

**Information Security &
IT Compliance**

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**HUGO BOSS
Generative AI and AI Policy**

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Version	Date	Author	Changes
1.0	26.04.2024	Stefan Baldus Nikolaus Kümmel	Creation of initial version
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I. GENERAL PART

1. Goal and purpose of the guideline

- (1) Software applications with generative artificial intelligence are becoming increasingly popular. Such applications are able to generate new creative content such as texts, images, videos, presentations and software code based on user specifications. Neural networks, deep learning techniques and AI algorithms are generally used for this. The generated results appear very "human-like" in style and tone, but the content is not always correct and complete.
- (2) An essential part of the HUGO BOSS business strategy is the claim "LEAD IN DIGITAL". HUGO BOSS has set itself the goal of becoming "THE PREMIUM TECH-DRIVEN FASHION PLATFORM WORLDWIDE". This also includes the use of AI systems, as they promise HUGO BOSS greater efficiency, time savings and generally better results in the work processes.
- (3) However, the use of generative AI systems is also associated with risks for HUGO BOSS. Improper use of such applications can lead to the unwanted disclosure of trade secrets, damage to reputation and even fines and claims for damages. The Artificial Intelligence Guideline therefore provides uniform framework conditions for the use of generative AI systems at HUGO BOSS in order to ensure that such applications are used in the corporate context in compliance with legal and corporate identity requirements and, in particular, to guarantee the legal requirements of information security, data protection and intellectual property.

2. Definitions

- (1) **Artificial Intelligence (AI) system:** Software applications that utilize artificial intelligence technologies to perform tasks that typically require human intelligence. These tasks may include learning, reasoning, problem-solving, understanding natural language, recognizing patterns, or making decisions. AI systems can be deployed as stand-alone applications (e.g., virtual assistants like "Siri" or "Alexa") or integrated into other applications (e.g., recommendation engines in e-commerce platforms). AI systems can be proprietary to HUGO BOSS or provided by third-party vendors (see definitions below).
- (2) **Generative AI system:** Software applications that use artificial intelligence technologies to generate text, images, videos or software code, for example, from large amounts of data based on user specifications. Generative AI can be used in stand-alone applications (e.g. "ChatGPT" or "Gemini") or integrated into other applications (e.g. M365 Copilot). Generative AI systems can be HUGO BOSS' own generative AI systems or those of third-party providers (see definitions below).
- (3) **Own generative AI systems:** Insofar as HUGO BOSS operates its own or licensed generative AI systems and applications on the secure internal infrastructure, these are hereinafter referred to as "own AI systems" (e.g. HUBO, M365 Copilot).
- (4) **Generative AI systems from third-party providers:** All other generative AI systems and applications are hereinafter referred to as "generative AI systems from third-party providers" (e.g. "Gemini", "Mistral AI" etc.).

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- (5) **INPUT data:** INPUT data is all data that a user enters into a generative AI system (so-called "prompt") or that the AI system records directly in order to deliver a result based on this information.
- (6) **OUTPUT data:** All information that a generative AI system generates on the basis of the INPUT data.
- (7) **Intellectual property:** Similar to the ownership of physical objects, creative, immaterial creations such as "intellectual property" can be protected by exclusive rights to which the respective rights holder is entitled. These can be copyright-protected works such as photos, images, texts or melodies, but also industrial property rights such as registered trademarks, logos, patents or designs.
- (8) **Official corporate communication:** Any communication of the HUGO BOSS Group that is directed outwards and thus leaves the internal corporate circle or is to be officially circulated within the company - beyond individual projects.
- (9) **Bias effect: AI** systems have no understanding of the objectivity of the processed data. If there are distortions or biases in the training or input data, the algorithm itself or incorrectly learned correlations, these are usually adopted by the AI system and lead to systematically designed behavioral distortions, the so-called bias effect.
- (10) **Hallucinations:** AI hallucinations are (often plausible-sounding) invented results or even objective falsehoods that may be contained in OUTPUT data of AI systems, e.g. due to insufficient information in the training data sets.

3. Material scope of application

The Artificial Intelligence Policy applies to the use of our own AI systems and third-party AI systems approved by HUGO BOSS for operational purposes.

4. Scope of the policy

- (1) The Artificial Intelligence Policy applies to all employees of HUGO BOSS AG and to all Group companies controlled by HUGO BOSS AG. It must be implemented by the responsible bodies of all Group companies in an appropriate manner. Compliance must be ensured by the management of each Group company on a permanent basis.
- (2) In all other respects, the Artificial Intelligence Policy supplements the [Information Security Policy](#) that has already come into force as an independent directive. The provisions of the framework regulations in Part 1 (3, 6 and 8) also apply in full to the Artificial Intelligence Policy, insofar as they are applicable and nothing to the contrary is regulated here.

5. Reference documents

The following internal HUGO BOSS policies and guidelines contain further regulations and must also be observed in connection with the requirements of the Artificial Intelligence Policy:

- Information security policy ([LINK](#))
- Data protection guideline ([LINK](#))
- Code of Conduct ([LINK](#))

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- Anti-discrimination, anti-harassment and gender equality directive ([LINK](#))
- Communication Guidelines ([LINK](#)) and Corporate & Brand Guidelines ([LINK](#))

6. Obligation of employees to comply

- (1) All employees are obliged to comply with the requirements of the Artificial Intelligence Policy. Violations of this may result in disciplinary action and may also lead to legal consequences (e.g. warning or dismissal).
- (2) HUGO BOSS reserves the right to access and monitor the use of AI systems on any company-issued devices or company-managed networks in compliance with applicable data protection requirements to ensure compliant use of these systems.

PRACTICE TIP:

Non-compliance with the provisions of this policy can be reported - also anonymously - to the HUGO BOSS Ombudsman [Dr. Carsten Thiel von Herff](#) or the HUGO BOSS [Speak Up Channel](#).

7. Contact person

- (1) Questions regarding AI systems and this guideline should always be directed to the central information security officer of HUGO BOSS AG:

HUGO BOSS AG
Information Security Officer
Holy-Allee 3, 72555 Metzingen (Germany)
information-security@hugoboss.com

- (2) Questions on legal issues (e.g. questions relating to data protection or intellectual property) should be addressed to the central legal department:

HUGO BOSS AG
Legal department
Holy-Allee 3, 72555 Metzingen (Germany)
legal@hugoboss.com

8. Entry into force

The Artificial Intelligence Directive enters into force on July 15, 2024 and must be made known to all employees in an appropriate manner.

II. REGULATIONS FOR (GENERATIVE) AI SYSTEMS

In order to ensure the legally compliant use of AI systems at HUGO BOSS and to guarantee the protection goals of information security and data protection, the following guidelines must be observed by employees when using generative AI systems.

1. Prefer AI systems from HUGO BOSS

HUGO BOSS' own generative AI systems are always to be preferred over those of third-party providers.

2. Approval of third-party (generative) AI systems required

- (1) Generative AI systems from third-party providers may only be used after official **approval by Information Security and Data Protection**. This also applies to the installation of application programming interfaces (API), plug-ins, connectors, other software, etc. in relation to generative AI systems. Generative AI systems from third-party providers are also subject to approval regardless of whether the application has to be installed or "only runs in the browser".
- (2) Requests for the approval of AI systems from third-party providers must be submitted to the **IT Service Desk** ([LINK](#)) using a ticket with the title "Software request". The request must contain a brief description of the specific use case and a corresponding justification for the necessity of using the software. If the AI system of the third-party provider is to process personal data, approval must also be obtained from data protection at datenschutz@hugoboss.com.
- (3) If the use of AI systems from third-party providers requires registration, employees should use their business e-mail address for this purpose. However, it is **imperative to ensure that the password to be selected does not under any circumstances correspond to the current, previous or future password of the employee's HUGO BOSS account**.
- (4) If employees use AI systems from third-party providers, specific **terms of use of the third-party provider** must also be **complied with**.

3. Use for business purposes only

- (1) Employees are only permitted to use their own generative AI systems and third-party AI systems approved by HUGO BOSS for business purposes; **use for private purposes is not permitted**.
- (2) Similarly, employees' private accounts to publicly accessible generative AI systems may not be used to enter company confidential information from HUGO BOSS.

4. No entry of company confidential and personal data

- (1) **The input of company confidential information** into AI systems that have not been explicitly approved for this purpose **is generally not permitted**. Company confidential information is all company information that is classified as internal, confidential or strictly confidential in accordance with the applicable information security regulations ([Part 3. A.](#)). This includes in particular
 - **Trade and business secrets**

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- **personal data**, in particular of customers or employees,
 - **Financial data**,
 - **Intellectual property of HUGO BOSS** (e.g. company data protected by copyright or trademark law such as photographs, protected company brands / logos etc.).
- (2) The use of AI systems must always comply with applicable data protection regulations. In cases of doubt, the central data protection officer must be consulted (datenschutz@hugoboss.com).

PRACTICE TIP:

Avoid entering personal data in a AI system by replacing personal data with placeholders (e.g. [name] [customer number]).

5. No infringement of third-party rights

- (1) **Protected logos, designs, images and videos** (in particular of persons, e.g. models, brand ambassadors, celebrities, influencers or other HUGO BOSS talents) **may not be entered into generative AI systems (INPUT) without consultation with Legal Marketing and/or the Global IP Department**. This applies regardless of whether the images or videos are recordings of HUGO BOSS (produced, for example, in connection with HUGO BOSS campaigns or fashion shows) or whether a contractual relationship exists with the respective person. Without the express permission of this person and / or the rights holders, there is a risk of infringement of third party rights and the assertion of associated claims for damages against HUGO BOSS.
- (2) **OUTPUT data is not protected by copyright**, neither for the AI system nor for the person entering it (so-called "prompter"). The use of images or videos generated by generative AI systems by third parties cannot be legally prohibited without further ado as long as no other protective measures have been taken.
- (3) Similarly, **do not use any third-party intellectual property contained in OUTPUT data**. This may occur if the generative AI system has been trained with legally protected third-party content.
- If OUTPUT data is to be used for official corporate communications and **there are doubts as to whether the OUTPUT data can be used without infringing the rights**

PRACTICE TIP:

- (1) Make sure that all materials used are copyright-free or under an appropriate license (e.g. Getty Image license).
- (2) Do not copy protected works, use your own content and ideas.
- (3) Respect the privacy and personal rights of others and do not enter any images of natural persons into generative AI systems unless this has been explicitly approved.

6. Ethical principles and legality

- (1) OUTPUT data from generative AI systems can produce results with content distortions and biases (so-called BIAS effects) or falsehoods (so-called hallucinations) depending on the data with which they were trained. Therefore, every user should immediately report questionable or biased AI outcomes to one of the contacts mentioned in Chapter I.7. and halt the use of the AI system until the issue is resolved.
- (2) OUTPUT Data may only ever be used for employment purposes in accordance with the [HUGO BOSS Code of Conduct](#) and the [Anti-Discrimination, Anti-Harassment and Gender Equality Policy](#). In particular, **no OUTPUT Data** may be used for employment purposes **that discriminates against any person on the basis of race or ethnicity, color, religion, gender, national origin, age, disability, political opinion or sexual orientation**.
- (3) When using generative AI systems, employees must **always comply with applicable law**. The use of OUTPUT data in particular for fraudulent purposes, identity theft or the dissemination of misinformation or deep fakes in official company communications is not permitted and will result in disciplinary action in the event of non-compliance.
- (4) OUTPUT data to be used in **official corporate communications must always comply with the Communication Guidelines ([LINK](#)) and Corporate & Brand Guidelines ([LINK](#))**.
- (5) If generative AI systems are used to create legally relevant documents such as contracts, notices of termination, warnings or certificates, these may only be used after approval by the legal department.
- (6) Generative AI systems must not be influenced by employees in such a way that results are manipulated for improper purposes by entering selected content.
- (7) When using AI systems, employees must ensure the security of data and systems by monitoring for unusual behavior, reporting any suspicious activity immediately, and adhering to all information security policies to prevent unauthorized access or misuse.

PRACTICE TIP:

Always ensure that input and output data do not contain any defamatory, offensive, discriminatory or otherwise objectionable content.

7. Quality and results control

Before **OUTPUT data** is used for work purposes, the content must always be **checked for factual and technical correctness, legality and compatibility with internal guidelines** (in particular the ethical principles as well as the communication guidelines ([LINK](#)) and Corporate & Brand Guidelines ([LINK](#)) of HUGO BOSS).

8. Quote

If OUTPUT data is used unchanged in official company communications, it must be provided with a corresponding notice (quote, e.g. "Generated with [KI-SYSTEM] | [DATUM]).

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