these have been certified in compliance with ISO 14044. 75 Life Cycle Inventories (LCIs) were created (31 in the leather sector and 44 in textiles). They provide detailed information for every production stage, the use of products, and disposal, and the LCIs therefore provide the ideal hot-spot analyses for product design based on sustainability. HUGO BOSS worked together with acknowledged specialist organizations to draw up these analyses, including the Swiss Federal Institute of Technology (ETH Zurich), the organization Helvetas Swiss Intercooperation, management consultancy Quantis, and companies along the entire value chain.

Upgrading the EcoLogTex software for leather with the modules traceability and simulation was carried out within the framework of the ecoshoe project. The HUGO BOSS Center of Shoe Competence cooperated on this project with Ancona Polytechnic (Italy). Today, the traceability system is used at the Morrovalle facility for the important components like leather and soles. The findings also undergo further development and are used for water-soluble glues and natural shoe creams. However, the most important industrial application is for environmentally friendly tanning techniques.

Since 2014, HUGO BOSS has been involved in the **EU Initiative for the ecological footprint** of products – “Product Environmental Footprint (PEF)”. During the year under review, two complete supply chains were surveyed in the area of bodywear and numerous other cotton analyses were carried out with actual data from the cotton field to the end of the life cycle in order to identify all the environmental impacts. On the basis of the investigations, the biggest lever for optimization is the reduction of water consumption and pollution during the cultivation of cotton, and harmful impacts on human health as a result of emissions from the combustion of fossil fuels in the producer countries. The local conditions, such as the use of renewable energies or adequate water supplies, efficient process with short transport routes, and environmentally friendly means of transport are the key to sustainable T-shirt production. In 2016, the area of application for LCAs is going to be extended to further cotton products, such as jerseys, jeans and other leisure trousers.

**HUGO BOSS identifies key factors for sustainable manufacture of T-shirts and jeans.**

## TOGETHER FOR A MORE SUSTAINABLE PRODUCT

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A sustainably produced garment must meet many different standards – relating to quality, working conditions during manufacture, as well as environmental aspects such as energy and water consumption. Full compliance is only possible by looking at and analyzing the **entire value chain** in detail. This review extends from the production of raw materials, through the manufacture of fibers and fabrics, to the finished product, its packaging, and suitable transport routes for distribution. The final design of the value chain also includes making each of these individual steps commercially profitable.

### DIVERSE REQUIREMENTS

Heinz Zeller has a long track record as Head of Sustainability and Logistics at HUGO BOSS Ticino in Coldrerio, Switzerland. He is an expert on the topic of life-cycle assessments. However, his primary concern does not simply consist of the environmental aspects in the value chain of garments. At the same time, he functions as a coordinator and moderator. This is because he is frequently confronted with a mix of contradictory demands from environmental organizations, the stringent criteria of natural sciences, and the commercial requirements of the corporate world: “At HUGO BOSS, we try to create **the optimum synthesis between important social and environmental aspects and the demands of commercial life,**” is how Zeller explained the principles of his work. “This balancing act is not always easy but we are extremely keen to create products that are compliant with environmental and social responsibility. This aspiration is part of the high quality ambitions at HUGO BOSS.”

**Protecting the diversity of species** (biodiversity) within the textile chain is a very important part of this endeavor. “The fashion industry exerts a big impact on the natural

world,” explains Giulia Carbone, Vice Director of the Global Business and Biodiversity Programme of the environmental organization International Union for Conservation of Nature (IUCN). “This includes the production of raw materials like cotton, which involves intensive use of water and the application of pesticides, or the production of viscose that requires cellulose derived from wood and consequently the felling of trees,” continues Carbone. “Dyeing and refining techniques across the world also cause a significant proportion of industrial water pollution.

### ENVIRONMENTAL PROTECTION IN THE SUPPLY CHAIN

Environmental protection is therefore an extremely important staging post on the pathway to the sustainable product. “This includes supply chains which guarantee responsible usage of natural resources, and chemical processes that are continuously optimized to enhance compatibility with environmental and health standards,” according to Heinz Zeller. Guided by this conviction, HUGO BOSS already started cooperating with the IUCN in 2014. The results of this work include the study entitled “Biodiversity Risks and Opportunities in the Apparel Sector”, published in 2015. This document has been designed to advise the entire sector, and the study identifies biodiversity risks and initiatives for solutions in the textile supply chain. It also provides recommendations on how other companies can reduce their exposure to risk.

“In the fashion industry, there is a **growing awareness of the challenges** relating to the environmental and social responsibility that we bear. As this awareness grows, there is a corresponding need to take action,” asserts Gerd von Podewils, Senior Vice President Global Communication at HUGO BOSS AG.

He believes that “the right assessment of biodiversity risks, entailed by the activities of the Company and in the supply chain, constitutes the most effective approach to managing and reducing the impacts on the environment.” Accordingly, the study carried out comes to the conclusion that the measures reducing risks for companies also exert a beneficial impact on the environment and on ecosystem services (see box), and are also able to improve life in the affected regions.

### WHAT IS AN “ECOSYSTEM SERVICE”?

The term **ecosystem service** describes the use people gain from renewable and non-renewable resources in nature. This includes, for example, food, which would not exist **without pollination by insects**, or complex services such as the climate impact of the large amounts of CO<sub>2</sub> locked up in forests. **Active environmental protection and nature conservation** contribute to preserving vital functions for sustainable life in future generations.

### EVALUATION OF ECOSYSTEM SERVICES

On the basis of knowledge about these connections, the next stage in the comprehensive life cycle analysis of a product is only a small but logical step. After the work with the IUCN had been completed, HUGO BOSS entered into cooperation with other organizations. HUGO BOSS then became an official partner of the Natural Capital Coalition (NCC) and carried out a detailed review of the **Natural Capital Protocol (NCP)** developed by the IUCN and the World Business Council for Sustainable Development (WBCSD) in a joint working group. The Protocol brings together a number of different methods, systems and ideas, in order to create a consistent

framework on how the use of natural capital should be evaluated in companies. The aim is to enable the benefit of ecosystems to be valued in quantitative and – where possible – monetary terms. “We are bringing together different initiatives on evaluating and applying ecosystem services in the Protocol so that we can provide the framework for yielding qualitative, quantitative and monetary valuation, which can be applied by companies in all sectors and regions,” explains Gemma Cranston from the Cambridge Institute for Sustainability Leadership (CISL), who is coordinating the project. The Protocol will be presented officially in July 2016.

### INFORMATION BASE FOR LIFE CYCLE ASSESSMENTS

Through the **World Apparel & Footwear Life Cycle Database (WALDB)** launched in 2015, HUGO BOSS intends to work together with other experts to create a generally accessible high-quality knowledge base for drawing up life-cycle assessments. “We have a long track record of commitment to life cycle analyses, which can be used to measure the quantitative impacts of our business activity on the environment as accurately as possible,” explains Heinz Zeller. Within the framework of the Product Environmental Footprint (EU PEF) initiative, the Company has already analyzed all the T-shirt production processes, from the origin of the raw materials to disposal, so as to investigate the impacts on water, emissions, human health, etc. Alongside HUGO BOSS, leading Swiss experts for life cycle analyses and the Swiss Federal Office the Environment (BAFU) are also working on the WALDB. Zeller: “Today, the challenge is that basic data relating to different environmental impacts are not available or the quality of the data is not sufficiently high. The methodologies are also not harmonized. As a founder member of the WALDB, HUGO BOSS is taking the position of a front-runner within the sector to apply research results to the textile industry.”



# SO SOCIETY

## **Strategy**

Corporate Citizenship Strategy:  
developed in 2015 based on  
existing approaches

## **Fostering Creativity**

New commitment on logistics  
location in Filderstadt: Project  
"Food and Art" supports youth  
in their personal development

## **Professional Training**

84 students received a scholarship  
from the HUGO BOSS Education  
Association

## SOCIETY – PROMOTING PERSPECTIVES

**HUGO BOSS is firmly committed to taking social responsibility. By generating specific value added, the Company makes a significant contribution to the community as an integral component of its corporate philosophy. The Company promotes the voluntary engagement of its employees and collaborates with external partners. The objective is to inspire people to achieve success, beyond the Company's confines. HUGO BOSS has therefore made education the focus of its Corporate Citizenship Strategy.**

### MANAGEMENT APPROACH

The **Corporate Citizenship Strategy** of HUGO BOSS defines the framework for the Company's community engagement. It gives the engagement a clear profile and builds on the values, the vision, and the mission of the Company. Existing strategic approaches and guidelines have been incorporated in the strategic development and defined in more concrete terms. In the course of 2015, HUGO BOSS thereby established a firm platform for the future activities of the Group in this area. The Company is currently developing a methodology for quantifying the effect of its Corporate Citizenship projects so that it will be in an appropriate position to assess these successes in future.

The overarching objective of the Corporate Citizenship Strategy of HUGO BOSS is to **promote** individual **potential for success**. The Company is particularly committed to enabling young people to succeed, and provides support for them by facilitating more equal access to educational opportunities on their personal career path. The reason for this approach is that HUGO BOSS perceives access to education as the foundation for personal success and participation in the community. The second pillar of the strategy encompasses the promotion of vocational perspectives and opportunities for lifetime learning. Accordingly, the strategy is geared to the fourth target of the Sustainable Development Goals of the United Nations.

**Access to education, vocational promotion and creative promotion are the three pillars of the Corporate Citizenship Strategy.**

Another focus is **creative promotion and cultural diversity**. HUGO BOSS pursues this through a broadly based cultural sponsorship program. Furthermore, the Company takes responsibility for contemporary community challenges and provides aid in crisis situations.





support on their educational pathway. HUGO BOSS has also supported UNICEF for many years with provision of emergency aid in crisis areas. In 2015, these funds were channeled especially into efforts by UNICEF to lend support to refugee children and their families.

The Company provides financial support for the education of young people at the Turkish production site in Izmir through the **HUGO BOSS Education Association** program. Family members and persons related to employees of the Company, who are dependent on financial assistance, can apply for a grant. The amount of the grant is always based on the actual financial need and is approved by a dedicated committee. The necessary funds are made available by the Company in conjunction with donations given by employees. In 2015, a total of 84 school children and students received support provided by the HUGO BOSS Education Association.

The cooperation with the State School of Fashion Design in Stuttgart, the “Off Road Kids Foundation” and elementary school Dreifürstensteinschule in the Stuttgart metropolitan area was continued in 2015.

The Company and its employees also provide **aid in exceptional emergency situations** in their local areas and in response to international crises. In 2015, the focus for these activities centered on the international refugee crisis. Under the umbrella of the initiative “We together – The integration initiative of German Business” (“Wir zusammen – Die Integrations-Initiative der deutschen Wirtschaft”), HUGO BOSS has made a concrete commitment toward the integration of refugees in Germany. During the year under review, a range of different measures were initiated. They are all directed toward the goal of driving forward the integration of refugees in the job market and the community. For example, from 2016 employees at the headquarters in Metzingen will have the opportunity to be released for the purpose of giving language and conversation training sessions to refugees. The measures will also be bolstered by several donation campaigns and appeals to the workforce.

**07|02 AMOUNT OF DONATIONS AT HUGO BOSS** <sup>1</sup> (in EUR)

	✓ 2015	2014	2013
HUGO BOSS GROUP	665,154	522,822	442,351

<sup>1</sup>All donation projects must be in conformity with the criteria of the HUGO BOSS Code of Conduct.

**VOCATIONAL TRAINING AND EMPLOYEE DEVELOPMENT**

At its biggest production location in Izmir, HUGO BOSS deploys strategic measures for vocational training and employee development. The Company cooperates with the local employment agency to offer a program that helps women to get back into the world of work. It assists women in difficult financial situations and offers them a **vocational perspective in the textile industry** through a specialist training. In 2015, 187 women participated successfully in the program and received a further training certificate accredited throughout the country – 137 of them were then given permanent jobs at HUGO BOSS.

In 2015, collaboration was continued with the prestigious Parsons The New School for Design in New York. This cooperation involves HUGO BOSS funding a **scholarship program** with a total of 250,000 US dollars over a period of five years. Students from different cohorts are able to apply for a grant. Early-career designers often encounter financial challenges and



constraints when designing and implementing their collections and their diploma projects. In the process of awarding grants, the financial circumstances of each applicant are therefore taken into account, along with their outstanding practical skills and theoretical knowledge. During the year under review, the grants provided assistance to eight students for creating and showing their collections. These grants helped them to get a foothold on the career ladder.

## PROMOTION OF CREATIVITY AND CULTURAL EDUCATION

HUGO BOSS considers promotion of contemporary art an important element of its commitment to the community. Art gives people new inspiration, it promotes tolerance, and fosters an innovative spirit. Contemporary art has therefore been a **fixed element in the Company culture** for more than 20 years. The international cultural sponsoring program has been supporting selected exhibitions and projects with great passion and energy, and the emphasis has been particularly on young, aspiring artists.

**Contemporary art and cultural education have been a fixed element in the Company culture for more than 20 years.**

Over the past several years, HUGO BOSS has been pursuing **joint ventures with educational institutions** in the spheres of art and design, and the Company was also successful in continuing its partnerships in Germany and abroad during the year under review. The Company provided financial assistance to support the project "Essen und Kunst" (food and art) staged jointly by art school Kunsthochschule Filderstadt and the Pestalozzi School located in Filderstadt-Sielmingen. The educational project is directed especially toward vulnerable young people from deprived social environments and helps them to plan their future career. They are given assistance by experienced lecturers and are able to receive career training in different artisan crafts and areas related to creative art. They also have an opportunity to build up their social skills.

During the year under review, the **HUGO BOSS ASIA ART Award** was conferred for the second time. The prize was set up in 2013 and is awarded in collaboration with the Rockbund Art Museum in Shanghai. Emerging Asian artists are eligible for the prize and it is associated with an exhibition of works by the nominated artists. While the first edition of the prize focused primarily on artists from Greater China, the scope of the current competition has been expanded to include south-east Asia. This development enables the cultural exchange to be further strengthened between the regions. The Philippine artist Maria Taniguchi was awarded the 2015 prize worth RMB 300,000.

In 2015, HUGO BOSS also supported selected exhibitions, for example as a global sponsor of the exhibition "Das Bauhaus #allesistdesign" at the Vitra Design Museum in Weil am Rhein and the special exhibition "Sound in Motion – International Video and Performance Art" to celebrate the tenth anniversary of the art museum Kunstmuseum Stuttgart.

## DIVERSE, COLORFUL, AND SOMETIMES AUDACIOUS

**The Company supports young artists in Asia through the HUGO BOSS ASIA ART Award and at the same time promotes cultural exchange in the region together with the Rockbund Art Museum. In an interview, the Museum Director and Jury Chairman Larys Frogier explains how the project evolved and how the dynamic developments in Asia exert an impact on the creative endeavor of artists.**



**Mr. Frogier, what was the basic idea behind expanding the geographical range of the HUGO BOSS ASIA ART Awards 2015 beyond China?**

When the original idea of the HUGO BOSS ASIA ART Awards was developed, our guiding principle was to create a link between the creative flows in Asia and those moving across the world. At the same time, we wanted to emphasize the different regional contexts which make Asia so special – for example in relation to the numerous connections, changes, differences, and developments in the individual countries. While the edition was dedicated to artists who live and work in China and the immediate surrounding areas, we have now extended the 2015 prize to other regions in South-east Asia. We were delighted to see that the six finalists – Guan Xiao, Huang Po-Chih, Moe Satt, Vandy Rattana, Maria Taniguchi und Yang Xinguan – not only

reflect the new contemporary art scenes in Cambodia, China, Myanmar, in the Philippines and in Taiwan, but they are also playing a role in building up and creating the scene. It was therefore a great pleasure to honor the finalists and their works with the second edition of the HUGO BOSS ASIA ART Award. Within the space of just two years, the prize has already been transformed into an important milestone for the discovery and support of new talent. Today, the prize is at the forefront of identifying and networking emerging artists in Asia.

**How much of a need is there among artists for a Pan-Asian art prize?**

Artists in Asia work in specific contexts which vary considerably and make their artistic oeuvre – the way in which they develop thematic focuses for unexpected connections and disjunctures – very relevant. Seen from this perspective, a Pan-Asian prize may fulfil a very important role in raising the profile of contemporary arts in Asia on the international stage. A prize like this is capable of accentuating the diversity of initiatives and highlighting the socio-esthetic differences between the regions. It can also bring out the disjuncture of the (western) perspective on “the” sphere of contemporary art in Asia. I believe that an Asian prize has

not been created to combine art in Asia into a single united esthetic (“What is Asian art?”). Instead, it needs to focus on how artists create contemporary art with local contexts in an individual approach – through global perspectives but not reduced to globalization. The 2015 Award provides a tangible recognition of the impacts of such dynamic relationships by supporting the overarching cultural aspects of contemporary art in Asia and by scrutinizing our western perspective on “Asia” or on the enclosed nature of Asian nations.

**Culture can be a fault line which intensifies differences yet it can also form a bridge that showcases common roots. How do you ensure that the prize carries a positive message?**

When we started the project in 2013, HUGO BOSS and the Rockbund Art Museum shared the perception that the prize should function as a contest and an educational initiative, and should make a contribution to the development of



contemporary art in China and Asia. Our main motivation is formed by the aspects of vision, innovation, networking, education, analysis, debate and esthetic enjoyment. We created the HUGO BOSS ASIA ART Award through the broadly based and professional expertise of our jury members in order to support those finalists and works of art which can be regarded as diverse, relevant, colorful, and sometimes bold.

**Does the prize pursue more broadly based educational or future-oriented goals beyond the art itself?**

Right from the very beginning, the HUGO BOSS ASIA ART Award was intended as a platform to thematise the transformation of art in Asia within our globalized world. The selection procedure and the educational and exhibition programs mean that each edition of the prize in many ways breaks new ground in relation to raising the bar for contemporary art in Asia. The Rockbund Art Museum engages in intensive dialog with artists – in the form of lectures, symposiums, presentations, and film screenings – before, during and after each edition of the Award. We also developed the concept of “Home City Conversations” for 2015, where we invited journalists to the home cities of the six finalists and staged public podium debates there in order to capture the immediate context where the artists work. In this way, we create an entirely new local frame of reference in Asia, which places the artists and the media in the position of being able to discuss their work. We believe that activities like this attract the attention of local residents and artistic communities and cast a new light on artistic endeavors so that the regions become accessible to a new international public audience.

**Larys Frogier has been the Director of the Rockbund Art Museum (RAM) in Shanghai since 2012. He has curated numerous exhibitions and authored acclaimed critical articles on the work of international artists. Before he took up his position in Shanghai, he headed the La Criée center of contemporary art in Rennes (France). Since 2013, Frogier has been Chairman of the Jury of the HUGO BOSS ASIA ART Award.**



# FACTS & FIGURES

## **Further Information**

You will find further information and indicators in the areas of We, Environment, Employees, Products, Partners and Society for assessing the sustainability performance of HUGO BOSS in the section Facts and Figures. In addition, HUGO BOSS is presenting its goals and progress in a consolidated Sustainability Program for the first time.

## FACTS AND FIGURES

### SUSTAINABILITY PROGRAM

Action area	Strategic objective	Target	Deadline	Status	Attainment
We	Integration of sustainability into corporate structure/ stakeholder dialog	Roll-out of a Stakeholder survey with all the relevant stakeholder groups in order to identify key issues and expectations	2015	●	Comprehensive Stakeholder survey rolled out and evaluated as the platform for the materiality analysis
We	Integration of sustainability into corporate structure	Materiality analysis, development of a materiality analysis and a sustainability program	2015	●	Materiality analysis rolled out and a matrix prepared. Sustainability Program developed in December 2015
We	Integration of sustainability into corporate structure/ Stakeholder dialog	Implementation of a group-wide and comprehensive stakeholder management strategy	2020	◐	Interviews with stakeholders for the materiality analysis, and survey carried out for assessing their expectations on key sustainability issues at HUGO BOSS
We	Stakeholder dialog	Continuous expansion of online communication on sustainability issues in order to inform stakeholders	Ongoing	●	Intensification of online communication on critical focus topics on the Group website
We	Integration of sustainability into corporate structure	Integration of the sustainability principle in the HUGO BOSS Group at various events	2017	◐	Sustainability Day 2015 with thematic focus on the action area Product
We	Stakeholder dialog	Implementation of specific priorities, which are derived from the materiality analysis	Starting in 2016	◐	Intensified exchange of ideas with individual stakeholders, further development on the basis of the results of the analysis
We	Integration of sustainability into corporate structure	Expansion of regular mandatory compliance training sessions to 100% of the employees working in the Group	2018	●	Expansion of compliance training to other employee groups and regions

Action area	Strategic objective	Target	Deadline	Status	Attainment
Environment	Mitigation of environmental impact through HUGO BOSS operations	Expansion of the energy management system in conformity with ISO 50001 to all own retail stores in Germany and Austria	2016		Needs analysis was initiated for expansion of certification
Environment	Mitigation of environmental impact through HUGO BOSS operations	Expansion of certification of the environmental management system in conformity with ISO 14001 to the production site Morrovalle (Italy)	2015		Certification successfully completed in December 2015
Environment	Mitigation of environmental impact through HUGO BOSS operations	Expansion of certification of the environmental management system in conformity with ISO 14001 at all the Group's own production sites	2020		Izmir: Certification successfully completed in December 2014; Morrovalle: certification successfully completed in December 2015
Environment	Mitigation of environmental impact through HUGO BOSS operations	Expansion of certification of the energy management system in conformity with ISO 50001 at the Coldrerio site (CH)	2015		Certification successfully completed in October 2015
Environment	Mitigation of environmental impact through the value chain/(...) through HUGO BOSS operations	Increase in the proportion of electricity from renewable energy	2017		Internal project launched for setting up individual business cases
Environment	Mitigation of environmental impact through the value chain/(...) through HUGO BOSS operations	Installation of LED lighting or other efficient lighting systems in all new outlets and in stores to be renovated	2017		Implementation of lighting guidelines in the EMEA entirely completed, partly completed in the APAC region
Environment	Mitigation of environmental impact through the value chain/(...) through HUGO BOSS operations	100% of electricity from renewable sources for retail outlets in the region Germany, Austria and Switzerland	2015		Conversion entirely completed
Environment	Mitigation of environmental impact through the value chain/(...) through HUGO BOSS operations	Reduction of greenhouse gas emissions (Scope 1+2) by 30% in relation to Group sales compared with the baseline year 2010	2020		Greenhouse gas emissions (Scope 1 and 2) in relation to Group sales: saving of 56% since 2010
Environment	Mitigation of environmental impact through the value chain	Increase of 10% in the use of more environmentally friendly rail transport on the route from China to Germany	2016		First pilot transport deliveries from China to Germany carried out
Environment	Mitigation of environmental impact through the value chain/(...) through HUGO BOSS operations	Reduction of water consumption in relation to Group sales by 40% compared with the baseline year 2010	2020		Water consumption in relation to Group sales: reduction of 46% since 2010



Action area	Strategic objective	Target	Deadline	Status	Attainment
Employees	Occupational health & safety during manufacturing	Revision of the global strategy on workplace safety and occupational health and safety (OHS), with the objective of establishing a uniform group-wide standard, which is evaluated and managed by a performance indicator system	2020		Adoption of the Health & Safety Commitment; focus activities in the retail sector
Employees	Occupational health & safety during manufacturing	Launch of a global OHS standard in the retail sector	2016		Development of a standard and online training for OHS in the retail sector
Employees	Employee satisfaction	Continuous optimization of global employee loyalty measured by the reduction in employee-related turnover by 25% (compared with the baseline year 2014)	2020		Situational analysis in individual regions and definition of special measures
Employees	Employee satisfaction	Introduction of immediate measures in strategically important retail markets	2016		Workshops with human resource managers in all regions and derivation of improvement measures
Employees	Employee satisfaction	Expansion of the employee survey to 80% of the workforce with the objective of improving employee satisfaction	2020		Definition and implementation of measures following the employee satisfaction survey in Germany in 2014
Employees	Employee satisfaction	Implementation of an initial employee satisfaction survey in selected business regions in the area of Nordic countries and Asia/Pacific	2016		Preparation of the roll-out
Employees	Integration of sustainability into corporate structure	Raising the awareness of all employees for sustainability issues	Ongoing		Sustainability days held in Metzingen and Coldrerio; worldwide distribution of compact version of the sustainability report to employees



Action area	Strategic objective	Target	Deadline	Status	Attainment
Partners	Mitigation of environmental impact through the value chain	Definition of the necessary performance level in the area of environment (based on GSCP) for all suppliers and compliance with it by all strategic suppliers by 2020	2015	●	Improvement in the self-assessment and audit processes for operational deployment
Partners	Human rights & labor standards in the value chain	Sourcing of 80% of all goods from suppliers who achieve the result "satisfactory" or better in social audits	2020	◐	59% of suppliers have achieved the result "satisfactory" or better in social audits
Partners	Human rights & labor standards in the value chain	Introduction of a system for the value chain (including an in-house Code of Conduct) with strategic partners and assumption of responsibility for their own suppliers	2020	◑	Common definition of requirements for governance and systems, and preparation of roadmaps within the framework of Supplier Days carried out
Partners	Mitigation of environmental impact through the value chain	Worldwide roll-out of the GSCP environmental program for auditing strategically relevant clothing producers	2016	◑	Improvement of the module and the IT system following a pilot project; implementation of 37 audits; review of all other strategic suppliers planned for 2016
Partners	Mitigation of environmental impact through the value chain/Human rights & labor standards in the value chain	Expansion of social and environmental assessments to further suppliers in order to increase transparency in the value chain and control the potential risks	2016	◑	Presentation of sustainability strategy and targets within the framework of Supplier Days

Action area	Strategic objective	Target	Deadline	Status	Attainment
Products	Mitigation of environmental impact through the value chain/customer satisfaction	Exclusive use of down originating from production sources without live-plucking or forced-feeding from the Fall/Winter 2016 Collection	2016	●	Successful implementation in in-house production from the Fall/Winter 2015 Collection (in license collections from the Fall/Winter 2016 Collection)
Products	Mitigation of environmental impact through the value chain/customer satisfaction	Complete ban on the use of angora wool from Fall/Winter 2015 Collection	2015	●	Successful implementation for the Fall/Winter 2015 Collection
Products	Mitigation of environmental impact through the value chain/customer satisfaction	Complete ban also on the use of farmed furs such as raccoon, fox or rex rabbits in all collections from 2016	2016	●	Successful implementation in all collections from Fall/Winter 2016
Products	Mitigation of environmental impact through the value chain/customer satisfaction	Use of padding made of at least 60% recycled materials in all clothing products and accessories	2016	◐	Roll-out of the first test in the Fall/Winter 2016 Collection
Products	Mitigation of environmental impact through the value chain/customer satisfaction	Increase in the proportion of mulesing-free wool to 90% in pure woolen knitwear products	2020	◑	Use of mulesing-free wool in 85% of all pure woolen knitwear products from the Fall/Winter 2016 Collections

Action area	Strategic objective	Target	Deadline	Status	Attainment
Society	Social commitment	Definition of concrete framework conditions for the Corporate Volunteering Program of HUGO BOSS	2016		Preparation of an initial concept
Society	Social commitment	Implementation of a special project for refugees in the Metzingen region	2017		Initiation of a stakeholder dialog in the community
Society	Social commitment	Preparation of a group-wide strategy for corporate citizenship at HUGO BOSS	2015		Strategy was formulated and approved by the Managing Board
Society	Social commitment	Implementation of a group-wide guideline for corporate citizenship	2015		Transfer of the corporate citizenship strategy to a guideline
Society	Social commitment	Implementation of a strategic flagship project with quantifiable community value added by 2020	2020		Review of potential topics, initiatives, and partners for cooperation was initiated

## PERFORMANCE INDICATORS WE

### ORGANIZATIONAL PROFILE

#### G4-EC1 SALES BY REGION (in %)

	2015	2014	2013	2012	2011
Europe <sup>1</sup>	60	61	60	59	61
Americas	24	23	24	24	22
Asia/Pacific	14	14	14	15	15
Licenses	2	2	2	2	2

<sup>1</sup>Including Middle East and Africa.

#### G4-7 SHAREHOLDER STRUCTURE AS OF 31 DECEMBER (in % of share capital)

	2015	2014	2013
Free float	90	66	42
PFC S.r.l. / Zignago Holding S.p.A. / Tamburi Investment Partners S.p.A.	8	0	0
Red & Black Lux S.à r.l.	0	32	56
Own shares	2	2	2

## PERFORMANCE INDICATORS ENVIRONMENT

### ENERGY AND EMISSIONS

#### G4-EN3 ENERGY CONSUMPTION WITHIN THE ORGANIZATION BY ENERGY SOURCE HUGO BOSS GROUP<sup>1</sup> (in MWh)

	✓ 2015	2014	2013
<b>Direct Energy Consumption</b>			
Heating oil	338	1,917	2,232
Liquefied petroleum gas (LPG)	17	21	21
Natural gas	35,728	32,277	31,012
Photovoltaic	591	511	0
<b>Total direct Energy Consumption</b>	<b>36,674</b>	<b>34,726</b>	<b>33,265</b>
<b>Indirect Energy Consumption</b>			
Certified green electricity	19,009	19,173	17,984
Electricity	22,201	22,056	18,729
<b>Total indirect Energy Consumption</b>	<b>41,210</b>	<b>41,229</b>	<b>36,713</b>
<b>TOTAL</b>	<b>77,884</b>	<b>75,955</b>	<b>69,978</b>

<sup>1</sup>Data have been slightly adjusted compared to the Sustainability Report 2014 and 2013 due to altered data collection and definitions. However, this has not led to fundamental changes of trends. Data from previous years are not directly comparable on account of changed reporting boundaries.

**G4-EN3 ELECTRICITY CONSUMPTION RETAIL STORES<sup>1</sup>** (in MWh)

<b>Indirect Energy Consumption</b>	<b>2015</b>
Certified green electricity	3,430
Electricity	35,287
<b>Total indirect Energy Consumption</b>	<b>38,717</b>

<sup>1</sup>The electricity consumption of retail stores relates to 366 own stores and outlets. As real data for 2015 are not available for all stores, the calculation of some values is based on extrapolations or estimates.



Since some of the HUGO BOSS environmental targets relate to the development by comparison with the baseline year, the relevant indicators are presented here and in the following tables as they resulted from the scope of the consolidated companies on the basis of the year 2010.

**G4-EN3 ENERGY CONSUMPTION WITHIN THE ORGANIZATION BY ENERGY SOURCE<sup>1</sup>** (in MWh) – Like-for-Like (baseline year 2010)

<b>Direct Energy Consumption</b>	<b>2015</b>	2014	2013
Heating oil	306	1,843	2,232
Liquefied petroleum gas (LPG)	16	21	21
Natural gas	34,503	31,083	31,012
Photovoltaic	591	511	0
<b>Total direct Energy Consumption</b>	<b>35,416</b>	<b>33,458</b>	<b>33,265</b>
<b>Indirect Energy Consumption</b>			
Certified green electricity	18,958	19,173	17,984
Electricity	20,703	19,795	18,729
<b>Total indirect Energy Consumption</b>	<b>39,661</b>	<b>38,968</b>	<b>36,713</b>
<b>TOTAL</b>	<b>75,077</b>	<b>72,426</b>	<b>69,978</b>

<sup>1</sup>Data have been slightly adjusted to the Sustainability Report 2014 and 2013 due to altered data collection and definitions. However, this has not led to fundamental changes of trends.

**G4-EN3 ENERGY CONSUMPTION WITHIN THE ORGANIZATION BY REGION AND ENERGY SOURCE** (in MWh)

<b>Direct Energy Consumption 2015</b>	Europe	Americas	Asia/Pacific	<b>TOTAL</b>
Heating oil	338	0	0	338
Liquefied petroleum gas (LPG)	16	0	1	17
Natural gas	31,879	3,091	758	35,728
Photovoltaic	591	0	0	591
<b>Total direct Energy Consumption</b>	<b>32,824</b>	<b>3,091</b>	<b>759</b>	<b>36,674</b>
<b>Indirect Energy Consumption 2015</b>				
Certified green electricity	18,533	0	476	19,009
Electricity	16,544	5,144	513	22,201
<b>Total indirect Energy Consumption</b>	<b>35,077</b>	<b>5,144</b>	<b>989</b>	<b>41,210</b>
<b>TOTAL</b>	<b>67,901</b>	<b>8,235</b>	<b>1,748</b>	<b>77,884</b>



**G4-EN5 ENERGY INTENSITY HUGO BOSS GROUP<sup>1</sup>** (baseline year 2010) (MWh/EUR millions)

	✓ 2015	2014	2013	2010
Actual value	26.7	28.2	28.8	42.3
Accumulated reduction (actual value) in %	(37)	(33)	(32)	

<sup>1</sup> Ratio of total energy consumption to Group sales.

**G4-EN15, G4-EN17 DIRECT, INDIRECT AND OTHER GREENHOUSE GAS EMISSIONS HUGO BOSS GROUP<sup>1</sup>** (in t CO<sub>2</sub>)

	✓ 2015	2014	2013
<b>Scope 1</b>			
Own vehicles	2,818	2,955	2,900
Direct energy consumption – consolidated	7,967	7,666	7,478
Indirect energy consumption – consolidated			
Air travel			
<b>Total Scope 1</b>	<b>10,785</b>	<b>10,621</b>	<b>10,378</b>
<b>Scope 2</b>			
Own vehicles			
Direct energy consumption – consolidated			
Indirect energy consumption – consolidated	12,120	12,079	10,938
Air travel			
<b>Total Scope 2</b>	<b>12,120</b>	<b>12,079</b>	<b>10,938</b>
<b>Total Scope 1+2</b>	<b>22,905</b>	<b>22,700</b>	<b>21,316</b>
<b>Scope 3</b>			
Own vehicles			
Direct energy consumption – consolidated			
Indirect energy consumption – consolidated			
Air travel	4,901	5,470	4,437
Transport <sup>2</sup>	25,754	28,694	
<b>Total Scope 3</b>	<b>30,655</b>	<b>34,164</b>	<b>4,437</b>
<b>TOTAL Scope 1+2+3</b>	<b>53,560</b>	<b>56,864</b>	<b>25,753</b>

<sup>1</sup> Data have been slightly adjusted compared to the Sustainability Report 2014 and 2013 due to altered data collection and definitions. However, this has not led to fundamental changes of trends. Data from previous years are not directly comparable on account of changed reporting boundaries.

<sup>2</sup> Data have been available since 2014.

**G4-EN16 GREENHOUSE GAS EMISSIONS BY ELECTRICITY CONSUMPTION IN RETAIL STORES<sup>1</sup>** (in t CO<sub>2</sub>)

	2015
Indirect energy consumption – consolidated	21,239

<sup>1</sup> The electricity consumption of retail stores relates to 366 own stores and outlets. As real data for 2015 are not available for all stores, the calculation of some values is based on extrapolations or estimates.



**G4-EN15, G4-EN17 DIRECT, INDIRECT AND OTHER GREENHOUSE GAS EMISSION<sup>1</sup>** (in t CO<sub>2</sub>) – Like-for-Like (baseline year 2010)

<b>Scope 1</b>	<b>2015</b>	2014	2013
Own vehicles	2,570	2,762	2,900
Direct energy consumption – consolidated	7,688	7,381	7,478
Indirect energy consumption – consolidated			
Air travel			
<b>Total Scope 1</b>	<b>10,258</b>	<b>10,143</b>	<b>10,378</b>
<b>Scope 2</b>			
Own vehicles			
Direct energy consumption – consolidated			
Indirect energy consumption – consolidated	11,423	11,101	10,938
Air travel			
<b>Total Scope 2</b>	<b>11,423</b>	<b>11,101</b>	<b>10,938</b>
<b>Total Scope 1+2</b>	<b>21,681</b>	<b>21,244</b>	<b>21,316</b>
<b>Scope 3</b>			
Own vehicles			
Direct energy consumption – consolidated			
Indirect energy consumption – consolidated			
Air travel	4,210	4,587	4,437
Transport <sup>2</sup>	25,754	28,694	
<b>Total Scope 3</b>	<b>29,964</b>	<b>33,281</b>	<b>4,437</b>
<b>TOTAL Scope 1+2+3</b>	<b>51,645</b>	<b>54,525</b>	<b>25,753</b>

<sup>1</sup>Data have been slightly adjusted compared to the Sustainability Report 2014 and 2013 due to altered data collection and definitions. However, this has not led to fundamental changes of trends

<sup>2</sup>Data have been available since 2014

**G4-EN15, G4-EN17 DIRECT, INDIRECT AND OTHER GREENHOUSE GAS EMISSIONS BY REGION** (in t CO<sub>2</sub>)

<b>Scope 1</b>	Europe	Americas	Asia/Pacific	<b>TOTAL</b>
Own vehicles	2,726	48	44	2,818
Direct energy consumption – consolidated	7,118	680	167	7,965
Indirect energy consumption – consolidated	0	0	0	0
Air travel	0	0	0	0
<b>Total Scope 1</b>	<b>9,844</b>	<b>728</b>	<b>211</b>	<b>10,783</b>
<b>Scope 2</b>				
Own vehicles	0	0	0	0
Direct energy consumption – consolidated	0	0	0	0
Indirect energy consumption – consolidated	8,938	2,761	421	12,120
Air travel	0	0	0	0
<b>Total Scope 2</b>	<b>8,938</b>	<b>2,761</b>	<b>421</b>	<b>12,120</b>
<b>Total Scope 1+2</b>	<b>18,782</b>	<b>3,489</b>	<b>632</b>	<b>22,903</b>
<b>Scope 3</b>				
Own vehicles				
Direct energy consumption – consolidated				
Indirect energy consumption – consolidated				
Air travel	3,222	900	779	4,901
<b>Total Scope 3</b>	<b>3,222</b>	<b>900</b>	<b>779</b>	<b>4,901</b>
<b>TOTAL Scope 1+2+3</b>	<b>22,004</b>	<b>4,389</b>	<b>1,411</b>	<b>27,804</b>



**G4-EN18 INTENSITY OF GHG EMISSIONS<sup>1</sup>, HUGO BOSS TARGET 2020 (BASELINE YEAR 2010) – 30%** (in t CO<sub>2</sub>/EUR millions)

<b>Intensity</b>	✓ 2015	2014	2013	2012	2011	2010
Actual value (Scope 1+2)	7.7	8.3	8.8	9.1	11.3	17.7
Accumulated reduction (actual value) in %	(56)	(53)	(50)	(49)	(36)	

<sup>1</sup>Ratio of GHG emissions (Scope1+2) to Group sales. Values for the reporting year related to the reporting units of the baseline year 2010.



## WATER AND WASTE

### G4-EN8 WATER CONSUMPTION (in m<sup>3</sup>)

	2015	2014	2013
HUGO BOSS GROUP	✓ 136,308	132,648	125,675
Like-for-Like (baseline year 2010)	128,040	123,177	125,675

### G4-EN8 WATER CONSUMPTION BY REGION (in m<sup>3</sup>)

Region	2015
Europe	123,575
Americas	8,899
Asia/Pacific	3,834
<b>TOTAL</b>	<b>136,308</b>



### G4-EN8 WATER INTENSITY<sup>1</sup>, HUGO BOSS TARGET 2020 (BASELINE YEAR 2010) – 40% (m<sup>3</sup>/EUR millions)

	✓ 2015	2014	2013	2012	2011	2010
Actual value	46	48	52	55	66	85
Accumulated reduction (actual value) in %	(46)	(44)	(39)	(35)	(22)	

<sup>1</sup>Ratio of total water consumption to Group sales. Values for the reporting year based on the reporting units of the baseline year 2010.

### G4-EN22 WASTEWATER DISCHARGES BY REGION

Region	2015	2014	2013
Europe	✓ 82,102	87,035	81,550
Americas	✓ 8,899	11,295	11,778
Asia/Pacific	✓ 3,834	4,135	2,242
<b>TOTAL</b>	<b>✓ 94,835</b>	<b>102,465</b>	<b>95,570</b>
Like-for-Like (baseline year 2010)	86,712	92,994	95,570

### G4-EN 22 WASTEWATER DISCHARGES BY REGION AND DISCHARGE SITE (in m<sup>3</sup>)

Region	Land	Local authority wastewater disposal	Sea	Surface water	Treated water (third party)	TOTAL
Europe	0	79,902	0	2,200	0	82,102
Americas	0	8,899	0	0	0	8,899
Asia/Pacific	0	3,834	0	0	0	3,834
<b>TOTAL</b>	<b>0</b>	<b>92,635</b>	<b>0</b>	<b>2,200</b>	<b>0</b>	<b>94,835</b>



**G4-EN23 WASTE VOLUMES BY TYPE<sup>1</sup>** (in t)

Waste Volume by Type	✓ 2015	2014	2013
Hazardous waste	35	28	29
Nonhazardous waste	4,839	4,233	3,685
<b>TOTAL</b>	<b>4,874</b>	<b>4,261</b>	<b>3,714</b>

**Like-for-Like (Baseline year 2010)**

Hazardous waste	34	27	29
Nonhazardous waste	4,779	4,179	3,685
<b>TOTAL</b>	<b>4,813</b>	<b>4,206</b>	<b>3,714</b>

<sup>1</sup>Data have been slightly adjusted compared to the Sustainability Report 2014 and 2013 due to altered data collection and definitions. However, this has not led to fundamental changes of trends.

**G4-EN23 WASTE VOLUMES BY TYPE AND REGION** (in t)

Waste Volume by Type	Europe	Americas	Asia/Pacific	TOTAL
Hazardous waste	31	2	2	35
Nonhazardous waste	4,135	601	103	4,839
<b>TOTAL</b>	<b>4,166</b>	<b>603</b>	<b>105</b>	<b>4,874</b>

**G4-EN23 WASTE VOLUMES BY TYPE AND DISPOSAL METHOD** (in kg)

Hazardous Waste	Not allocated	Disposal (landfill)	Combustion	Recycling	Reuse	TOTAL
Batteries	1	0	0	571	0	572
Chemicals	0	11,263	875	10,115	0	22,253
Electronics	855	789	0	8,232	600	10,476
Oil	0	0	0	57	0	57
Other hazardous wastes	0	740	0	0	0	740
Toner & ink cartridges	83	55	4	804	0	946
<b>Total hazardous Waste</b>	<b>939</b>	<b>12,847</b>	<b>879</b>	<b>19,779</b>	<b>600</b>	<b>35,044</b>

**Nonhazardous Waste**

Construction and demolition waste	0	307,738	0	0	0	307,738
Glass	20	0	0	3,673	0	3,693
Leather and textiles	29,483	161,090	57,500	658,971	0	907,044
Metal	0	0	0	167,825	0	167,825
Organic waste	25,055	266,991	0	101,392	0	393,438
Other nonhazardous waste	0	106,944	77,280	39,036	319,560	542,820
Paper and board	3,080	150	9,202	1,973,284	0	1,985,716
Plastic	850	0	375	201,393	0	202,618
Stones	2,400	0	0	0	0	2,400
Wood	24,000	3,476	0	291,276	7,440	326,192
<b>Total nonhazardous Waste</b>	<b>84,888</b>	<b>846,389</b>	<b>144,357</b>	<b>3,436,850</b>	<b>327,000</b>	<b>4,839,484</b>
<b>TOTAL</b>	<b>85,827</b>	<b>859,236</b>	<b>145,236</b>	<b>3,456,629</b>	<b>327,600</b>	<b>4,874,528</b>
<b>in %</b>	<b>2</b>	<b>18</b>	<b>3</b>	<b>71</b>	<b>7</b>	<b>100</b>

## PERFORMANCE INDICATORS EMPLOYEES

### EMPLOYMENT

#### G4-10 TOTAL WORKFORCE (headcount)

	✓ 2015	2014
<b>TOTAL</b>	<b>13,529</b>	<b>13,043</b>

#### G4-10 TOTAL WORKFORCE BY REGION (headcount)

Region	✓ 2015	2014	Change in %
Germany	3,592	3,362	6.8
Europe (without Germany)	6,476	6,164	5.1
Americas	1,808	1,877	-3.7
Asia/Pacific	1,653	1,640	0.8
<b>TOTAL</b>	<b>13,529</b>	<b>13,043</b>	<b>3.7</b>

#### G4-10 EMPLOYEES BY EMPLOYEE CATEGORY AND REGION (headcount, in %)

Region (headcount)	Management	Commercial employees	Industrial employees	Apprentices	Temporary workers
Europe	1,105	3,473	4,444	121	925
Americas	450	984	105	0	269
Asia/Pacific	244	1,290	53	0	66
<b>TOTAL</b>	<b>1,799</b>	<b>5,747</b>	<b>4,602</b>	<b>121</b>	<b>1,260</b>

#### Region (in %)

Europe	11.0	34.5	44.1	1.2	9.2
Americas	24.9	54.4	5.8	0.0	14.9
Asia/Pacific	14.8	78.0	3.2	0.0	4.0
<b>TOTAL</b>	<b>13.3</b>	<b>42.5</b>	<b>34.0</b>	<b>0.9</b>	<b>9.3</b>



100

**G4-10 EMPLOYEES BY GENDER AND REGION** (headcount, in %)

Region (headcount)	✓ 2015		2014	
	Women	Men	Women	Men
Europe	6,072	3,996	5,826	3,700
Americas	801	1,007	882	995
Asia/Pacific	1,209	444	1,162	478
<b>TOTAL</b>	<b>8,082</b>	<b>5,447</b>	<b>7,870</b>	<b>5,173</b>
<b>Region (in %)</b>				
Europe	60.3	39.7	61.2	38.8
Americas	44.3	55.7	47.0	53.0
Asia/Pacific	73.1	26.9	70.9	29.1
<b>TOTAL</b>	<b>59.7</b>	<b>40.3</b>	<b>60.3</b>	<b>39.7</b>

**G4-10 EMPLOYEES BY GENDER AND EMPLOYEE CATEGORY** (headcount, in %)

Employee Category (headcount)	✓ 2015		2014	
	Women	Men	Women	Men
Management	835	964	697	826
Commercial employees	3,552	2,195	3,499	2,183
Industrial employees	2,887	1,715	2,872	1,621
Apprentices	65	56	63	45
Temporary workers	743	517	739	498
<b>TOTAL</b>	<b>8,082</b>	<b>5,447</b>	<b>7,870</b>	<b>5,173</b>
<b>Employee Category (in %)</b>				
Management	46.4	53.6	45.8	54.2
Commercial employees	61.8	38.2	61.6	38.4
Industrial employees	62.7	37.3	63.9	36.1
Apprentices	53.7	46.3	58.3	41.7
Temporary workers	59.0	41.0	59.7	40.3
<b>TOTAL</b>	<b>59.7</b>	<b>40.3</b>	<b>60.3</b>	<b>39.7</b>

**G4-10 EMPLOYEES BY AGE AND EMPLOYEE CATEGORY** (headcount, in %)

Employee Category (headcount)	<30	30≤x<40	40≤x<50	x≥50
Management	315	804	467	213
Commercial employees	2,451	1,986	805	505
Industrial employees	1,298	1,935	896	473
Apprentices	121	0	0	0
Temporary workers	887	166	94	113
<b>TOTAL</b>	<b>5,072</b>	<b>4,891</b>	<b>2,262</b>	<b>1,304</b>

**Employee Category (in %)**

Management	17.5	44.7	26.0	11.8
Commercial employees	42.6	34.6	14.0	8.8
Industrial employees	28.2	42.0	19.5	10.3
Apprentices	100.0	0.0	0.0	0.0
Temporary workers	70.4	13.2	7.5	9.0
<b>TOTAL</b>	<b>37.5</b>	<b>36.2</b>	<b>16.7</b>	<b>9.6</b>



**G4-10 EMPLOYEES BY EMPLOYMENT TYPE, GENDER AND REGION** (headcount, in %)

Region (headcount)	Full time		Part time		TOTAL	
	Women	Men	Women	Men	Full time	Part time
Europe	5,006	3,521	1,063	478	8,527	1,541
Americas	595	729	206	278	1,324	484
Asia/Pacific	1,084	383	125	61	1,467	186
<b>TOTAL</b>	<b>6,685</b>	<b>4,633</b>	<b>1,394</b>	<b>817</b>	<b>11,318</b>	<b>2,211</b>

**Region (in %)**

Europe	58.7	41.3	69.0	31.0	84.7	15.3
Americas	44.9	55.1	42.6	57.4	73.2	26.8
Asia/Pacific	73.9	26.1	67.2	32.8	88.7	11.3
<b>TOTAL</b>	<b>59.1</b>	<b>40.9</b>	<b>63.0</b>	<b>37.0</b>	<b>83.7</b>	<b>16.3</b>



**G4-10 EMPLOYEES BY CONTRACT TYPE AND REGION** (headcount, in %)

Region (headcount)	Limited		Unlimited		TOTAL	
	Women	Men	Women	Men	Limited	Unlimited
Europe	733	462	5,338	3,535	1,195	8,873
Americas	6	4	795	1,003	10	1,798
Asia/Pacific	852	246	357	198	1,098	555
<b>TOTAL</b>	<b>1,591</b>	<b>712</b>	<b>6,490</b>	<b>4,736</b>	<b>2,303</b>	<b>11,226</b>

**Region (in %)**

Europe	61.3	38.7	60.2	39.8	11.9	88.1
Americas	60.0	40.0	44.2	55.8	0.6	99.4
Asia/Pacific	77.6	22.4	64.3	35.7	66.4	33.6
<b>TOTAL</b>	<b>69.1</b>	<b>30.9</b>	<b>57.8</b>	<b>42.2</b>	<b>17.0</b>	<b>83.0</b>



**G4-LA1 NEW HIRES BY GENDER AND REGION<sup>1</sup>** (headcount, in %)

Region	Women	Men	Women in %	Men in %	TOTAL
Europe	1,149	963	54.4	45.6	2,112
Americas	211	312	40.3	59.7	523
Asia/Pacific	580	220	72.5	27.5	800
<b>TOTAL</b>	<b>1,940</b>	<b>1,495</b>	<b>56.5</b>	<b>43.5</b>	<b>3,435</b>

<sup>1</sup>Without apprentices, interns, diploma students, agency staff.



**G4-LA1 NEW HIRES BY AGE AND REGION<sup>1</sup>** (headcount, in %)

Region (headcount)	<30	30≤x<40	40≤x<50	x≥50	TOTAL
Europe	1,244	631	183	54	2,112
Americas	327	102	53	41	523
Asia/Pacific	478	261	38	23	800
<b>TOTAL</b>	<b>2,049</b>	<b>994</b>	<b>274</b>	<b>118</b>	<b>3,435</b>

**Region (in %)**

Europe	58.9	29.9	8.7	2.6
Americas	62.5	19.5	10.1	7.8
Asia/Pacific	59.8	32.6	4.8	2.9
<b>TOTAL</b>	<b>59.7</b>	<b>28.9</b>	<b>8.0</b>	<b>3.4</b>

<sup>1</sup>Without apprentices, interns, diploma students, agency staff.



**G4-LA1 TERMINATION BY REASON AND REGION<sup>1</sup>** (headcount, in %)

Reason (headcount)	Europe		Americas <sup>2</sup>		Asia/Pacific		TOTAL	
	✓ 2015	2014	✓ 2015	2014	✓ 2015	2014	✓ 2015	2014
Employee-specific	1,187	1,040	414	344	602	666	2,203	2,050
Employer-specific	399	367	73	211	159	141	631	719
Redundancy	13	15	0	1	25	50	38	66
Retirement	120	64	1	1	1	2	122	67
Other <sup>3</sup>	2	6	3	3	0	0	5	9
<b>Termination (Total)</b>	<b>1,721</b>	<b>1,492</b>	<b>491</b>	<b>560</b>	<b>787</b>	<b>859</b>	<b>2,999</b>	<b>2,911</b>

**Reason (in %)**

Employee-specific	13.2	12.2	26.9	22.1	37.9	41.1	18.1	17.5
Employer-specific	4.4	4.3	4.7	13.5	10.0	8.7	5.2	6.1
Redundancy	0.1	0.2	0.0	0.1	1.6	3.1	0.3	0.6
Retirement	1.3	0.8	0.1	0.1	0.1	0.1	1.0	0.6
Other <sup>3</sup>	0.0	0.1	0.2	0.2	0.0	0.0	0.0	0.1
<b>Termination (Total)</b>	<b>19.1</b>	<b>17.5</b>	<b>31.9</b>	<b>35.9</b>	<b>49.6</b>	<b>53.1</b>	<b>24.7</b>	<b>24.9</b>

<sup>1</sup>Without apprentices, interns, diploma students, agency staff.

<sup>2</sup>Without data from the plant in Cleveland sold in 2015.

<sup>3</sup>Other: death, emigration.

**G4-LA1 TERMINATION BY CATEGORY AND REASON<sup>1</sup>** (headcount, in %)

Employee Category (headcount)	Employee-specific	Employer-specific	Redundancy	Retirement	Other <sup>2</sup>	TOTAL
Commercial employees (incl. management)	1,824	436	36	27	3	2,326
Industrial employees	379	195	2	95	2	673
<b>TOTAL</b>	<b>2,203</b>	<b>631</b>	<b>38</b>	<b>122</b>	<b>5</b>	<b>2,999</b>

**Employee Category (in %)**

Commercial employees (incl. management)	24.2	5.8	0.5	0.4	0.0	30.8
Industrial employees	8.2	4.2	0.0	2.1	0.0	14.6
<b>TOTAL</b>	<b>18.1</b>	<b>5.2</b>	<b>0.3</b>	<b>1.0</b>	<b>0.0</b>	<b>24.7</b>

<sup>1</sup>Data without apprentices, interns, diploma students, agency staff. Without data from the plant in Cleveland sold in 2015.

<sup>2</sup>Other: death, emigration.



**G4-LA1 TERMINATION BY GENDER AND REGION<sup>1</sup>** (headcount, in %)

Region	Women	Men	Women in %	Men in %
Europe	959	762	55.7	44.3
Americas	203	288	41.3	58.7
Asia/Pacific	545	242	69.3	30.7
<b>TOTAL</b>	<b>1,707</b>	<b>1,292</b>	<b>56.9</b>	<b>43.1</b>

<sup>1</sup>Without apprentices, interns, diploma students, agency staff.



**G4-LA1 TERMINATION BY AGE AND REGION<sup>1</sup>** (headcount, in %)

Region (headcount)	<30	30 ≤ x < 40	40 ≤ x < 50	≥ 50
Europe	910	554	173	84
Americas	276	109	64	42
Asia/Pacific	451	265	45	26
<b>TOTAL</b>	<b>1,637</b>	<b>928</b>	<b>282</b>	<b>152</b>

**Region (in %)**

Europe	52.9	32.2	10.1	4.9
Americas	56.2	22.2	13.0	8.6
Asia/Pacific	57.3	33.7	5.7	3.3
<b>TOTAL</b>	<b>54.6</b>	<b>30.9</b>	<b>9.4</b>	<b>5.1</b>

<sup>1</sup>Without apprentices, interns, diploma students, agency staff.



## VOCATIONAL TRAINING AND EMPLOYEE DEVELOPMENT

### G4-LA9 TRAINING BY TYPE<sup>1</sup> (headcount)

Training & Education	✓ 2015	2014	Change in %
Face-to-Face training	2,563	2,246	14
Numbers of employees participating in online training	4,743	4,487	6
Number of certificates obtained by online training	39,500	32,400	22

<sup>1</sup>Without OHS and compliance training.

### G4-LA11 PERFORMANCE APPRAISALS BY GENDER AND REGION (in %)

Region	Women	Men	TOTAL
Europe <sup>1</sup>	86.6	84.6	85.8
Americas	27.4	39.0	34.0
Asia/Pacific	88.9	80.0	86.6
<b>TOTAL</b>	<b>81.6</b>	<b>76.1</b>	<b>79.4</b>

<sup>1</sup>2015 for the first time with data about the industrial employees at HUGO BOSS Textile Industry Ltd.



## DIVERSITY

### G4-LA12 MANAGEMENT LEVEL BY GENDER (headcount, in %)

Management Level (headcount)	✓ 2015		2014	
	Women	Men	Women	Men
Managing Board	0	3	0	3
Senior management	12	39	9	34
Middle management	87	119	83	122
Management	736	803	605	667
<b>TOTAL</b>	<b>835</b>	<b>964</b>	<b>697</b>	<b>826</b>

#### Management Level (in %)

Managing Board	0.0	100.0	0.0	100.0
Senior management	23.5	76.5	20.9	79.1
Middle management	42.2	57.8	40.5	59.5
Management	47.8	52.2	47.6	52.4
<b>TOTAL</b>	<b>46.4</b>	<b>53.6</b>	<b>45.8</b>	<b>54.2</b>



**G4-LA12 COMPOSITION OF THE SUPERVISORY BOARD BY GENDER AND AGE** (headcount, in %)

Gender	✓ 2015		2014	
	Headcount	%	Headcount	%
Female members	4	33	1	8
Male members	8	67	11	92
<b>TOTAL</b>	<b>12</b>	<b>100</b>	<b>12</b>	<b>100</b>

Age	✓ 2015		2014	
	Headcount	%	Headcount	%
Age group "under 30 years"	0	0	0	0
Age group "between 30 and 39 years"	1	8	1	8
Age group "between 40 and 49 years"	2	17	2	17
Age group "older than 50 years"	9	75	9	75
<b>TOTAL</b>	<b>12</b>	<b>100</b>	<b>12</b>	<b>100</b>

**OCCUPATIONAL HEALTH AND SAFETY**

**G4-LA6 OCCUPATIONAL ACCIDENTS, LOST AND SICKNESS DAYS BY REGION<sup>1</sup>** (working day is equivalent to 8 hours) (headcount)

Region	Sickness days		Injuries > 1 lost day		Lost days > 1	
	✓ 2015	2014	✓ 2015	2014	✓ 2015	2014
Europe	71,234	64,241	159	140	2,050	1,527
Americas <sup>2</sup>	4,605	5,283	5	9	579	9
Asia/Pacific	7,901	8,165	4	13	9	250
<b>TOTAL</b>	<b>83,740</b>	<b>77,689</b>	<b>168</b>	<b>162</b>	<b>2,638</b>	<b>1,786</b>

<sup>1</sup>2015 is the first year with data about HUGO BOSS UK Ltd. and HUGO BOSS Ireland Ltd. Without data for HUGO BOSS Canada Inc.  
If commuting accidents are recorded as occupational accidents pursuant to local framework conditions, these are included in the data capture.  
<sup>2</sup>A requirement for correction of sickness days in 2014 arose for HUGO BOSS Retail Inc. (USA) by comparison with the year-earlier report.

**G4-LA6 OCCUPATIONAL ACCIDENTS, LOST AND SICKNESS DAYS BY REGION<sup>1</sup>** (working day is equivalent to 8 hours) (in %)

Region	Sickness rate		Absentee rate	
	✓ 2015	2014	✓ 2015	2014
Europe	3.1	3.0	0.1	0.1
Americas <sup>2</sup>	1.7	1.8	0.2	0.0
Asia/Pacific	2.2	2.2	0.0	0.1
<b>TOTAL</b>	<b>2.9</b>	<b>2.8</b>	<b>0.1</b>	<b>0.1</b>

<sup>1</sup>2015 is the first year with data about HUGO BOSS UK Ltd. and HUGO BOSS Ireland Ltd. Without data for HUGO BOSS Canada Inc.  
If commuting accidents are recorded as occupational accidents pursuant to local framework conditions, these are included in the data capture.  
<sup>2</sup>A requirement for correction of sickness days in 2014 arose for HUGO BOSS Retail Inc. (USA) by comparison with the year-earlier report.

## PERFORMANCE INDICATORS PARTNERS

### PROTECTION OF HUMAN RIGHTS

#### AF9-AF14 / G4-HR4 – G4-HR7 VIOLATIONS OF HUMAN RIGHTS POLICIES / G4-LA15, G4-HR11 ESSENTIAL IMPACTS ON WORKING PRACTICES OR HUMAN RIGHTS IN THE SUPPLY CHAIN (a, b)<sup>1</sup>

	Risky	Unsatisfactory	TOTAL
Social compliance management	11	4	15
Child labor & young workers	0	1	1
Forced labor	1	0	1
Treatment of workers	0	0	0
Discrimination	0	0	0
Hours of work	3	6	9
Compensation and benefits	1	4	5
Health and safety	5	0	5
Freedom of association and collective bargaining	0	0	0
Supplier control	0	0	0
<b>TOTAL</b>	<b>21</b>	<b>15</b>	<b>36</b>

<sup>1</sup>Based on the social audit carried out in 2015.



### ENVIRONMENTALLY FRIENDLY REFINEMENT

#### G4-EN33 ASSESSMENT OF SUPPLIERS ON THE BASIS OF ENVIRONMENTAL ASPECTS

	Americas	Asia/Pacific	Europe	TOTAL
Management systems: Insufficient	0	0	0	0
Management systems: Risky	0	6	9	15
Management systems: Improvements needed	0	6	8	14
Management systems: GSCP Level 1 – Level 3 <sup>1</sup>	0	8	0	8
Energy, transport and greenhouse gas emissions: Insufficient	0	0	0	0
Energy, transport and greenhouse gas emissions: Risky	0	1	0	1
Energy, transport and greenhouse gas emissions: Improvements needed	0	15	17	32
Energy, transport and greenhouse gas emissions: GSCP Level 1 – Level 3	0	4	0	4
Water consumption: Insufficient	0	0	0	0
Water consumption: Risky	0	1	2	3
Water consumption: Improvements needed	0	14	14	28
Water consumption: GSCP Level 1 – Level 3 <sup>1</sup>	0	5	1	6
Wastewater: Insufficient	0	0	0	0
Wastewater: Risky	0	2	3	5
Wastewater: Improvements needed	0	12	12	24
Wastewater: GSCP Level 1 to Level 3 <sup>1</sup>	0	6	2	8
Waste: Insufficient	0	1	0	1
Waste: Risky	0	2	6	8
Waste: Improvements needed	0	11	11	22
Waste: GSCP Level 1 to Level 3 <sup>1</sup>	0	6	0	6
Avoidance of harmful substances : Insufficient	0	0	0	0
Avoidance of harmful substances: Risky	0	0	1	1
Avoidance of harmful substances: Improvements needed	0	15	14	29
Avoidance of harmful substances: GSCP Level 1 – Level 3 <sup>1</sup>	0	5	2	7

<sup>1</sup>Performance levels in conformity with GSCP: Level 1 = Compliance and Awareness; Level 2 = Proactive management and continuous improvements; Level 3 = Leading Practice



## PERFORMANCE INDICATORS PRODUCTS

### MATERIALS

#### G4-EN1 MATERIALS USED (in t)

Material	Usage	Renewability	Amount
Cotton	Raw material	Renewable	6,761
Wool	Raw material	Renewable	2,606
Synthetic fibers	Raw material	Renewable	1,852
Leather	Raw material	Renewable	1,816
Paper	Packaging (Shopping)	Renewable	1,005
Plastic	Packaging (Products)	Non-renewable	943
Mixed materials	Packaging (Products)	Non-renewable	740
Paper	Packaging (Products)	Renewable	601
Rubber/Synthetic rubber	Raw material	Non-renewable	577
Regenerated fibers	Raw material	Renewable	470
Plastic	Packaging (Shopping)	Non-renewable	271
Polyurethane	Raw material	Non-renewable	204
Silk	Raw material	Renewable	134
Composites	Packaging (Shopping)	Non-renewable	93
Linen	Raw material	Renewable	84
Compressed wood fibers	Raw material	Renewable	52
Cashmere	Raw material	Renewable	31
Acrylic	Raw material	Non-renewable	30
Ethylene vinyl acetate	Raw material	Non-renewable	26
Textile	Packaging (Products)	Non-renewable	23
Various materials	Raw material	Renewable	20
Brass	Raw material	Non-renewable	10
Metal	Packaging (Products)	Non-renewable	10
Various materials	Raw material	Non-renewable	9
Alpaca	Raw material	Renewable	8
Polycarbonate	Raw material	Non-renewable	7
<b>TOTAL</b>			<b>18,383</b>



**G4-EN2 RECYCLED PROPORTION OF PACKAGING** (in kg, in %)

<b>Packaging Type</b> (Shopping)	<b>Material</b>	Total weight (in kg)	Recycled proportion (in kg)	Certified proportion (in kg)	Recycled rate (in %)
Cardboard boxes	Paper	112,960	109,006	109,006	96
	Composite materials	6,862			
Shopping bags	Paper	892,094	790,954	776,298	89
	Composite materials	85,699			
Suit bags	Plastic	270,620			
	Textile	7,350			
<b>Total (shopping)</b>		<b>1,375,585</b>	<b>899,960</b>	<b>885,304</b>	<b>65</b>
<b>Packaging Type (Product)</b>					
Cardboard boxes	Mixed materials	730,290	35,043		5
	Paper	45,547	5,429	8,801	12
	Plastic	84,624			
Bags	Leather	3,600			
	Mixed materials	6,342			
	Plastic	326,064			
	Textile	22,872			
Various packages	Metal	10,269			
	Mixed materials	3,407			
	Paper	555,193	1,663	292,360	0.3
	Plastic	81,944		2,256	
Clothes hangers	Composite materials	252			
	Plastic	450,516			
<b>Total (product)</b>		<b>2,320,920</b>	<b>42,135</b>	<b>303,417</b>	<b>2</b>
<b>TOTAL</b>		<b>3,696,505</b>	<b>942,095</b>	<b>1,188,721</b>	<b>25</b>



**G4-EN2 PROPORTION OF RECYCLED MATERIAL OUT OF THE TOTAL MATERIAL USED**

Category	Material	Type of Packaging	Description
Clothing	Polystyrene	Clothes hangers	<b>6%</b> of the used clothes hangers are reused each year. They are capable of lasting for up to 5 life cycles and are up to 50% cheaper than new hangers
Bodywear	Paper	Recycled	Proportion of recycled paper: <b>8%</b>
		Certified	Proportion of FSC-certified paper: <b>37%</b>
		Attainment	In 2015, we started to convert the packaging materials for the bodywear multipack, including the packaging materials of polypropylene blister boxes to FSC-certified paper. Implementation in the markets by the end of 2016. This is expected to bring about a significant increase in the proportion of FSC-certified paper in 2016.
Hosiery	Paper	Attainment	From 2016, all hosiery overcards and bands will be <b>100%</b> FSC-certified.
Sportswear	Paper	Hang-tags/waist tags and boxes	<b>42%</b> of the transport packaging is reused in the warehouse.
		Certified	<b>100%</b> of the paper is FSC-certified.
	Plastic	Jersey polybags	The amount of jersey polybags is expected to be reduced by half in 2016 and the use of more sustainable materials is being considered.
Shoes and leather accessories for men	Paper	Cardboard boxes	From the 4th quarter of 2016, FSC-certified paper should be used for all BOSS packaging materials. The full conversion is expected to be completed by 2017.
Non-production materials (sales packaging)	Paper	Sustainability criteria	At the end of 2015, <b>99%</b> of the sales packaging (bags and cardboard boxes) had been converted in accordance with sustainability criteria (certified, recycled). The residual amount 1% still to be converted related to sales packaging of the HUGO brand.
	Packaging	Recycled/Certified	<b>72%</b> of the packaging materials are FSC-certified and/or are recycled.





## GRI CONTENT INDEX

The HUGO BOSS Sustainability Report 2015 was prepared for the first time on the basis of the guidelines of the Global Reporting Initiative (GRI) in the Version G4 including the “GRI Apparel and Footwear Sector Supplement”. The report was drawn up in compliance with the “In accordance” core option. The selection of the General and Specific Standard Disclosures to be reported is made on the basis of a materiality analysis carried out during the reporting year. Selected disclosures were subject to an external audit. This report was made available to the GRI for carrying out the GRI Materiality Disclosure Service. The GRI confirmed the correct positioning of the “G4 materiality disclosures” (G4-17 – G4-27).

### GENERAL STANDARD DISCLOSURES

	Page	Omissions	External audit
<b>STRATEGY AND ANALYSIS</b>			
G4-1 Statement from the CEO	3-4		
G4-2 Description of key impacts, risks and opportunities	17-18, 21		
<b>ORGANIZATIONAL PROFILE</b>			
G4-3 Name of the company	8		
G4-4 Primary brands, products and services	6		
G4-5 Location of headquarters	6		
G4-6 Countries with major operations	7		
G4-7 Nature of ownership and legal form	9, 92		
G4-8 Markets served	7		
G4-9 Scale of the reporting organization	6		
G4-10 Breakdown of workforce by gender and regions	41, 99-101		✓
G4-11 Percentage of total employees covered by collective bargaining agreements	44		✓
G4-12 Description of the supply chain	8		
G4-13 Significant changes during the reporting period	5		
G4-14 Implementation of the precautionary principle	21		
G4-15 Support for external initiatives	26-27		
G4-16 Memberships in associations and advocacy organizations	26-27		
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
G4-17 List of consolidated companies	5; SR 2014 3-4		
G4-18 Process for selecting the report content	5, 17, 18		✓
G4-19 All material aspects identified	19		✓
G4-20 Material aspects within the company	19		✓
G4-21 Material aspects outside the company	19		✓
G4-22 Restatements of information provided in comparison with previous reports	5		
G4-23 Important change in the report scope and the aspect boundaries	5		
<b>STAKEHOLDER ENGAGEMENT</b>			
G4-24 Stakeholder groups engaged by the organization	24, 25		
G4-25 Identification and selection of stakeholders	24		
G4-26 Approach to stakeholder dialog and frequency of engagement	17, 24, 25		
G4-27 Key topics and concerns of stakeholders and response	24		

**GENERAL STANDARD DISCLOSURES**

	Page	Omissions	External audit
<b>REPORT PROFILE</b>			
G4-28 Reporting period	5		
G4-29 Date of the most recent previous report	5		
G4-30 Reporting cycle	5		
G4-31 Contact point for questions about the report	119		
G4-32 Option of compliance in accordance with GRI and selected index	110-116		
G4-33 External assurance of the report	117-118		
<b>GOVERNANCE</b>			
G4-34 Governance structure incl. committees of the highest governance body	21-22		
G4-35 Delegation authorities for economic, environmental and social topics	16		
G4-36 Responsibility for economic, environmental and social topics	16		
G4-37 Consultation processes between stakeholders and the highest governance body	16, 24-25		
G4-38 Composition of the highest governance body and its committees	21, 105; AR 8-11		
G4-39 Independence of the Chair of the highest governance body	21; AR 8-11		
G4-40 Nomination and selection processes for the highest governance body	AR 8-9		
G4-41 Processes for avoidance of conflicts of interest	21; AR 26-27		
G4-42 Role of the highest governance body with respect to strategy and goals	20		
G4-44 Performance assessment of the highest governance body with respect to sustainability	20		
G4-45 Role of the highest governance body with respect to sustainability risks and opportunities	20-21		
G4-46 Role of the highest governance body with respect to the effectiveness of the organization's risk management	20-21		
G4-47 Frequency of the review of sustainability risks and opportunities by the highest governance body	20-21		
G4-48 The highest committee for approval of the sustainability report	4		
G4-49 The process for communicating critical concerns to the highest governance body	21		
G4-50 Critical concerns that were communicated to the highest governance body	21		
G4-51 Remuneration policies for the highest governance body and senior executives	20; AR 115-122		
G4-52 Process for determining remuneration	20; AR 115-122		
G4-53 Stakeholders' views regarding remuneration		HUGO BOSS did not receive any opinions expressed on management board compensation received in the reporting year.	
<b>ETHICS AND INTEGRITY</b>			
G4-56 Values, principles, standards and norms of behavior	22		
G4-57 Processes for seeking advice on ethical and lawful behavior	23		
G4-58 Processes for reporting doubts about unethical or unlawful behavior	23		

**SPECIFIC STANDARD DISCLOSURES**

	Page	Omissions	External audit
<b>ECONOMY</b>			
<b>Aspect: Economic performance – Management approach</b>			
EC1	Economic value generated and distributed	6–7	
EC2	Financial implications, risks and opportunities due to climate change	21	
EC3	Obligations from the defined benefit pension plan	AR 226–228	
EC4	Financial assistance received from government		The company has not received significant grants and subsidies from government during the reporting year.
<b>Aspect: Market presence – Management approach</b>			
EC5	Ratios of standard entry level wage by gender compared to local minimum wage	40–41 47	
EC6	Proportion of managers hired from the local community		HUGO BOSS is committed to a high level of diversity in its workforce. Criteria such as qualification and experience are a top priority in the appointment procedure.
<b>Aspect: Indirect economic impacts – Management approach</b>			
EC7	Infrastructure investments and services supported	78–79 78–81	✓
<b>Aspect: Procurement – Management approach</b>			
EC9	Proportion of spending on local suppliers	56	Key figures for spending on local suppliers are not available. First data is expected to be available from 2020.
<b>ENVIRONMENT</b>			
<b>Aspect: Materials – Management approach</b>			
EN1	Weight/volume of materials used	66–67 69, 107	✓
EN2	Percentage of secondary raw materials used	69, 108–109	✓
<b>Aspect: Energy – Management approach</b>			
EN3	Energy consumption within the company	32–33 33–34, 92–94	✓
EN5	Energy intensity	94	✓
EN6	Reduction of energy consumption	33–34	
<b>Aspect: Water – Management approach</b>			
EN8	Total water consumption by sources	32–33 34–35, 97	✓
<b>Aspect: Biodiversity – Management approach</b>			
EN12	Impacts on biodiversity in protected areas	66–67 74–75	
<b>Aspect: Emissions – Management approach</b>			
EN15	Direct greenhouse gas emissions (Scope 1)	32–33 34, 94–96	✓
EN16	Indirect energy greenhouse gas emissions (Scope 2)	34, 94–96	✓
EN17	Other indirect greenhouse gas emissions (Scope 3)	34, 94–96	✓
EN18	Intensity of the greenhouse gas emissions	96	✓
EN19	Initiatives to reduce greenhouse gas emissions	33–34	
<b>Aspect: Wastewater and waste – Management approach</b>			
EN22	Wastewater discharge by quality and destination	32–33 97	✓
EN23	Waste by type and disposal method	34–35, 98	✓
EN24	Significant spills		No significant spills in the reporting year



**SPECIFIC STANDARD DISCLOSURES**

	Page	Omissions	External audit
<b>Aspect: Products and services – Management approach</b>	66–67		
EN27 Mitigation of environmental impacts of products and services	62–63, 73–75	First quantitative data on mitigation of environmental impacts are likely to be available from 2017.	
<b>Aspect: Compliance – Management approach</b>	32–33		
EN29 Fines and sanctions for non-compliance with environmental laws and regulations	35		
<b>Aspect: Transport – Management approach</b>	32–33		
EN30 Significant environmental impacts of transport	36		
<b>Aspect: Supplier environmental assessment in respect of environmental aspects – Management approach</b>	56–57		
EN32 Percentage of new suppliers that were screened using environmental criteria	56–58		✓
EN33 Significant environmental impacts in the supply chain	62–63, 106		✓
<b>Aspect: Environmental grievance mechanisms in respect of environmental aspects – Management approach</b>	14, 56–57		
EN34 Formal grievances in respect of environmental impacts		In the reporting year, no formal grievances were filed in respect of environmental impacts	
<b>LABOR PRACTICES AND DECENT WORK</b>			
<b>Aspect: Procurement – Management approach</b>	40–41		
LA1 New employee hires and employee turnover	42, 102–104		✓
LA2 Benefits provided only for the core workforce	47		
LA3 Return to work after parental leave	48		
<b>Aspect: Labor / management relations – Management approach</b>	14, 40–41		
LA4 Notice periods regarding significant operational changes		HUGO BOSS complies with all legal regulations on notice periods.	
<b>Aspect: Occupational health and safety – Management approach</b>	40–41		
LA5 Percentage of the total workforce represented in health and safety committees that help monitor and advise on occupational health and safety programs	49	Figures on the percentage of the total represented workforce are not available. First data is expected to be available from 2017.	
LA6 Absentee days, injuries and fatalities	49, 105		✓
LA8 Health and safety topics covered in agreements with trade unions	49		
<b>Aspect: Diversity and equal opportunities – Management approach</b>	40–41		
LA9 Basic training/Career development: hours by employee categories	45–46, 104	Figures on average training hours per employee and split by gender and employee category are not yet available.	✓
LA10 Programs for knowledge management and life-long learning	45–46		
LA11 Percentage of employees receiving regular performance assessments and career development planning	45, 104		✓
<b>Aspect: Diversity and equal opportunities – Management approach</b>	40–41		
LA12 Employee structure/Diversity of the management	48, 100–101, 104	Data by minorities are not applicable for HUGO BOSS because the company does not regard anybody as such.	✓
<b>Aspect: Equal remuneration for men and women – Management approach</b>	40–41		

**SPECIFIC STANDARD DISCLOSURES**

		Page	Omissions	External audit
LA13	Equal remuneration by gender and employee category	47	HUGO BOSS pays women and men the same. The remuneration is based on the performance and qualification of the employees	
	<b>Aspect: Supplier assessment for labor practices – Management approach</b>	56–57		
LA14	Percentage of new suppliers screened using labor practices criteria	56–58		✓
LA15	Significant impacts for labor practices in the supply chain	59–60, 106		✓
	<b>Aspect: Grievance mechanisms for labor practices – Management approach</b>	14, 56–57		
LA16	Formal grievances filed about impacts of labor practices		In the reporting year, no formal grievances were filed about impacts of labor practices	
	<b>HUMAN RIGHTS</b>			
	<b>Aspect: Investment – Management approach</b>	56–57		
HR1	Significant investment agreements with human rights clauses or that underwent human rights screening	56–58	In the reporting year, there were no significant investments.	
HR2	Employee training on human rights	23	Data on average number of training hours per employee are not yet available. Data on individual business units are likely to be available from 2016.	
	<b>Aspect: Non-discrimination – Management approach</b>			
HR3	Incidents of discrimination and corrective actions taken	22		
	<b>Aspect: Freedom of association and right to collective bargaining negotiations – Management approach</b>			
HR4	Operations and suppliers in which the right to exercise freedom of association and collective bargaining is violated or at risk, and the measures taken to support these rights	58–60		✓
	<b>Aspect: Child labor – Management approach</b>			
HR5	Operations and suppliers identified as having significant risk for incidents of child labor and measures taken	58–60		✓
	<b>Aspect: Forced or compulsory labor – Management approach</b>			
HR6	Operations and suppliers with significant risk for incidents of forced or compulsory labor, and measures taken	58–60		✓
	<b>Aspect: Assessment – Management approach</b>			
HR9	Operations subject to human rights reviews	22		
	<b>Aspect: Supplier assessment for human rights – Management approach</b>	56–57		
HR10	Percentage of new suppliers that were screened using human rights criteria	57–58		✓
HR11	Significant impacts on human rights in the supply chain	59–60, 106		✓
	<b>Aspect: Human rights grievance mechanisms – Management approach</b>	14, 56–57		
HR12	Formal grievances filed about human rights infringements		In the reporting year, no formal grievances were filed about human rights infringements	

**SPECIFIC STANDARD DISCLOSURES**

	Page	Omissions	External audit
<b>SOCIETY</b>			
<b>Aspect: Local communities – Management approach</b>			
SO1	78–80		
SO2		No negative impacts known.	
<b>Aspect: Anti-corruption – Management approach</b>			
SO3	22		
SO4	23		
SO5	22	In the reporting year, there were no known incidents of corruption.	✓
<b>Aspect: Public policy – Management approach</b>			
SO6	14, 22	HUGO BOSS makes no donations to political parties.	
SO7	22		✓
<b>Aspect: Compliance – Management approach</b>			
SO8	14	In the reporting year, HUGO BOSS had to make a penalty payment amounting to 1,705,852 euros, because safety regulations were disregarded in an english store.	✓
<b>Aspect: Supplier assessment for impacts on society – Management approach</b>			
SO9	56–57		
SO10	57–58		
SO10	59–60		
<b>Aspect: Grievance mechanisms for impacts on Society – Management approach</b>			
SO11	14, 56–57	In the reporting year, no formal grievances for impacts on society were filed.	
<b>PRODUCT RESPONSIBILITY</b>			
<b>Aspect: Customer health and safety – Management approach</b>			
PR1	66–67		✓
PR2	72	In the reporting year, there were no known incidents.	
<b>Aspect: Product and service labeling – Management approach</b>			
PR3	66–67		
PR3	72		✓
PR4	72		
PR5	67		
<b>Aspect: Advertising – Management approach</b>			
	66–67		

**SPECIFIC STANDARD DISCLOSURES**

		Page	Omissions	External audit
PR6	Sale of banned or disputed products	66, 71		
PR7	Incidents of non-compliance with marketing standards		HUGO BOSS complies with all relevant marketing standards.	
	<b>Aspect: Customer privacy – Management approach</b>	14, 66–67		
PR8	Breaches of customer privacy and losses of customer data	23		
	<b>Aspect: Compliance – Management approach</b>	66–67		
PR9	Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		In the reporting year, no penalty payments were incurred.	
<b>SECTOR-SPECIFIC DISCLOSURES FOR THE APPAREL AND FOOTWEAR SECTOR (PILOT VERSION) SUPPLY CHAIN</b>				
AF7	Workplaces and suppliers covered by the Code of Conduct	58		
AF8	Number of audits carried out and percentage of workplaces audited	58		
AF9–14	Number of incidents of non-compliance with the Code of Conduct	59		
AF15	Analysis of data from audits	58–60		
AF16	Remediation measures to address incidents of non-compliance	59–60		
<b>APPAREL AND FOOTWEAR SECTOR-SPECIFIC DISCLOSURES (PILOT VERSION) FOR LABOR PRACTICES AND DECENT WORK</b>				
AF31	Initiatives to respond to, reduce, and prevent the occurrence of musculoskeletal disorders	49		

## INDEPENDENT ASSURANCE REPORT

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German PDF version of the Sustainability Report 2015 of HUGO BOSS AG. The following text is a translation of the original German Independent Assurance Report

To the Management Board of HUGO BOSS AG, Metzingen

### OUR ENGAGEMENT

We have been engaged to perform a limited assurance engagement on information marked with the symbol ✓ in the Sustainability Report of HUGO BOSS AG (referred to in the following as the report) for the reporting period from 1 January to 31 December 2015.

The report is published as a PDF version on [group.hugoboss.com/en/sustainability/sustainability-report/](http://group.hugoboss.com/en/sustainability/sustainability-report/)

### LIMITATIONS OF OUR ENGAGEMENT

Our engagement is exclusively limited to the information marked with the symbol ✓ in its entirety in the German PDF version of the report published on the website [group.hugoboss.com/en/sustainability/sustainability-report/](http://group.hugoboss.com/en/sustainability/sustainability-report/). Forward-looking statements or information for previous years have not been included in our engagement.

### CRITERIA

We assessed the report against the criteria set out in the Sustainability Reporting Guidelines G4 issued by the Global Reporting Initiative (GRI). We believe that these criteria are suitable for our limited assurance engagement.

### MANAGEMENT'S RESPONSIBILITY

The Managing Board of HUGO BOSS AG is responsible for the preparation and the content of the report in compliance with the above-mentioned criteria. This responsibility includes the design, implementation and maintenance of internal controls for the preparation of a report that is free from material misstatements, in accordance with the above mentioned criteria and based on suitable methods for gathering source data including judgments and estimates of the individual sustainability data.

### OUR RESPONSIBILITY

Our responsibility is to issue an assurance report on information marked with the symbol ✓ in its entirety in the report for the reporting period from 1 January to 31 December 2015 based on our work performed for a limited assurance engagement.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised). This standard requires that we comply with our professional duties and plan and perform the assurance engagement to obtain a limited level of assurance to preclude that the information marked with the symbol ✓ in its entirety in the report is not in accordance, in material respects, with the aforementioned criteria. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement.

We are independent from the company in compliance with German commercial law and professional requirements and the IESBA Code of Ethics for Professional Accountants (IESBA Code), which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and we have also complied with our other professional requirements and the IESBA Code.

Ernst & Young GmbH's quality assurance system is based on the national statutory regulations and professional pronouncements including, but not limited to the Professional Charter for German Public Auditors and German Sworn Auditors and the Joint Statement by the German Chamber of Public Accountants and the Institute of Public Auditors on Quality Assurance in the Practice of Public Auditors VO 1/2006, which are in accordance with International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB).

### KEY PROCEDURES

The performance of our engagement mainly involved the following work:

- Inquiries of employees concerning the sustainability strategy, sustainability principles and sustainability management of HUGO BOSS AG, including the stakeholder dialogue and materiality analysis,
- Inquiries of employees responsible for the preparation of information marked with the symbol ✓ in the report in order to assess the sustainability reporting system, the data capture and compilation methods as well as internal controls of the extent relevant for the review of the information marked with the symbol ✓ in its entirety,
- Inspection of the relevant documentation of the systems and processes for compiling, analyzing and aggregating sustainability data in the reporting period and testing such documentation on a sample basis,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of sustainability data during site visits 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 ✓.

### OUR CONCLUSION

Based on our procedures performed to obtain a limited level of assurance, nothing has come to our attention that causes us to believe that the information marked with the symbol ✓ in its entirety in the Sustainability Report 2015 of HUGO BOSS AG for the reporting period from 1 January to 31 December 2015 has not been prepared, in all material respects, in accordance with the above-mentioned criteria.

Munich, 17 May 2016

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

**Nicole Richter**  
Wirtschaftsprüferin  
(German Public Auditor)

**Annette Johne**  
Wirtschaftsprüferin  
(German Public Auditor)

## LEGAL NOTICE

### PUBLISHER

HUGO BOSS AG  
Dieselstrasse 12  
72555 Metzingen  
Germany

**Phone** +49 7123 94 – 0

**E-mail** [corporate\\_responsibility@hugoboss.com](mailto:corporate_responsibility@hugoboss.com)  
[hugoboss.com](http://hugoboss.com)

### ONLINE SUSTAINABILITY REPORT 2015

[group.hugoboss.com/en/sustainability/sustainability-report/](http://group.hugoboss.com/en/sustainability/sustainability-report/)

### CONTACT

Dr. Reiner Hengstmann, Senior Head of Global Sustainability  
[reiner\\_hengstmann@hugoboss.com](mailto:reiner_hengstmann@hugoboss.com)

Dr. Hjördis Kettenbach, Head of Corporate Communication  
[hjoerdis\\_kettenbach@hugoboss.com](mailto:hjoerdis_kettenbach@hugoboss.com)

### CONCEPT AND TEXT

akzente kommunikation und beratung gmbh, Munich

### ART DIRECTION

hw.design gmbh, Munich

### NOTE ON PRESENTATION

When for reasons of simplicity and readability the male form is used to designate persons and functions in this report, this shall naturally be interpreted to include equally the male and female gender.

### DISCLAIMER

This Sustainability Report contains forward-looking statements which are based on realistic assumptions and estimations of the management. Although the management assumes that the expectations expressed in these forward-looking statements are realistic, it cannot guarantee that these expectations will actually prove to be correct. HUGO BOSS AG accepts no liability and offers no warranty against the possibility that this Sustainability Report may contain editorial errors or be otherwise incomplete. HUGO BOSS AG has no plans to update the forward-looking statements or to provide any corrections or supplements to this Sustainability Report, nor does it undertake any obligations to do so. However, HUGO BOSS AG does reserve the right to update this Sustainability Report at any time without notice. In the event of discrepancies between the German and English version of this Sustainability Report, the German version shall be final and definitive.

