

**TCFD  
REPORT  
2023**

**HUGO BOSS**

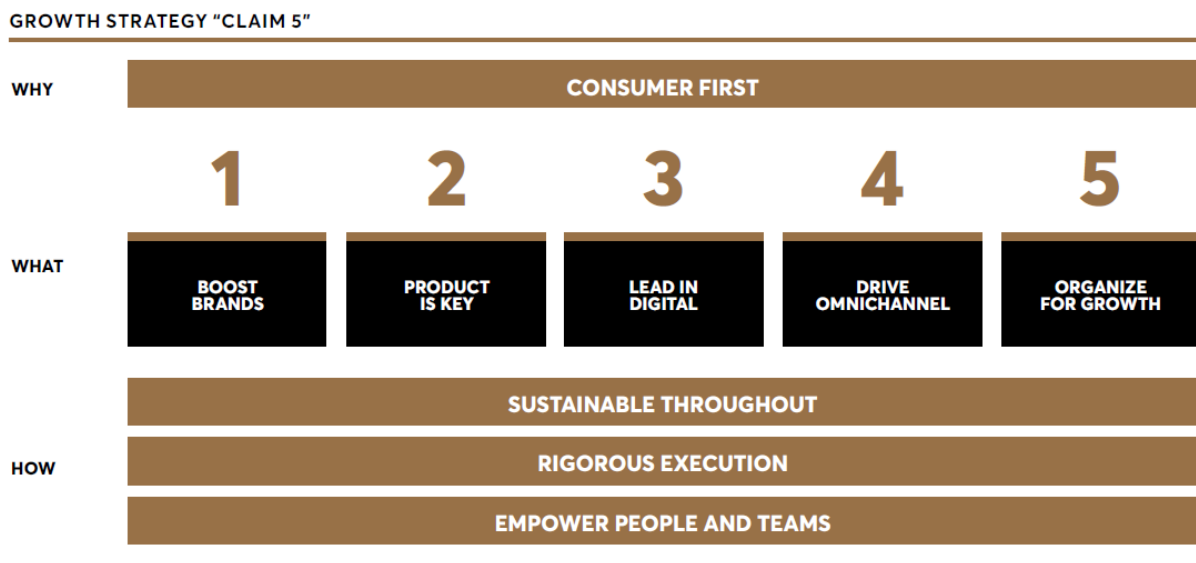
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By disclosing climate-related risks and opportunities in accordance with the recommendations of the Task Force for Climate Related Financial Disclosure (TCFD), HUGO BOSS provides a summary of the measures taken to review and develop a strategy **to manage the material risks and opportunities arising from climate change** and the potential impact on its business. The underlying information and data in this report relate to the fiscal year 2023. We intend to update and expand its TCFD reporting on an annual basis to provide information on further progress in climate-related risk management.

## 1 Governance

HUGO BOSS regards sustainability as an important element of its "CLAIM 5" strategy and thus as an integral part of our business activities. Consequently, being **"Sustainable Throughout"** is firmly embedded in our daily business activities.



We are committed to protecting the planet and ensuring a viable future for tomorrow's generations. We want to make a meaningful difference. Our vision for sustainability is **a planet free of waste and pollution**. This vision is reflected in the five key pillars of our new sustainability strategy, "For A Bold & Better Future," which came to life in 2023. [>Sustainability Report 2023](#)

The overall responsibility for the sustainable development of the Group lies with the **Managing Board**. Strategic responsibility is assigned to the Group Strategy and Corporate Development division, which reports directly to the Chief Executive Officer (CEO). Operational responsibility along the supply chain lies with Business Operations, while Investor Relations is responsible for sustainability reporting. Both divisions report to the Chief Financial Officer (CFO)/ Chief Operations Officer (COO). He is also responsible for the central **Sustainability Committee**, which consists of representatives of the main business areas involved in sustainability topics and drives relevant decision-making processes in the area of sustainability. The Sustainability Committee serves as a key driver in advancing environmental, social and governance topics within the organization and ensures that sustainability is a core consideration in the company's operations and decision-making processes.

The Sustainability Committee regularly analyzes, discusses and takes decisions on climate-related issues and informs the Managing Board about the progress and measures towards achieving the

Company's climate-related targets. In addition to this, **specific Managing Board meetings** are held on a case-by-case basis if there are relevant climate-related issues to discuss in more detail. Depending on the Scope of the issue under discussion, the responsibility lies with the respective board member and its organization. Responsibility is being shared if the issue involves more than one Board member.

The Managing Board together with the **Audit Committee** of the Company's Supervisory Board have overall responsibility for managing and overseeing climate-related issues regarding the Group's business operations. Group Risk Management & Internal Controls informs both the Managing Board and the Audit Committee twice per year about climate-related risks and opportunities: the Managing Board by means of Managing Board meetings and the Supervisory Board via the Audit Committee meetings.

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

**SUSTAINABILITY GOVERNANCE**

OVERALL RESPONSIBILITY	<b>MANAGEMENT BOARD</b>	<b>SUPERVISORY BOARD</b>	OVERSIGHT / MONITORING																							
STRATEGIC DECISION MAKING	<b>SUSTAINABILITY COMMITTEE</b>	<b>AUDIT COMMITTEE</b>																								
OPERATIONALIZATION / IMPLEMENTATION	<b>CENTRAL DEPARTMENTS</b>	<b>GOVERNANCE FUNCTIONS</b>																								
	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Brand Management/Business Units</td> <td style="width: 50%;">Investor Relations</td> </tr> <tr> <td>Business Operations</td> <td>IT</td> </tr> <tr> <td>Construction &amp; Procurement</td> <td>Legal</td> </tr> <tr> <td>Business Planning &amp; Analysis</td> <td>Logistics</td> </tr> <tr> <td>Corporate Communications</td> <td>Marketing</td> </tr> <tr> <td>Design/Creative Management</td> <td>Omnichannel</td> </tr> <tr> <td>Finance / Tax</td> <td></td> </tr> <tr> <td>Group Strategy &amp; Sustainability</td> <td></td> </tr> <tr> <td>Human Resources</td> <td></td> </tr> </table>	Brand Management/Business Units	Investor Relations	Business Operations	IT	Construction & Procurement	Legal	Business Planning & Analysis	Logistics	Corporate Communications	Marketing	Design/Creative Management	Omnichannel	Finance / Tax		Group Strategy & Sustainability		Human Resources		<table border="0" style="width: 100%;"> <tr> <td>Risk Management &amp; Internal Controls</td> </tr> <tr> <td>Compliance</td> </tr> <tr> <td>Data Privacy</td> </tr> <tr> <td>Information Security</td> </tr> <tr> <td>Internal Audit</td> </tr> </table>	Risk Management & Internal Controls	Compliance	Data Privacy	Information Security	Internal Audit	
Brand Management/Business Units	Investor Relations																									
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The **Internal Audit** department is an independent part of the governance system with objective assurance and consulting activities designed to add value and improve the organization's operations. It also supports the oversight function of both the Managing Board and the Supervisory Board reviewing compliance with and the effectiveness of the defined controls with regard to the accounts and business processes. The annual audit plan is coordinated with the Managing Board and the Audit Committee of the Supervisory Board. This is where key audit matters are defined. Some departments are audited on a regular basis, including Risk Management & Internal Controls which was last audited in fiscal year 2021.

## 2 Strategy and Risk Management

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

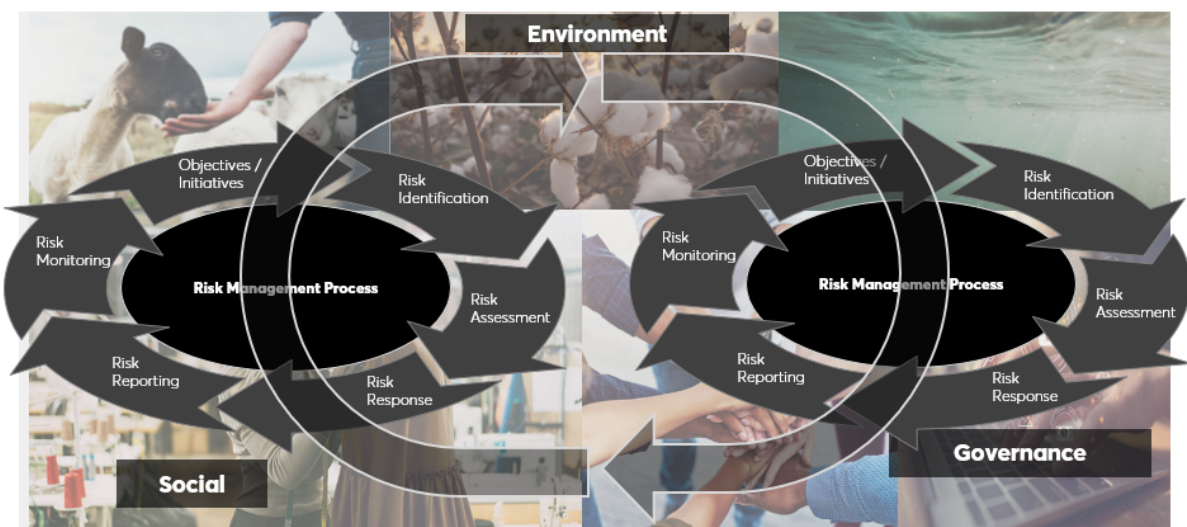
The **responsibility of identifying and assessing climate-related risks** is shared between Group Risk Management, the affected internal departments and Group subsidiaries. Risk Management is responsible for coordinating and providing a framework for risk assessment, while individual departments are responsible for assessing and managing their climate-related risks. Climate-related risks also include impacts on **biodiversity** and potential negative consequences for the Company resulting from the disruption of biodiversity. Due to the complexity of those risks, a multidisciplinary approach and integration into the company-wide risk management process is a prerequisite to successfully manage them. This integration of the climate related risk is illustrated by the following chart, it shows the process of identifying, assessing, mitigating and reporting these risks.

### RISK MANAGEMENT

Main Risk categories				
External	Strategic	Financial	Operational	Organizational
Sub-categories with climate related risks				
Nature, current & emerging regulation, technology, legal, market, reputational, acute- & chronic physical				

The Risk Management Process is conducted twice a year and includes all potential risks along the entire value chain (including upstream and downstream activities)

- Short- and medium-term risk impacts are assessed group-wide on a bi-annually basis
- Long-term risk impacts are assessed at least once per year and updated, if the environment and calculation parameters change significantly



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

The following table shows the **most relevant climate related risks** identified in the course of the materiality assessment, which is integrated in the existing Enterprise Risk Management process. As part of this process, the first assessment is on a quantitative basis and will be continued with a quantification of the potential impacts influencing HUGO BOSS. At the end of the table, mitigation/resilience measures taken by the Company to address each respective risk are summarized.

**CLIMATE-RELATED RISKS FOR HUGO BOSS**

<b>Risk</b>	<b>Regulatory risk</b>	<b>Reputational risk</b>	<b>Raw materials scarcity</b>	<b>Limited access to labor due to climate change-induced demographic change</b>	<b>Changes in consumer demand due to changes in seasonal weather</b>	<b>Water scarcity and security</b>	<b>Physical business continuity risk (severe climate events)</b>
<b>Consequences</b>	<ul style="list-style-type: none"> <li>Increased pricing of GHG emissions</li> <li>Enhanced reporting obligations</li> <li>Regulation of existing products and services</li> </ul>	<ul style="list-style-type: none"> <li>Shifts in consumer preferences</li> <li>Negative image of the textile industry</li> <li>Increased stakeholder concern or negative stakeholder feedback</li> </ul>	<ul style="list-style-type: none"> <li>Reduced availability of raw materials</li> <li>Changes in raw material prices</li> <li>Lower quality of raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Reduced production capacities</li> <li>Longer product time</li> <li>Political instability</li> <li>Intercommunity violence</li> </ul>	<ul style="list-style-type: none"> <li>Reduced demand for certain product groups in respective regions</li> </ul>	<ul style="list-style-type: none"> <li>Lower yields in raw material production</li> <li>Reduced capacity for water intensive processes like dyeing, tanning, printing and laundering</li> </ul>	<ul style="list-style-type: none"> <li>Damage to buildings and infrastructure</li> <li>Disruption of supply chains</li> </ul>
<b>Potential impact</b>	<ul style="list-style-type: none"> <li>Increased operating costs</li> <li>Increased compliance costs</li> <li>Increased costs and/or reduced demand for products and services resulting from fines and judgements</li> </ul>	<ul style="list-style-type: none"> <li>Reduced revenue from decreased demand for goods/services</li> <li>Reduced revenue from negative impacts on workforce management and planning (e.g. employee attraction and retention)</li> <li>Reduced capital availability</li> </ul>	<ul style="list-style-type: none"> <li>Increased production costs and less plannability</li> <li>Decreased production volume leading to loss of sales</li> <li>Loss of social license to operate</li> </ul>	<ul style="list-style-type: none"> <li>Increased labor costs</li> <li>Changed sourcing portfolio</li> <li>Delayed product supply</li> </ul>	<ul style="list-style-type: none"> <li>Loss of sales</li> <li>Loss of margin (if products with smaller margins replace those with higher margins)</li> <li>Increased inventory</li> </ul>	<ul style="list-style-type: none"> <li>Increased production costs</li> <li>Increased regulatory penalties</li> <li>Lost social license to operate</li> <li>Damaged brand image</li> </ul>	<ul style="list-style-type: none"> <li>Increased costs to repair damages</li> <li>Increased insurance premiums/less coverage</li> <li>Increased need for investments</li> <li>Increased business interruptions and delayed product supplies</li> </ul>
<b>Time period relevance</b>	Short- to medium-term	Short- to long-term	Short- to long-term	Medium- to long term	Medium- to long-term	Medium- to long-term	Long-term
<b>Mitigation / resilience</b>	<ul style="list-style-type: none"> <li>Embedding sustainability into overall business strategy</li> <li>Constant monitoring of trends and developments that could potentially lead to increasing legal requirements</li> </ul>	<ul style="list-style-type: none"> <li>Public commitment to the targets within the framework of the UNFCCC Fashion Industry Charter for Climate Action</li> <li>Transparent reporting of target achievement and related measures</li> </ul>	<ul style="list-style-type: none"> <li>Constant monitoring of raw material prices and search for alternative materials.</li> <li>Investing in new alternative technologies and raw materials, which contributes to decarbonizing the textile industry.</li> </ul>	<ul style="list-style-type: none"> <li>Balanced regional distribution to avoid dependencies</li> <li>Actively managing and optimizing the sourcing portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Constant monitoring of consumption patterns and consumer preferences</li> <li>Optimized and flexible merchandise management</li> </ul>	<ul style="list-style-type: none"> <li>Improving water efficiency in the Company's direct operations and across the supply chain</li> <li>Decreasing water pollution in the production processes through chemical management along the supply chain</li> <li>Water risk mapping</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring the resilience of own locations regarding severe climate events.</li> <li>Emergency plans to ensure business continuity</li> </ul>

## Physical climate risk assessment of HUGO BOSS' most relevant locations








HUGO BOSS uses expert software that is specialized and science-backed on assessing climate change related risks including scenario analysis for both physical and transitional risks.

The scenarios are based on the **Representative Concentration Pathway (RCP)**, which is a greenhouse gas concentration (not emissions) trajectory adopted by the IPCC. Four pathways were used for climate modeling and research for the IPCC fifth Assessment Report (AR5). The pathways describe different climate futures, all of which are considered possible depending on the volume of greenhouse gases (GHG) emitted in the years to come. The RCPs – originally RCP2.6, RCP4.5, RCP6, and RCP8.5 – are labelled after a possible range of radiative forcing values in the year 2100. The RCPs were chosen to represent a broad range of climate outcomes.

The following table shows the range of temperature increase for each RCP scenario, the related emissions, and the general impact of those scenarios resulting from a physical and transitional risk perspective.

<b>Emissions pathway RCP (temperature)</b>	8.5 (3.2 – 5.4 °C)	7.0 (2.0 – 3.7 °C)	4.5 (1.7 – 3.2 °C)	2.6 (0.6 – 2.3 °C)
<b>Emissions</b>	High emissions	Moderate-high emissions	Low emissions	Very low emissions
<b>Physical risk impact</b>	Very high	High	Medium	Low
<b>Transitional risk impact</b>	Low	Medium	High	Very high

### Overview of analyzed physical risks

Physical risks <sup>1</sup>			
	Temperature extremes		Tropical cyclone
	Fluvial flooding		Drought
	Wildfire		Water stress
	Coastal flooding		

The following tables show which **kind of physical risks** are going to impact the locations, with the severity being ranked from left to right – the scenario analysis covers the four RCP scenarios mentioned before and the impact by decade up to 2100. The Company applied no minimum threshold for those physical risks, so that the potential Model Average Annual Loss can also be very low, especially for the fluvial flooding and wildfire risks.

<sup>1</sup> Source of the used symbols is S&P Global







**Offices and Warehouses**

Headquarters (Germany - Metzingen)	
Warehouse (Germany - Filderstadt)	
Warehouse (Germany - Wendlingen)	
Warehouse (Germany - Bad Urach)	
HUGO BOSS Ticino S.A. (Switzerland - Coldrerio)	
HUGO BOSS USA Inc. (Savannah)	
HUGO BOSS Canada, Inc. (Toronto)	
HUGO BOSS Hong Kong Ltd.	
HUGO BOSS China Retail Co. Ltd. (Shanghai)	
HUGO BOSS Mexico S.A. de C.V. (Miguel Hidalgo)	

**Production sites (own & partners)**

HUGO BOSS Textile Industry Ltd. (Turkey)	
HUGO BOSS Shoes & Acc. Italia S.p.A. (Italy)	
Supplier Bangladesh	
Supplier Vietnam	
Supplier Tunisia	
Supplier Turkey	
Supplier Portugal	
Supplier Peru	
Supplier Bulgaria	

**Point of sales (POS)**

POS Germany	
POS United States	
POS France	
POS Dubai	

**Physical climate risk adaptation**

The most relevant adverse impact by physical climate change related causes is due **to temperature extremes**. HUGO BOSS considers the following four drivers causing financial damage to the business, all caused by high temperatures:

- Cooling costs
- Employee productivity
- Revenue impact
- HVAC (Heating, Ventilation, Air Conditioning) degradation

For all locations that have been analysed, the biggest financial impact might be caused by a decreasing employee productivity in the future, also resulting from health challenges that could lead to more sick days. Independent of the identification of this new negative impact on employee productivity, we are already focusing on initiatives to support the health of our employees thereby **maximizing employee productivity**. In order to identify a decreasing employee productivity due to increasing temperatures at an early stage, the local management is encouraged to monitor the developments and to receive feedback from the employees. If necessary, the local management will implement mitigations to compensate the loss of employee productivity.

Other **physical hazards** are expected to be less significant than temperature extremes based on their financial impact on HUGO BOSS' locations and their performance. The few locations close to the coast without any elevation are endangered by a rising sea level. A more common potential impact for our locations is resulting from increasing fluvial floodings, but the modelled annual average loss is lower than the consequences of temperature extremes for all locations.

**Resilience of HUGO BOSS' strategy**

Based on the assessment of the identified transitional and physical climate related risks and the actions in place to mitigate those risks, **HUGO BOSS is well prepared** to cope with challenges resulting from increasing temperatures and climate change. Based on the current scenarios analysis, also covering the high emissions and warming scenario RCP 8.5 (3.2 – 5.4 °C), the physical risks of our most important locations are not requiring us to relocate or invest heavily in our main offices, productions sites or warehouses by the end of the century.


By successfully executing its "CLAIM 5" strategy that includes sustainability throughout the entire value chain as a key criterion for success, we **mitigate the potentially high transitional risks pro-actively**, like the regulatory and reputational risks as well as the risk of a change in consumer demand, resulting from a 2°C and lower scenario (RCP 2.6 ranging from 0.6 – 2.3 °C). Reputational risks and the changing

demand of consumers are not only bearing a downside risk, but also a potential upside and opportunities to increase sales.

## Opportunities

While climate change does pose risks to businesses, it also presents opportunities for companies in the fashion industry. The signatories of the UN Fashion Industry Charter for Climate Action (Charter) identified **four key areas of opportunities**, illustrated below. HUGO BOSS is working on all four opportunities, with the biggest short-term impact being expected to be realized by innovations and reputational benefits, compared to the potential cost savings and the less fragile energy supply.

### CLIMATE-RELATED OPPORTUNITIES

 <p><b>Climate-related opportunities</b></p>	<p><b>New innovation</b> Drive new innovation in low-carbon materials, products, services and business models</p>
	<p><b>Brand benefits</b> Brand and reputational benefits with stakeholders including investors, employees, consumers, policy-makers, NGOs and more</p>
	<p><b>Energy sources</b> Access to more reliable and less volatile energy sources</p>
	<p><b>Monetary benefits</b> Cost savings from reducing energy consumption and reducing waste</p>

The Company's ambition to be "**Sustainable Throughout**" is consequently influencing its entire value chain aiming to mitigate all sustainability risks and to exploit relevant opportunities. Product and business model innovations are identified as major opportunities to attract more customers by adapting to the trend for more sustainable products.

#### Sustainable Materials

To further promote the proportion of **more sustainable materials** within its collections, in early 2022, HUGO BOSS entered into a long-term strategic partnership with Swiss innovator HeiQ. As part of this partnership, we jointly develop and produce the innovative filament yarn AeoniQ, whose properties resemble those of polyester and polyamide fibers, while being derived from renewable cellulose. This makes it a sustainable, recyclable alternative to synthetic fibers. In 2023, BOSS successfully launched its first two polo shirts made of almost 90% AeoniQ, while also showcasing three respective outerwear styles at its Fall/Winter 2023 fashion event in Milan. Going forward, HUGO BOSS will continue to grow this partnership by gradually increasing the use of AeoniQ yarn in our brands' collections. By embracing these kinds of innovative alternatives, we aim to **phase out polyester and polyamide by 2030**.

#### Circular Products

We focus our efforts on the use of renewable and recycled raw materials in order to realize its **circularity strategy**. Circular products at HUGO BOSS must meet three criteria: using renewable or recycled raw materials, being long-lasting, and being recyclable. In early 2023 we launched our first products that meet all three criteria. In 2024 we intend to expand our offerings of circular apparel. Our target is to **have 80% circular apparel products by 2030**.

### Circular Business Models

In addition to developing and manufacturing circular products, HUGO BOSS is also putting a strong focus on establishing **circular business models**. In 2023 we offered a **Repair & Rewear service** in selected own stores in Germany in order to extend the lifetime of products that have previously been sold. In addition, we are operating the **online resale platform "Pre-Loved"** in France, where customers can return, and purchase used BOSS and HUGO products.

To ensure the **long-term success** of these services, it will be particularly important to provide customers with offers that are user-friendly, informing them comprehensively about these offers, and encourage them to take their own initiative.

### Customer Involvement

Our customers play a crucial role in extending the longevity of our products through gentle cleaning and care. We support them in taking proper care of their BOSS and HUGO products by offering material guides in our online store. These guides contain **information on quality, wearing comfort, product care, and sustainability**. Since 2023, the importance of proper care with regard to environmental protection has been stated on all HUGO BOSS standard care labels. Certain laundry items and accessories as well as core merchandise produced before this changeover do not have such labeling.

## **Reputation**

As an international fashion and lifestyle company, we are fully aware of its **corporate responsibility** towards its customers and society, as well as the environment and the climate. HUGO BOSS understands sustainability to be an integral part of the business.

Due to our continuous efforts in the area of sustainability and our ongoing high level of transparency, HUGO BOSS has been included in the renowned **Dow Jones Sustainability Index (DJSI) World** for the seventh consecutive time. In addition, we also achieved inclusion in the DJSI Europe for the fourth time in a row. In the associated Corporate Sustainability Assessment (CSA), we once again secured a strong second place in the global textiles, apparel & luxury goods industry. We excelled in various key areas, such as Human Rights, Waste Management, Customer Relationship Management, Data Protection, and Innovation Management, achieving "best in class" scores in these criteria. In 2023, we received further external recognition by being selected for the **Golden Planet Award** for our active implementation of important sustainability measures. In addition, we received the **ESG Transparency Award**, honoring our transparent and comprehensive reporting on sustainability matters. [>Sustainability Report 2023](#)

## **Impact of climate change on HUGO BOSS' business, strategy, and financial planning**

Climate change is a pressing issue that is expected to have a significant impact on businesses in the coming years and decades. HUGO BOSS recognizes **the importance of addressing climate change and sustainability** and has made it an integral part of their decision-making process. By incorporating sustainability into every aspect of their operations, we aim to not only optimize their financial performance but also contribute to protecting the climate and supporting sustainable initiatives. This proactive approach reflects HUGO BOSS's commitment to creating a positive impact on the environment and society as a whole.

HUGO BOSS takes a comprehensive, cross-functional approach to effectively **manage the risks and opportunities** associated with climate change. This approach ensures that the financial requirements for mitigating risks or capitalizing on opportunities are identified and addressed. All financing needs are incorporated into the budgeting process of the relevant organizational unit and, if necessary, into the long-term financial planning. By **integrating climate change considerations into financial decision-making**, the Company ensures that the necessary resources are allocated to effectively respond to the challenges and opportunities presented by climate change.

In order to determine the **material financial impacts** influencing HUGO BOSS, the Company is in the process of conducting a double materiality assessment intended to be finalized in the second half 2024. It aims to identify the environmental, social, and governance (ESG) topics that are material to HUGO BOSS, especially in connection with the European Sustainability Reporting Standards (ESRS) applicable from 2024 onwards. In its Sustainability Statement for fiscal year 2024, which will be reported in early 2025, we will report in detail on all topics assessed as material.

### 3 Metrics and Targets

HUGO BOSS has been measuring and reporting energy consumption and CO<sub>2</sub> emissions for Scope 1 and 2 since 2010 and Scope 3 since fiscal year 2018. CO<sub>2</sub> emissions are calculated according to the **Greenhouse Gas Protocol** standard and are partly audited by an external auditor. >[Annual Report 2023](#).

>[Combined Non-Financial Statement](#)

#### TOTAL DIRECT, INDIRECT AND OTHER GREENHOUSE GAS EMISSIONS (IN T CO<sub>2</sub>e)<sup>1</sup>

	2023	2022	Base year: 2019 <sup>3</sup>
Scope 1 <sup>2</sup>			
Own vehicles	3,915	3,068	3,094
Direct energy consumption	7,523	8,033	9,029
<b>Total Scope 1</b>	<b>11,438</b>	<b>11,101</b>	<b>12,123</b>
Scope 2 (market-based) <sup>4</sup>			
Indirect energy consumption	18,625	18,820	19,941
<b>Total Scope 2</b>	<b>18,625</b>	<b>18,820</b>	<b>19,941</b>
Scope 3 <sup>5</sup>			
3.1 Purchased goods and services	939,898	931,590	645,516
3.3 Fuel- and energy-related activities	8,059	7,555	8,138
3.4 Upstream transportation and distribution	67,878	86,698	38,868
3.5 Waste generated in operations	2,278	1,972	708
3.6 Business travel	7,042	4,092	7,012
3.7 Employee commuting	5,026	4,594	9,387
3.8 Upstream leased assets	3,167	3,821	5,809
3.12 End-of-life treatment of sold products	23,497	23,290	16,138
<b>Total Scope 3</b>	<b>1,056,845</b>	<b>1,063,612</b>	<b>731,576</b>
<b>Total greenhouse gas emissions<sup>6</sup></b>	<b>1,086,908</b>	<b>1,093,533</b>	<b>763,640</b>

<sup>1</sup> Greenhouse gas emissions are calculated based on the GHG Protocol. Due to improvement of data quality and corresponding corrections during the year, prior-year figures have been adjusted retrospectively.

<sup>2</sup> Scope 1 emissions: direct emissions from owned or controlled sources.

<sup>3</sup> 2019 data is not part of the auditing scope.

<sup>4</sup> Scope 2 emissions: indirect emissions from the generation of purchased energy. Scope 2 emissions are calculated according to the market-based approach using specific supplier emission factors for certified green electricity. For conventional electricity, specific country emission factors are used. Location-based scope 2 emissions amounted to 38,758t in 2023 (2022: 38,793t).

<sup>5</sup> Scope 3 emissions are not subject to the voluntary review with limited assurance according to ISAE 3000 (Revised). Scope 3 emissions calculation is based on both supplier-based and average-data methods. For "purchased goods and services," emissions are calculated as follows: Raw material production emissions (Tier 4 and Tier 3 Suppliers) include those from the conversion of raw materials into yarns. Manufacturing emissions (Tier 2 and Tier 1 Suppliers) encompass processes converting yarns into fabrics and finished goods. "Fuel- and energy-related activities" relate to emissions from the production of purchased fuels and energy not covered in Scope 1 or Scope 2. "Upstream transportation and distribution" emissions are calculated using primary data per each shipping mode to our warehouses and from the warehouses to our retail stores and our wholesale partners. "Waste generated in operations" comprises waste generated at HUGO BOSS, disposed by third-party providers. "Business travel" emissions are derived from flight data based on comprehensive tracking, while "employee commuting" emissions are estimated using average-data methods and national statistics. "Upstream leased assets" emissions include emissions of leased retail spaces. Emissions in connection with "end-of-life treatment of sold products" are calculated using the IMPACT 2022+ LCIA method, as primary data is not available.

<sup>6</sup> The scope 3 emissions included in the total greenhouse gas emissions are not subject to the voluntary review with limited assurance according to ISAE 3000 (Revised).

"Push zero emissions" is one of HUGO BOSS' key sustainability pillars. Consequently, climate action is a top priority for us. In 2018, we signed the **Fashion Industry Charter for Climate Action** under the auspices of the **United Nations Framework Convention on Climate Change (UNFCCC)**. The charter obliges signatories to achieve **net-zero emissions by 2050**. This covers both our emissions from our own sources and those from our value chain, which are Scopes 1, 2, and 3 as defined by the Greenhouse Gas Protocol. Consequently, we have set targets to reduce **all three scopes** of emissions by **at least 50%** by 2030 relative to a 2019 baseline.

In order to achieve its climate targets, HUGO BOSS is focusing in particular on **energy saving, procurement and self-generation from renewable sources**. However, as the majority of emissions derive from Scope 3, the Company is constantly striving to **reduce the CO<sub>2</sub> emissions in its value chain**. In order to reduce CO<sub>2</sub> emissions generated in the raw material production, we have set up a strategy and targets related to the responsible sourcing of raw materials and increasing the share of RESPONSIBLE styles (meaning the Company's dedicated offering of more sustainable products). [>Sustainability Report 2023](#)