

SUSTAINABILITY PROGRAM

Today. Tomorrow. Always.

The Company looks at sustainability as a journey that it embarked on a long time ago. HUGO BOSS addresses the many challenges along this journey through **ambitious goals and effective measures**, which it summarizes in the annual publication of its Sustainability Program. As part of its strategy work, the Company has completely revised its Sustainability Program in 2019 and has summarized its activities and goals in the individual fields of action under the concept **“Today. Tomorrow. Always.”**. The new program shows that sustainability is a continuous process within the Company, which is constantly evolving and is firmly anchored in its business activities.

Today. Milestones achieved in the current reporting year as well as initiatives and programs implemented to strengthen sustainability in the corresponding field of action

Tomorrow. Medium and long-term objectives in the corresponding field of action, along with their time frame and implementation status

Always. Continuous efforts and commitments in the corresponding field of action, which form the basis of sustainability management



WE

Sustainability is an integral part of business operations at HUGO BOSS. The aim of the Company's sustainability activities is to ensure its long-term success through **continuous improvement and anticipatory management** of environmental, social and economic opportunities and risks. With the development and implementation of its sustainability strategy, HUGO BOSS relies upon **dialog and collaboration with its stakeholders**.

Today.

In 2019

- the materiality analysis was updated and new, ambitious targets were defined for the fields of action.
 - the topic of climate protection was given greater focus through a newly developed climate strategy.
 - the Company published its own sustainability channel on the intranet to keep employees up to date on sustainability issues.
 - HUGO BOSS organized its fourth stakeholder dialog with internal and external stakeholders.
 - HUGO BOSS was included in the Dow Jones Sustainability Index for the third consecutive time.
 - HUGO BOSS was once again a member of the FTSE4GOOD.
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Tomorrow.

The We field of action forms the overarching strategic framework for the Company's sustainability activities and for the other fields of action (Environment, Employees, Partners, Products and Society). Therefore, HUGO BOSS does not define any **specific sustainability goals** under We. The Company's goals are detailed under the individual fields of action on the following pages.

Always.

- HUGO BOSS is committed to **free and fair competition** and respects competition and antitrust laws and regulations.
 - HUGO BOSS does not accept or tolerate any form of corruption (such as bribery) or other corrupting behavior.
 - HUGO BOSS assumes **responsibility for ethical corporate management** and considers it a matter of course that the payment of corporate tax is not only made in accordance with applicable laws, but is also ethically justifiable.
 - HUGO BOSS proactively and responsibly manages the risks and opportunities associated with sustainability.
 - HUGO BOSS maintains **active and regular dialog with its stakeholders** and ensures that the concerns of stakeholders are incorporated into the sustainability strategy.
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ENVIRONMENT

HUGO BOSS is committed to the **introduction and further development of environmentally and climate-friendly processes** and takes appropriate measures to improve the environmental footprint of its own locations, production facilities and stores as well as the entire logistics chain. In this context, the **careful use of natural resources** is just as important as the avoidance and recycling of waste and the reduction of CO₂ emissions.

Today.

In 2019

- absolute energy consumption was reduced by about 5% compared with 2018, in particular by **switching to LED lighting** in some buildings globally.
- CO₂ emissions were reduced by 18%.
- more than half of the electricity consumed within the Group came from **renewable energy sources**.
- the Company’s **own photovoltaic systems** generated 847 MWh of electricity in total.
- within the framework of the climate strategy of the United Nations Framework Convention on Climate Change (UNFCCC), **scientifically based targets** (in accordance with the methodology of science-based targets) for the reduction of CO₂ emissions were defined.

Tomorrow.

SDG	Target year	Target	Status quo
13	2050	Climate neutrality in the entire value chain	
	2030	Reduction of CO ₂ emissions along the entire value chain compared with the base year 2018:	
		– Reduction of CO ₂ emissions (Scope 1+2) by at least 51%	Reduction of 24%
		– Reduction of CO ₂ emissions (Scope 3) by 30%	Reduction of emissions in inbound logistics of 12%
		– Reduction of energy consumption (direct and indirect) in relation to area (m ²) by 20%	Reduction of 8%
6	2025	Reduction of own water consumption (externally sourced water) in relation to Group sales by 40% compared with the base year 2016	Reduction of 17%
12	2020	Reduction of waste volume in the production facilities in Izmir by 3% compared with the base year 2019	Target update to follow in 2020

Always.

- HUGO BOSS is constantly working to minimize the **environmental impact of its own business activities**.
 - HUGO BOSS operates a **comprehensive environmental management** system and in its “Environmental Commitment” it defines the principles of environmental protection for all relevant business areas.
 - HUGO BOSS ensures that the construction of new buildings or the renovation of existing company buildings includes **sustainability criteria** and strives to achieve sustainability certification for new buildings.
 - HUGO BOSS endeavors to use new innovative technologies wherever possible and in an economically viable manner in order to further **reduce the consumption of resources**.
 - HUGO BOSS strives to continuously **reduce waste volumes in production** and, where this is not possible, to adequately recycle and reuse the waste.
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EMPLOYEES

HUGO BOSS assumes **responsibility for the well-being of its employees** and promotes a corporate culture of mutual appreciation and respect. The Company is committed to equal opportunities, helps employees to reconcile their private and professional lives, offers very good development opportunities and ensures safe, healthy workplaces. HUGO BOSS aims to inspire its employees every single day, motivate them with challenging and varied tasks, and retain their loyalty.

Today.

In 2019

- the jobs in the Company were evaluated using a **job grading system** with clearly defined criteria and were transparently summarized in job profiles.
- the Company introduced the **Performance & Development Dialog**, which enables a holistic assessment of employees' potential and performance and relies on open dialog.
- HUGO BOSS began the **construction of its own children's day care center** at the Metzingen location.
- the **Women's Empowerment Principles** were signed at the Izmir site.
- HUGO BOSS was awarded the following prizes: first place in the Corporate Health Award in the "Consumer Goods" category, the Brandon Hall Group Gold Award for "Best Benefits, Wellness and Wellbeing Program" (Izmir), and the Bronze Stevie Award for "Achievements in Workplace Health & Wellbeing" (Izmir).

Tomorrow.

SDG	Target year	Target	Status quo
	2025	Increase in employee satisfaction to 75% in the Great Place to Work® survey	70%
		Reduction of employee-specific fluctuation (departures): < 8% in the Corporate area < 30% in the Retail area	9% in the Corporate area 34% in the Retail area
		75% of vacancies for the two top management levels to be filled with internal candidates Milestone by 2022: 70%	First target update to follow in 2020
	2025	Reduction of occupational and industrial accidents by 10% at the headquarters in Metzingen compared with the base year 2019	First target update to follow in 2020
	2025	Reduction of the Lost time injury frequency rate (LTIFR) by 5% compared with the base year 2019	First target update to follow in 2020

Always.

- HUGO BOSS is fully committed to **respecting human rights** throughout its entire value chain.
 - The Company undertakes to comply with the **“HUGO BOSS Social Standards”**, which set out fundamental rights to protect workers (such as humane working conditions).
 - HUGO BOSS is committed to improving **equal pay regardless of diversity factors** and also wants to ensure fair and market-based remuneration on a global level.
 - For HUGO BOSS, the **diversity of its employees** is a natural element of its corporate culture and a living reality. In particular, the proportion of women in upper management levels is to be continuously improved.
 - HUGO BOSS is committed to **strengthening the physical and mental health** of all employees in accordance with its “Health & Safety Commitment”, through various measures.
 - HUGO BOSS attaches great importance to **equal opportunities** and promotes this, among other things, by providing access to flexible working models throughout the entire Group.
 - The Company is committed to the **continuous training of its employees** and offers a wide range of training opportunities, both at its headquarters and in the retail area.
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PARTNERS

In addition to manufacturing at HUGO BOSS’ own production sites, the Company sources finished goods as well as fabrics and trimmings from numerous suppliers globally. As their customer, HUGO BOSS assumes **co-responsibility for the well-being of their employees** and the protection of the environment in the sourcing countries. The basis for cooperation is therefore respect for human rights and compliance with internationally recognized environmental and social standards, which are reviewed in regular audits.

Today.

In 2019


- the **“HUGO BOSS Social Standards”** (“HUGO BOSS Supplier Code of Conduct”) were extensively revised in order to provide even clearer guidelines, particularly on environmental issues.
- 93 production facilities were examined in **social audits**; the number of corresponding audits was 119.
- HUGO BOSS was one of the first companies to publish its own supplier data on the **Open Apparel Registry** platform.
- the Company revised its own **environmental program** (based on the Global Social Compliance Program), paying special attention to wastewater and chemicals management for suppliers with wet processes.

Tomorrow.

SDG	Target year	Target	Status quo
	2025	Sourcing of all goods from finished goods suppliers (including the company’s own production sites) who achieve a result of “satisfying” or better in the social audits Milestone by 2022: 95%	93%
	2025	All fabrics and trimmings suppliers with a direct contractual relationship with HUGO BOSS are integrated into the HUGO BOSS Social Compliance Program	10%
	2025	All suppliers with a high environmental impact comply with national environmental legislation and: – contribute towards the implementation of the Zero Discharge of Hazardous Chemicals (ZDHC) standards – support the UNFCCC Fashion Industry Charter for Climate Action	24%
	2020	All suppliers with a direct contractual relationship with HUGO BOSS are committed to implementing the ZDHC Manufacturing Restricted Substances List (MRSL) in their own production facilities and at their upstream suppliers	91%
	2025	All finished goods suppliers have an appropriate control system for their supply chain Milestone by 2020: All strategic finished goods suppliers	66% of strategic suppliers
	2030	All suppliers with wet processes produce in compliance with the ZDHC MRSL standards Milestone by 2025: All strategic finished goods suppliers with wet processes	First target update to follow in 2020

Always.

- HUGO BOSS is fully committed to **respecting human rights** throughout its entire value chain.
 - The Company obliges its suppliers to comply with the **“HUGO BOSS Social Standards”**, which regulate the observance and improvement of social matters both within the Company and in the supply chain.
 - As a customer, HUGO BOSS assumes joint responsibility for ensuring that all the workers in its supply chain work in a **safe and healthy working environment**. A constant and obvious goal of the Company is for no fatal accidents to occur in its supply chain.
 - HUGO BOSS is committed to improving **compensation standards within the global supply chain**.
 - HUGO BOSS works closely and in good faith with its suppliers, and focuses on **dialog and joint development**. For example, the Company organizes training sessions for all finished goods suppliers on focus topics relating to the sustainable supply chain.
 - HUGO BOSS undertakes to **comply with the MRSL of the ZDHC** throughout the entire supply chain.
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PRODUCTS









HUGO BOSS aspires to develop collections that not only meet customers' high standards in terms of design, quality, longevity and innovation, but also pose **no social, health or environmental risks**. HUGO BOSS therefore gives high priority to manufacturing processes that conserve resources as much as possible, the responsible use of chemicals in production, animal welfare and biodiversity protection.

Today.

In 2019

- the comprehensive **"HUGO BOSS Material Policy"** was developed and introduced, setting standards for the use of sustainable materials.
- the Company launched its second **vegan sneaker collection** made of pineapple leaf fibers (Pinatex®), a range of **products made of Olivenleder®**, as well as its first Traceable Wool capsule (including the ZQ Merino Standard).
- HUGO BOSS began to collaborate with **Cotton Made in Africa** and with **The Good Cashmere Standard**.
- 844t of cardboard were reused in logistics.
- HUGO BOSS Australia received the Australian Packaging Covenant Organization Award for a more **sustainable approach to packaging**.

Tomorrow.

SDG	Target year	Target	Status quo
 	2025	Use of 100% sustainably sourced cotton in accordance with the criteria of the "HUGO BOSS Cotton Commitment"	61% (the interim target of 50% by 2020 has already been exceeded)
	2025	Use of 100% mulesing-free wool in purely woolen knitted products	98% (the interim target of 90% by 2020 has already been exceeded)
	2025	100% of the leather used is to come from tanneries certified by the Leather Working Group or a similar standard Milestone by 2022: 60%	52%
 	2025	Use of at least 50% recycled synthetic fibers	First target update to follow in 2020
	2020	Definition of circular design principles which form the basis of all product line developments starting with the spring/summer collection 2020	60%
	2020	Regular training sessions concerning the topic of circularity, recycling and the use of sustainable materials for all employees in the design, production and procurement departments	70%

SDG	Target year	Target	Status quo
12 ∞	2020	Setting up of an extensive digital media library for materials and textile fibers as well as dyeing, treatment and refinement processes, which facilitate recycling and circularity	30%
12 ∞	2020	Provision of detailed information for customers to support adequate product care to ensure its longevity	70%
12 ∞	2022	Increase in reused transport packaging in inbound logistics by 3% compared with the base year 2019	844t of reused cardboard
12 ∞	2025	Reduction of single-use plastic used in packaging by 10% compared with the base year 2019	First target update to follow in 2020
12 ∞	2025	100% of plastic packaging is made of recycled or other sustainably sourced material	31%
12 ∞	2025	Reduction of packaging paper by 5% compared with the base year 2019	First target update to follow in 2020
12 ∞	2025	100% of the packaging paper comes from sustainably managed forests and/or is made of recycled material	82%
12 ∞	2025	> 80% of the packaging paper comes from recycled material	60%
12 ∞	2025	Reduction of metal in packaging by 30% compared with the base year 2019	First target update to follow in 2020

Always.

- HUGO BOSS ensures that its products can be used over a **long period of time** by using selected materials and high-quality workmanship.
- HUGO BOSS strives to continuously increase the **proportion of sustainable products** in its collections and regularly launch innovative and sustainable product solutions.
- HUGO BOSS recognizes its particular responsibility for **animal welfare** and is opposed to animal testing as well as animal breeding and husbandry methods that are not appropriate to the species.
- HUGO BOSS excludes the use of down obtained through live plucking and force feeding.
- HUGO BOSS does not use **farmed fur**.
- HUGO BOSS does not use **angora wool**.
- HUGO BOSS only uses leather that is a **by-product of the food industry** and does not use exotic types of leather.
- HUGO BOSS ensures that all of the Company’s products that reach the market meet **international standards in the area of chemicals**.
- As a signatory to the **2020 Circular Fashion System Commitment**, HUGO BOSS is committed to promoting closed material cycles in the textile industry.
- All the product packaging used should be **reduced to the absolute minimum** required to bring the products to the customer intact and in line with the brand’s premium claim.



SOCIETY



HUGO BOSS' commitment to **social welfare** is an integral part of its corporate responsibility. With its corporate citizenship strategy, HUGO BOSS also leverages being a role model as a global leading fashion company. The focus is directed towards supporting and promoting educational opportunities for young people, as well as the Company's commitment to further education opportunities.

Today.

In 2019

- the **total amount of donations** was EUR 450,347.
- more than 3,000 items of clothing were donated to refugees from Venezuela in Ecuador.
- 117 schoolchildren and students received support in the form of a **scholarship** from the HUGO BOSS Education Association in Izmir.
- 45 women were supported at the Izmir location in cooperation with the local employment agency IŞKUR in Izmir to enable them to **return to work**.

Tomorrow.

SDG	Target year	Target	Status quo
 4	2025	Reaching 2,100 women from a weak economic background with training in the IŞKUR project	1,479 women
 4	2025	Reaching 1,400 children through the HUGO BOSS Education Association	1,018 children

Always.

- HUGO BOSS is particularly interested in promoting prospects and supporting **high-quality education for children** at a global and local level through long-term partnerships.
- HUGO BOSS is committed to providing **professional training** at a local level to strengthen the skilled workforce in the fashion segment.
- HUGO BOSS is committed to helping young people develop their **potential for success** and also supports young artists.
- HUGO BOSS assumes its **responsibility in the global textile supply chain** and is actively involved in dedicated programs to strengthen vulnerable groups.
- HUGO BOSS sees itself as a **part of society** and, in crisis situations, always looks at ways in which the Group can provide support.