CHAPTER 2 COMBINED MANAGEMENT REPORT

The chapters "Legal Disclosures" (pp. 224–228) and "Additional Disclosures on the Combined Non-financial Statement" (pp. 309–321) are also part of the Combined Management Report.

BUSINESS ACTIVITIES AND GROUP STRUCTURE

Leading global fashion and lifestyle company with premium positioning

Portfolio strategy with two unique brands – BOSS and HUGO

Strong global footprint with >8,000 points of sale and >70 digital markets

Business activities

HUGO BOSS AT A GLANCE

4.3 Sales (EUR billion)	**>18,500** Employees[1]	**129** Countries

1 Full-time equivalents (FTE).

HUGO BOSS, headquartered in Metzingen (Germany), is a leading **global fashion and lifestyle company** in the premium segment, offering high-quality women's and men's apparel, shoes, and accessories. The Company pursues a portfolio strategy, with the HUGO BOSS platform currently consisting of two globally renowned brands – **BOSS** and **HUGO**. Both brands are clearly distinguished by individual characteristics such as design and fit. At the same time, they share equally high standards in terms of quality, innovation, and sustainability, while ensuring that consumers are perfectly dressed for every occasion. Our **"CLAIM 5" strategy** is closely linked to our vision of being the leading premium tech-driven fashion platform worldwide. At the same time, we aim to strongly drive brand relevance and market share gains. In fiscal year 2024, HUGO BOSS generated sales of EUR 4.3 billion (2023: EUR 4.2 billion). > Group Strategy

PORTFOLIO STRATEGY OF HUGO BOSS

With **BOSS**, we appeal to consumers who lead a self-determined life, show a clear attitude, and pursue ambitions with determination, embodying the motto – **"Be your own BOSS."** As a 24/7 lifestyle brand, BOSS offers the perfect outfit for every occasion – from the office and formal events to leisure and sport. In this context, the brand operates four distinct brand lines. The largest, BOSS Black, focuses on modern tailoring and smart casualwear for men and women, while the exclusive BOSS Camel line, introduced in 2022 for menswear, emphasizes high-end tailoring heritage. Casualwear products are mostly covered under BOSS Orange, while BOSS Green focuses on athleisurewear designed for an active lifestyle. Further strengthening its casualwear offering – which BOSS has gradually expanded in recent years – remains a key focus area to attract new, younger customers. At the same time, BOSS is committed to continuing to dominate formalwear by driving innovation and offering a superior price-value proposition.

HUGO targets consumers who consider their way of dressing as an expression of their individual personality – clearly representing the motto **"HUGO your way."** The brand focuses on a broad range of both commercial and contemporary products, reflecting its authentic and unconventional style. In this context, HUGO introduced its new HUGO Blue brand line in early 2024, which puts a strong emphasis on seizing business opportunities in denimwear. > Group Strategy, "Product is Key"

In addition to a broad product offering within the **seasonal BOSS and HUGO collections**, inspiring capsule collections and collaborations with well-known brands and personalities increase the relevance of both brands. In doing so, we aim to appeal primarily to a younger audience, above all millennials with BOSS and Gen Z with HUGO. To fuel brand heat while driving customer engagement, we pursue two clearly distinguished **marketing strategies**, with a strong focus on social media. In this context, we put a particular emphasis on global star-studded campaigns as well as exciting brand events. > Group Strategy, "Boost Brands," "Product is Key"

Design and development of our brands' collections is mainly carried out at our headquarters in Metzingen (Germany), while our development centers in Coldrerio (Switzerland) and Morrovalle (Italy) are responsible for specific product groups. In addition, we have granted **licenses** for the development and distribution of products including fragrances, eyewear, watches, and children's fashion. To increase speed-to-market capabilities and shorten the product development process, the majority of our products are now developed digitally. > Product Development and Innovation

In fiscal year 2024, HUGO BOSS produced 20% of its total sourcing volume at its own facilities (2023: 17%). Our five **own production sites** are all located in Europe, with Izmir (Turkey) contributing the largest share of production. In 2024, 80% of our global sourcing volume was sourced from **external contract suppliers** or procured as **merchandise** (2023: 83%). Partner operations are mainly located in Asia and Europe. > Business Operations, > Combined Non-financial Statement, Workers in the Value Chain

We aim to offer our customers a **seamless brand experience across all consumer touchpoints**, spanning brick-and-mortar retail, brick-and-mortar wholesale, and digital channels. Overall, consumers can experience and purchase BOSS and HUGO products at more than 8,000 brick-and-mortar points of sale globally (2023: around 7,800). At the same time, customers from 74 markets can shop our products online via hugoboss.com (2023: 73 markets). > Group Strategy, "Drive Omnichannel," > Consumer Touchpoints

BOSS and HUGO products are distributed across 129 countries (2023: 131 countries), with our **distribution activities divided into three sales regions**. EMEA, covering Europe, the Middle East, and Africa, represents by far the largest region in terms of Group sales with a share of 61% in 2024 (2023: 61%). The Americas and Asia/Pacific account for 24% and 13% of sales (2023: 23% and 14%), respectively, while the remaining 3% are generated within our licensing business (2023: 2%). > Earnings Development, Sales and Earnings Development of the Business Segments

Digitalization represents a key enabler for implementing our Company's vision of being the leading premium tech-driven fashion platform worldwide. Fully aligned with our strategic claim "Lead in Digital," we continue to drive the **digitalization of our business activities** and leverage the power of artificial intelligence along the entire value chain. The **HUGO BOSS Digital Campus** is at the heart of our digital activities, focused on expanding our digital analytics capabilities, strengthening our global online activities, and driving meaningful insights and efficiencies along our value chain. With regards to the latter, we are pushing ahead with our important Digital TWIN initiative, a tech-driven business operations platform intended to further increase the flexibility and transparency of our supply chain. > Group Strategy, "Lead in Digital," "Organize for Growth," > Business Operations

At HUGO BOSS, we are committed to protecting our planet and ensuring a livable future for generations to come. We therefore attribute high importance to **sustainability**, which is essential to our corporate responsibility and business activities. Our sustainability strategy aims to make a vital contribution to a planet free of waste and pollution. It ensures that our products are produced with social and environmental responsibility while maintaining the high quality and durability of our collections. Our **ambitious sustainability targets** are integral to our business and are firmly anchored in our "CLAIM 5" strategy. In doing so, we put consumers and their sustainability expectations at the core of all our activities. > Group Strategy, "Sustainable Throughout," > Combined Non-financial Statement

We aim to work with the best talents in the sector. To maintain our positioning as **one of the most attractive employers** in the fashion industry, human resource (HR) management at HUGO BOSS is dedicated to attracting, retaining, and developing top talent. At the same time, we are convinced that the passion and dedication of our more than 18,500 employees worldwide play a crucial role in the successful execution of "CLAIM 5" (2023: around 19,000). A strong commitment to empowering people and teams is therefore firmly anchored in our strategy, guided by our five HUGO BOSS values **entrepreneurial spirit, personal ownership, team mentality, simplicity & quality, and youthful spirit**. > Combined Non-financial Statement, Own Workforce

Group structure

All key management functions are based at our headquarters in Metzingen. The Group is managed by its **parent company** HUGO BOSS AG, a German stock corporation operating under a dual management and control structure. Consequently, the Managing Board is responsible for managing the Group and successfully executing the Group strategy. The activities of the Managing Board are monitored by the Supervisory Board, which is also on hand to advise the Managing Board. In addition to HUGO BOSS AG, the Group consists of **60 consolidated subsidiaries** bearing responsibility for their respective local business activity. This includes 39 subsidiaries functioning as distribution companies and four subsidiaries dedicated to production. > Notes to the Consolidated Financial Statements, Basis of Consolidation

HUGO BOSS is **structured by region**, with our business segments being EMEA, the Americas, Asia/Pacific, and the license business.

HUGO BOSS GROUP STRUCTURE

<table>
<tr><th></th><th colspan="4">Managing Board</th></tr>
<tr><td rowspan="8">Central departments</td><td colspan="2">Brand Management/Business Units</td><td colspan="2">Human Resources</td></tr>
<tr><td colspan="2">Business Operations</td><td colspan="2">Internal Audit</td></tr>
<tr><td colspan="2">Business Planning & Analysis/Risk Management</td><td colspan="2">Investor Relations</td></tr>
<tr><td colspan="2">Construction & Procurement</td><td colspan="2">IT</td></tr>
<tr><td colspan="2">Corporate Communications</td><td colspan="2">Legal/Compliance</td></tr>
<tr><td colspan="2">Design/Creative Management</td><td colspan="2">Logistics</td></tr>
<tr><td colspan="2">Finance/Tax</td><td colspan="2">Marketing</td></tr>
<tr><td colspan="2">Group Strategy</td><td colspan="2">Omnichannel</td></tr>
<tr><td>Operating segments</td><td>EMEA</td><td>Americas</td><td>Asia/Pacific</td><td>Licenses</td></tr>
<tr><td rowspan="4">Hubs
(Individual markets)</td><td>Northern Europe</td><td rowspan="4">Americas
(United States/
Canada/
Latin America)</td><td rowspan="2">China</td><td rowspan="4"></td></tr>
<tr><td>Central/Eastern Europe</td></tr>
<tr><td>Western Europe</td><td rowspan="2">Southeast Asia/
Pacific</td></tr>
<tr><td>Emerging Markets</td></tr>
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The functions established in the **central departments** of HUGO BOSS AG cover key parts of the value chain, particularly the design and creative management, product development, production, sourcing, and distribution of our collections to the respective markets. Our "CLAIM 5" strategy is designed and successfully executed on a market-level in order to ensure strong customer focus and respond dynamically to market-specific developments. The individual markets are grouped into **hubs**, with local management reporting directly to the Chief Sales Officer (CSO). In doing this, we ensure close alignment between individual markets and central functions as well as short decision-making processes. In addition, certain functions are pooled in the hubs and in the central departments across markets to make the most effective use of specialist skills and to generate cost benefits.

KEY LOCATIONS/GLOBAL MARKET PRESENCE

AMERICAS	EMEA (Europe incl. Middle East and Africa)	ASIA/PACIFIC
~2,050 Brick-and-mortar points of sale	~5,300 Brick-and-mortar points of sale	~650 Brick-and-mortar points of sale
139 Freestanding retail stores	199 Freestanding retail stores	162 Freestanding retail stores
15% Employees	72% Employees	13% Employees

Headquarters | Regional office | Digital Campus | Product development | Production | Distribution center

GROUP STRATEGY

Vision to be the leading premium tech-driven fashion platform worldwide

Driving brand relevance for BOSS and HUGO as a top priority

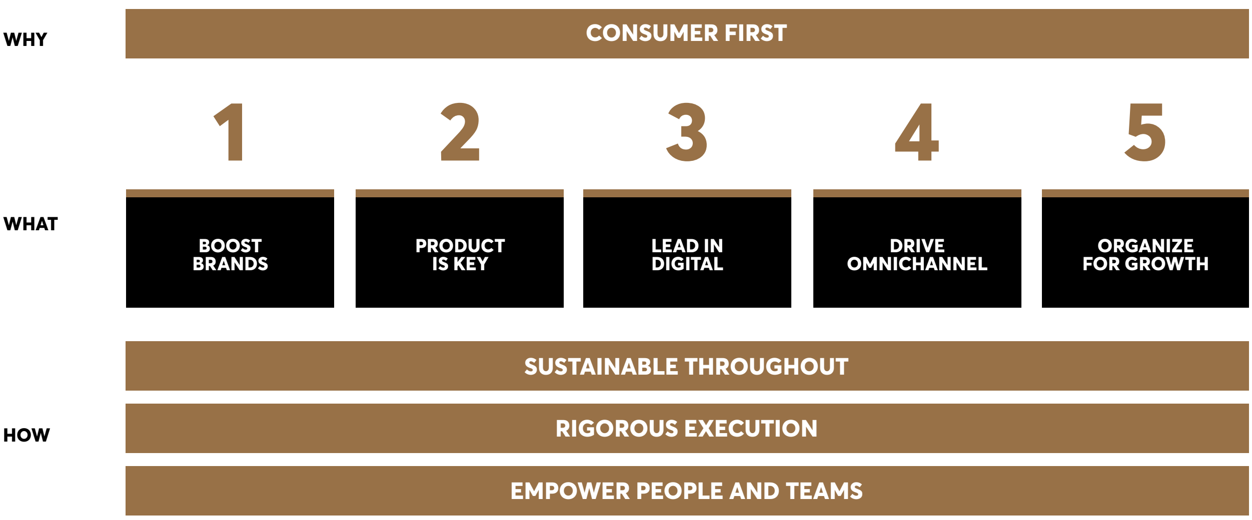
Superior growth following more than three years of successful execution of "CLAIM 5" strategy

At HUGO BOSS, we see considerable **business opportunities** in today's rapidly changing world and are committed to fully exploiting these opportunities. With our two unique brands, BOSS and HUGO, offering a broad range of premium apparel, shoes, and accessories, we are well positioned to benefit in particular from a globally growing middle and upper class. To best meet the demands of these consumer groups, we strive to further **increase the relevance of both BOSS and HUGO**, based on appealing brand initiatives, products with superior price-value proposition, and a seamless customer experience across all touchpoints. In this context, we aim to fully exploit the great potential of digitalization and further strengthen operational efficiency and effectiveness, while consistently focusing on driving sustainability.

"CLAIM 5" growth strategy

Our **"CLAIM 5" growth strategy**, introduced in August 2021, aims to sustainably increase brand relevance, drive superior top-line growth, and thus increase market shares of BOSS and HUGO by 2025. Central to this strategy is our vision of being the **leading premium tech-driven fashion platform worldwide**, reflecting our commitment to digitalization, innovation, and customer-centricity. By putting consumers at the heart of everything we do, we aim to turn them into true fans of BOSS and HUGO, fostering their loyalty in the long term. "CLAIM 5" is built on **five strategic pillars**: "Boost Brands," "Product is Key," "Lead in Digital," "Drive Omnichannel," and "Organize for Growth." It also includes a strong commitment to sustainability, a rigorous executional road map, and a firm commitment on empowering people and teams.

“CLAIM 5” STRATEGY



Following more than three years of successfully executing “CLAIM 5,” HUGO BOSS has achieved significant **progress across all five strategic priorities**. In particular, momentum for both BOSS and HUGO has accelerated noticeably, translating into **record sales for three consecutive years** and market share gains globally. Consequently, in fiscal year 2024, HUGO BOSS generated revenues of EUR 4.3 billion. At the same time, over this period, we have built a **robust organizational and operational platform**, laying a strong foundation for sustainable and profitable growth. This platform enables us to further strengthen our operational execution, enhance effectiveness, and realize substantial efficiency gains across our business. Consequently, with “CLAIM 5” we have successfully paved the way towards achieving our financial ambition of EUR 5 billion in sales as well as an EBIT margin of at least 12%.

As we advance through the **final year of our “CLAIM 5” strategy**, we remain fully committed to making further progress along our five strategic claims and leveraging global growth opportunities. In this context, we will continue investing in key strategic initiatives to further strengthen our brands and elevate customers’ connections with BOSS and HUGO. At the same time, we remain focused on further leveraging our strong operational platform and driving further cost efficiencies by rigorously managing operating expenses. This balanced approach is essential to drive robust profitability improvements in 2025 and beyond, and thus **ensure the long-term success** of HUGO BOSS. Further details on our **targets for fiscal year 2025** are presented in the Outlook section. > Outlook

CLAIM 1 – Boost Brands

To increase the relevance and perception of our brands, we pursue a **two-brand strategy**. In 2022, we comprehensively **renewed the brand images** of BOSS and HUGO as part of our branding refresh. With a bolder, younger, and more emotional appearance, momentum for BOSS and HUGO increased noticeably, leading to strong growth rates in recent years. Building on this regained brand strength, we will continue to deepen our connection with consumers as we focus on sustained engagement and customer loyalty.

To activate and engage with consumers across all touchpoints, we remain committed to investing in marketing and brand-building activities. Following a clear digital-first approach, our **marketing strategy** is centered around 360-degree brand campaigns, inspiring collaborations, unique brand events, and exciting storytelling around our products. Key highlights in 2024 included star-studded global campaigns for BOSS and HUGO as well as the launch of a multiyear strategic partnership between BOSS and global football icon David Beckham. At the same time, BOSS and HUGO hosted unique brand events – from BOSS taking center stage at Milan Fashion Week to HUGO capturing attention with its Formula 1 collaboration in Miami. Since the introduction of "CLAIM 5," we have been investing between 7% and 8% of Group sales annually in marketing (2024: 7.2%). Overall, our numerous marketing initiatives resulted in a strong **global buzz on social media and beyond**, including an increase of more than ten million followers across all platforms in recent years, while also supporting our top-line development.

CLAIM 2 – Product is Key

Our products are at the very heart of all our business activities. As part of "CLAIM 5," we successfully developed BOSS and HUGO into true **24/7 lifestyle brands**, ensuring that our customers are perfectly dressed for every occasion. To further increase the relevance of both our brands, we complement our main collections with **various capsule collections** and **high-impact collaborations**, such as our strategic partnership with David Beckham. At all times, we are committed to maintaining our **superior price-value proposition**. By ensuring premium quality and a high level of innovation and sustainability, we aim to further strengthen the positioning of BOSS and HUGO in the premium and affordable luxury segments of the global fashion market. > Product Development and Innovation

Fully in line with both brands' 24/7 lifestyle images, we are committed to leveraging our growth potential across all wearing occasions. Exploiting the full potential of **casualwear** – accounting for around 50% of Group sales – remains a key focus, while we continue to blur lines between casualwear and formalwear. In this context, HUGO BOSS has been able to seamlessly close the gap between **tailoring and sportswear** in recent years. At the same time, we keep strengthening our **formalwear** business – accounting for around 25% of Group sales – as tailoring remains firmly anchored in our Company's DNA. Through a modern interpretation and innovative product solutions, formalwear continues to offer further growth potential in the future. Our product range is rounded off by a comprehensive range of **shoes and accessories** as well as products such as bodywear and hosiery, also contributing around 25% to Group sales. Finally, our **license business** completes our 24/7 lifestyle offering with products such as fragrances, eyewear, and watches.

CLAIM 3 – Lead in Digital

Digitalization is an important enabler in delivering on our vision of being the leading premium tech-driven fashion platform worldwide. Our Group strategy therefore includes a firm commitment to further driving **digitalization along the entire value chain**. Since the introduction of "CLAIM 5," we have achieved strong progress in digitalizing important business processes and making use of artificial intelligence – from digital trend detection and product creation to our digital showrooms – while at the same time taking our online business to the next level. In particular, the ongoing digitalization of our product development is of high strategic importance. In this context, we have set ourselves the goal of developing more than 90% of our products digitally by 2025 (2024: around 65%). > Product Development and Innovation

The **HUGO BOSS Digital Campus**, spanning two locations in Metzingen (Germany) and Porto (Portugal), is at the heart of our digital journey. This co-working platform significantly expands our Company's digital analytics capabilities, and is aimed at taking customer experience to new levels through the systematic use of data. The Digital Campus puts a strong emphasis on strengthening our global online business, particularly with regard to our digital flagship hugoboss.com and its dedicated customer app. By fostering data collaboration, we aim to establish an even closer relationship with our customers, while driving valuable insights and efficiencies along the value chain. At the same time, we are linking digital and physical retail even more seamlessly to provide consumers with a best-in-class omnichannel experience.

CLAIM 4 – Drive Omnichannel

Since the introduction of "CLAIM 5," we have made substantial progress in translating our regained brand power into our various customer touchpoints, thus providing consumers with a best-in-class omnichannel experience. In this context, we are fully leveraging our high-quality channel mix on a global scale, while continuing to ensure a **seamless brand experience across all touchpoints**.

With **brick-and-mortar retail** contributing more than 50% of Group sales, this channel remains by far the largest in terms of revenues. As laid out in "CLAIM 5," we aim to improve store productivity by at least 3% per annum. Between 2021 and 2024, we achieved significant progress, achieving an average increase of 7% per year, supported by the ongoing optimization, modernization, and selective expansion of our global retail footprint. Key to this progress has been the global rollout of our latest BOSS and HUGO store concepts as well as the introduction of exciting pop-up stores, transforming our physical stores into true points of experience.

At the same time, **brick-and-mortar wholesale** is contributing around 25% of Group sales. Since the introduction of "CLAIM 5," we have noticeably increased the visibility and market presence of both our brands at key European and U.S. department stores. Across this channel, we are fully leveraging all BOSS and HUGO brand lines to deliver a true 24/7 brand experience. In addition, we are also strengthening our global franchise business, particularly in emerging markets. Since the introduction of "CLAIM 5," we added around 200 full-price franchise stores globally, bringing the total to almost 400 by the end of fiscal 2024.

Digital revenues account for 20% of Group sales. Further optimizing and expanding our global digital footprint remains key to successfully continuing our digital growth trajectory. At the same time, we are committed to continuously improving the digital journey to drive further market shares. In this context, a key milestone in 2024 was the launch of HUGO BOSS XP, an innovative omnichannel member experience, fostering customer engagement in the digital sphere. Initially rolled out in the UK, Germany, and France, the program is set to expand to additional markets in the coming years. > Consumer Touchpoints

CLAIM 5 – Organize for Growth

To ensure long-term success for HUGO BOSS, we transform our entire organization into a **platform of speed and growth**. Since the introduction of "CLAIM 5," we have successfully converted our operating model to a platform approach and implemented a streamlined, brand-led organizational setup, ensuring rigorous strategy execution at a global level.

To support long-term growth and drive further efficiencies going forward, we have stepped up **investments into our supply chain and logistics capabilities**. In 2024, we pushed ahead with the implementation of our important **Digital TWIN** initiative, which is aimed at enabling smart decision-making through a tech-driven business operations platform while being a key enabler in terms of meeting consumer demand even more effectively in the future. At the same time, we are driving forward our **nearshoring initiatives** to better align our regional sourcing and production activities with key sales markets. In 2022, we opened an additional plant at our largest factory in Izmir (Turkey) specifically dedicated to the production of casualwear. We are also expanding one of our **key logistics hubs** near our headquarters in Metzingen (Germany), significantly increasing both shipping and storage capacity. These strategic initiatives will enable us to react even faster and more flexibly in the future, meeting consumer demand in the best-possible way. > Product Development and Innovation, > Business Operations

At the same time, we have set the path for future growth by **expanding and enhancing our headquarters**, having allocated more than EUR 100 million for its upgrade, which also includes the construction of a new office building and the modernization of our employee restaurant. This investment is also aimed at increasing our employer attractiveness by creating a best-in-class workplace experience for our more than 2,500 employees at the Metzingen campus. > Combined Non-financial Statement, Own Workforce

Sustainable Throughout

Sustainability is a vital part of "CLAIM 5" – a cause that is essential to our corporate responsibility and ongoing business activities. In line with our bold commitment to support creating a planet free of waste and pollution, our **Sustainability Strategy** focuses on five key pillars that actively address big industry challenges: increasing circularity, driving digitization & data analytics, leveraging nature-positive materials, fighting microplastics, and pushing towards zero emissions. By embracing these pillars, we are paving the way towards a better and more sustainable future.

SUSTAINABILITY STRATEGY

As we aim to extend the longevity and life cycles of our products, we have set ourselves the ambitious target of having **80% circular products** by 2030. To achieve this, we have implemented various measures, including expanding our products' recycling potential. > Combined Non-financial Statement, Resource Use and Circular Economy

As part of our Group and sustainability strategies, we are digitalizing our business activities across the entire value chain and harnessing the power of data, having set the target to **develop more than 90% of our products digitally by 2025**. In doing so, we aim to minimize waste and reduce our CO_2 emissions by accurately forecasting trends and anticipating customer preferences. > Product Development and Innovation

As we recognize our Company's deep connection to functioning ecosystems, we are putting a strong emphasis on sourcing materials to reduce our environmental footprint and support biodiversity preservation. Our goal is to **source 100% of our natural materials in alignment with regenerative farming principles or through closed-loop recycling by 2030**. To reach this target, among other things, we are collaborating with Raddis Cotton, an Indian cooperative that promotes regenerative farming. > Combined Non-financial Statement, Biodiversity and Ecosystems

The widespread use of synthetic fibers is one contributor to microplastic pollution. To address this issue, we are committed to **phasing out polyester and polyamide in our products by 2030**, by exploring and leveraging true alternatives to synthetic fibers. In this context, we entered a long-term strategic partnership with Swiss innovator HeiQ to jointly develop and scale AeoniQ, a cellulose yarn that offers similar properties to polyester and polyamide. > Product Development and Innovation, > Combined Non-financial Statement, Pollution

We have set ambitious targets to reduce our carbon footprint and contribute to climate protection, as we are committed to achieving **net zero emissions by 2050**. As part of this commitment, we aim to reduce our CO_2 emissions along the entire value chain by 50% by 2030 (base year: 2019), without relying on additional offsetting. To reach these goals, among other things, we are fostering regenerative farming to significantly lower emissions in raw material sourcing and are actively working to further reduce the use of airfreight. > Combined Non-financial Statement, Climate Change

Our sustainability strategy and its five key pillars are built on a strong **environmental, social, and governance (ESG) core**, guiding all our business activities. We actively engage in numerous initiatives fostering a greener planet while promoting social and governance cohesion. In addition to **environmental protection**, we also prioritize **socially responsible production processes**. Consequently, HUGO BOSS puts a strong emphasis on ensuring the safety and well-being of its own employees and workers in our value chain. Above all, this includes attaching the utmost importance to compliance with international human and labor rights. At the same time, we are convinced that **good and responsible corporate governance** is a key factor for long-term business success. Our sustainability strategy, including its ESG core, aligns closely with the results of our **double materiality analysis**, ensuring that the topics identified as most material are incorporated in our strategic priorities. This also includes the setting of topic-specific goals and implementing targeted measures to achieve them. > Combined Non-financial Statement

GROUP MANAGEMENT

Sustainable increase in enterprise value as guiding principle of HUGO BOSS

Sales and EBIT as key performance indicators for maximizing free cash flow

Group planning, reporting, and investment controlling form core elements of Group management

Key performance indicators

HUGO BOSS aims to **sustainably increase its enterprise value**. The Group's internal management system is intended to support the Managing Board and the management of the respective business units in aligning all business activities with this objective. In order to increase its enterprise value, the Group focuses on **maximizing free cash flow over the long term**. By consistently generating positive free cash flow, the Group is confident of safeguarding the liquidity of HUGO BOSS at all times while, at the same time, facilitating the long-term growth of the business.

DEFINITION FREE CASH FLOW

	Cash flow from operating activities
+	Cash flow from investing activities
=	**Free cash flow**

Increasing **sales** and **operating profit (EBIT)** is key to improving free cash flow over the long term. In addition, a strict management of **trade net working capital** and a value-oriented **capital expenditure** approach support the development of free cash flow. HUGO BOSS has therefore identified four key performance indicators for increasing free cash flow. Unchanged to previous years, these comprise sales, EBIT, trade net working capital, and capital expenditure. The 2025 guidance for these key performance indicators and the underlying assumptions are presented in the "Outlook" section. > Outlook

FOUR KEY PERFORMANCE INDICATORS

Our "CLAIM 5" strategy focuses on **driving superior top-line growth** by exploiting the full potential of our brands across all consumer touchpoints. Over the past three years, the rigorous execution of our strategy has enabled us to drive broad-based revenue improvements with growth across brands, channels, and regions. At the same time, "CLAIM 5" aims to ensure **sustainable improvements in both profitability and cash flow generation**. All growth initiatives are therefore assessed not only for their revenue potential but also for their ability to contribute to operating profit (EBIT) and free cash flow. > Group Strategy

DEVELOPMENT OF KEY PERFORMANCE INDICATORS (IN EUR MILLION)

	2024	2023	2022	2021	2020
Group sales	4,307	4,197	3,651	2,786	1,946
Operating result (EBIT)	361	410	335	228	(236)
Trade net working capital as a percentage of sales	19.6%	20.8%	15.0%	17.2%	28.7%
Capital expenditure	286	298	192	104	80

In **fiscal year 2024**, HUGO BOSS recorded solid top-line improvements, benefiting from the strengthened brand relevance of BOSS and HUGO in recent years. The slower growth compared to previous years mainly reflects persistent macroeconomic and geopolitical challenges, which dampened consumer demand in most markets and led to a slowdown in industry growth in 2024. While the Company continued to pursue its growth opportunities, in response to this softer consumer sentiment, HUGO BOSS accelerated its focus on enhancing cost efficiency across all business areas – operations, marketing, sales, and administration – with substantial progress achieved in the second half of the year. At the same time, the Company continued to invest in key strategic initiatives to boost brand power and deepen customers' connections with BOSS and HUGO. This balanced approach was crucial for limiting the increase in operating expenses in the second half of the year, thus safeguarding profitability in 2024. Further details on the financial development of HUGO BOSS in fiscal year 2024 can be found in the chapters "Earnings Development," "Net Assets," and "Financial Position" of this Annual Report. > Earnings Development, > Net Assets, > Financial Position

DEFINITION EBIT

	Earnings before taxes
–	Financial result
=	**Operating profit (EBIT)**

For HUGO BOSS, **trade net working capital** is the most important performance indicator for managing the efficient deployment of capital.

DEFINITION TRADE NET WORKING CAPITAL

	Inventories
+	Trade receivables
–	Trade payables
=	**Trade net working capital**

Management of **inventories** and **trade receivables** is the main responsibility of our subsidiaries and the respective operating central departments. The latter are also responsible for managing **trade payables**. These three balance sheet items are primarily managed by reference to the days of inventories outstanding, days of sales outstanding, and days of payables outstanding. Besides this, there is a specific approval process for the purchase of inventories for our global retail business aimed at constantly optimizing inventory levels. This process takes into account sales quotas, expected sales growth, and anticipated markdown levels.

The senior management of HUGO BOSS is jointly responsible for driving profitable growth. As a result, the **short-term incentive program (STI)** of managers at all four management levels below the Managing Board is linked to the achievement of specific sales and EBIT targets, with trade net working capital as a percentage of sales being the third component of the STI. The compensation scheme for management at the two levels below the Managing Board also includes a **long-term incentive program (LTI)**, whose design matches that for the Managing Board. The LTI includes both financial targets and non-financial ESG (environmental, social, governance) targets. The latter is related to employee satisfaction as well as our Company's relative performance in sustainability. Consequently, the LTI is intended to ensure that senior management of HUGO BOSS pursues a sustainable business policy that is aligned to the interests of the Company. > Combined Non-financial Statement

Investment activity is primarily focused on our own retail network, the digitalization of our business model, as well as the expansion of our global logistic capacities. As part of our strategic claim **"Drive Omnichannel,"** we are further optimizing and modernizing our global store network. In line with our claim **"Lead in Digital,"** digital investments are pushed along the entire value chain – from digital product creation to digital showrooms, the continuous enhancement of our own online business, as well as our Digital TWIN initiative and general IT infrastructure. As part of our claim **"Organize for Growth,"** we are strategically expanding one of our key logistic hubs near our headquarters in Metzingen (Germany) with a planned go-live in 2026. A specific approval process exists for material investment projects. Apart from qualitative analyses, e.g., with respect to potential store locations, this also includes an analysis of each project's net present value. > Financial Position, Capital Expenditure, > Group Strategy

HUGO BOSS is confident to generate strong **free cash flow** also in the future. This is to be supported by ongoing rigorous management of trade net working capital and the efficient use of capital expenditure. The majority of free cash flow will either be reinvested into the Company or distributed to shareholders via regular dividend payments. In doing so, HUGO BOSS is pursuing a **profit-based dividend** policy aimed at allowing shareholders to participate appropriately in the Group's earnings development. As part of "CLAIM 5," the Company's payout ratio is defined in a range of between 30% and 50% of net income attributable to shareholders (2024: 45%). In line with our vision of being the leading premium tech-driven fashion platform worldwide, we are also considering **strategic investments in the medium-term**. In addition, in the event of excess liquidity, we also consider share buybacks as a viable alternative to return cash to our shareholders. We analyze our balance sheet structure at least once a year to determine its efficiency and ability to support future growth and to simultaneously provide sufficient safety if the Company's business performance falls short of expectations. In 2024, rating agencies Standard & Poor's and Moody's reiterated their positive stance towards the financial strength of HUGO BOSS, thus confirming our **investment-grade ratings**. S&P rates the Company "BBB" while Moody's assigns a "Baa2" rating. > Financial Position, Capital Structure and Financing

HUGO BOSS is **structured by region**, with our business segments being EMEA, the Americas, Asia/Pacific, and the license business. Within the three regions, individual markets are grouped into hubs, with local management reporting directly to the Chief Sales Officer (CSO), while the global license business is part of the Chief Executive Officer (CEO) resort. This ensures close alignment between markets and central functions as well as efficient decision-making processes. Further details on the financial development of the business segments in fiscal year 2024 can be found in the chapter "Earnings Development." > Earnings Development, Sales and Earnings Development of the Business Segments

Core elements of the Group's internal management system

The Group's planning, management, and monitoring activities focus on optimizing the key performance indicators described above. The **core elements of our internal management system** are Group planning, Group-wide financial reporting, and investment controlling.

Group planning at HUGO BOSS generally refers to a rolling multiyear period and is prepared as part of the annual, Group-wide budget process, taking into account the current business situation and our underlying Group strategy. Based on targets set by the Managing Board, our Group's subsidiaries prepare sales, operating profit (EBIT), and investment budgets as well as forecasts for trade net working capital for their respective markets or divisions. Based on this, our product development and sourcing units derive mid-term capacity planning. Business Planning & Analysis, which reports into the Chief Financial Officer/Chief Operating Officer (CFO/COO), reviews these plans for plausibility and aggregates them to form the overall Group planning. The latter is updated on a regular basis, taking into account the actual business performance as well as any opportunities and risks.

Additionally, HUGO BOSS regularly conducts **liquidity** assessments, based on the expected cash flow development for any given year. This aims to identify financial risks at an early stage and to take appropriate measures concerning financing and investment requirements. > Financial Position

On a monthly basis, the Managing Board and management of the Group subsidiaries are informed about the operational business performance through standardized, IT-enabled reports of varying detail, supplemented by ad hoc analyses. Actual data compiled by our **Group-wide, IT-based reporting system** is compared against budget data on a monthly basis. Any deviations are analyzed and planned countermeasures are discussed. Developments with a significant impact on the Group's net assets, financial position, and results of operations are immediately reported to the Managing Board. In addition, dashboards offer real-time insights into key financial and operational performance indicators.

The Company is particularly focused on **monitoring early indicators** suitable for obtaining an indication of future business performance. In this context, the sales performance in our own retail business, the wholesale order intake, and the performance of our replenishment business are analyzed on a regular basis. To provide even more immediate insights, a dedicated mobile app enables the Managing Board and senior management to track the Company's top-line performance on a daily basis. In addition, benchmarking against relevant competitors is performed at quarterly intervals. The continuous monitoring of early indicators is intended to enable us to identify deviations from the budget at an early stage and take appropriate countermeasures.

The Group's **investment controlling** appraises planned investment projects with respect to their contribution to our Company's overall profitability targets. This ensures that projects are only launched in case of an expected positive contribution to the Group's overall profitability ambition. In addition, subsequent analyses are conducted at regular intervals to verify the profitability of projects that have already been realized. Appropriate countermeasures are taken in the event of any negative deviations from the initial profitability targets.

In light of the elevated market uncertainty weighing on industry development in 2024, the last fiscal year saw a **particularly close dialog** between the Managing Board, Business Planning & Analysis, and the management of our central divisions and subsidiaries. Corporate planning was regularly reviewed and updated throughout the year, with particular attention paid to the various macroeconomic factors and their implications on our operational performance. Against this backdrop, HUGO BOSS adjusted its top- and bottom-line outlook for fiscal year 2024 in July. At the same time, the Company implemented additional cost measures to enhance efficiency and effectiveness across its business, aimed at limiting the increase in operating expenses. As a result, the Company successfully achieved its updated targets for fiscal year 2024. > Comparison of Actual and Forecast Business Performance

COMPARISON OF ACTUAL AND FORECAST DEVELOPMENT OF KEY PERFORMANCE INDICATORS

	Results 2023	Adjusted forecast 2024[1]	**Results 2024**
Group sales	EUR 4,197 million	Increase of 1% to 4% to EUR 4.20 billion and EUR 4.35 billion	Increase by 3% to EUR 4.3 billion
Operating result (EBIT)	EUR 410 million	EUR 350 million to EUR 430 million	Decrease by 12% to EUR 361 million
Trade net working capital as a percentage of sales	20.8%	Improvement to a level approaching 20%	Improvement by 120 basis points to 19.6%
Capital expenditure	EUR 298 million	Around EUR 300 million	Decrease by 4% to EUR 286 million

1 As adjusted on July 15, 2024. Further details, including the initial forecast as published on March 7, 2024, can be found in the chapter "Comparison of Actual and Forecast Business Performance."

PRODUCT DEVELOPMENT AND INNOVATION

Digital product development of high strategic relevance

Focus on innovative materials to further drive performance and sustainability

Capsule collections and collabs to drive excitement among BOSS and HUGO

At HUGO BOSS, we put strong efforts on developing collections and products that meet the highest customer demands in terms of design and quality, as well as innovation and sustainability. These principles are firmly embedded in our strategic claim **"Product is Key,"** which puts consumers and our products at the center of all our activities. As part of our "CLAIM 5" strategy, we are committed to further optimize **the price-value proposition** to guarantee **highest quality**, a superior degree of **innovation and sustainability**, and features that enable our brands to clearly distinguish themselves from the competition. The potential of digitalization is to be fully leveraged throughout the entire product development process. Inspiring capsule collections and high-impact collaborations with renowned brands and personalities are also intended to spur the relevance of BOSS and HUGO while driving excitement among both brands. > Group Strategy, "Product is Key"

The design and product development process at HUGO BOSS involves the transformation of a creative idea into a commercial product. The work is carried out at our **three development centers** in Metzingen (Germany), Coldrerio (Switzerland), and Morrovalle (Italy). While the majority of our collections are developed at the Group headquarters in **Metzingen**, the **Coldrerio** site is mainly responsible for the development of the product categories shirts, knitwear, shoes and accessories, as well as bodywear and hosiery. In **Morrovalle**, we develop high-quality shoes and leather accessories.

Product development process

In line with our strategic claim "Lead in Digital," we have significantly expanded the **digitalization of our product development process** in recent years, largely replacing the conventional process. It enables us to operate more flexibly across the entire value chain and consequently adapt more effectively and quickly to changing consumer trends and customer demand. At the same time, we are convinced that the ongoing digitalization of product development will also contribute positively to our **sustainability ambitions**, as it allows for predicting trends more accurately, better anticipating customer preferences, and further reducing the need for physical samples, thus minimizing waste and reducing CO_2 emissions. Overall, we have set ourselves the goal of developing more than 90% of our products digitally by 2025. In fiscal year 2024, the proportion of **digitally developed products** amounted to around 65% (2023: around 65%).

The product development process starts with the **creative idea** that is transformed into specific designs and collections. In this context, we take into account sell-through rates of previous collections, feedback from wholesale partners and customers, as well as AI-driven insights, thereby also putting a strong emphasis on further reducing the complexity of both brands' collections. The **conventional product development process** sees our design teams' creative ideas tailored in the pattern-design phase, followed by technical product development turning models into prototypes and testing their suitability for the industrial production process. This step is followed by the manufacture of sample collections. The **digital product development process**, on the other hand, allows all these steps to be realized digitally, from drafting first sketches to selecting materials using 3D styles. In addition, virtual try-ons are realized with avatars, strongly focusing on performance, fit, as well human-realism. In this context, the evolution of immersive 3D simulations with innovative software solutions led to a further expansion of digital development to additional product groups in recent years. **Basic and core products**, such as never-out-of-stock items, are designed to remain part of our collections for multiple seasons, as they are not tied to seasonal or fashion-driven trends. Once production has been completed, the collections are ready to be sold via our physical and digital distribution channels. In this context, digitally developed styles are also of high importance – for example, when selling our collections to wholesale partners via digital showrooms or offering "virtual try-ons" to our customers at hugoboss.com. > Group Strategy, "Sustainable Throughout"

Key areas of product innovation

As part of our "CLAIM 5" strategy, we are committed to unlocking the full potential of BOSS and HUGO by perfectly dressing our customers 24/7 and for every occasion. **Driving casualization** along our collections and further optimizing **wearing comfort** through the increased use of innovative materials are of particular importance and thus a key area of product innovation. With BOSS, we continue to drive innovation particularly within our **athleisurewear** offering as part of BOSS Green. In 2024, we launched selected functional capsule collections, for example with tennis player Matteo Berrettini, runner Alica Schmidt, and our dedicated BOSS Ski capsule. At the same time, our **BOSS Performance** product range further elevates our BOSS Black assortment, combining traditional formalwear outfits with innovative sportswear elements, thereby perfectly matching the needs of our customers. It ranges from super-stretchable and machine-washable styles to lightweight, wrinkle-free, and water-repellent products that make travelling even more comfortable. In 2024, we further implemented performance functionalities into our broader product range, growing its share to around one third of revenues generated as part of our BOSS formalwear assortment. On top of that, we expanded our product portfolio by introducing the new brand line **HUGO Blue** in early 2024. With a strong focus on denimwear, HUGO Blue is dedicated to leveraging the full potential of the HUGO brand, with jersey, knitwear, outerwear pieces, and accessories completing the offering. > Group Strategy, "Product is Key"

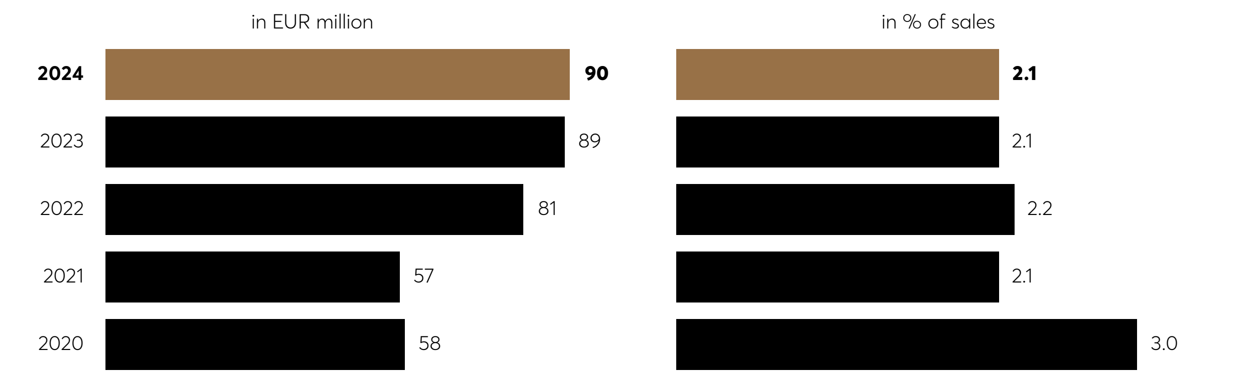
We are fully committed to living up to growing customer expectations in terms of **sustainability**. To this end, we increasingly rely on innovative, sustainable materials and manufacturing techniques when developing our collections. As part of our long-term strategic partnership with Swiss innovator **HeiQ**, we are focusing on the joint development and production of AeoniQ, a sustainable, circular, and recyclable cellulose yarn, with the aim of replacing environmentally harmful polyester and polyamide. In this context, as part of our "The Change" initiative, in 2024 we successfully launched the first BOSS sneakers made of AeoniQ. Going forward, leveraging these initiatives is set to support our goal of enabling 80% of BOSS and HUGO apparel products to become circular by 2030, which is firmly anchored in our sustainability strategy. > Group Strategy, "Sustainable Throughout"

The four main collections of BOSS and HUGO are designed to offer customers both a broad range of core products as well as a variety of seasonal and particularly fashion-conscious styles. Besides these main collections, we team up with other well-known brands and personalities to create **inspiring capsule collections** and **high-impact collaborations**. In doing so, we want to constantly increase the relevance of BOSS and HUGO and excite consumers all over the globe. In 2024, BOSS entered into a strategic, multiyear design collaboration with David Beckham. Kicking off with the Spring/Summer 2025 collection, the partnership includes capsule and seasonal collections designed and curated by David Beckham, embodying both formal and casual menswear signature styles as part of our 24/7 premium lifestyle positioning. In addition, BOSS collaborated with strong partners including Porsche and the American football league NFL, while HUGO teamed up with Formula One's Racing Bulls in 2024. Exceptional collaborations like these will continue to play a key role in attracting new and younger consumers and fully unlocking the potential of both brands.
> Group Strategy, "Product is Key"

Key R&D figures

The **research and product development (R&D) departments** of HUGO BOSS are staffed primarily by fashion and 3D designers, tailors, shoe and clothing technicians, and engineers. As of December 31, 2024, the number of employees in this area totaled 731 (2023: 751).

RESEARCH AND PRODUCT DEVELOPMENT EXPENSES



At EUR 90 million, our R&D expenses in 2024 remained broadly on the prior-year level (2023: EUR 89 million). At 75%, personnel expenses accounted for the vast majority of **R&D expenses** last fiscal year (2023: 71%), with the remainder being primarily composed of other department expenses. In 2024, R&D costs were again mostly recognized as expenses at the time they were incurred. In addition, production-related development expenses are included in the cost of conversion of inventories. No development expenses were recognized as internally generated intangible assets due to the predominantly short product life cycles.

BUSINESS OPERATIONS

Strategic focus on driving efficiency gains in sourcing and production

Digital TWIN of supply chain to support growth and traceability

Investments in global logistics network to ensure long-term growth

Robust and efficient operational platform

As part of our "CLAIM 5" strategy, we are striving to generate broad-based growth across brands, regions, and consumer touchpoints. A robust and efficient operational infrastructure thereby forms the basis for supporting our long-term growth ambitions. At the same time, the sourcing and production of high-quality products are crucial for meeting high customer expectations on design, functionality, comfort, longevity, and sustainability. In addition to ensuring these quality characteristics, we are constantly striving for best-in-class solutions to further **increase the resilience, efficiency, and flexibility** of our global sourcing and production activities. Consequently, as part of our strategic claim **"Organize for Growth,"** in recent years we have optimized and increased the flexibility of our sourcing and production activities to create a strong platform for growth and speed-to-market. > Group Strategy, "Organize for Growth"

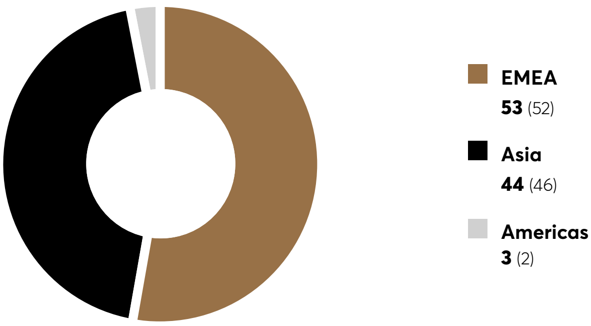
Fully leveraging our robust operational platform built in recent years will remain a key priority for HUGO BOSS going forward. Therefore, we continue to put strong emphasis on optimizing end-to-end operations, significantly improving effectiveness, and driving efficiency across our supply chain. Already in 2024, significant strides were made, including realizing **greater economies of scale** through strategic price negotiations supported by increased order volumes. At the same time, we were successful in further **optimizing vendor allocation** and **improving freight modes**. Notably, HUGO BOSS successfully reduced its reliance on airfreight to historically low levels in 2024, despite persistent supply chain disruptions. This highlights our commitment to balancing cost-efficiency with operational excellence while emphasizing sustainable sourcing practices. Looking ahead, HUGO BOSS is committed to further reducing airfreight dependence while **ensuring on-time product availability**. Altogether, these measures will continue to strengthen our operational capabilities, while they are also expected to provide tailwind to gross margin development in the coming years. > Earnings Development, Income Statement

The further **digitalization along our value chain** is a key priority, enabling us to respond even faster to changing market trends and better meet customer demand. Therefore, in 2024, we continued to push ahead with the implementation of our **Digital TWIN**, which serves as the backbone for our growth journey by fostering a smart, tech-driven value chain. As part of the TWIN program, we are focused on enhancing real-time data utilization, streamlining business operations processes, and enabling intelligent decision-making. By creating a digital copy of our supply chain and leveraging the potential of AI, we aim to further **improve demand and supply planning** and better align our various planning activities across the entire business. This, in turn, is intended to provide the most accurate procurement of products and fabrics, both in terms of timing and quantity. Along with efficient logistics planning and a smart inventory allocation, we want to ensure that customer demand is met even more effectively, while simultaneously benefiting from lower cost and **higher full-price sell-through**. At the same time, increased transparency fosters **end-to-end product traceability**, which is also fully in line with our sustainability ambitions. Building on the success of initial pilot projects, we were able to roll out key traceability features to a large majority of our supply chain partners worldwide in 2024. This achievement significantly strengthens transparency across our entire supply chain, with additional progress anticipated in 2025.

Sourcing volumes and regional split

In terms of value, 20% of the total **sourcing and production volume** in 2024 was produced at our own production facilities (2023: 17%), reflecting the further strengthening of our largest own production facility in Izmir (Turkey). Consequently, the remaining 80% of products were sourced from independent contract suppliers or sourced as merchandise (2023: 83%).

REGIONAL SPLIT OF SOURCING AND PRODUCTION VOLUME (IN %)



2024 (2023)

HUGO BOSS attaches great importance to a **regionally balanced strategic sourcing mix** to minimize risks such as local or regional capacity shortfalls as far as possible. In 2024, 53% of our merchandise was sourced in **EMEA**, representing a slight increase compared to last year (2023: 52%). In line with our strategic ambition of further promoting **"nearshoring,"** we have set ourselves the goal of aligning our regional sourcing activities even closer with our sales markets, aimed at ensuring shorter lead times and increasing speed-to-market capabilities. In this context, we aim to keep the share of our sourcing activities in EMEA at a level of around 50% also in the years to come. With a share of 26% of our global sourcing and production volume (2023: 26%), **Turkey** not only accounts for about half of our European sourcing activity, but also represents by far the largest sourcing market for HUGO BOSS. Our own production in Izmir accounts for 17% of the global sourcing and production volume in 2024 (2023: 15%). Besides Turkey, **Portugal**, **Bulgaria**, and **Italy** also represent relevant sourcing markets within EMEA.

At 44%, the **Asian** share of our global sourcing and production volume further decreased in 2024 (2023: 46%), fully in line with our medium-term ambition of around 40%. Within Asia, **Bangladesh** and **Vietnam** represent the largest sourcing markets, accounting for 11% and 8% of our global sourcing and production volume, respectively (2023: 8% and 13%). At the same time, we meaningfully reduced the share of our global sourcing and production volume in **China** in recent years, now accounting for only 7% (2023: 10%), down from more than 20% a few years ago.

To benefit from the proximity to the important U.S. market and enhance flexibility, we are also committed to strengthening our sourcing footprint in the **Americas**. While the latter currently stands at 3% (2023: 2%), it is our ambition to increase the share towards a level of around 10% in the years to come. In this context, we achieved further progress in onboarding new suppliers in 2024, mainly located in **Peru**.

Own production as a competitive advantage

As part of "CLAIM 5," we significantly expanded our own production capacity in recent years. In addition to greater **independence from external factors**, this allows us to react more quickly and flexibly to any changes in customer demand and to fully leverage in-season replenishment opportunities. In addition, it enables us to gain important expertise in the further development of production technologies and quality standards. Our five **own production facilities** are located in Izmir (Turkey), Metzingen (Germany), Radom (Poland), Morrovalle (Italy), and Coldrerio (Switzerland).

Our **largest own production site, in Izmir, extended with a fourth factory** in 2022, plays a key role in this. Initially focused on the manufacturing of formalwear, the Izmir site now dedicates more than 25% of its production volume to casualwear, covering product categories such as trousers, jackets, and jersey (2023: around 20%). Today, Izmir thus accounts for around 10% of our global casualwear sourcing, having significantly expanded the share in recent years (2023: more than 5%). This enables us to react flexibly to changes in consumer demand also in this important segment.

Our production site in **Metzingen** mainly produces products for BOSS Camel, including tailored BOSS "Made to Measure" suits, along with prototypes and sample styles as part of the conventional product development process. Business shoes and sneakers are the main focus of production in **Radom** and **Morrovalle**, while BOSS "Made to Measure" shirts are produced in **Coldrerio**. > Product Development and Innovation

Network of experienced and specialist suppliers

To ensure excellent processing quality and high product availability, HUGO BOSS works together with a **network of experienced and specialist suppliers**. In fiscal year 2024, we sourced finished goods from a total of 200 external **Tier 1 suppliers** (2023: 205) operating 271 production facilities (2023: 267). In addition, we procured fabrics and trimmings from 382 external **Tier 2 suppliers** (2023: 371) operating 411 production facilities (2023: 397).

HUGO BOSS fosters **long-term strategic partnerships** with its suppliers, with relationships averaging more than ten years. In this context, we see ourselves as a strong partner, supporting suppliers in the further development and professionalization of processes and workflows. Alongside economic criteria, we attach great importance to environmental and social aspects in the selection of suppliers. The cooperation is based on respect for human rights, compliance with applicable working standards, and occupational health and safety, with the **HUGO BOSS Supplier Code of Conduct** forming the framework for all supplier relationships. More information can be found in the chapter "Combined Non-financial Statement." > Combined Non-financial Statement, Workers in the Value Chain

Ongoing expansion of own logistics infrastructure

Our inventory storage is centered on selected sites, primarily operated by HUGO BOSS. Our distribution centers for hanging goods, flat-packed goods, and the Company's global online business, all located in proximity to the headquarters in Metzingen, form the core of our **Group-wide logistics network**. The latter is supplemented by selected local or regional warehouses, including our own warehouse in Savannah (USA) and those operated by third parties, for example in China or the UK.

To support future growth, already in 2023, HUGO BOSS began stepping up **investments into its logistics network**, aiming to increase unit capacity from currently around 65 million to around 90 million in the medium term. In particular, we are significantly **expanding our largest central distribution center** in Germany. As part of this multiyear project, we are investing more than EUR 100 million, with a strong focus on the further digitalization and automatization of processes, and the implementation of state-of-the-art robotics solutions. Scheduled for completion by 2026, the expansion aims to increasing our warehouse's shipping and storage capacity by around 75%, allowing us to drive further efficiencies on the logistics side.

CONSUMER TOUCHPOINTS

Omnichannel strategy encompasses brick-and-mortar and digital business

Seamless brand experience across all consumer touchpoints

Innovative customer loyalty program HUGO BOSS XP launched in 2024

As a global fashion and lifestyle company, HUGO BOSS has built a strong distribution footprint in recent years with more than 8,000 consumer touchpoints around the globe. By moving to where consumers expect us to be, we ensure being omnipresent both physically and digitally. Fully in line with our premium lifestyle positioning, HUGO BOSS aims to provide a **superior shopping experience** and a best-in-class omnichannel journey to consumers all around the globe. Our own retail business plays a key role in this context. Offering a brand-led shopping experience and a first-class customer service, it enables us to directly interact with our customers and turn them into true fans of BOSS and HUGO.

Since the introduction of “CLAIM 5” in 2021, HUGO BOSS achieved substantial progress in translating the brand power of BOSS and HUGO into all consumer touchpoints – from brick-and-mortar retail and brick-and-mortar wholesale to our digital touchpoints. With each channel fulfilling specific customer needs, today, we are providing a **seamless and consistent omnichannel experience**. In doing so, we aim to leverage brand power across all points of sale and thus continuously optimize our distribution network.

Distribution formats

HUGO BOSS OMNICHANNEL DISTRIBUTION

EXPLORE ONLINE

Brick-and-mortar retail	Brick-and-mortar wholesale	Digital
Freestanding stores Self-operated full-price stores in prime locations	**Multi-brand points of sale** General selling space in multi-brand stores	**Online store hugoboss.com** Digital flagship store with separate brand environments for BOSS and HUGO
Shop-in-shops Self-operated full-price shops on retail space of partners	**Shop-in-shops** BOSS and HUGO shops operated by partners	**Partnerships with online retailers** Own distribution on multi-brand platforms via the concession model
Factory outlets Sale of prior season´s merchandise in specialist stores in high-traffic peripheral zones	**Franchise business** Full-price BOSS and HUGO stores operated by partners	**Online distribution via partners** Online distribution of BOSS and HUGO by partners

Brick-and-mortar retail

Our **brick-and-mortar retail business** represents by far the largest channel for HUGO BOSS, accounting for 52% of Group sales in 2024 (2023: 54%). In total, we are operating 1,532 own brick-and-mortar points of sale (2023: 1,418), with a variety of omnichannel services closely linking brick-and-mortar retail with our digital business. With a strong focus on prime retail destinations, we are operating a total of 500 **freestanding stores** globally (2023: 489). Our freestanding full-price retail stores allow consumers to experience our brands and products in a superior shopping environment, reflecting the essence of BOSS and HUGO. With their experiential store designs, a brand-led shopping experience, and a strong focus on in-store digitalization, we want our stores to be THE place to be for our customers. To surprise and connect with BOSS and HUGO fans around the globe, in addition, we regularly take over exciting locations with engaging pop-ups and hospitality concepts, such as the BOSS House on Bali, allowing for a physical and digital experience, or our BOSS pop-up store on Mykonos in 2024. In addition, we run self-managed **factory outlets**, allowing us to introduce our brands to more value-seeking consumers, as well as self-managed **shop-in-shops** in department stores as part of the concession model. In the past years, we successfully expanded our shop-in-shop business to strengthen our brands' presence with key retail partners, first and foremost in the U.S. market.

To exploit the full potential of our brick-and-mortar retail business, **improving the productivity** of our store network is of particular importance. In this context, as part of our "CLAIM 5" strategy, we aim to increase store productivity by at least 3% per year, having achieved an average increase of 7% between 2021 and 2024. This is supported in particular by the ongoing optimization and selective expansion of our global retail footprint across key markets. Additionally, we are continuously enhancing and simplifying the **in-store shopping journey** for our customers. In this context, we are advancing with the rollout of our more appealing, more digital, and more productive **store concepts for BOSS and HUGO**, which are aimed at further enhancing the customer experience and developing our stores into true points of experience. Overall, as of December 31, 2024, the majority of our BOSS and HUGO freestanding stores worldwide have been refreshed or equipped with the latest store concepts, including key **halo stores** in Düsseldorf, London, Dubai, and Shanghai. Halo stores are of great importance, as they provide a superior and comprehensive brand experience in key metropolitan areas that further inspire and engage with consumers. > Group Strategy, "Drive Omnichannel," > Earnings Development

Brick-and-mortar wholesale

Our brick-and-mortar wholesale business accounted for 26% of Group sales in 2024 (2023: 25%), thus also representing an important distribution channel for HUGO BOSS. With this channel, we are mainly addressing consumers who prefer to discover and enjoy a variety of brands, while it also enables us to reach out to customers in smaller markets. While department stores and specialist retailers sell BOSS and HUGO products either in separate **shop-in-shops** or in a **multi-brand environment**, **franchise partners** operate mono-branded freestanding stores independently, primarily in emerging markets not served by our own retail business. In total, our wholesale business comprises around 6,500 brick-and-mortar points of sale, including around 400 freestanding stores managed by franchise partners (2023: around 6,400 brick-and-mortar points of sale including around 350 franchise stores). We sell our collections to wholesale partners via 12 **showrooms** globally. In 2024, HUGO BOSS opened up new showrooms in Düsseldorf and Paris, offering wholesale partners a premium environment. On top of that, we are also leveraging our digital showrooms, offering a seamless and expedited sales process, while simultaneously fostering sustainability and efficiency within wholesale.

As part of "CLAIM 5," and supported by strong demand from key wholesale partners, both our brands significantly increased **visibility and market presence** at key European and U.S. department stores in the past three years. Also going forward, with a particular focus on our **most important wholesale partners**, we aim to fully leverage all BOSS and HUGO brand lines to deliver a true 24/7 brand experience in the multi-brand environment. At the same time, **strengthening our global franchise business** particularly in emerging markets represents another focus area.

Digital

Our **digital touchpoints** – from our own online flagship **hugoboss.com**, to our **online concession** business, as well as **digital wholesale** – contributed 20% of Group sales in fiscal year 2024 (2023: 19%). Having achieved strong growth since the introduction of "CLAIM 5," sales generated in our digital business more than doubled. Our own online flagship hugoboss.com plays a key role in this context, offering a first-class digital shopping experience and direct access to BOSS and HUGO customers across 74 markets (2023: 73 markets). Over the past three years, we significantly increased traffic on our website, driven by the successful relaunch of hugoboss.com, the expansion of our digital presence around the globe, and by establishing our relaunched **customer app** as one connected touchpoint. The latter includes key features such as virtual product try-ons or AI-enabled chatbots. Also in 2024, we achieved further progress in enhancing the digital experience at hugoboss.com, now fully reflecting our two-brand strategy.

To exploit the full potential of our digital business, we are constantly striving to improve the **online journey** for our customers. In this context, we aim to further elevate the user experience by pushing mobile, social, and i-commerce. In this context, further **driving traffic and conversion** at hugoboss.com remains a top priority, mainly by delivering a next-level digital experience with desirable storytelling, localized content, and a personalized customer journey. At the same time, we are committed to further fostering **growth with digital partners**.

Customer loyalty

HUGO BOSS aims to turn consumers into fans. By putting a strong emphasis on retaining and accompanying our most valuable customers, in 2024 we implemented our next-level **loyalty program HUGO BOSS XP**. This hyper-personalized omnichannel member experience is centered around our hugoboss.com app. Harnessing the latest technologies, such as blockchain, Web3, or NFTs, HUGO BOSS XP aims to building brand loyalty and set a new industry benchmark for customer engagement. At the same time, by closely engaging with our customers, the program focuses on boosting member sales, thus driving **customer lifetime value**.

HUGO BOSS XP was first launched in the UK in June 2024, followed by Germany and France in October. With the aim of further deepening and expanding our existing customer relationships, but also attracting new BOSS and HUGO customers, we will continue its **global rollout** in the coming years, with the important U.S. market as well as China to be tapped into during 2025. In 2024, fueled by the introduction of HUGO BOSS XP, we strongly increased our member base by around 25% to more than ten million (2023: more than eight million).

COMBINED NON-FINANCIAL STATEMENT

Sustainability is an integral part of HUGO BOSS business activities

Numerous ESG activities aim to generate added value for our stakeholders

Statement includes ESG information assessed as material according to ESRS

HUGO BOSS considers its diverse sustainability initiatives as both a crucial **corporate responsibility** and a prerequisite to inspire customers and thus further strengthen its position as a leading global premium fashion platform. We are equally committed to protecting our environment, living up to social and societal expectations, and practicing responsible corporate governance. In doing so, our **numerous environmental, social, and governance (ESG) activities** aim to generate added value for our Company, employees, shareholders, customers, business partners, and society, thus contributing to the long-term success of HUGO BOSS.

About this combined non-financial statement

Directive (EU) 2022/2464 on sustainability reporting (Corporate Sustainability Reporting Directive, CSRD) came into force on January 5, 2023, with a deadline for implementation into national law by EU member states set for July 2024. However, by December 31, 2024, several member states, including Germany, had not yet completed this implementation. As a result, regarding fiscal year 2024 reporting, the existing legal framework continues to apply to listed German companies. Consequently, as a company subject to the **Non-Financial Reporting Directive (NFRD)**, HUGO BOSS publishes this combined non-financial statement for fiscal year 2024, consistent with previous years.

In accordance with Sec. 315b and 315c of the German Commercial Code (HGB), in conjunction with Sec. 289b to 289e HGB, this combined non-financial statement for HUGO BOSS AG and the HUGO BOSS Group provides comprehensive information on our sustainability activities for fiscal year 2024. It comprises the material disclosures for our Company related to **environmental matters, employee matters, social matters, respect for human rights, anti-corruption and bribery matters**, and the **EU Taxonomy**.

This combined non-financial statement was prepared in partial application of Set 1 of the **European Sustainability Reporting Standards (ESRS)** as a framework in accordance with Section 289d HGB. The originally planned full application of the ESRS was not realized by HUGO BOSS due to the lack of legal implementation. The content included in this statement is based on a **double materiality assessment (DMA)** that was conducted in accordance with the respective ESRS requirements. The analysis has indicated that nine of the ten ESRS topics are generally considered material for HUGO BOSS in fiscal year 2024. However, the content included in this combined non-financial statement does not fully reflect the results of the DMA. The "Overview of ESRS Disclosure Requirements" in the section "Additional Disclosures on the Combined

Non-financial Statement" provides detailed information on the presence and scope of **ESRS disclosure requirements**. The information disclosed in accordance with ESRS is based on the current interpretation of the standards. > Additional Disclosures on the Combined Non-financial Statement

This combined non-financial statement has been prepared on a consolidated basis, with the **scope of consolidation** aligned with our 2024 financial statements. Therefore, the consolidated quantitative ESG data includes the parent company HUGO BOSS AG and all subsidiaries under its control. Unless otherwise noted, the disclosures made in this statement reflect equally the **perspective of HUGO BOSS AG and that of the Group**. > Notes to the Consolidated Financial Statements, Basis of Consolidation

Any **references to information outside the combined non-financial statement** – except for references to the chapter "Business Activities and Group Structure" as part of the combined management report – are information going beyond the mandatory disclosures under HGB and do not form part of the statement. In accordance with the applicable legal framework, the combined non-financial statement was subject to a **voluntary review with limited assurance** according to ISAE 3000 (Revised). > Limited Assurance Report of the Independent Auditor Regarding the Combined Non-financial Statement

Governance

HUGO BOSS is managed by its parent company HUGO BOSS AG, which – as a German stock corporation – has a dual management and control structure. Consequently, the **Managing Board** is responsible for managing the Group and successfully executing the Group strategy. The activities of the Managing Board are monitored by the **Supervisory Board**, which is also on hand to advise the Managing Board. More information on the boards' composition and governance structure can be found in the Corporate Governance section of this Annual Report. > Corporate Governance and the Corporate Governance Statement

The overall responsibility for the sustainable development of HUGO BOSS lies with the Managing Board. This also includes monitoring, managing, and overseeing ESG impacts, risks, and opportunities along the Company's value chain. Strategic responsibility is assigned to the Group Strategy and Corporate Development division, which reports directly to the **Chief Executive Officer (CEO)**. This division is also responsible for the setting of ESG targets and for monitoring progress towards them. The Managing Board and Supervisory Board monitor the objectives set and are regularly informed of the progress achieved. Operational responsibility along the supply chain as well as responsibility for central risk management and internal controls lies with Business Operations. Group Finance & Tax is responsible for Group-wide ESG data collection, consolidation, and validation, while Investor Relations is responsible for ESG reporting. Compliance and human rights issues are addressed by our Compliance & Human Rights department as part of our central Legal division. All four divisions report to the **Chief Financial Officer (CFO)/Chief Operating Officer (COO)**. The CFO/COO also assumes responsibility for our central **Sustainability Committee**, which consists of representatives of our main business areas involved in sustainability topics and drives relevant decision-making processes in sustainability. It oversees the implementation of our sustainability strategy and serves as a dialog forum for current developments and best practices. The committee dealt with a variety of issues in 2024, including progress on our sustainability strategy, ESG reporting, and regulatory requirements, including those of the CSRD.

The Managing Board of HUGO BOSS has overall responsibility for an effective **risk management system**. On its behalf, the central Risk Management and Internal Controls department coordinates the execution and continuous development of the risk management system. Monitoring the effectiveness of the risk management system is the responsibility of the Supervisory Board of HUGO BOSS. This task is exercised by the Audit Committee of the Supervisory Board with the involvement of the Internal Audit department. As part of the reporting process, HUGO BOSS has not identified any risks that are associated with its own business activities, its business relationships, as well as its products or services, and that very likely have or could have serious adverse impacts on the five mandatory aspects as set forth in Sec. 289c HGB. > Report on Risks and Opportunities, > Corporate Governance and the Corporate Governance Statement

Business model, strategy, and value chain

HUGO BOSS is one of the leading fashion and lifestyle companies in the premium segment of the global apparel market. Our **business model** is described in detail in the chapter "Business Activities and Group Structure" of this Annual Report. Detailed descriptions of our **"CLAIM 5" strategy**, including those elements that relate to or impact sustainability matters, are provided in the chapter "Group Strategy." > Business Activities and Group Structure, > Group Strategy

This combined non-financial statement covers both our **own operations** and material stages of the **upstream and downstream value chain**. The following overview outlines the material features of our value chain.

MATERIAL FEATURES OF OUR VALUE CHAIN

UPSTREAM	OWN OPERATIONS	DOWNSTREAM
Tier 1 Assembly and manufacturing of final products (apparel, shoes, accessories)	**Own production** 5 own production sites in Turkey, Germany, Italy, Switzerland, Poland	**Distribution** Distribution of products via wholesale partners
Tier 2 Production and finishing of materials (e.g., fabrics, trimmings)	**Logistics, distribution, administration** • Product design and brand management • Logistic hubs and transportation • Marketing • Distribution of products via own retail touchpoints • General administration functions	**Use phase** Products are used by end consumers
Tier 3 Processing of raw materials into yarn and equivalent state		**End-of-life/recycling** Products reach the end of their life cycle and are either recycled or disposed of
Tier 4 Extraction and farming of raw materials (e.g., cotton, wool, leather, synthetic fibers)		

Interests and views of stakeholders

We actively engage with our stakeholders, valuing their input as essential to shaping both our Group and sustainability strategies. By fostering open dialog and collaboration, we aim to meet expectations, address concerns, and develop mutually beneficial solutions. **Stakeholder engagement** not only supports our business objectives but also serves as an opportunity to create value for HUGO BOSS, the environment, and society.

HUGO BOSS maintains a systematic dialog with all relevant stakeholders, including employees, shareholders, customers, business partners, and society. Guided by a stakeholder analysis conducted in accordance with the AA 1000 SES standard, we employ standardized formats and approaches for **effective communication**, such as our corporate website, Annual Report, social media channels, and dedicated stakeholder events. Of particular importance in 2024 was our **Stakeholder Dialog** at the Group headquarters in Metzingen (Germany). This event brought together industry experts, academics, NGOs, and supply chain partners to engage in in-depth discussions on sustainability within the fashion industry's supply chain, exploring ways we can drive meaningful, positive change together. Further information on our stakeholder engagement and partnerships can be found on our corporate website. > group.hugoboss.com

Double materiality assessment

In 2024, HUGO BOSS conducted a comprehensive **double materiality assessment (DMA)** in preparation for compliance with the ESRS. We have engaged with numerous internal stakeholders to identify our Company's material sustainability impacts, risks, and opportunities. This engagement was largely conducted through interviews and desk research, while it also considered the outcomes of previous materiality assessments. In addition, we incorporated the **perspectives of external stakeholders** through internal experts who, as part of their roles, regularly engage with relevant interest groups. Parallel to this, we have also assessed the financial risks and opportunities for sustainability-related matters as part of our risk management process. To ensure proper compliance, external ESG consultants have closely monitored and reviewed our DMA process. Oversight of the process was assumed by the CFO/COO, ensuring close alignment with the Company's strategic priorities.

Our DMA's scoring method and criteria were developed following ESRS 1 requirements, addressing both impact materiality and financial materiality. This approach also satisfies the materiality assessment requirements set forth in Sec. 289c HGB. Our **impact materiality assessment** considered the scale, scope, irremediability, and likelihood of impacts being positive or negative as well as actual or potential. Severity took precedence over likelihood for human-rights-related impacts. As part of our **financial materiality assessment**, we assessed the financial materiality of ESG risks and opportunities, their likelihood, and the nature of financial impacts. As part of these processes, HUGO BOSS has considered the connections of its impacts and dependencies with the risks and opportunities that may arise from those impacts and dependencies by ensuring close collaboration and constant exchange between all parties involved. The **process for identifying material impacts, risks, and opportunities** adhered to a consistent approach across all ESG topics by systematically considering specific activities, business relationships, geographies, and other factors that may increase the risk of adverse impacts, while also taking into account the specific characteristics of our value chain as well as our key business activities, assets, sites, and regions.

Impact materiality (inside-out perspective)

Our ESG impact assessment, led by Investor Relations and conducted in close collaboration with our Corporate Sustainability as well as Risk Management and Internal Controls departments, started with the development of a comprehensive **catalog of ESG impacts**. Leveraging our previous materiality analysis based on GRI Standards, this catalog served as the foundation for mapping existing impacts to the ESRS methodology. To ensure a thorough assessment, HUGO BOSS expanded the catalog by conducting additional desk research, drawing on frameworks such as the Sustainability Accounting Standards Board (SASB) standards for the textile and apparel industry. The assessment covered **potential and actual impacts** on the environment and people across the value chain, from our own operations to upstream and downstream stages. Corresponding impact descriptions were enriched through desk research and internal expert insights.

HUGO BOSS followed a **systematic approach** to assess the materiality of all positive and negative impacts identified, using the ESRS criteria to ensure clarity and consistency in the evaluation process. In line with EFRAG guidance, the assessment was conducted on a gross basis, thus excluding the influence of implemented mitigation measures. To determine the materiality for all impacts identified, HUGO BOSS assessed their severity and likelihood and defined uniform thresholds, classifying a negative impact as material if it fell in the upper half of the combined assessment scale and classifying a positive impact as material if it fell in the upper quarter. To validate and ensure **accuracy and completeness** of its impact materiality assessment, HUGO BOSS engaged both internal experts across important sustainability areas as well as external ESG consultants.

Financial materiality (outside-in perspective)

The ESG risk and opportunity assessment was led by our central Risk Management and Internal Controls department, in close collaboration with relevant business areas and designated internal risk and opportunity experts. To ensure a thorough assessment, structured interviews were conducted, providing critical insights and detailed input. HUGO BOSS followed a systematic approach to assess the materiality of all **ESG risks and opportunities** identified, analyzing them in accordance with the relevant ESRS criteria to ensure clarity and consistency in the evaluation process. The assessment started with the establishment of a clear framework and guidelines for the risk and opportunity assessment, applying the ESRS methodology.

Risk Management and Internal Controls analyzed all gathered data, including a detailed review of critical factors such as the likelihood of risks occurring and their potential consequences on our business. In addition, it assessed the **financial materiality** of all ESG risks and opportunities identified on a qualitative basis. The likelihood and magnitude thresholds used in this context were in line with the methodology applied by HUGO BOSS in its general risk assessment, which is presented in the Risk and Opportunity Report of this Annual Report. Based on this, all those risks were assessed as material for which the combined classification of likelihood and magnitude was rated as either high or critical. > Report on Risks and Opportunities, Risk and Opportunity Management System

In line with EFRAG guidance, also this assessment was conducted on a gross basis, thus excluding the influence of implemented mitigation measures. As part of a cross-functional exchange, we also examined the extent to which correlations exist between the identified impacts and dependencies and the risks and opportunities that may arise from these impacts and dependencies. This mapping was done systematically at the individual impact level to ensure that each identified ESG risk and opportunity was assigned to the corresponding impact. To validate and ensure **accuracy and completeness** of the financial materiality assessment, we engaged not only internal experts across all important sustainability areas but also external ESG consultants.

The process ensured that the procedure for identifying, evaluating and managing ESG risks was integrated into the overarching **risk management system** and can now be used to evaluate the Company's overall risk profile and risk management processes. Similarly, the processes for identifying, evaluating, and managing ESG opportunities were closely integrated into the existing management processes in order to exploit their potential strategically and operationally in the future. Consequently, the results of the ESG risk and opportunity assessment were integrated into the Company's existing risk management system to streamline the risk management process while ensuring that all relevant ESG matters will be systematically analyzed also going forward, allowing for more effective decision-making by systematically evaluating our Company's overall risk profile.

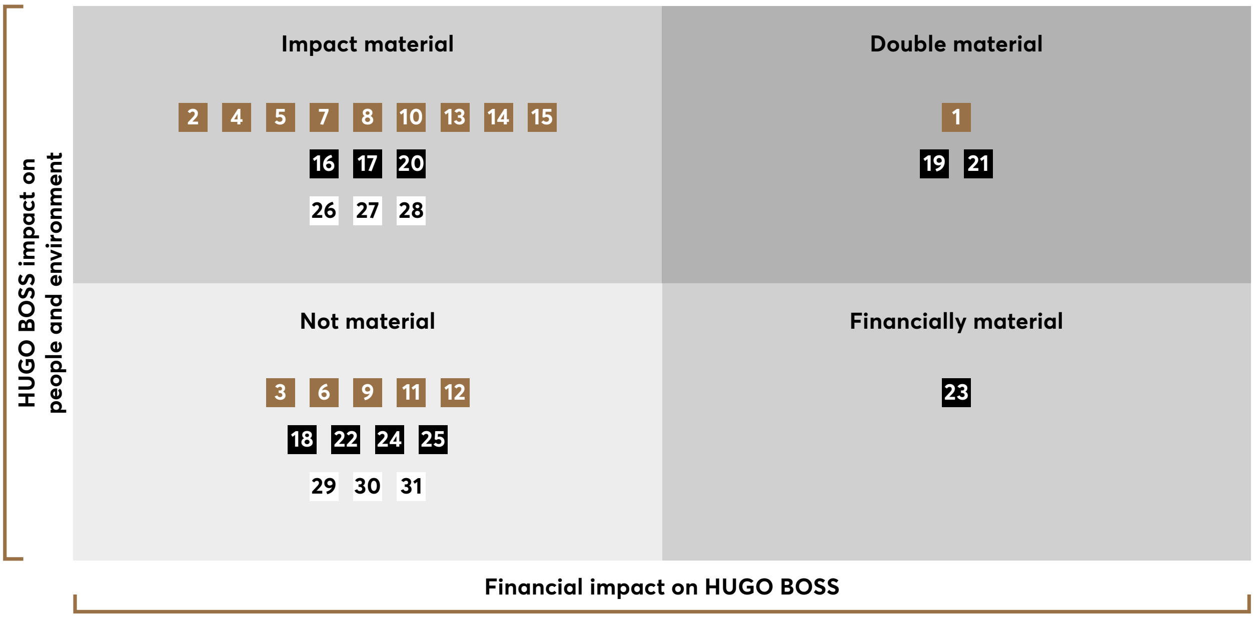
DMA consolidation and validation

The results of both assessments were consolidated accordingly, jointly reviewed by Investor Relations, Corporate Sustainability, and Risk Management and Internal Controls, and shared for **final validation** with all internal stakeholders involved in the assessment process as well as relevant senior management. The outcome of the DMA was summarized both in a detailed matrix and in a heat map. The results were shared, discussed, and approved by both the Managing Board and the Audit Committee of the Supervisory Board. HUGO BOSS plans to revisit and update its DMA annually, with the **next revision** scheduled for mid-2025. As part of this, we are committed to continuously developing our DMA approach to ensure we continue aligning with evolving best practices and legal requirements.

Overview of material ESG topics

The following chart provides an **overview of the ESG topics** considered to be material according to our DMA.

OVERVIEW OF MATERIAL ESG TOPICS



Environment

1 Climate Change
2 Energy
3 Pollution of air
4 Pollution of water
5 Pollution of soil
6 Pollution of living organisms and food resources
7 Substances of concern and very high concern
8 Microplastics
9 Water consumption
10 Water withdrawals
11 Water discharges
12 Marine resources
13 Biodiversity and ecosystems
14 Resources inflows, including resource use, and resources outflows
15 Waste

Social

16 Working conditions (own workforce)
17 Equal treatment and opportunities for all (own workforce)
18 Other work-related rights (own workforce)
19 Working conditions (value chain)
20 Equal treatment and opportunities for all (value chain)
21 Other work-related rights (value chain)
22 Affected communities
23 Information-related impacts for consumers/end-users
24 Personal safety of consumers/end-users
25 Social inclusion of consumers/end-users

Governance

26 Corporate culture
27 Protection of whistle-blowers
28 Animal welfare
29 Political engagement and lobbying activities
30 Management of relationships with suppliers including payment practices
31 Corruption and bribery

For a **detailed overview** of the ESG-related impacts, risks and opportunities that we have identified as material in our DMA, please refer to section “Material ESG-related Impacts, Risks and Opportunities.” > Additional Disclosures on the Combined Non-financial Statement

Mapping of the material ESRS topics to the five aspects in accordance with Section 289c HGB

The subsequent structure of this combined non-financial statement follows the thematic organization of ESRS Set 1. Consequently, **environmental matters**, including information in accordance with Article 8 of Regulation 2020/852 (Taxonomy Regulation), are addressed in the "Environment" section. **Employee matters** appear under "Social – Own Workforce" and "Governance," while **social matters** are predominately outlined in "Social – Consumers and End-Users." The topic of **human rights** is discussed across "Social – Own Workforce" and "Social – Workers in the Value Chain." Lastly, **anti-corruption and bribery matters**, even if these were not classified as material under the DMA, are covered in the "Governance" section.

For a list summarizing **data points that derive from other EU legislation**, please refer to the section "Additional Disclosures on the Combined Non-Financial Statement." This statement also contains a limited number of **additional ESG data points** below materiality thresholds aimed at further increasing transparency. The corresponding information is also provided in the section "Additional Disclosures on the Combined Non-Financial Statement." > Additional Disclosures on the Combined Non-financial Statement

Environment

Climate change

In the global textile and apparel industry, CO_2 emissions primarily originate from the cultivation and production of fibers, as well as energy-intensive processes such as dyeing, washing, and bleaching. Additional emissions also stem from our own business activities and the value chain, where transportation, particularly air freight, contributes to our carbon footprint. Additionally, consumer practices like washing, drying, and disposing of textiles add to the environmental impact, intensifying global warming. At HUGO BOSS, we recognize our shared **responsibility to protect the climate**, prioritizing the implementation of less impactful processes both within our operations and throughout our supply chain.

Transition plan for climate change

HUGO BOSS is **committed to reducing greenhouse gas emissions** and aims to achieving net zero emissions by 2050, in alignment with the Paris Agreement's 1.5°C target. However, as methodologies and international regulations continue to evolve, the Company's existing climate transition plan is currently under review. While our emission reduction targets for 2030 and 2050, remain unchanged and valid for now, we are actively working on an updated, comprehensive transition plan that incorporates recent advancements and better addresses today's challenges. Scheduled for publication in 2025, our revised plan will provide a robust framework for future action and align with best practices. Moving forward, we will report on its progress and outcomes, reinforcing our commitment to meaningful climate action. > Targets related to Climate Change

Policies related to climate change

Our **Environmental Policy** underscores our commitment to sustainability by setting strict standards to minimize environmental impact, conserve resources, reduce water consumption, and enhance energy efficiency across our operations and supply chain. The policy addresses significant environmental impacts, such as the reliance on non-renewable energy, high energy consumption, and energy-intensive manufacturing, while also requiring resource efficiency and the adoption of renewable energy. Monitoring involves tracking energy use, pollution levels, and compliance with ISO 14001 (environmental management system) and ISO 50001 (energy management system). Suppliers are also encouraged to adopt best practices, with the policy applying globally and in alignment with local regulations. As part of its Environmental Policy, HUGO BOSS actively collaborates with organizations such as the United Nations Framework Convention on Climate Change (UNFCCC) and the Zero Discharge of Hazardous Chemicals (ZDHC) program.

Our **Logistics Guideline**, forming an integral part of our Environmental Policy, provides a strategic framework for planning and executing global transportation processes. It emphasizes low-emission transport options and aims to reduce carbon emissions throughout our logistics network, both at our own sites and at those of our partners along the supply chain. The guideline also promotes optimizing delivery routes and consolidating shipments to minimize environmental impact, reinforcing our commitment to sustainable logistics.

To accelerate climate protection within our supply chain, the HUGO BOSS **Supplier Code of Conduct** establishes clear standards and expectations for suppliers across various operational aspects, with a strong emphasis on environmental protection. The code provides comprehensive guidelines to ensure suppliers meet stringent environmental requirements, including the identification and monitoring of energy sources and tracking of greenhouse gas emissions. Suppliers are required to develop roadmaps to reduce energy consumption and emissions while responsibly managing natural resources. In addition to strict compliance with environmental regulations, suppliers are also encouraged to implement measures to avoid waste and pollution, and to use energy and water efficiently. By adhering to these principles, HUGO BOSS promotes a responsible and sustainable environmental culture in its supplier network and ensures that its business practices actively support global environmental protection efforts.

Targets related to climate change

HUGO BOSS has set the target to **cut emissions by 50% (Scope 1–3) by 2030**, based on a 2019 baseline (458,902 t CO_2). This mid-term goal aligns with the requirements of the Fashion Industry Charter for Climate Action, which aims to limit global warming to a maximum of 1.5°C, governed by the UNFCCC. Moreover, we are dedicated to achieving **net zero emissions (Scope 1–3) by 2050** in full alignment with the UNFCCC Charter. Scope 1 emissions refer to direct greenhouse gas emissions from sources owned or controlled by the Company, such as fuel combustion in Company facilities or vehicles. Scope 2 covers indirect emissions from the generation of purchased energy, like electricity or heating, while Scope 3 includes all other indirect emissions across the value chain, such as those from suppliers, product use, and waste disposal. As part of revising our transition plan, we are also reviewing our mid-term emission reduction targets to ensure they remain aligned with evolving standards.

Our energy targets play a crucial role in achieving our emission reduction goals by decreasing overall energy consumption and further enhancing efficiency across our own operations. In line with our UNFCCC target, we are committed to switching to **100% electricity used from renewable sources by 2030** in our own operations. In 2024, a total of 73%, corresponding to 73,794 MWh of our consumed electricity, was renewable (2023: 60%; 57,086 MWh). HUGO BOSS is committed to **reducing its direct and indirect energy consumption per square meter by 20% by 2030** compared to the 2019 base year. The direct and indirect energy consumption in relation to the gross size (kWh/m^2) decreased by 5% in 2024 compared to 2019.

FOCUS OF CLIMATE ACTIONS AT HUGO BOSS

Net zero emissions until 2050 (Scope 1-3)

By 2030: 50% reduction of Scope 1 and 2 emissions	**By 2030:** 50% reduction of Scope 3 emissions

Realize potentials

- Efficient technologies
- Electricity from renewable energy sources

Drive change

- Use of more sustainable materials
- Electricity from renewable energy sources
- Optimized means of transport and transportation routes

Join forces

- Training modules and tools for resource efficiency
- Engage in collaborations

Actions related to climate change

Own operations

The climate impact of our own operations is relatively low compared to those along our upstream and downstream value chain, with Scope 1 and 2 emissions accounting for only 5% of our total emissions. This is because the upstream stages of the value chain, in particular, involve CO_2-intensive processes. Nevertheless, further **reducing energy consumption and CO_2 emissions** at our own sites is crucial for achieving our overall targets. Our own production site in Izmir (Turkey) – by far the largest of our own production sites globally – has been certified in accordance with both ISO 14001 and ISO 50001 since 2014.

To further **reduce CO_2 emissions at our own production sites**, we are primarily investing in energy-efficient technologies and modernizing technical facilities. At its own production sites, HUGO BOSS has been purchasing electricity exclusively from renewable energy sources since 2020. In 2024, we also installed LED lighting and heat pumps at one of our key logistics hubs near our headquarters in Metzingen (Germany). Additionally, we installed temperature control steam traps to ensure an energy-efficient process and insulated steam pipelines with valve jackets to reduce heat loss at our production site in Izmir (Turkey).

In addition, we are enhancing the **procurement and use of electricity from renewable sources** also on a group-wide basis, including the installation of an additional photovoltaic system at our headquarters in 2024. To further reduce emissions, we plan to expand our photovoltaic system at one of our key distribution centers in Germany in 2025. Other measures in 2024 included the installation of hybrid cooling systems and compressed air leakage detectors at our Izmir (Turkey) site, alongside the procurement of green electricity for all our locations in Canada, Mexico, Spain, and Poland as well as for our own retail points of sale in the U.S. market.

Supply chain

To meet our overall emission reduction targets, we are actively addressing **Scope 3 emissions**, which represent approximately 95% of HUGO BOSS' total emissions. Our approach includes close collaboration with suppliers, particularly those involved in energy-intensive processes such as dyeing, coating, steaming, ironing, and hot water usage, aimed at supporting them in decarbonizing their operations.

As part of regular **environmental audits** conducted by external auditors, we monitor our suppliers' energy consumption and CO_2 emissions. Our ambition is that, as of 2026, all resource-intensive suppliers will fully comply with the environmental requirements defined by HUGO BOSS, verified through audits. We aim to report on our progress towards this target in 2025. Suppliers are classified as resource-intensive if they discharge an average of more than 15 m^3 of industrial water per day, use coal as an energy source in manufacturing, or both. Based on previous assessments' results, these audits are conducted every one to three years. If any violations of environmental standards are identified, we collaborate with the respective suppliers to develop and implement action plans, which are subsequently reviewed in follow-up audits. To support continuous improvement, we also provide regular **training sessions** to keep our suppliers informed about environmental and climate protection measures, aiming to establish standardized energy and environmental management systems. This training includes guidance on best practices for carbon accounting.

To further enhance transparency and the measurability of our partners' environmental impacts, we co-developed the **"Climate Action Training for the Fashion Industry"** in 2021. This voluntary training course, created by the Fashion Industry Charter for Climate Action and selected signatories, is available online and therefore publicly available, free of charge, and offered in multiple languages. It is specifically designed for Tier 1 and Tier 2 suppliers equipping garment, textile, and footwear manufacturers with essential knowledge on climate change, our industry's environmental impact, energy efficiency, renewable energy, and practical carbon accounting techniques.

In 2024, HUGO BOSS joined Cascale, a collaborative platform which aims to strengthen industry partnerships, enhance supplier engagement, and improve data management insights. To build on this initiative, we have implemented the Cascale-developed Higg Facility Environmental Module (Higg FEM) 4.0 on the Worldly platform, one of the most widely used sustainability measurement tools in the apparel and footwear industry. This implementation is designed to help us **accurately capture and manage our Scope 3 emissions**. To ensure that our internal stakeholders are well equipped, we have conducted training sessions for key teams, including those in our brands' product divisions. These sessions focused on the functionality of Higg FEM, utilizing benchmarking opportunities for optimized order placements, and carrying out country-specific analyses.

At the beginning of 2025, we have also introduced a **"Decarbonization Commitment,"** a contractual obligation for Tier 1 suppliers to phase out coal, report mandatory data through the Higg FEM, and transition to renewable energy alternatives. This commitment is designed to ensure that our supply chain activities align with our sustainability goals, including the transition to renewable energy sources.

HUGO BOSS aims to progressively reduce its **transport-related greenhouse gas emissions (GHG)** (Scope 3.4 upstream transportation and distribution) by consistently reducing air freight and improving transport planning. Together with our global logistics partners, we are also exploring alternatives such as biofuels.

Energy consumption and mix

In 2024, the **total energy consumption** related to our own operations amounted to 137,155 MWh (2023: 132,353 MWh). This reflects a slight increase in energy consumption compared to the previous year, primarily driven by higher production volumes and a further expansion of office buildings, retail spaces, and warehouse facilities. In 2024, a total of 54%, corresponding to 73,794 MWh of our consumed energy was renewable (2023: 43%; 57,086 MWh). This signifies that 46% (63,361 MWh) of our total energy consumption is derived from fossil sources and therefore non-renewable (2023: 57%; 75,267 MWh).

ENERGY FROM FOSSIL AND RENEWABLE SOURCES (IN MWH)

	2024	2023
Fuel consumption from crude oil and petroleum products	1,708	1,005
Fuel consumption from natural gas	32,128	33,009
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	29,525	41,253
Total fossil energy consumption	**63,361**	**75,267**
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	68,865	53,934
Production and consumption of non-fuel renewable energy	4,929	3,151
Total energy consumption from renewable sources	**73,794**	**57,086**
Total energy consumption	**137,155**	**132,353**

The energy intensity, measured as the total energy consumption across all our own production facilities, warehouses, offices, and brick-and-mortar retail stores and outlets relative to Group sales, amounted to 32 MWh per million EUR in 2024 (2023: 32 MWh per million EUR).

Greenhouse gas emissions

In 2024, our global business activities resulted in a total of 550,788 metric tons (tons, t) of greenhouse gas (GHG) emissions across **Scope 1, 2, and 3** (2023: 487,252 t), calculated in accordance with the Greenhouse Gas Protocol. Total emissions increased by 13% year over year, indicating that our emission intensity – defined as total GHG emissions relative to net revenue of EUR 4,307 million – was 128 t CO_2e/EUR million in 2024 (2023: 116 t CO_2e/EUR million). Compared to the 2019 baseline, total emissions have increased by 20%, mainly due to a strong increase of production volumes since 2019.

HUGO BOSS emitted 25,520 t of **Scope 1 and 2 emissions** (2023: 28,844 t) in 2024, reflecting an 12% reduction compared to 2023 and an 18% reduction compared to the 2019 base year (2019: 30,998 t). This development mainly reflects an increased share of green electricity and the implementation of energy efficiency projects relative to the previous as well as to the base year.

In 2024, **Scope 3 emissions** amounted to 525,268 t, marking a 15% increase from the previous year (2023: 458,409 t) and an increase of 23% compared to the 2019 base year (2019: 427,903 t). The increase in Scope 3 emissions, in line with the rise in total emissions, is primarily due to the significantly higher production volume. Despite an increase in production volume, we successfully reduced GHG emission intensity per piece by 8% compared to the previous year, and by 39% compared to the base year of 2019. This calculation is based on emissions from Scope 3.1 purchased goods and services, that do not include emissions from own production sites.

In 2024, HUGO BOSS refined its **methodology for calculating Scope 3 emissions** to further enhance accuracy and credibility, aligning fully with the methodology outlined by the GHG Protocol. For determining Scope 3.1 emissions from purchased goods and services, we have now implemented the Higg Materials Sustainability Index (MSI) and the Facility Environmental Module (FEM) tools. These tools are regularly maintained by Cascale, ensuring that our data and methodology continues to meet high standards of credibility. To ensure comparability, prior-year as well as base-year figures, as outlined in the table below, have also been recalculated.

Starting in 2024, HUGO BOSS **expanded its reporting** to include 11 Scope 3 categories (up from eight in 2023), as outlined in the table below. This enhancement aligns with both GHG Protocol and Science Based Targets initiative (SBTi) guidelines, underscoring our commitment to comprehensive reporting across all relevant Scope 3 emission sources. Accordingly, we have also adjusted the baseline of our emissions reduction target to ensure accurate comparison, applying only to Scope 3 categories with updated methodologies.

GREENHOUSE GAS EMISSIONS (IN T CO_2e)

	2024	2023[1]	Base year: 2019[1]
Total Scope 1 emissions[2]	**9,827**	**9,664**	**11,058**
Total Scope 2 emissions (market-based)[3]	**15,693**	**19,179**	**19,941**
Scope 3 emissions[4]			
1 Purchased goods and services	416,005	345,286	339,095
2 Capital goods[5]	1,185	607	351
3 Fuel- and energy related activities	6,239	8,185	8,138
4 Upstream transportation and distribution	67,291	68,172	39,005
5 Waste generated in operations	2,101	2,439	708
6 Business travel	5,887	7,120	7,012
7 Employee commuting	6,347	5,072	9,895
8 Upstream leased assets	2,466	3,306	5,809
9 Downstream transportation	2,782	3,579	1,646
12 End-of-life treatment of sold products	9,718	9,648	5,429
14 Franchises	5,249	4,995	10,815
Total Scope 3 emissions[6]	**525,268**	**458,409**	**427,903**
Total emissions	**550,788**	**487,252**	**458,902**

1 Scope 1–3 emissions for 2019, as well as Scope 3 emissions for 2023 are not part of the auditing scope.
2 Scope 1 emissions include direct emissions from owned or controlled sources and emissions from own vehicles (excluding electric vehicles). Due to corrections and improvements in data quality, prior-year figures have been adjusted retrospectively.
3 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 39,146 t in 2024 (2023: 38,848 t).
4 Due to the improvement of data quality and corresponding corrections during the year, prior-year figures have been adjusted retrospectively.
5 The calculation of emissions for Scope 3.2 Capital goods is based on the average-spend based method according to the GHG Protocol. The data available at the time of the annual financial statements may be corrected retrospectively, so deviations from the previous year's figures are possible.
6 In 2024, 62% of the Scope 3 emissions were calculated using primary data. The calculation of the primary data share was based on input factor levels, excluding emission factor data.

Pollution

Pollution is a critical issue in the apparel and textile industry, particularly in the upstream and downstream stages of the value chain. During **raw material extraction**, pesticides and fertilizers contaminate water sources, particularly in regions with less-developed agricultural practices. Soil degradation is caused by overgrazing, poor farming practices, and excessive chemical use, while improper disposal of textile waste pollutes soil and groundwater. **Textile production** significantly affects water and soil quality due to the use of chemical substances, such as fertilizers in cotton farming and various processing agents. These substances are predominantly applied in wet processes such as dyeing, washing, bleaching, and tanning, which are major contributors to water pollution through the discharge of untreated wastewater. Additionally, synthetic textiles release **microplastics** during wear and washing, polluting rivers and oceans, and harming marine life and human health. HUGO BOSS recognizes these challenges and is committed to minimizing pollution across its value chain.

Policies related to pollution

To effectively address pollution prevention and control, we have implemented an **Environmental Policy** and a **Chemical Management Policy**. Our Environmental Policy sets the framework for reducing environmental pollution overall and caring for the environment. More information on the HUGO BOSS Environmental Policy can be found in the "Climate Change" section. > Climate Change

HUGO BOSS is dedicated to the conscious and safe use of chemicals, prioritizing both environmental and health considerations through its **Chemical Management Policy**. This policy outlines clear guidelines for the storage, use, and disposal of hazardous substances, aiming to minimize environmental impact and actively promote safer alternatives. It addresses key concerns such as preventing water pollution and reducing air and soil contamination by adhering to internationally recognized standards, including the **Zero Discharge of Hazardous Chemicals (ZDHC)** initiative, which HUGO BOSS joined in 2017. This initiative provides standardized tools to assess and enhance suppliers' chemical management practices.

A core element of this initiative is the **ZDHC Manufacturing Restricted Substances List (MRSL)**, which identifies harmful chemical formulations that need to be phased out. The MRSL sets strict limits for critical process chemicals and supports efforts to monitor and mitigate water pollution. It forms an integral part of HUGO BOSS' supplier contracts, requiring all suppliers, including our own production facilities, to verify their chemical inventories against the MRSL.

To ensure that our products are free from harmful substances, we have established a **Restricted Substances List (RSL)** and Product Compliance Guideline. These comprehensive documents define product safety and marketability requirements, setting a clear framework for compliance throughout our supply chain. Our suppliers are required to adhere to our RSL, which strictly regulates substances in our products to ensure they meet the highest safety standards. It aligns with the recommendations of the **Apparel and Footwear International RSL Management (AFIRM) Group**, incorporating their substance lists, thresholds, and test methods for a structured approach to managing restricted substances.

HUGO BOSS extends the obligations of the MRSL and the RSL beyond its Tier 1 suppliers, mandating that upstream suppliers also comply with its standards, fostering **collective commitment** to product safety and sustainability.

Targets related to pollution

HUGO BOSS is committed to ensuring that **all Tier 1 and direct Tier 2 suppliers using wet processes meet the ZDHC MRSL reporting or an equivalent standard by 2030**. We have set an interim target for all strategic Tier 1 suppliers using wet processes to meet the requirements by 2025. In 2024, 42% of the production sites in scope met the chemical inventory requirements (2023: 47%), including 65% of our strategic suppliers (2023: 67%). For wastewater tests, 62% of the production sites in scope complied with the specifications (2023: 58%), including 85% of our strategic suppliers (2023: 78%).

To enhance water and soil quality, we aim to source **100% of the natural materials used in our products' fabrics and linings according to regenerative principles or through closed-loop recycling by 2030**, excluding license products. As of 2024, 12% of our natural materials already met these criteria (2023: 1%). This goal is designed to prevent soil and water pollution by promoting better cultivation practices that minimize excessive fertilizer and pesticide use. In doing so, we aim to combat soil degradation, improve soil quality, and protect water ecosystems from harmful contamination caused by conventional agricultural methods, such as traditional cotton farming. Additional information on this target can be found in the "Biodiversity and Ecosystems" section. > Biodiversity and Ecosystems

HUGO BOSS also aims to systematically reduce its reliance on non-renewable synthetic fibers to actively contribute to the reduction of microplastics. In this context, we are committed to **eliminating the use of polyester and polyamide in all our products' fabrics and linings by 2030**. In 2024, polyester and polyamide accounted for 18% of all fabrics and linings (2023: 18%). This target underscores our commitment to reducing environmental pollution and safeguarding ecosystems.

Actions related to pollution

To reduce environmental impacts in production, we are **collaborating closely with our suppliers and other businesses** in the global apparel industry, including through initiatives such as the ZDHC. By adopting the ZDHC "Roadmap to Zero" framework, we have enhanced our ability to monitor and improve chemical management across the supply chain. Additionally, as a member of the AFIRM Group, we leverage their tools to maintain high standards of chemical compliance and product safety at every stage of production.

Recognizing the environmental risks posed by chemicals in products, HUGO BOSS **eliminated the use of harmful per- and polyfluoroalkyl substances (PFAS)** in production processes as early as 2018. This ban is now an integral part of our RSL and we remain committed to phasing out additional harmful substances and materials in the future.

To ensure **our products are free from substances of very high concern (SVHC)**, we conduct regular monitoring through rigorous testing. Our Product Risk Database integrates third-party test reports for products, fabrics, and trimmings, enabling us to effectively track restricted substances and particularly focus on identifying and managing SVHCs. This proactive approach aims to ensure compliance with regulatory requirements while minimizing risks to consumers and the environment.

To combat microplastic pollution, we are focusing on reducing our reliance on non-renewable synthetic fibers and minimizing their environmental impact. Therefore, "Fight Microplastics" is a key pillar of our sustainability strategy. Our **strategic partnership with Swiss innovator HeiQ**, established in 2022, is an important step in this direction. Together, we developed AeoniQ, a cellulose yarn that offers similar properties to polyester and polyamide. Having successfully launched its first AeoniQ polo shirts in 2023, BOSS introduced its first sneakers made with AeoniQ in 2024. Moving forward, we will continue to strengthen this partnership by gradually increasing the use of AeoniQ yarn in our brands' collections. > Resource Use and Circular Economy

Water resources

At HUGO BOSS, we are **committed to a responsible water management and conservation throughout our operations and supply chain**. We recognize the material impacts our activities have on water resources, particularly through the cultivation of water-intensive raw materials like cotton and water use in upstream production processes. We are therefore dedicated to reducing or at least minimizing water scarcity risks for surrounding communities and ecosystems. By implementing targeted initiatives and collaborating closely with our suppliers, we strive to lower water withdrawal, enhance efficiency, and minimize our environmental footprint.

Policies related to water resources

Water management is a core component of our **Environmental Policy**. We require our suppliers to monitor and optimize their water consumption through effective strategies. Water withdrawals from surface or groundwater sources must at least comply with national or local requirements. Suppliers engaged in water-intensive production processes are particularly encouraged to continuously optimize their water efficiency. More information about our Environmental Policy can be found in the "Climate Change" section. > Climate Change

Actions related to water resources

In 2024, we launched a **partnership with Cascale and Worldly**, as detailed in the "Climate Change" section, to enhance, among other things, tracking of water consumption at our suppliers. This collaboration is expected to provide valuable insights into water usage across our supply chain, enabling us to design effective strategies for reducing water consumption going forward. In the first year, our focus was on establishing the partnership and creating a strong foundation for comprehensive data collection, paving the way for a detailed action roadmap and optimal resource allocation. > Climate Change

When implementing future measures along the supply chain, we will also draw on the expertise gained from multiple **water management initiatives** implemented at our own sites in the prior years. At our largest production site in Turkey, for example, we have installed groundwater collection systems to support green area irrigation and sanitary installations. Additionally, we have introduced water-saving aerator fittings at multiple locations, reducing water consumption by incorporating air into the water flow.

Biodiversity and ecosystems

Natural raw materials depend on **healthy and diverse ecosystems**, sustained by intact and thriving biodiversity. As our products are predominantly crafted from natural materials such as cotton and wool, this underscores our deep reliance on the preservation of biodiversity. This dependency is shared across the broader fashion industry, which significantly impacts ecosystems worldwide. Unsustainable cultivation practices, such as the excessive use of fertilizers and pesticides in cotton farming, and habitat destruction through extensive land use and deforestation contribute to biodiversity loss. Additionally, the extraction of raw materials like cotton and leather through the exploitation and expansion of agricultural land can lead to habitat loss, while relying on virgin materials in general as well as waste generation during manufacturing exacerbate these challenges. Recognizing these industry-wide impacts, HUGO BOSS has made biodiversity a priority in its sustainability management, striving to balance our **dependency on natural resources** with proactive efforts to mitigate adverse impacts on ecosystems.

Transition plan for biodiversity and ecosystems

HUGO BOSS is actively taking steps to address the important topic of biodiversity and ecosystems. This includes conducting a comprehensive resilience analysis of our business model and strategy concerning biodiversity and ecosystem-related risks. As a first step, we are currently planning to conduct a biodiversity impact assessment, which will lay the groundwork for a future resilience analysis. This assessment will also inform the potential development of a **transition plan**, ensuring that biodiversity considerations are systematically integrated into our strategic framework.

Policies related to biodiversity and ecosystems

Our **Environmental Policy** underscores our commitment to sustainability by conserving natural resources, enhancing energy efficiency, and addressing material risks, while also seizing opportunities to promote renewable energy and resource efficiency across our operations and supply chain. The policy underscores our efforts to conserve resources by continuously evaluating and adopting alternative materials that reduce impacts on biodiversity and ecosystems. Further details on the policy are available in the "Climate Change" section. > Climate Change

Our **Biodiversity Strategy Paper** emphasizes our responsibility to care for and enhance ecosystems as part of our broader sustainability commitment. The framework is designed to address key dependencies on natural resources such as cotton and wool, while including specific, measurable targets to reduce the negative environmental impact across our supply chain. Our approach prioritizes responsible sourcing and generally excludes materials such as exotic leather. We collaborate closely with organizations such as Canopy to adopt practices that support biodiversity. These partnerships strengthen our commitment to better raw material sourcing and highlight our role in caring for vulnerable ecosystems. Our strategy addresses both physical risks – such as fluctuations in raw material availability from climate-sensitive regions – and transition risks tied to the ongoing shift towards regenerative or closed-loop materials. Our risk assessment process is guided by the LEAP (locate, evaluate, assess, and prepare) framework from the Taskforce on Nature-related Financial Disclosure (TNFD), which helps us to identify biodiversity-related dependencies and risks across our supply chain.

To enhance **transparency and accountability**, HUGO BOSS is committed to ensuring traceability across its supply chain. We source from certified suppliers, such as tanneries accredited by the Leather Working Group (LWG) and adhere to Canopy's standards for our wood-based materials to prevent deforestation. This includes our standard that all man-made cellulosic fibers we use – such as lyocell, modal, and viscose – are required to be certified. Our Biodiversity Strategy Paper also aims to sustain biodiversity by prioritizing the avoidance of deforestation for resources including cotton and wood-based packaging. By emphasizing sustainable land use and partnering with regenerative farming initiatives, we actively support ecosystem resilience. **Regenerative farming** is a holistic approach that aims to restore and enhance soil health, biodiversity, and ecosystem resilience. It promotes practices such as crop rotation, reducing the use of critical chemicals, and protecting endangered species to support more environmentally friendly agricultural systems. Since there is currently no standardized definition of this concept, HUGO BOSS has developed its own clearly defined standards. > Actions related to Biodiversity and Ecosystems

HUGO BOSS is committed to forest conservation by responsibly sourcing materials for paper, packaging, and fabrics. This approach is reflected in our **Commitment to Protect Forests**, which applies to all wood-derived materials used in paper, packaging, and fabrics throughout our global operations. This policy was developed with careful consideration of our stakeholders' interests, including environmental organizations, suppliers, and consumers. In support of this commitment, HUGO BOSS adheres to recognized third-party standards, including those of the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC), reinforcing our dedication to sustainable sourcing.

Targets related to biodiversity and ecosystems

To contribute to the protection of biodiversity and ecosystems as part of its broader sustainability strategy, HUGO BOSS has set the goal of **sourcing 100% of natural materials used in its products' fabrics and linings according to regenerative principles or through closed-loop recycling by 2030**. License products are excluded from this goal. As of 2024, 12% of our natural materials have already met these criteria (2023: 1%). This commitment is aimed to minimize our impact on natural resources while actively supporting ecological restoration. By prioritizing regenerative farming, we aim to enhance soil health, restore habitats, and promote biodiversity, moving beyond conventional practices such as monoculture farming and excessive pesticide use. Our focus on closed-loop recycling further reduces the dependence on virgin raw materials, decreasing waste and protecting ecosystems from resource extraction pressures.

Actions related to biodiversity and ecosystems

Recognizing the importance of intact ecosystems and biodiversity, we are taking steps to identify, assess, and disclose nature-related risks and opportunities, thereby improving decision-making and accountability. In this context, we plan to publish our first **Taskforce on Nature-related Financial Disclosures (TNFD)** report in 2025, drawing on our experience with the Task Force on Climate-related Financial Disclosures (TCFD) report, which we have been publishing annually since 2021. By integrating biodiversity and ecosystem considerations into our financial and strategic planning, we aim to further strengthen our sustainability commitment.

To prepare for TNFD reporting, a key priority in 2024 was to identify and implement a tool for a comprehensive **biodiversity impact assessment**. In 2025, we plan to extend the tool's application to our Tier 1 suppliers and Tier 4 farmers practicing regenerative farming. For Tier 1, our initial focus will be on identifying suppliers located near biodiversity hotspots and ecologically sensitive areas. A thorough analysis will assess aspects such as land use and changes, proximity to sensitive ecosystems, and the presence of threatened species. These findings will inform the development of our biodiversity strategy and a transition plan with actionable steps and timelines. Once these foundations are established, we will expand the assessment to include other relevant suppliers. In close collaboration with key stakeholders like regenerative farmers and local communities, we will then implement the plan to support both biodiversity preservation and community resilience.

In 2024, we expanded our portfolio of approved farms and farmer associations, laying the foundation for scaling our **regenerative farming initiative** in the coming years. A cornerstone of this effort is our partnership with Raddis, a cooperative based in India promoting regenerative farming and empowering farmers directly. In 2024, we extended this partnership for another three years to further strengthen these efforts.

At HUGO BOSS, we recognize the importance of fostering **direct engagement with farmers and agricultural associations** committed to cultivating regenerative raw materials. To ensure consistency and alignment across our regenerative sourcing efforts, we developed an internal Regenerative Agriculture Brochure. This comprehensive guide outlines our approach to regenerative farming and establishes clear criteria across four key areas: soil health, biodiversity, animal welfare, and social fairness. A key aspect is the detailed explanation of our evaluation process for regenerative partners, which follows five distinct steps: scouting, nominating, interviewing, evaluating and approving. Furthermore, the brochure outlines the three performance levels of our regenerative principles: improving soil health and conserving biodiversity, restoring biodiversity, and promoting social fairness. This structured approach ensures targeted support for farmers at various stages of their regenerative journey.

To promote biodiversity not only on land but also in the oceans and to support the restoration of marine ecosystems, in 2024, the **HUGO BOSS Foundation** has entered into a long-term partnership with Coral Gardeners. Established in 2023, the HUGO BOSS foundation is dedicated to **supporting climate and environmental protection initiatives** around the globe. Coral Gardeners, a non-profit organization, focuses on the restoration and conservation of coral reefs in regions such as French Polynesia, Fiji, and Thailand. As part of this partnership, the HUGO BOSS Foundation will contribute EUR 2 million to Coral Gardeners over several years, reinforcing its commitment to protecting our planet's ecosystems.

Resource use and circular economy

As a global fashion company, HUGO BOSS recognizes its responsibility to **protect natural resources** and actively contribute to the **transition toward a circular economy**. Consequently, we identified circularity as a strategic priority at an early stage and anchored it as a key pillar of our sustainability strategy. > Group Strategy, "Sustainable Throughout"

The fashion industry's production processes require large quantities of virgin raw materials, such as cotton and wool, as well as synthetic fibers like polyester, which necessitate ongoing resource extraction. This reliance contributes to significant environmental challenges, including deforestation, excessive water use, and pollution. Additionally, substantial waste is generated during garment production and at the post-consumer stage when clothing is disposed of rather than being reused or resold. This exacerbates environmental burdens and also depletes valuable raw materials. **Packaging**, particularly single-use plastic, further adds to the environmental impact, contributing to resource depletion, large volumes of non-biodegradable waste, and pollution that enters ecosystems, threatening wildlife and disrupting habitats. The lack of efficient systems for reusing and recycling packaging materials compounds the problem, depleting valuable resources and further contributing to pollution. More information on how these challenges threaten biodiversity and ecosystems can be found in the "Biodiversity and Ecosystems" section. > Biodiversity and Ecosystems

Policies related to resource use and circular economy

Our **Material Strategy** underscores our commitment to more responsible resource use and circular economy principles. This guideline emphasizes our approach to increasing the use of recycled and certified materials, outlining our standards for the selection and usage of materials in our products. Its key elements include the classification of raw materials, an overview of our regenerative farming principles, and our "WE CARE" initiative, as well as details on our brands' circular styles. Our "WE CARE" initiative aims to increasingly use better raw materials in our collections, meaning these materials are either recycled, sourced from regenerative farming, supporting circular design practices or certified by external standards. An overview of key standards and certifications for the respective materials can be found in our Material Strategy, available on our corporate website. With regard to our brands' circular styles, we adhere closely to circular.fashion's Circular Design Criteria, offering a comprehensive framework for circular textile products. At HUGO BOSS, circular products must meet three criteria: using renewable or recycled raw materials, being long-lasting, and being designed for recycling, for example by reducing the use of material mixes. We are continuously working on increasing the use of recycled post-consumer textile waste in our collections.

To ensure that our circular products are developed and produced in alignment with our circularity goals, we have established an internal **Circular Product Policy**. This policy provides detailed information on internal organizational responsibilities, our circular design criteria, a list of materials that can be used in circular styles, and guidelines on how to design products to be recyclable.

Targets related to resource use and circular economy

HUGO BOSS aims for **80% of its apparel products to be circular by 2030** (measured by production volume, number of apparel items). In 2024, we increased this share to 33%, thus making further progress toward our 2030 goal (2023: 17%). We have also set a target for our most used raw material, aiming to **source 100% of our cotton used in fabrics and linings sustainably by the end of 2025** in accordance with the criteria of our Material Strategy. **Materials classified as more sustainable** must either be certified by an external standard such as the Organic Content Standard (OCS), be recycled, or sourced through mass balance systems like Cotton made in Africa (CmiA). Cotton, in particular, is also considered more sustainable when sourced from verified regenerative farming practices. In 2024, we already achieved our 2025 target by reaching a 100% share of sustainable cotton (2023: 98%). As regenerative farming is a key lever for sourcing more sustainable cotton, we have also set the goal of sourcing 100% of the natural materials used in the fabrics and linings of our products according to regenerative principles or through closed-loop recycling by 2030. Licensed products are excluded from this target. To ensure transparency and foster collaboration, we actively engage with external stakeholders, including textile sustainability experts and partners like Raddis, a cooperative based in India promoting regenerative farming and empowering farmers directly. Further information on regenerative farming and the corresponding target can be found in the "Biodiversity and Ecosystems" section.
> Biodiversity and Ecosystems

At HUGO BOSS, we are committed to reducing packaging and continuously improving its environmental impact through responsible material choices and more innovative solutions. In 2024, we successfully reduced packaging weight per item by 15% compared to 2023. At the same time, we aim to achieve a **30% reduction in single-use plastic packaging per item by 2030** (excluding hangers and suit bags), also compared to 2023 levels. This target encompasses product, transport, e-commerce, and service packaging. In 2024, single-use plastic packaging slightly increased by 4%.

Actions related to resource use and circular economy

In 2024, we reinforced our commitment to innovative and circular designed products. To increase awareness, particularly among our design and development teams, we conducted **specialized training courses on circular design principles** and their practical application. Additionally, we introduced a mandatory annual training program to align our teams with our sustainability targets and material standards, fostering a unified approach to the use of better materials. To increase the use of materials with a lower environmental impact compared to conventional alternatives such as polyester and polyamide, we further strengthened our **strategic partnership with Swiss innovator HeiQ**. For more information on this initiative, please refer to the "Pollution" section. > Pollution

As part of our ongoing **innovation efforts**, we also collaborated with one of our suppliers to develop NovaPoly, a trademarked yarn made from pre- and post-consumer recycled polyester textile waste, reflecting our continued effort to reduce textile waste.

In 2024, we revised our **packaging targets and standards**, further committing to reducing packaging waste and promoting circularity, placing particular emphasis on minimizing plastic waste. As part of this initiative, we established new targets and standards for all aspects of our upstream and downstream operations, including product, transport, e-commerce, and service packaging. This new target, outlined further above, form the cornerstone of our approach to less impactful packaging.

Resource inflows

HUGO BOSS relies on a variety of resources to support its operations and value chain activities. These include both **natural and synthetic materials**, as outlined in the following tables. Biological materials such as cotton, wool, and leather constitute a significant share of our input materials and are carefully selected to meet our sustainability standards, prioritizing certified and consciously managed supply chains. Synthetic materials, such as polyester and polyamide, also form an integral part of our input materials. To reduce our reliance on virgin resources, we are increasingly focusing on recycled alternatives. We are fully committed to continuously expanding the use of better and recycled materials across our brands' collections.

NATURAL AND SYNTHETIC MATERIALS USED

	2024				2023			
	Metric tons	In % of total	Share of more sustainable materials (in %)[1]	Share of recycled material (in %)[2]	Metric tons	In % of total	Share of more sustainable materials (in %)[1]	Share of recycled material (in %)[2]
Cotton	13,761	57	100	0	13,267	53	98	1
Natural rubber	604	3	0	0	751	3	0	0
Linen	146	1	60	0	168	1	53	0
Hemp	1	0	12	0	1	0	18	0
Other	6	0	0	0	4	0	0	0
Total biological materials	**14,517**	**60**	**97**	**0**	**14,191**	**57**	**92**	**0**
Sheep wool	1,756	7	49	3	2,084	8	45	1
Leather	939	4	86	3	1,108	4	61	2
Silk	38	0	3	0	56	0	6	0
Cashmere	35	0	33	0	45	0	18	0
Mohair	2	0	100	0	2	0	100	0
Down	1	0	100	0	0	0	100	0
Other[3]	48	0	0	0	58	0	0	0
Total animal-derived materials	**2,820**	**12**	**60**	**3**	**3,354**	**13**	**49**	**1**
Polyester	3,194	13	11	11	3,259	13	15	15
Polyamide	1,210	5	20	20	1,220	5	16	15
Elastane	408	2	4	4	402	2	2	2
Other[4]	855	4	0	0	1,289	5	0	0
Total fossil-based materials	**5,666**	**24**	**11**	**11**	**6,171**	**25**	**11**	**11**
Viscose	808	3	100	2	911	4	100	3
Lyocell	119	1	100	0	119	1	100	6
Modal	65	0	100	0	58	0	100	0
Other[5]	68	0	0	0	80	0	0	0
Total cellulose-based materials	**1,060**	**4**	**94**	**2**	**1,167**	**5**	**93**	**3**
Remaining materials	**40**	**0**	**0**	**0**	**81**	**0**	**0**	**0**
Total materials	**24,103**	**100**	**72**	**3**	**24,964**	**100**	**66**	**3**

1 Materials classified as more sustainable by HUGO BOSS must either be certified by an external standard such as the Organic Content Standard (OCS), be recycled, or be sourced through mass balance systems like Cotton made in Africa (CmiA). Specifically, cotton is also considered more sustainable if it comes from verified regenerative farming practices.
2 We generally classify recycled materials as "more sustainable," so the values presented here also contribute to the share of more sustainable materials.
3 This also includes other animal-derived materials, such as alpaca wool or goat hair.
4 This also includes other fossil-based materials, such as acrylic or polypropylene.
5 This includes other cellulose-based materials, such as cupro and acetate.

Packaging is essential for protecting our products during transport and shipping, while reinforcing our brands' premium positioning in the global apparel market. In 2024, 84% of our product packaging was made from renewable materials (2023: 85%). As part of our commitment to resource conservation, we are transitioning to more sustainable raw materials, including certified and recycled sources. In 2024, 92% of our paper packaging was certified (2023: 93%), and 59% was made from recycled material (2023: 70%), reflecting our dedication to sourcing from consciously managed forests and reducing the use of virgin materials. We are also focused on increasing the circularity of our packaging. In 2024, 100% of our packaging materials were recyclable (2023: 100%), further demonstrating our efforts to conserve resources and reduce waste.

PACKAGING MATERIALS USED AND THEIR RECYCLED CONTENT

	2024			2023		
	Total (in t)	In % of total	Share of recycled materials (in %)	Total (in t)	In % of total	Share of recycled materials (in %)
Transport and shipping cartons	4,898	44	73	5,421	42	79
Carrier bags	1,504	13	76	1,809	14	77
Product/gift boxes	1,273	11	58	2,182	17	89
Other	1,667	15	1	1,497	12	1
Total paper packaging	**9,342**	**83**	**59**	**10,910**	**85**	**70**
Polybags and garment covers	607	5	44	572	4	39
Hangers	443	4	99	524	4	99
Suit bags	267	2	100	268	2	19
Other	481	4	19	440	3	17
Total plastic packaging	**1,798**	**16**	**59**	**1,804**	**14**	**48**
Hanger hooks	47	0	11	58	0	11
Other	3	0	0	1	0	0
Total metal packaging	**50**	**0**	**11**	**59**	**0**	**11**
Natural materials (e.g., cotton)	24	0	0	31	0	0
Total packaging	**11,214**	**100**	**58**	**12,804**	**100**	**66**

Circular business models

A primary objective of circularity is to minimize waste at all critical stages of the product life cycle. To achieve this goal, we focus on **reusing surplus materials** from production and **extending the product life cycle** through reuse, repair and resale initiatives.

In 2024, we successfully launched Eightyards, a subsidiary dedicated to the **reuse and recycling of our surplus materials**. Its concept is strategically aligned with our commitment to accelerate resource-efficient production processes and the reduction of post-production waste. Officially starting operations in early 2025, Eightyards aims to become a leading player in recycling and repurposing surplus materials across various industries, including fashion.

Additionally, in early 2025, we initiated a strategic partnership with Sellpy, a European re-commerce platform specializing in fashion. This collaboration offers customers a **convenient way to extend the life of pre-owned fashion items**. As part of the service, they can send in their items – including BOSS, HUGO, or other brands – for resale and receive a credit once the items are sold. This offer is initially available in selected European markets and highlights our commitment to circular economy.

Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)

The European Green Deal, introduced by the European Commission in 2019, aims to achieve net-zero greenhouse gas emissions in the European Union by 2050. A key part of this strategy is the EU Taxonomy, a **classification system that defines "environmentally sustainable" economic activities**. Its purpose is to guide capital flows toward sustainable investments by classifying economic activities based on their contribution to six environmental objectives: (1) "Climate change mitigation," (2) "Climate change adaptation," (3) "Sustainable use and protection of water and marine resources," (4) "Transition to a circular economy," (5) "Pollution prevention and control," and (6) "Protection and restoration of biodiversity and ecosystems."

For fiscal year 2024, HUGO BOSS has conducted a thorough analysis, concluding that, just like in the prior year, **no financially material taxonomy-aligned sales, CapEx, or OpEx** are to be reported, in particular as our primary economic activities are not yet covered by the EU Taxonomy. The following section contains the mandatory reporting related to the EU Taxonomy, reflecting the most current interpretation available at the time this combined non-financial statement was prepared.

Reporting on "environmentally sustainable" economic activities

The EU Taxonomy requires companies to report on their taxonomy-aligned, or "environmentally sustainable," economic activities in accordance with EU criteria. This involves disclosing the shares of **sales, capital expenditure (CapEx), and operating expenses (OpEx)** related to both taxonomy-eligible and taxonomy-aligned economic activities for all six environmental objectives.

Taxonomy-eligible economic activities are those that meet the respective activity descriptions outlined in the EU Taxonomy, regardless of whether they fulfill the technical screening criteria. Economic activities become **taxonomy-aligned** if they make a significant contribution to the respective environmental objective by complying with the technical screening criteria, do no significant harm ("DNSH") to the other environmental objectives, and adhere to the minimum safeguards set out by the EU Taxonomy.

The delegated acts published to date in connection with the EU Taxonomy on the six environmental objectives still only cover a limited number of sectors and economic activities. For the primary economic activities of **companies in the global apparel market**, and thus also of HUGO BOSS, the delegated acts currently only cover a very limited number of potentially relevant economic activities in connection with the objective (4) "Transition to a circular economy," including the sale of second-hand goods and repair and refurbishment services. While these activities currently only play a minor role in our business model, our **primary economic activities** are by definition not taxonomy-eligible. However, there are some activities listed in the delegated acts that, while not revenue-generating, are relevant to our Company's **basic infrastructure** such as real estate or energy generation facilities.

In light of the broad range of potentially eligible economic activities, HUGO BOSS applies the **principle of materiality** when reporting on the EU Taxonomy. Consistent with our approach in the prior year, we classify an economic activity as taxonomy-eligible if its KPI value at economic activity level is at least 0.5% of the total sales or total CapEx denominator.

Sales

The core business of HUGO BOSS is not covered by the current EU Taxonomy criteria. Therefore, we report the shares of **taxonomy-eligible and taxonomy-aligned sales** in fiscal year 2024 as 0%, as in the previous year. Irrespective of this, HUGO BOSS is striving to significantly expand its activities in circularity going forward, having firmly anchored a clear commitment to "Increase Circularity" in its sustainability strategy. > Resource Use and Circular Economy

Capital expenditure (CapEx)

For fiscal year 2024, no economic activities were identified with CapEx amounts exceeding the defined materiality threshold, except for the **construction of a new office building** at our headquarters in Metzingen (Germany), which qualifies under the taxonomy-eligible activity 7.1, "Construction of new buildings." HUGO BOSS is pursuing platinum certification from the German Sustainable Building Council (DGNB) for the building, with completion expected in 2025. While the DGNB certification reflects a high standard of sustainability, it does not fully cover all EU Taxonomy criteria. As a result, complete evidence of alignment with these specific criteria was unavailable as of the reporting date, and therefore, the CapEx related to the office building project is reported as not taxonomy-aligned for fiscal year 2024.

Consequently, the **taxonomy-eligible CapEx** for 2024 in relation to the total CapEx incurred of EUR 645 million ("denominator") amounts to 2% (2023: 0% with a denominator of EUR 537 million). The share of **taxonomy-aligned CapEx**, again in relation to the denominator, however, amounts to 0% (2023: 0%). In accordance with the taxonomy regulation, the CapEx to be used in determining the denominator mainly comprises additions to property, plant, and equipment and intangible assets before depreciation, amortization, and revaluations, as well as right-of-use asset additions from long-term leases. The amount of the denominator can be reconciled to the disclosures made in the Combined Management Report under "Financial Position" and in the Consolidated Financial Statements under Note 9. > Financial Position, Capital Expenditure

Operating expenses (OpEx)

In accordance with the EU Taxonomy, the OpEx used to calculate the denominator primarily includes direct costs relating to research and development, building renovation, short-term leasing, maintenance, and repair. However, the majority of the OpEx of HUGO BOSS, such as sales and marketing, general administration, and logistics expenses, do not fall under this definition. For fiscal year 2024, the OpEx denominator amounts to EUR 128 million (2023: EUR 135 million). In relation to the Company's total OpEx of EUR 2,299 million for fiscal year 2024 (reconcilable to the operating expenses presented in the consolidated income statement; 2023: EUR 2,171 million), the OpEx denominator is deemed immaterial. Consequently, in line with the specifications in Annex I of the delegated acts on Article 8 of the EU Taxonomy, HUGO BOSS has opted to waive the determination of **taxonomy-eligible and taxonomy-aligned OpEx** for fiscal year 2024. Accordingly, both shares are reported as 0% (2023: 0%). > Earnings Development, Income Statement

Climate risk analysis

HUGO BOSS conducted an **analysis of physical climate risks** for its key Company locations, meeting the requirements of the EU Taxonomy, and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), also encompassing the location of the mentioned investment project. The system-based analysis uses the emission reference scenarios established by the Intergovernmental Panel on Climate Change (IPCC). No significant short- to medium-term physical climate risks were identified for the respective project, ensuring there is no significant harm ("DNSH") to the environmental objective of "climate change adaptation." As a result, the Company deems that no immediate adaptation measures are required. > Climate Change

Social minimum safeguards

Compliance with the social minimum safeguards, which comprise the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the ILO Core Labor Standards and the International Bill of Human Rights, was thoroughly reviewed by topic experts at HUGO BOSS. As in the previous year, **HUGO BOSS complies with all the standards outlined**. > Workers in the Value Chain, > Business Conduct

Additional information

For **additional information** on the taxonomy-eligible and taxonomy-aligned proportions of sales, CapEx, and OpEx, please refer to the section "Additional Disclosures on the EU Taxonomy." > Additional Disclosures on the Combined Non-Financial Statement, Additional Disclosures on the EU Taxonomy

Social

Own workforce

At HUGO BOSS, we are convinced that the passion and dedication of our employees are vital for long-term business success. A strong commitment to empowering people and teams is therefore firmly anchored in our "CLAIM 5" strategy, guided by our HUGO BOSS values of **entrepreneurial spirit, personal ownership, team mentality, simplicity & quality, and youthful spirit**. Our values serve as the foundation for day-to-day cooperation. They foster a spirit of mutual trust, thereby promoting creativity as well as fast and rigorous execution. The aim is to create an environment that enables all employees to develop their individual talents and thus directly contribute to the success of HUGO BOSS. By fostering a diverse, equitable, and inclusive company culture, we create an environment that allows every individual to succeed. At the same time, employee development and training are central to our strategy, providing our workforce with the tools and opportunities they need to grow. Through these efforts, we aim to maintain our positioning as **one of the most attractive employers in the fashion industry**, where talent is nurtured and everyone is empowered to reach their full potential.

HUGO BOSS VALUES

TRUST				
ENTREPRENEURIAL SPIRIT	PERSONAL OWNERSHIP	TEAM MENTALITY	SIMPLICITY & QUALITY	YOUTHFUL SPIRIT

With our global presence across numerous markets, production facilities, and consumer touchpoints, HUGO BOSS recognizes that people are the cornerstone of its success. We are thus dedicated to protecting human rights as fundamental principles for safeguarding human dignity. Our own workforce mainly consists of **white-collar employees** at our headquarters and global subsidiaries, **commercial employees** within our own retail store network, as well as **blue-collar workers** at our production facilities and logistics. Each of these groups has specific needs for a safe, inclusive, motivating, and appreciative workplace environment that also fosters an atmosphere of trust and belonging across all levels of our business.

Our commitment extends beyond our own workforce to the entire value chain, including **workers in our global supply chain**. Further details on human rights risks and our human and labor rights approach in the supply chain are outlined in the "Workers in the Value Chain" section. > Workers in the Value Chain

Policies related to own workforce

HUGO BOSS is committed to respecting human rights, promoting fair labor practices, and fostering a productive work environment that prioritizes the well-being and rights of its employees across our operations, including local subsidiaries, own production and logistics facilities, and own retail stores. These commitments are reflected in our Company policies, which align with international labor standards, including those from the **United Nations Universal Declaration of Human Rights**, the **International Labour Organization (ILO)**, and industry-specific guidelines from the **Fair Labor Association (FLA)**.

Our **Human Rights Statement**, signed by the Managing Board, reinforces our commitment to upholding international standards, outlines our responsibility to address human rights risks, and emphasizes our dedication to eliminating all forms of discrimination. We review the statement annually to ensure its ongoing relevance, effectiveness, and actuality. Building on this, our **Human Rights Policy** sets binding standards for all employees and partners ensuring fair treatment, decent working conditions, and compliance with national laws on working hours, freedom of association, occupational health and safety, and environmental protection. The policy enforces working hour caps and guidelines on overtime to safeguard employee health, well-being, and productivity. Fair pay is fundamental to ensuring financial security, fostering equity. Employees must earn at least the statutory minimum wage, and in cases where local standards are insufficient, a living wage standard is applied. The policy undergoes regular updates, with the most recent revision completed in early 2025.

Complementing this, our **Health and Safety Commitment** and **Child Labor and Forced Labor Policy** are critical to safeguarding our own workforce. These policies emphasize the protection of physical safety, personal dignity, and the prohibition of child labor across all operations and with our partners. Our **Supplier Code of Conduct (SCoC)**, which is based on internationally recognized labor and social standards, applies not only to partners but also to our own production sites. Compliance with the SCoC is monitored through regular audits and supported with training on critical topics to foster mutual understanding across the supply chain. Further details on both these policies and our SCoC can be found in the **"Workers in the Value Chain"** section. > Workers in the Value Chain

The HUGO BOSS **Code of Conduct** outlines Group-wide legal and ethical principles for employee conduct, establishing a foundation of compliance across a range of areas, including fair competition, avoiding conflicts of interest, proper handling of Company information, and data protection. Ensuring fair working conditions and respectful treatment in the workplace is central to the Code, as is maintaining zero tolerance toward corruption. We do not tolerate any willful misconduct or violations of the Code. Employees receive a copy of the Code or online access via a QR code along with their employment contract. They are continuously familiarized with the regulations of the Code and the Group policies. More information on the Code of Conduct can be found in the "Governance" section. > Governance

At HUGO BOSS, we are dedicated to creating an inclusive, supportive, and fair workplace, where equal opportunities are available to all employees. Our **Anti-Discrimination, Anti-Harassment, and Gender Equality Commitment** and **Anti-Discrimination, Anti-Harassment, and Gender Equality Policy** emphasize our efforts towards a discrimination- and harassment-free working environment. HUGO BOSS promotes respect for the full spectrum of diversity, including race, gender, sexual orientation, age, and more. The Company has a strict zero-tolerance stance on any form of discrimination or harassment, upheld through strict policies and supported by management's commitment to equal treatment for all employees.

Diversity, equity, and inclusion (DE&I) is a cornerstone of our company culture, reflecting our commitment to creating a workplace free from discrimination and rich with opportunity. To underscore its importance, DE&I is firmly anchored within the global Human Resources (HR) department, ensuring alignment with our Company's broader HR goals and operations. A dedicated **policy on DE&I** is currently being developed, with publication expected in 2025, emphasizing our commitment to creating an inclusive working environment where all employees are treated equitably and empowered to thrive.

Additionally, the HUGO BOSS **Fair Pay Commitment** stipulates that all employees are to be compensated fairly and equitably, in accordance with local laws and international labor standards. We are committed to ensuring equal pay for work of equal value, with regular reviews to ensure pay practices are transparent and free from bias.

The international subsidiaries of HUGO BOSS structure their HR management by means of **additional, decentralized policies**. This enables them to adapt to their particular situation, while complying with national law. If not stated otherwise, Group-wide policies, are monitored yearly and if necessary updated by our Human Rights Officer.

Engagement with own workforce

At HUGO BOSS, we are committed to fostering a company culture where employees feel empowered to cooperate openly, express their views, and contribute to our Company's success. We engage directly with our workforce through various channels, ensuring that employees have the opportunity to voice their concerns, share ideas, and actively participate in decision-making processes. By promoting **active and direct dialog**, we aim to enhance employee retention and strengthen their connection to our Company's strategic goals.

A key initiative for engaging with our workforce while tracking the effectiveness of our overall approach to employee engagement is the annual **Great Place to Work** survey, conducted Group-wide by an external service provider. This survey offers critical insights into how our employees experience HUGO BOSS, their interactions with leaders and peers, and their overall engagement. In 2024, the Group-wide participation rate reached 70% (2023: 77%), with an **overall satisfaction level** of 69% (2023: 77%). This development mainly reflects the challenges posed by a difficult macroeconomic environment in some of our key regions, particularly in Turkey. These conditions impacted employees' financial well-being and overall sentiment throughout 2024. Looking ahead, we remain committed to sustaining a satisfaction level of at least 75% across the Group, consistent with previous years. For our employees at HUGO BOSS AG in Germany, overall satisfaction remained broadly stable at 86% in 2024 (2023: 87%). Our employees particularly appreciate the benefits and perks, team spirit and collaboration, as well as work-life balance and flexibility that HUGO BOSS offers. These findings provide us with **valuable insights** that we use to inform operational and strategic decision-making, with the aim of further improving employee engagement globally at HUGO BOSS. Importantly, the survey results, particularly the "Trust Index," represent a key component of the long-term incentive program (LTI) for the Managing Board and eligible senior management staff, underscoring the strategic importance of employee engagement.

Besides the annual survey, HUGO BOSS offers a culture of ongoing dialog through multiple channels aimed at strengthening the **internal dialog** both among employees as well as between employees and senior management. Regular updates from the Managing Board, alongside opportunities for direct dialog through internal events, provide platforms for employee engagement. In this context, we introduced the hybrid format **"How is Business?"** in 2024, in which the Managing Board provides our global workforce with relevant business insights on a quarterly basis, while also answering questions from the audience.

Workers' representatives are integral to our employee engagement process. Through works councils that are organized at both local and national levels, regular dialog takes place on key matters such as employee well-being, health and safety, and workplace development. Our workforce in Germany is represented by the works council at the level of our Group's parent company HUGO BOSS AG, in accordance with the German Works Constitution Act (Betriebsverfassungsgesetz, BetrVG). The **annual works meeting** where both the Managing Board and the Works Council provide employees in Germany with updates on the Company's economic performance and strategic priorities, and strengthens transparency and the connection between leadership and the workforce. The **works council**, led by its Chairperson, regularly engages in open dialog with the Managing Board and our central HR division, addressing both strategic and individual matters. Each employee is assigned a dedicated HR manager to assist with any inquiries, complaints, or other matters requiring attention. Furthermore, we support the formation of employee organizations for safeguarding rights and respect the right of unionization of our workforce. HUGO BOSS maintains regular meetings with union representatives, both directly and through associations such as the Southwest German Textile and Clothing Industry.

To further strengthen engagement, we also leverage **digital tools** to enhance communication and collaboration. Our global employee **app "My HUGO BOSS"** and our **global intranet platform "ONE"** keep employees closely connected and engaged. These platforms provide timely updates on HUGO BOSS and our two brands BOSS and HUGO, featuring live streams, videos, and relevant industry news.

Grievance mechanisms and remediation processes

HUGO BOSS has established a comprehensive system to address human rights impacts stemming from its business activities. To facilitate reporting and overcome barriers to access, we provide three independent whistleblowing channels: our **Speak Up Channel**, an external **Ombudsperson** service, and our **Compliance department**. To reduce further barriers to reporting, these channels enable the reporting of issues confidentially, anonymously, and free of charge. In addition to these global channels, HUGO BOSS has implemented additional internal **whistleblowing channels on a local level**, providing our own workforce with access to localized points of contact. In doing so, HUGO BOSS aims to mitigate negative impacts on human rights, data protection, and compliance with its Code of Conduct, among other things.

Raising awareness of these grievance mechanisms ensures employees feel safe to report concerns. This awareness is built into various aspects of our company culture through a mandatory **compliance training course**, where all permanent employees are informed about grievance processes, and **internal information campaigns**. Additionally, the Company promotes awareness across its local subsidiaries, own production facilities, and own retail stores with comprehensive information on the intranet or posters detailing how to access the various whistleblowing channels. Employees can also raise concerns directly with their **managers** or **HR**. All reports are handled by the Compliance department, ensuring that issues are addressed in line with the Company's commitment to upholding human rights and ethical standards.

The HUGO BOSS Compliance department reviews the **effectiveness of the grievance procedure** at least once a year or, if necessary, on an ad-hoc basis. Based on the findings, further action steps are initiated to ensure continuous improvement. The grievance mechanisms and remediation processes, including whistleblowing protection against retaliation, are further detailed in the "Governance" section. > Governance

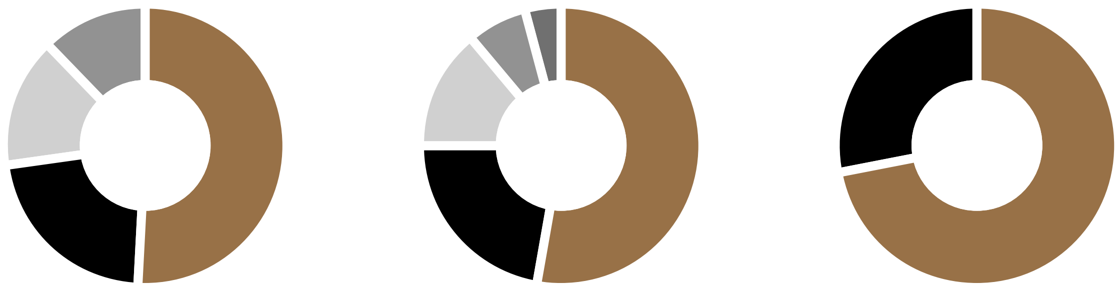
Characteristics of our workforce

At the end of fiscal year 2024, on a **headcount basis**, HUGO BOSS employed a total of 21,286 employees worldwide (2023: 21,899). This includes all active employees, including white-collar workers, commercial staff, blue-collar workers, learners (including working students, apprentices, and interns), and temporary staff. The decrease of 613 headcounts compared to the prior year primarily reflects a moderate decrease in both temporary staff as well as in corporate functions. On a **full-time equivalent (FTE)** basis, excluding learners and temporary staff, this corresponds to 18,623 employees as of December 31, 2024 (December 31, 2023: 18,738). The following metrics represent employee data calculated on a headcount basis.

Our Company's **global positioning** is also reflected in our workforce. In 2024, 78% of our employees were based outside of Germany (2023: 80%). Within Germany, employees from over 100 different nations work for HUGO BOSS (2023: almost 100 nations). At the end of 2024, 15,230 employees (2023: 15,725) worked in the **commercial sector**, while 6,056 employees (2023: 6,174) were assigned to **industrial activities**.

HUGO BOSS EMPLOYEES[1] (IN %)

By region | By functional area | By type



By region

- **EMEA (without Germany)** **51** (53)
- **Germany** **22** (21)
- **Americas** **15** (14)
- **Asia/Pacific** **12** (13)

By functional area

- **Own retail business, sales, and marketing** **53** (51)
- **Own production** **22** (26)
- **Administration (incl. IT)** **14** (12)
- **Logistics** **7** (7)
- **R&D** **4** (4)

By type

- **Commercial and administrative employees** **72** (69)
- **Industrial employees** **28** (31)

2024 (2023)

1 On a headcount basis.

The following tables provide further characteristics of our own workforce, aligned towards ESRS S1 requirements:

EMPLOYEES BY GENDER (HEADCOUNT)

	2024	2023
Male	8,645	8,927
Female	12,638	12,971
Diverse	1	1
Not reported	2	0
Total employees	**21,286**	**21,899**

EMPLOYEES BY COUNTRY[1] (HEADCOUNT)

	2024	2023
Turkey	5,221	5,239
Germany	4,581	4,676
Other	11,484	11,984
Total employees	**21,286**	**21,899**

1 This table aligns with ESRS requirements, providing information on countries representing at least 10% of our global workforce. All countries below the 10% threshold are reported under "Other."

EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY GENDER (HEADCOUNT)

	Permanent	Temporary	**Total**	Thereof non-guaranteed hours
Female	10,989	1,649	12,638	1,044
Male	7,782	863	8,645	1,094
Diverse	0	1	1	0
Not disclosed	1	1	2	2

EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY REGION (HEADCOUNT)

	Permanent	Temporary	**Total**	Thereof non-guaranteed hours
EMEA	14,056	1,298	15,354	6
Americas	3,012	282	3,294	2,019
Asia/Pacific	1,704	934	2,638	115

In 2024, HUGO BOSS continued its focus on meeting its demand for talent, hiring 6,259 **new employees** worldwide (2023: 7,242). The total number of all **employees who have left** HUGO BOSS during the reporting period amounted to 6,667 employees (2023: 5,583), including inactive employment relationships. HUGO BOSS counts employees as having left the Company only upon official contract termination. Transitions from temporary roles, internships, or student positions to permanent roles are recorded as internal transfers, not new hires. For both of the above-mentioned metrics, HUGO BOSS accounts all employees excluding learners and temporary staff. The resulting **total turnover rate** of employees thus amounted to 32% in 2024 (2023: 27%). Employee turnover is calculated by dividing the total number of employees who left the Company ("leavers") during the year by the total number of employees at year-end (active and inactive employment relationships, excluding learners and temporary staff). This methodology shall ensure a clear and consistent snapshot of turnover relative to the workforce size at a specific point in time.

At a level of 22%, the **employee-related turnover**, based on total headcounts, increased slightly year over year (2023: 18%). This rate includes only those who voluntarily chose to leave the Company. To gain deeper insights into employee retention, we separately track the employee-related turnover for our retail operations and corporate functions. The rate in our retail business was 32% in 2024 (2023: 30%), while in corporate functions it amounted to 15% (2023: 10%). Our objective remains to further reduce employee-related turnover to below 30% in the retail functions, and below 8% in the corporate functions, by 2030. We conduct **exit interviews** with employees who have decided to leave HUGO BOSS to better understand the reasons for their departure. Their feedback is collected and analyzed for the purpose of adjusting our practices with the aim of further improving employee retention and reducing employee-related turnover.

Targets and actions related to own workforce

In the following section, HUGO BOSS outlines its **targets and actions related to its own workforce**, addressing topics identified as material through our double materiality assessment. This includes information on working conditions as well as equal treatment and opportunities for all.

Working conditions

At HUGO BOSS, we recognize that ensuring optimal working conditions is vital to fostering employee well-being, productivity, and overall job satisfaction across all regions. Also in our industry, employees may face longer working hours and heightened pressure, especially during peak seasons, which can challenge their ability to maintain a healthy work-life balance. We are continually working to enhance these conditions, in particular by improving **work-life balance**, managing **working time**, and ensuring the right to **freedom of association**.

HUGO BOSS is actively implementing more flexible working models and clear policies that define reasonable boundaries around working hours, promoting healthier work environments. Additionally, we are committed to further enhancing our **social dialog framework**, ensuring that employees' voices are heard and that their rights to fair representation are upheld. By strengthening these aspects, we aim to create an even more inclusive and supportive workplace where employees are empowered to participate in decision-making processes affecting their roles and working conditions.

Working time and work-life balance

In the fast-paced fashion industry, managing working time is essential to **ensuring fair working conditions and preventing overwork**. Effective regulation of working hours protects employees to their right to rest and promotes overall well-being.

Actions
We are convinced that a balanced personal and professional life fosters a productive and motivated workforce. To support this, we offer our employees a wide range of options to **strengthen work-life balance**. A variety of **flexible working models**, such as individual part-time arrangements, trust-based working hours, and remote work, are designed to help our employees manage private life commitments alongside their professional responsibilities. Most of our employees already benefit from flexible working hours. For example, employees in our own production facility in Izmir (Turkey) are also able to reduce accrued overtime hours or take advantage of other part-time arrangements.

Our **hybrid working model "Threedom of Work"** applies to administrative staff in Germany and provides for three days of attendance at our headquarters in Metzingen, whereas employees are free to choose their work location on the other two days. Similar models are in place at other Group companies, while most administrative staff worldwide benefit from mobile working options, further enhancing flexibility. Numerous initiatives at our headquarters support an **agile, cross-functional work environment**, utilizing modern office concepts and digital tools. Additionally, flexible models such as job sharing and co-leadership further contribute to a dynamic and efficient, yet flexible work culture. On top of this, in 2024, HUGO BOSS introduced **"ME TIME,"** a flexible sabbatical model for our employees in Germany, enabling time for education, social engagement, or travel, further enhancing our dynamic and adaptable work culture.

As we are also committed to strengthening family friendliness as part of the Germany-wide cooperation **"Success Factor Family,"** we are offering a broad variety of family-friendly options. This includes access to day care for around 50 toddlers at our Metzingen site as well as holiday care programs. In the U.S. and Canada, employees have access to an **Employee Assistance Program (EAP)** for independent advice on childcare and family care. In addition, most of our employees in the U.S. have the option of spending part of their gross personal income for external care and support services through **flexible spending accounts (FSAs)**.

Adequate wages

At HUGO BOSS, we firmly believe that **fair pay** is fundamental to ensuring financial security, fostering equity, and driving motivation and productivity. We are committed to providing **transparent, performance-based compensation** as part of fair working conditions. To this end, HUGO BOSS continually strives to enhance the fairness and competitiveness of its compensation structure, ensuring that employees worldwide are rewarded at least in line with local minimum wage standards.

Targets

We are committed to **maintaining competitive compensation practices** globally. In fiscal year 2024, all employees earned at least in line with the adequate wage benchmark set forth in the ESRS, reaffirming our commitment to fair and adequate compensation.

Actions

All our employees are entitled to fair compensation, aligned with market standards. All positions worldwide are thus evaluated via standardized criteria. Based on a regular assessment of all jobs in Germany as well as international key positions, the majority of our employees are remunerated based on job-specific salary bands. As an addition to the minimum local wage requirements, our salary bands are based on **external salary benchmarks** covering several sectors. In recent years, HUGO BOSS conducted a thorough evaluation of nearly all positions worldwide to establish a **unified compensation system** based on a Group-wide grading system, thus further improving transparency. The latter is built around job-specific qualifications and responsibilities, aimed at ensuring a compensation structure that remains fair, competitive, and free from discrimination. HUGO BOSS reviews its pay practices regularly to maintain competitiveness.

Our **compensation system** includes fixed and variable salary components, bonuses above the collective bargaining scale, non-cash compensation, and other benefits. It aligns with industry and collective bargaining agreements, while incorporating national and regional benchmarks. At HUGO BOSS AG in Germany, works agreements govern compensation components such as the employee profit-sharing bonus. Non-tariff employees receive a 13th monthly salary instalment and a short-term incentive (STI) linked to annual company targets. The compensation scheme for the Managing Board and senior management also includes a long-term incentive (LTI) program. Additionally, as part of a restricted stock units (RSU) plan, eligible senior management is granted options to purchase shares in HUGO BOSS, further aligning their interests with the long-term success of the Company.

HUGO BOSS further supports employees with a **company pension**, with specific conditions varying by country. In Germany, for example, all employees are eligible for a uniform pension plan. Additionally, there are **retirement programs** in place, such as partial retirement, allowing employees to maintain access to benefits like the company fitness studio and company restaurant at our Group headquarters.

To provide our employees with an additional benefit, HUGO BOSS offers an **employee share investment program (SHIP)**, enabling employees across 25 countries (2023: over 20 countries) to acquire HUGO BOSS shares at regular intervals under favorable conditions, thereby directly participating in the Company's success. In 2024, we significantly expanded the program's eligibility criteria, increasing the number of globally eligible employees by around 40%. Following this expansion, SHIP continues to enjoy strong participation, with an overall participation rate of 14% (2023: 19%), and a rate of 35% (2023: 43%) at HUGO BOSS AG in Germany.

Freedom of association and collective bargaining

Freedom of association and the right to collective bargaining are essential for ensuring that employees can **voice their concerns** and collaborate to maintain **fair working conditions**. These rights empower employees to advocate for better wages, safer environments, and overall improved well-being.

Targets

HUGO BOSS is firmly committed to respecting and upholding employees' rights to unionize and participate in collective bargaining. Our Human Rights Commitment and Policy underline our commitment towards an open and constructive dialog with employees and their representatives. Our objective is to ensure these rights are consistently respected across all operations, in compliance with national laws, and to **prevent any violations**.

In Germany, **all employees are covered by collective bargaining agreements** and are represented by workers' representatives.

Actions

HUGO BOSS actively engages with its workforce through a variety of channels, including **labor unions, works councils**, and **employee committees** across its global operations, fostering open dialog and promoting labor rights.

In **Germany**, home to our second-largest workforce, social dialog is facilitated by a close collaboration between the elected works council of HUGO BOSS AG, which represents employee interests, and the Managing Board, ensuring fair and constructive negotiations on topics vital to the workforce. As a result of this collaboration, we have implemented a variety of works agreements, offering broad-ranging benefits for our employees. These cover health protection, flexible working arrangements, childcare support, family assistance programs, and anniversary bonuses, among other things. In **Turkey**, where we have our largest workforce, the elected employee representation aims to ensure that workers can raise concerns and participate in discussions about their working conditions. In markets like **Mexico** and **China**, specialized worker-manager committees focus on health, safety, and workplace conditions, ensuring employees' voices are heard at the local level, while in **France**, the Social and Economic Committee (Comité social et économique, CSE) holds regular meetings with local management, representing different employee categories.

Equal treatment and opportunities for all

Our commitment to fostering equal opportunities is deeply rooted in promoting a workplace thriving on diversity, equity, and inclusion (DE&I). These principles, alongside our focus on gender equality, anti-discrimination efforts, and continuous training and development, form the foundation of a **supportive and empowering work environment**. We believe that an inclusive culture, where every individual feels valued, respected, and empowered to contribute, is vital to our Company's long-term success. By promoting fairness, trust, and collaboration, we strive to ensure an environment where employees can excel.

HUGO BOSS is committed to **tackling gender pay disparities**, ensuring that all promotions and compensation decisions are merit-based, and eliminating barriers to career advancement based on gender. We are actively working on closing the gender pay gap through further increasing transparency in our career development and compensation frameworks, fostering a more equitable workplace where everyone has equal opportunities to succeed.

At the same time, we are committed to maintaining a **zero-tolerance policy against workplace harassment and violence**, particularly those arising from discriminatory behavior. To safeguard our inclusive culture, we have implemented policies to protect employees from unethical conduct. By promoting a safe and respectful work environment, we empower all employees to excel free from the fear of discrimination or mistreatment.

We also place strong emphasis on the continuous development of our employees. Through a variety of **training and development programs**, HUGO BOSS ensures that all employees, regardless of their background or role, have the opportunity to enhance their skills, grow within the Company, and contribute to its collective success.

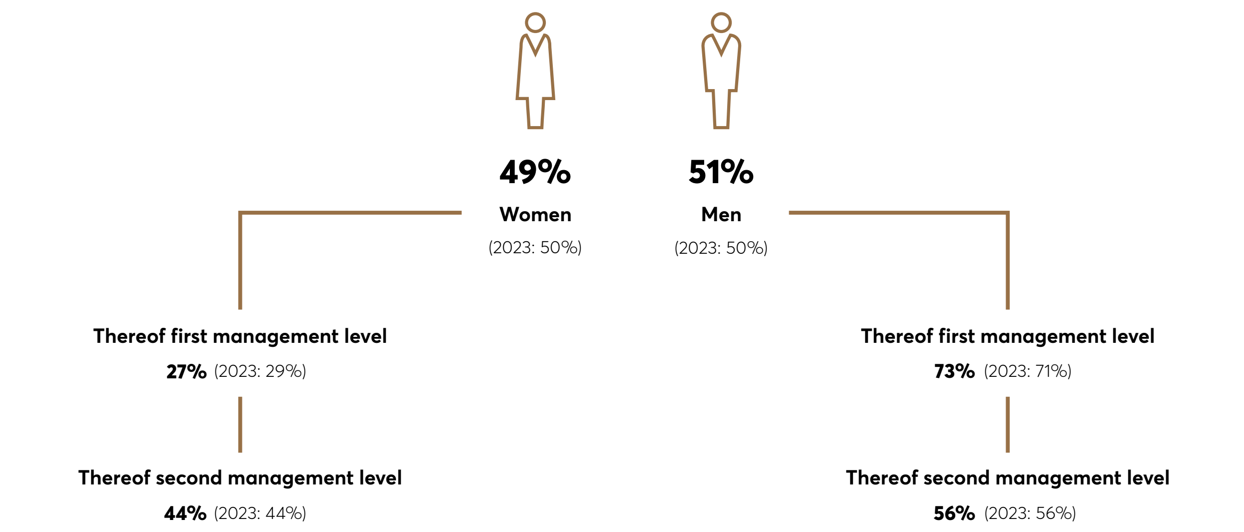
Diversity, equity, and inclusion (DE&I)

At HUGO BOSS, DE&I are central to our journey of reshaping fashion. With over 145 nationalities represented in our workforce, we embrace the power of **diverse cultural backgrounds and generational collaboration**. As a global company, we understand fashion's influence on society and are committed to fostering an inclusive, equitable world where diverse perspectives drive creativity and innovation.

Targets

HUGO BOSS is committed to promoting **gender equality across all organizational levels**. At year-end 2024, women represented 59% of our workforce, continuing to form the majority (2023: 59%). Across all management levels, 49% of positions were held by women, thus broadly stable as compared to the prior year (2023: 50%).

EMPLOYEES IN TOP MANAGEMENT AND SECOND MANAGEMENT LEVELS



HUGO BOSS has set ambitious targets for 2025, aiming for **at least 40% women in the first management level** (below the Managing Board) and **at least 50% in the second management level**. As of December 31, 2024, women accounted for 27% of top management positions and 44% of second management positions (December 31, 2023: 29% and 44%, respectively). Both these targets will undergo a comprehensive review in 2025, reaffirming our commitment to driving gender equality and strengthening the representation of women in leadership at HUGO BOSS.

HUGO BOSS is proud of its diverse and balanced workforce, spanning multiple generations. As of fiscal year 2024, employees under 30 accounted for 6,581 (31%), those aged 30–50 made up 12,205 (57%), and employees over 50 totaled 2,500 (12%). This **balanced age distribution** reflects the dynamic blend of emerging talent and experienced professionals that drives HUGO BOSS forward.

EMPLOYEES BY AGE GROUP (HEADCOUNT AND SHARE)

	2024		2023	
	Headcount	Share (%)	Headcount	Share (%)
<30 years	6,581	31	7,288	33
30 to 50 years	12,205	57	12,245	56
>50 years	2,500	12	2,366	11
Total	**21,286**	**100**	**21,899**	**100**

HUGO BOSS measures **equity** through its annual employee survey and has set a target of achieving an 85% agreement rate on the equity index by 2030. This index reflects employees' perceptions of fair treatment via several survey statements, including "People here are treated fairly regardless of their race, age, gender, and sexual orientation." In 2024, 80% of employees viewed HUGO BOSS as an equitable workplace. Respectively, **inclusion** is measured via the survey question "I can be myself around here," with a goal of 79% agreement by 2030. In 2024, 74% of employees agreed they feel included within the Company.

Actions

HUGO BOSS has defined a comprehensive DE&I ambition focused on five key pillars: Our People, Our Company, Our Consumers, Our Business Partners, and Our Community. To further advance DE&I within the organization and embedding it into our company culture, our **MIX & MATCH initiative** bundles numerous internal and external measures aimed at raising awareness, educating, and promoting a culture of inclusion. Our **Diversity Task Force (DTF)**, composed of employees from diverse backgrounds, supports the execution of these initiatives through dedicated working streams focused on topics like gender equality and LGBTQIA+ representation. Employees can also form self-organized groups, including the **Wonder Women CREW** and the **BE YOU CREW**, offering safe spaces for sharing experiences and fostering mutual support.

We offer our employees regular **DE&I training** courses, including programs that teach how overcoming bias supports business success. Launched in 2022, these training courses adopted a top-down approach, initially targeting the Managing Board, senior management, and middle management. They were subsequently extended to the broader workforce through individual team training sessions conducted in 2023 and 2024. In 2024, we also integrated an **unconscious bias training** course into our leadership development programs.

Gender equality remains a priority, with ongoing initiatives to enhance female representation in leadership roles. Our **Diversity Hiring Council** plays a central role in reviewing the recruitment process for top management positions and ensuring gender-balanced candidate shortlists. To further promote gender-diverse leadership, we launched the **SHE BOSS** program in 2024, aimed at developing high-potential female leaders at HUGO BOSS with active support and involvement from their managers.

By adhering to the **United Nations Women's Empowerment Principles**, we aim to promote equal opportunities, representation, and treatment for all genders in the workplace. We also support the **Partnership for Global LGBTIQ+ Equality (PGLE)**, a coalition of organizations committed to leveraging their individual and collective advocacy to accelerate LGBTIQ+ equality and inclusion globally. Furthermore, we support the **Klischeefrei initiative**, which encourages young people to make career choices free from gender stereotypes, introducing their method set in our Metzingen daycare center. Our goal is to ensure that gender equality is fully integrated into our company culture, with balanced gender representation in leadership positions and across all functions.

Gender equality and equal pay for work of equal value

At HUGO BOSS, we recognize the importance of fostering a balanced and diverse workforce. We are committed to **promoting gender equality and achieving balanced leadership**. HUGO BOSS fosters a work environment free from discrimination and harassment, promoting gender equality as a fundamental right. All employees, regardless of gender, are entitled to equal rights, opportunities, and access to resources.

Actions

Creating a workplace environment that promotes gender equality and prevents discrimination begins with **raising awareness**. HUGO BOSS has implemented training programs to educate employees on issues of bias, discrimination, and gender equality. The Company has signed the **UN Women's Empowerment Principles**, which provide guidance on promoting gender equality in business.

All employees are entitled to **fair compensation** in line with market conditions, and they also benefit from various additional support, including health insurance, maternity and parental leave, and financial support for external training. Our commitment to equal pay is demonstrated by ongoing **analyses of gender-specific compensation differences** among employees in comparable positions, based on our standardized grading system. This includes comparing the average annual compensation of women and men on a full-time basis within the individual grades, without adjusting for biographical factors. We are continuously expanding these analyses to better understand the drivers of pay disparities and work towards minimizing them. More information on our compensation system can be found in the "Adequate Wages" section further above.

At the same time, HUGO BOSS is actively empowering women, especially when re-entering its workforce, for example after parental leave, through initiatives like our **"Open Doors for Women"** program in Turkey, providing mentorship, career development opportunities, and support networks. By breaking down barriers and providing tools for success, HUGO BOSS is committed to fostering gender equality across all areas.

Measures against violence and harassment in the workplace

At HUGO BOSS, we are dedicated to fostering a working environment where all employees are valued for their individuality and are free to express themselves without fear of discrimination, violence, or harassment. HUGO BOSS requires all employees to treat each other with **respect and dignity**, irrespective of age, gender, race, sexual orientation, disability, nationality, faith, political opinion, or any other personal traits. This commitment is reinforced through regular training and a clear expectation that all employees contribute to a positive, inclusive workplace culture. Our commitment to creating a **respectful and safe workplace** is supported by respective policies and a zero-tolerance approach towards harassment and violence.

Targets
HUGO BOSS is committed to **maintaining a workplace free from violence and harassment**, in alignment with both statutory and internal company requirements on human rights and labor standards. As part of our Anti-Harassment Commitment and Policy, we strictly prohibit all forms of harassment and violence, aiming to ensure that these standards are consistently upheld across our operations.

During the reporting period, a total of **12 incidents of discrimination**, including harassment, were reported (2023: 17 incidents, with one incident reported in 2024). No complaints were filed with National Contact Points (NCPs) for OECD Multinational Enterprises through the available confidential internal channels (2023: no complaints).

In fiscal year 2024, as in the prior year, HUGO BOSS was **not aware of any human rights incidents or severe human rights violations** within its own workforce, including cases of child labor, forced labor, or human trafficking, or non-respect of the UN Guiding Principles and OECD Guidelines. Consequently, no material fines, penalties, or compensation payments related to human rights issues were recorded, reaffirming our commitment to ethical standards and employee rights.

Actions
HUGO BOSS actively promotes a culture of respect and individuality. To prevent discrimination, violence, and harassment, we have implemented regular compliance training that includes a dedicated **anti-discrimination e-learning module**. It reinforces our commitment to anti-discrimination and educates employees on recognizing, preventing, and addressing violence and harassment in the workplace. The training course is reviewed annually and updated as needed to reflect changes in business-specific requirements.

Training and skills development

Our employees' expertise and commitment are vital for achieving our strategic and financial goals. As the global business environment becomes increasingly complex and competitive, the demand for skilled employees continues to rise. To further strengthen our position in global competition for talent, we prioritize **individual development opportunities** that enhance both our employer attractiveness and employee retention.

Actions

HUGO BOSS is strongly committed to fostering a robust leadership culture and providing comprehensive development opportunities for its employees. This commitment aligns with our strategic objective of **"Empowering People and Teams,"** part of our "CLAIM 5" strategy, which is aimed at driving both individual and organizational success.

We offer a wide range of individual training and development opportunities. Structured HR development programs, such as the **Employee Development Program (EDP)** for professionals and managers, are designed to promote employees based on their competencies, expand their knowledge, and strengthen their skills, also with regard to a leadership career. In addition to role-specific training, we also provide **social skills development**, with the goal of fostering a performance-driven, inclusive, and collaborative company culture.

Through platforms such as the **HUGO BOSS University** and the **HUGO BOSS eLIBRARY**, employees have access to a broad selection of face-to-face, live online and e-learning courses that focus on professional, social, and management skills. We also offer the **"Tiny Training Thursday,"** a one-hour training format focused on relevant topics, and, since 2024, the **Global Learning Week**, an initiative that fosters knowledge-sharing and collaboration through diverse online training sessions led by internal experts from across the globe. At our own production and logistics sites, **face-to-face training** courses and **workplace briefings** form an integral part of the induction process for industrial staff.

Development offerings at HUGO BOSS include a strong focus on **leadership mentality**, as we are convinced that it has a significant positive impact on both our Company's performance and employee engagement. Through regular workshops, we aim to firmly anchor this mindset within our organization, fostering a common understanding of leadership at HUGO BOSS. Our leadership approach encourages leaders to act as enablers, providing employees with a framework for their work and personal growth. Key programs, such as the **Leadership Development Program (LDP)**, the **High Potential Program (HIPOSS)**, and the **Experienced Leaders Collection (ELC)**, are tailored to develop leadership potential and skills at different career stages. Leaders are also expected to build strong connections between individuals and teams, fostering team spirit, and ensuring equal opportunities for all.

HUGO BOSS also supports students and apprentices by partnering with universities and vocational training institutions globally. This collaboration enables us to offer **work-study programs** for students pursuing various degrees and **apprenticeships** in industrial, technical, and commercial fields, addressing the growing shortage of skilled professionals.

Internal mobility is a key factor in talent retention at HUGO BOSS. Our internal career platform **"GLOBAL JOBS"** and the employee recommendation program **"HUGO BOSS Spotted"** provide employees with transparency and growth opportunities across departments and divisions. At the same time, the annual **Performance & Development Dialog (PDD)** provides structured feedback and individual development planning. Using an online tool, data is collected on employee performance, potential evaluation, and development planning, ensuring objectivity and transparency. This process helps employees realize their potential, while promoting long-term retention. The tool also supports mid-year reviews and the collection of structured feedback from managers and peers.

Workers in the value chain

HUGO BOSS recognizes the impact its operations can have on **workers' lives and conditions** along the global value chain, particularly in the global south, where vulnerabilities are most pronounced. While challenges exist across both upstream and downstream parts of the value chain, they are especially material within the supply chain, where labor-intensive processes are prevalent. Workers may face challenges such as job insecurity, low wages, long working hours, and limited social protections, with women disproportionately affected. Barriers to freedom of association and collective bargaining further restrict workers' ability to negotiate fair wages or improve conditions, especially in regions with weak legal protections. Health and safety risks are pervasive across the value chain, from pesticide exposure in cotton farming to hazardous chemicals in dyeing processes. Across the broader textile industry, child labor and forced labor impacts remain critical issues, particularly in raw material production and manufacturing.

Addressing these challenges requires **collective action**. HUGO BOSS collaborates closely with its direct suppliers, fostering long-term relationships to constantly improve labor practices, while also engaging with stakeholders, such as NGOs, trade unions, and industry initiatives, to drive systemic improvements and care for fair, safe, and equitable working conditions.

For fiscal year 2024, HUGO BOSS is primarily reporting **targets and metrics for its Tier 1 suppliers** (including its own production facilities), with plans to expand reporting across Tier 2 through Tier 4 in the coming years, as data collection and reporting capabilities are further developed in alignment with ESRS requirements. For an overview outlining the **main features of our value chain**, please refer to the section "About this Combined Non-Financial Statement." > About this Combined Non-financial Statement, Business Model, Strategy, and Value Chain

Policies related to workers in the value chain

Respect for human rights is a core priority at HUGO BOSS, embedded in our company culture. We are committed to preventing violations both within our operations and across our supply chain. Our publicly available **Human Rights Policy** sets clear standards for upholding human rights, promoting fair treatment, and ensuring safe, decent working conditions. This policy is binding for all HUGO BOSS employees and business partners, who are expected to actively implement it. In particular, the policy emphasizes specific safeguards for vulnerable groups, including children, young workers, women, migrant workers, and Indigenous people – groups facing heightened risks in the global textile industry. HUGO BOSS is committed to safeguarding workers' rights, including fair working hours, the right to unionize, and healthy working environments. Equal opportunities, a zero-tolerance approach to discrimination and harassment, as well as fair compensation are central, and we encourage our suppliers to adopt living wage strategies to ensure fair treatment at all levels. HUGO BOSS monitors compliance with the policy through its due diligence process, which is further explained in the section on "Due Diligence and Sustainable Supply Chain Management." The policy undergoes regular updates, with the most recent revision completed in early 2025.

HUGO BOSS has a **Human Rights Statement** signed by the Managing Board, reinforcing our Company's long-standing commitment to respecting international standards. The statement outlines our responsibility to care for human rights within both our own operations and supply chain, highlighting our awareness of potential risks and defining our human rights responsibilities. The statement is reviewed annually, with the most recent update in 2024, and is available in several languages.

Our **Supplier Code of Conduct (SCoC)** sets minimum standards for all our partners and their networks, requiring a contractual commitment as a condition for collaboration. Therefore, compliance with the SCoC is mandatory for all suppliers and their partners unless they have equivalent standards. This shall ensure that business practices meet our expectations, particularly in regions where national legislation or its enforcement may be lacking. The code mandates standards on working hours and rest periods, with a cap on working hours where national laws are absent, to promote a healthy work-life balance. It prohibits child and forced labor, prescribes decent working conditions, and shall ensure fair wages. The SCoC also supports the right to freedom of association and collective bargaining and requires partners to foster continuous improvement across areas such as human rights, labor standards, and environmental protection. The code also states our zero-tolerance policy towards corruption and unethical behavior. While being available in multiple languages, a simplified one-page version in 30 languages is displayed at our partners' production facilities, providing direct access to our complaint mechanisms via QR code. Compliance with the SCoC is monitored through annual self-assessments and regular social audits, supported by training on ESG topics. Our SCoC is reviewed annually, with input from stakeholders such as NGOs, with the latest update made in 2024.

Both our Human Rights Policy and the SCoC are based on internationally recognized standards, including the **UN's Universal Declaration of Human Rights (UDHR)**, the **International Labour Organization (ILO) Core Conventions**, and the **OECD Guidelines for Multinational Enterprises**.

HUGO BOSS has a dedicated **Child Labor and Forced Labor Policy**, underscoring our zero-tolerance stance towards child labor, young labor, forced labor, and human trafficking across our global value chain. Aligned with international standards, including the ILO Core Conventions, the policy shall ensure ethical labor practices as it mandates strict prohibitions on child labor, forced labor and human trafficking in all forms, as well as the exploitation of vulnerable groups. It also sets clear guidelines regarding the employment of young workers to safeguard their rights. The policy requires preventive measures such as age verification during hiring, regular audits, and targeted training for employees and partners. In cases of violations, immediate action is taken to address the issue and support affected individuals, with confidential reporting channels reinforcing compliance. The policy is reviewed and updated regularly, with the latest revision finalized in early 2025.

Our **Anti-Discrimination, Anti-Harassment, and Gender Equality Commitment** and **Anti-Discrimination, Anti-Harassment, and Gender Equality Policy** reinforce our dedication to fostering an inclusive, respectful, and ethical work environment, with a strong emphasis on human rights. Aligning with international standards, including ILO and UN conventions, the policy extends beyond our organization to include workers in the value chain, guided by the obligations set forth in our SCoC. This commitment is particularly relevant in addressing challenges faced by vulnerable groups, including women, who are disproportionately affected by discrimination, harassment, and unequal pay.

Our Company's **Human Rights Officer** monitors human rights risks and reports at least twice per year to the Managing Board and the Audit Committee of the Supervisory Board on identified risks and the due diligence process to mitigate and prevent them. Our Human Rights Officer is responsible for overseeing the implementation, monitoring, and annual updating of our policies to ensure continued alignment with evolving international standards and our Company values.

Engaging with workers in the value chain

HUGO BOSS is committed to improving working conditions across the supply chain by actively engaging with key stakeholders, including partners, trade unions, civil society organizations, and workers themselves. Our **Stakeholder Engagement Commitment**, endorsed by the Managing Board, shall ensure ongoing collaboration to gather diverse perspectives on critical issues and collaboratively develop effective, sustainable solutions. Key to this effort is our biennial **Stakeholder Dialog** on sustainability at our headquarters in Metzingen (Germany). In 2024, the dialog also focused on human-rights-related topics, offering valuable insights to strengthen our policies and processes. To further foster collaboration, our regular **Supplier Days** offer a platform for open dialog, sharing best practices, and working together to drive, innovation, and ethical standards across our supply chain.

To ensure compliance with our SCoC and gather **direct worker input**, supplier employees are interviewed during risk-based social audits. Workers are provided with contact details for our Speak Up Channel to report retaliation or misconduct and can also raise concerns with the Fair Labor Association (FLA). In 2024, for example, we conducted a structured worker survey at a facility in Bangladesh to assess working conditions. Over the next three years, we aim to further increase engagement efforts, measuring their effectiveness within a broader process. We also recognize the importance of collective bargaining and the right to freedom of association, as workers shall have the ability to negotiate working conditions and wages.

Beyond direct engagement, HUGO BOSS participates in **multi-stakeholder initiatives** to promote fair labor conditions. As a member of the **Fair Labor Association (FLA)**, we support initiatives aimed at protecting employee rights, strengthening fair labor standards, and enhancing wages across the supply chain. The FLA also audits selected suppliers, with results published on their website. HUGO BOSS is also a signatory of the **International Accord for Health and Safety in the Garment and Textile Industry (International Accord)**, a legally binding agreement between companies and trade unions building on the legacy of the Bangladesh Accord, of which we have been a member since 2016. HUGO BOSS is also a member of the Pakistan Accord, extending this commitment to an additional sourcing country. Since 2015, we have also been a member of the **Partnership for Sustainable Textiles (Textilbündnis)**, a joint stakeholder initiative led by the German Federal Ministry for Economic Cooperation and Development. This partnership works to improve labor conditions in the supply chain, with HUGO BOSS actively participating in working groups on "Living Wages," "Complaint Mechanisms," and "Gender Equality."

Grievance mechanisms and remediation processes

HUGO BOSS does not tolerate violations of its defined social standards. All workers in our value chain are entitled to use our independent grievance channels, including our **Speak Up Channel** and a dedicated external **Ombudsperson**. We promote awareness of these channels through the SCoC Onepager displayed in suppliers' production facilities and by distributing communication cards with details of the Speak Up Channel during social audits. Beyond internal mechanisms, we actively monitor **external incident reports**, such as those from the Textile Partnership, to identify potential risks in the supply chain. If incidents are reported within our own or supplier facilities, we engage with management to ensure corrective actions are taken. If a potential violation is identified, we assess whether adjustments to our risk management are necessary, which – in case of doubt – may lead to an event-related risk analysis. Complainants are also free to assert their rights through **state authorities**. Further details on our grievance mechanisms and remediation processes can be found in the "Governance" section. > Governance

Targets related to workers in the value chain

HUGO BOSS is dedicated to **ensuring compliance** with the standards outlined in its Supplier Code of Conduct (SCoC) across the supply chain. To identify potential risks or violations, adherence to these standards is regularly assessed through audits, self-assessments, or external social compliance certificates.

By 2025, HUGO BOSS aims to source all goods from **Tier 1 suppliers (including own production) achieving the two highest social compliance performance levels ("good" or "satisfactory")**, with compliance being verified through audits, self-assessments, or external social compliance certificates. In 2024, 93% of goods were sourced from Tier 1 suppliers that achieved these two performance levels (2023: 86%). At the same time, by 2025, 80% of goods should be sourced from **Tier 1 suppliers (including own production) achieving the highest social compliance performance level ("good")**. In 2024, this figure amounted to 65% (2023: 62%). In calculating both metrics, we consider the performance levels of Tier 1 suppliers, as determined through (follow-up) evaluations conducted in the fiscal years 2022 to 2024.

The progress achieved along both indicators reflects our **continuous focus on improving human rights standards** in our supply chain. The targeted implementation of corrective actions at our suppliers demonstrates our commitment to increasing transparency and accountability in addressing human rights topics.

RESULT OF SOCIAL COMPLIANCE PERFORMANCE LEVEL OF TIER 1 SUPPLIERS[1] (IN %)

	2024	2023
Good	63	59
Satisfactory	22	23
Improvements needed	10	13
Risky	4	4
Insufficient	1	1

1 The table refers to the social compliance performance level of the production sites of active Tier 1 suppliers (including our own production sites) verified by audits, self-assessments, or external social compliance certificates.

Good = The supplier establishes necessary activities for safe, fair working conditions in its management and takes its own social responsibility very well.
Satisfactory = The supplier recognizes the need for activities for safe, fair working conditions and establishes processes and activities to be implemented.
Improvements needed = The supplier is aware of the need for safe working conditions, but consistent implementation of the relevant activities in daily practice and for the workers is lacking.
Risky = The supplier is aware of social compliance requirements. However, management does not feel that implementation is important and allows abuses to occur.
Insufficient = Management is not aware of the topic of social compliance or is unwilling to address it and deal with any recognizable weaknesses in management. There is an immediate threat to employees.

These results are based on 125 social compliance assessments conducted in 2024 (2023: 116) across 114 Tier 1 suppliers (2023: 113) out of a total from 200 Tier 1 suppliers (including own production) (2023: 205). The **due diligence process** outlined below forms the foundation for achieving these targets.

Actions related to workers in the value chain

Due diligence and sustainable supply chain management

At HUGO BOSS, ensuring compliance with human rights, labor, and environmental standards across the supply chain is a core commitment. To address these challenges, we have implemented a comprehensive **due diligence process** as part of our risk management framework, aligning with the OECD Due Diligence Framework and the UN Guiding Principles on Business and Human Rights.

HUMAN RIGHTS DUE DILIGENCE PROCESS

This risk-based process, informed by the German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz, LkSG), aims to identify, prevent, mitigate, and account for potential human rights risks and violations. The process is routed in our risk management system that undertakes a **continuous risk analysis** to proactively address risks, minimize negative impacts, and, where necessary, implement remedial actions to uphold human rights and ethical standards throughout the supply chain.

The due diligence process begins with a **thorough selection of potential suppliers**. Before being accepted into our supplier portfolio, each potential partner must complete a standardized evaluation process. This involves agreeing to general purchasing and production conditions, as well as contractual commitments to our SCoC, the Restricted Substances List (RSL), and the Manufacturing RSL (MRSL) from the Zero Discharge of Hazardous Chemicals (ZDHC) initiative. It also includes completing questionnaires on topics such as customs or supplier governance. Additionally, suppliers are required to complete a standardized self-assessment focusing on human rights compliance and submit valid certifications. They must also successfully pass an online ESG training course covering topics such as social responsibility and environmental standards. For new supplier relationships in countries where HUGO BOSS has not yet operated, an internal decision-making committee evaluates the political, social, and environmental risks associated with the country before any partnership is initiated. > Pollution

Management systems

At the core of HUGO BOSS' due diligence framework is the SCoC, which establishes minimum standards for all partners and their networks, requiring a contractual commitment as a prerequisite for collaboration. To ensure these standards are upheld, we continually assess suppliers' social compliance through our **Sustainable Supply Chain (SSC) program**. This program operationalizes our due diligence process by systematically monitoring supplier adherence to the SCoC's principles.

Suppliers in the SSC program are classified based on criteria such as industry type and geographical location. This categorization enables targeted management of sustainability risks by addressing both process- and location-specific challenges. The SSC program comprises three core modules, which collectively address key aspects of sustainability management at all our Tier 1 and direct Tier 2 suppliers: the **Social Compliance Management module** focuses on ensuring respect for human rights and fair labor practices. The **Environmental Management module** prioritizes efforts to combat climate change, conserve water and soil, and prevent air pollution. The **Governance module** equips suppliers with tools to enable greater responsibility for sustainability in their operations and along their supply chains, in alignment with the SCoC. By integrating environmental and social criteria, the SSC program provides a comprehensive framework for assessing human rights and labor practices throughout the supply chain. The Social Compliance Management module has been accredited by the FLA since 2018.

THE SOCIAL COMPLIANCE MANAGEMENT MODULE IN FIGURES

	2024	2023
Total number of Tier 1 suppliers	**200**	**205**
Total verified Tier 1 suppliers in fiscal year	**114**	**113**
By social audit	46	55
By self-assessment	67	56
By certificate of external standard	1	2

The program's **decision-making and oversight processes** shall ensure effective risk monitoring. All relevant departments – including our operational teams as well as key central departments such as Corporate Sustainability, Risk Management, and Compliance – collaborate under defined responsibilities, while our Human Rights Officer oversees the overall due diligence process.

As part of its management systems, HUGO BOSS is also committed to **increasing supply chain transparency**. As part of our Digital TWIN initiative, we are working toward full upstream traceability for all BOSS and HUGO products. After a successful pilot phase in 2024, we began rolling out a traceability tool and continue to onboard additional suppliers, enabling us to collect additional valuable data on product provenance, composition, and further business-critical information in the future.

Risk assessment

HUGO BOSS conducts regular **human rights risk analysis** to evaluate the actual and potential impact of its business activities on individuals. This analysis distinguishes between supplier risks, country risks, and industry risks. Regarding workers in the supply chain, we assess human rights risks through two key instruments: **human rights self-assessments** to identify potential risks and **on-site social audits** to uncover actual risks. This dual approach shall ensure comprehensive oversight while enabling targeted risk management throughout the supply chain.

To **identify potential risks**, suppliers in Tier 1 and Tier 2 complete annual human rights self-assessments, evaluating compliance with the environmental and social requirements outlined in our SCoC. Conducted through a web-based platform, the system automatically calculates a risk level upon completion and generates Corrective Action Plans (CAPs). Suppliers are required to take corrective action and/or provide additional evidence to HUGO BOSS to improve their risk rating. This process is frequently supported by HUGO BOSS to ensure effective remediation. Based on the results of the self-assessments, social audits may also be conducted before initiating any business relationship.

To **uncover actual risks** and **identify violations**, HUGO BOSS conducts on-site social audits using risk-based planning. These audits focus on high-risk suppliers identified either through self-assessment results or previous audits that revealed weaknesses or violations requiring follow-up. They are conducted using systematic auditor guidance, aligning with ILO Conventions, UN Guiding Principles, and legal requirements such as the German Supply Chain Act (LkSG). Each audit generates a detailed report, informing suppliers on specific issues through CAPs and training programs. This approach shall enable suppliers to achieve compliance and continuously improve their performance. We also accept external social compliance certificates or standards, including SMETA, Amfori BSCI, SLCP, FLA, FairWear, and SA8000.

In fiscal year 2024, a total of 56 audits were conducted (2023: 58), with **unannounced audits** accounting for 13% of the total audits (2023: 3%). At HUGO BOSS, we aim to steadily increase the number of unannounced audits, reflecting our commitment to identifying areas for improvement and addressing potential non-compliances within our supply chain. In 2024, we identified 11 violations within our supply chain (2023: 8), which are detailed below.

VIOLATIONS OF THE SUPPLIER CODE OF CONDUCT[1] (NUMBER)

	2024			2023		
	Risky	Insufficient	Total	Risky	Insufficient	Total
Social compliance management	5	0	5	2	1	3
Compensation and benefits	0	1	1	0	2	2
Freedom of association and collective bargaining	1	0	1	0	0	0
Treatment of workers	0	1	1	0	0	0
Working hours	2	1	3	0	3	3
Total	**8**	**3**	**11**	**2**	**6**	**8**

1 In 2024, as in the prior year, no violations were identified in the ares of child labor and your workers, discrimination, forced labor, health and safety and supplier control.

Risk management

Suppliers with human-rights-related risks in their operations are provided with **Corrective Action Plans (CAPs)**, which are collectively developed, agreed upon, and monitored through a risk-based audit cycle to ensure compliance. These suppliers are required to implement the CAPs within a defined time frame. If adequate improvements are not achieved after several reviews, HUGO BOSS may ultimately end the partnership as a last resort through a **responsible exit process**. This involves gradually phasing out order volumes rather than abruptly terminating the relationship, ensuring suppliers have sufficient time to secure new customers and maintain stability, including the reliable pay of their workers. Audits of Tier 1 suppliers in 2024 resulted in a total of 52 **CAPs** (2023: 53), with their implementation set to be verified through follow-up audits.

Monitoring
Follow-up monitoring follows a risk-based approach, involving collaboration between suppliers, operational departments, and our Sustainable Supply Chain department. Re-audits are scheduled for suppliers with "risky" or "insufficient" results in prior audits to verify the successful implementation of corrective actions. Additionally, the **FLA** independently monitors our due diligence efforts by conducting annual audits at selected production sites. Any CAPs arising from these audits are implemented by suppliers, tracked diligently, and reported to the FLA to ensure accountability and transparency. This process is also mirrored in audits conducted by ACCORD, which focus on occupational health and safety (OHS) in Pakistan and Bangladesh, which aims to ensure consistent oversight and improvement in these critical areas.

Communication
In addition to the information provided in this combined non-financial statement, HUGO BOSS makes its due diligence policies, procedures, activities, and results available on its **Group website** as well as through relevant **ratings and rankings**, including S&P Global's annual Corporate Sustainability Assessment (CSA). In the case of any third-party complaints via the FLA, such information is publicly accessible on its website. During our biennial **Stakeholder Dialog**, we also share information on our policies, strategies, and efforts with different stakeholder groups, actively seeking their feedback.

Further actions

Training and capacity building
HUGO BOSS provides **ESG-related training** to suppliers on its Supplier Code of Conduct (SCoC) and offers access to a third-party **learning platform** with various training modules, covering topics such as working hours, fair labor practices, and ESG laws and regulations. In 2024, we conducted our **ESG onboarding training** for new suppliers and selected existing partners. Additionally, we work closely with key partners to enhance quality, efficiency, and other supply chain parameters, including offering **programs to improve digital skills** among their workforces. HUGO BOSS also contributes to worker training through its membership in the International Accord, which implements **OHS training** as part of corrective action plans in Bangladesh and Pakistan. Employees of HUGO BOSS whose roles involve social compliance, such as those in procurement, receive regular training on our SCoC and Social Compliance Management module. This shall ensure they are equipped to support suppliers in implementing CAPs.

Support for vulnerable groups
In high-risk countries, HUGO BOSS implements projects to support vulnerable groups in the supply chain. Since 2022, we have partnered with Phulki, an NGO in Bangladesh, to run a **women's café**. This initiative offers training on gender equality, grievance mechanisms, and OHS, while providing a platform to voice concerns and give feedback for ongoing improvements. In 2024, we also supported a **gender data initiative** in India, collaborating with two suppliers to train their representatives on the relevance and advantages of collecting gender-disaggregated data to promote and enhance gender equality within their operations. Additionally, HUGO BOSS actively contributes to the **Gender Equality Strategy Circle** within the German Textile Partnership, further advancing the rights of female workers.

Fair compensation and living wages

Fair compensation is a fundamental human right and a core principle of our SCoC, serving as a critical factor in fostering and maintaining long-term partnerships with our suppliers. In collaboration with the **FLA** and as part of an initiative initiated by the **German Textile Partnership**, we actively advocate for political and economic conditions that promote higher wage levels in the global supply chain. In 2021, we developed a **strategy** aimed at ensuring that wages paid by our suppliers adequately cover workers' basic needs, including food, water, housing, education, healthcare, transportation, and clothing for all household members. Additionally, workers should have enough disposable income to save for unexpected events. To achieve this, HUGO BOSS continuously works with suppliers to improve compensation practices and bring wages closer to the living wage standard. We also launched a **living wage pilot program** with a supplier in Bangladesh addressing wages, benefits, empowerment, social dialog, and purchasing practices. The initial wage analysis confirmed payments exceeding the statutory minimum wage. Based on insights gained, we developed a roadmap with our suppliers and extended the pilot until 2027. A final impact measurement will be conducted at the project's completion. Notably, in the past fiscal year, we increased the wage reference value in collaboration with the supplier in Bangladesh.

Responsible purchasing practices

Responsible purchasing practices are vital for promoting fair working conditions and wages across our supply chain. In 2024, HUGO BOSS developed **Responsible Purchasing Guidelines** set to be communicated internally in 2025. These guidelines emphasize trust-based and equitable partnerships, long-term collaborations, responsible exit strategies, efficient production planning, and open dialog with suppliers on order management and payments. To ensure alignment with the guidelines internally employees have been trained on these principles. Going forward, we will further strengthen these efforts by providing tailored **training and awareness initiatives** for employees in our sourcing and operations departments to ensure alignment with these principles. We are also actively participating in the **"Learning and Implementation Community" (LIC)** on responsible purchasing practices. This multi-stakeholder initiative provides a platform for companies, NGOs, and other stakeholders to share insights and best practices for improving purchasing behavior and mitigating risks in supply chains. Finally, to safeguard the financial health of our suppliers, we offer a **Supplier Financing Program**, enabling faster access to receivables and ensuring their solvency during challenging periods. This program not only strengthens supplier resilience but also supports their ability to meet obligations to their workers, such as paying wages on time and investing in compliance measures.

Consumers and end-users

In today's digital landscape, safeguarding **consumer privacy** and ensuring the **ethical use of data** are fundamental to sustaining trust and building long-term relationships. The aim of **data protection** is to guarantee the individual's right to self-determination in terms of information. With HUGO BOSS placing a strong emphasis on further digitalizing its business model, the importance of data protection continues to grow. Leveraging customer data, particularly from our own online business and our customer loyalty program, is essential for the future success of HUGO BOSS. Any breach of data protection laws or data privacy violations poses a risk to the data subjects affected, while also representing considerable compliance, financial, and reputational risks for HUGO BOSS.

Policies related to consumers and end-users

HUGO BOSS is committed to protecting personal data in compliance with the EU General Data Protection Regulation (GDPR) and other applicable legal standards. The Company's **privacy policies** inform consumers and end-users about the collection and processing of personal data from our own online store hugoboss.com, our customer loyalty program, mobile applications, and our Group website. This includes data such as contact details, purchase history, and browsing behavior, which are used to process orders, enhance customer service, and support marketing communications. The policies also outline the use of cookies and tracking technologies to enhance user experience and analyze website activities, given that consumers and end-users provide respective consent for such data processing. To safeguard personal data against unauthorized access, loss, or alteration, HUGO BOSS fosters the implementation of technical and organizational measures. Customers are informed of their rights under the GDPR, including the rights to access, rectification, erasure, restriction of processing, data portability, and the right to object. Procedures for handling data breaches and complaints are clearly defined, with our Data Protection Officer acting as the primary point of contact. Our privacy policies reflect the latest legal and organizational standards and are regularly reviewed to ensure compliance, with the most recent update completed in 2024.

Our **Data Protection Policy**, binding across all Group entities, provides a framework to ensure the secure and lawful processing of personal data, addressing identified risks through clear guidance. It adheres to key principles such as transparency, purpose limitation, data minimization, accuracy, and confidentiality, while establishing strict guidelines, in line with the GDPR and the German Federal Data Protection Act (BDSG). The policy applies to all personal data processed across the Group, including that of employees, customers, suppliers, and partners, ensuring secure and compliant data processing across the value chain. While anonymized data is excluded, the policy places a strong emphasis on protecting data subjects' rights in a timely manner, including access, rectification, erasure, restriction of processing, data portability, and the right to object.

Our **Data Breach Complaint Policy** provides a structured framework for managing personal data breaches in compliance with the GDPR and other legal requirements. The policy outlines processes to detect, report, and respond to data breaches promptly, minimizing potential harm to affected individuals and entities. Complaints are handled with clearly defined procedures, reinforcing trust and accountability.

Our privacy policies, the Data Protection Policy, and the Data Breach Complaint Policy are accessible in our online store and on the Group website, respectively. Our **Data Protection Officer**, reporting directly into the CFO/COO, is responsible for monitoring compliance with these policies, serving as the primary contact for all data protection matters.

Engaging with consumers and end-users

HUGO BOSS addresses data protection risks through structured **risk assessments** and transparent **communication**. Threshold analyses are conducted for each instance of customer data processing to determine the potential risk level. If a high risk is identified, a detailed data protection impact assessment (DPIA) is carried out. To document and streamline this process, HUGO BOSS has implemented a dedicated tool that tracks risk assessments and related measures. By prioritizing structured risk management, we aim to promote trust and maintain good corporate governance while adhering to regulatory requirements.

Particular attention is given to **high-risk processes**, such as our customer loyalty program "HUGO BOSS XP," which involves particularly sensitive data. Prior to the introduction of new processes, a comprehensive risk assessment is completed, and necessary technical or organizational measures are implemented. Supported by an interdisciplinary team that includes both IT specialists and the data protection department, this process shall ensure full compliance with data protection regulations. HUGO BOSS relies on internal analyses and indirect insights to align its data protection practices with customer expectations. The **effectiveness** of these measures is evaluated through a combination of structured monitoring processes, incident analyses, and the handling of data breach complaints. To drive continuous improvement, identified incidents are thoroughly analyzed, and corrective actions are implemented to prevent recurrence. These actions are overseen by the Data Protection Officer through structured monitoring processes. In the event of an incident, HUGO BOSS ensures timely complaint resolution and conducts detailed incident analysis to mitigate further risks.

Grievance mechanisms and remediation processes

Consumers and end-users can report data breaches or suspected incidents through **multiple secure channels**, including contacting the Data Protection Officer directly, submitting concerns via email, or contacting an external ombudsperson, with the option of anonymous reporting. These mechanisms are accessible via a dedicated data privacy section in our online store as well as via the Speak Up Channel on our Group website. Complaints are processed by the Compliance department that evaluates incidents to determine the risk to the rights of individuals. If a material negative impact is identified, remedial action is taken, thoroughly documented, and communicated within a specified time frame.

The **effectiveness of these channels** is assessed by monitoring how complaints are handled and resolved. Each case is tracked, analyzed, and reviewed to evaluate its resolution and identify areas for improvement. HUGO BOSS aims to build **stakeholder trust** in its grievance mechanisms through transparent communication across its platforms. In addition, policies are in place to protect individuals from retaliation when raising concerns, further reinforcing confidence in the system. Further details on our grievance mechanisms and remediation processes can be found in the "Governance" section. > Governance

Targets related to consumers and end-users

HUGO BOSS aims to **rule out any contraventions of applicable data protection laws** as far as possible.

In fiscal year 2024, as in the prior year, the Company was **not aware of any data protection violations** established by authorities or courts. Toward the end of 2024, the German competent supervisory authority initiated an investigation following a customer complaint alleging the receipt of marketing content without sufficient legal basis. The investigation is expected to conclude in 2025.

Actions related to consumers and end-users

HUGO BOSS uses an **information security and analysis system** to collect and analyze relevant data in real time. This approach shall enable the Company to anticipate potential incidents, data breaches, and cyberattacks, thereby enhancing information security across the Company. HUGO BOSS has established specific criteria for establishing, maintaining, and continuously improving its information security management system, in line with its ISO/IEC 27001 certification. The latter confirms that HUGO BOSS has implemented robust measures to safeguard the confidentiality, integrity, and availability of information assets, including sensitive customer and employee data. Additionally, our **Security Operation Center (SOC)** ensures permanent monitoring of the respective IT systems, aimed to guarantee continuous system security.

In 2023, HUGO BOSS further **advanced its software systems** for monitoring international data protection and cybersecurity regulations, aimed to minimize the risk of non-compliance. Building on these efforts, in 2024, the Company conducted a **comprehensive review of applicable data protection laws** across all its jurisdictions. A tailored risk assessment matrix, aligning with the Company's specific business structures in each country, shall support a focused and effective approach to managing regulatory risks.

All internal processes and systems for handling personal data are **continuously monitored and refined** to ensure compliance with legal data protection guidelines. These ongoing improvements aim to prevent data misuse and theft. We have also implemented **contingency plans** to enable the prompt implementation of both technical and organizational countermeasures in the event of legal violations.

Our employees are educated on data protection by means of **general and role-specific training**, complemented by regular documentation of digital confidentiality obligations. Employees handling the personal data of EU data subjects are required to complete a comprehensive **e-learning program** on data protection. This program, designed to enhance awareness of handling personal data in compliance with the GDPR, must be completed every two years.

Governance

The Managing Board and the Supervisory Board are convinced that **good corporate governance** is a key factor for long-term business success. Good corporate governance is therefore an integral part of HUGO BOSS and a guiding principle encompassing all areas of the Company. The Managing Board and Supervisory Board are committed to ensuring the Company's continuation as a going concern as well as sustainable value creation through responsible, transparent, and long-term corporate governance. At the same time, HUGO BOSS aims to live up to, and further strengthen, the trust placed in the Company by its employees, shareholders, business partners, and the public. In the following, information is provided oriented towards ESRS G1, while further information on corporate governance can also be found in the chapter "Corporate Governance and the Corporate Governance Statement" of this Annual Report. > Corporate Governance and the Corporate Governance Statement

Business conduct

At HUGO BOSS, a well-defined **corporate culture** is the cornerstone of responsible business conduct. By embedding clear values and expectations into our operations, we foster compliance, promote ethical behavior, and create a collaborative work environment supported by comprehensive policies and targeted training. This proactive approach aims to ensure alignment with laws and ethical standards while minimizing workplace conflicts. Effective **whistleblowing mechanisms** further strengthen our governance framework by providing a secure channel for employees and other stakeholders to report concerns. These mechanisms aim to enable the early identification and resolution of potential misconduct, supporting transparency, protecting stakeholder trust, and reinforcing adherence to laws and ethical norms. Our commitment to responsible practices also encompasses **animal welfare**. While we use a small proportion of animal-derived materials such as leather, wool, and down in our collections, we are dedicated to maintaining transparency and implementing robust control mechanisms to uphold high welfare standards throughout our supply chain. Additionally, we prioritize the prevention and detection of **corruption and bribery**, embedding stringent policies and monitoring systems to ensure integrity in all business dealings. Regular training programs for employees further reinforce our zero-tolerance approach to unethical practices.

Corporate culture

At HUGO BOSS, our **value-based corporate culture** (company culture) is the foundation for fostering employee engagement, driving innovation, and achieving sustainable business success. It shapes collaboration with employees, business partners, shareholders, the public, and other stakeholders, fostering clarity, trust, and ethical behavior. A strong company culture benefits employees and communities, while enhancing our Company's reputation and long-term success. Embedded in the execution of our "CLAIM 5" strategy, our company culture is built around our five core values – **entrepreneurial spirit, personal ownership, team mentality, simplicity & quality, and youthful spirit**. Trust serves as the foundation of our day-to-day work, overarching these values and fostering a collaborative and empowering environment. Our values guide employee actions and interactions, drive cooperation, and align individual growth with organizational goals. Living these values is central to the HUGO BOSS identity and permeates all aspects of our operations. > Own Workforce

To ensure these principles are consistently upheld, HUGO BOSS has implemented targeted engagement initiatives. A mandatory **e-learning module**, retaken every 18 months, educates employees on ethical conduct and reinforces our core values. **Workshops and town hall meetings** provide platforms to embed these principles into everyday actions and decisions, fostering a shared understanding across the organization. Leadership plays a pivotal role in fostering our company culture. Leaders at HUGO BOSS act as role models, empowering their teams and embodying these values. Our **Leadership Mindset** framework, built on the four pillars of orientate, challenge, harbor, and connect, ensures that leadership behavior aligns with our principles. Our **Leadership Development Program (LDP)** further strengthens this connection, inspiring teams to excel and reinforcing our cultural foundation.

We evaluate our company culture through an **annual employee survey**, to assess whether our core values are actively lived and to identify key drivers of our Company's work ethic. These insights help refine our initiatives, ensuring our culture remains a central element of employee engagement and organizational success. The results are shared with the Managing Board, senior management, and the wider organization and are discussed within teams to ensure alignment, incorporate feedback into strategic planning, and embed our values into daily operations. Importantly, the survey results, particularly the "Trust Index," represent a key component of the long-term incentive program (LTI) for the Managing Board and eligible senior management staff, underscoring the strategic importance of employee engagement. > Own Workforce

Code of Conduct

HUGO BOSS has summarized Group-wide principles of conduct in its Code of Conduct and in more detailed Group policies, thus creating the basis for ensuring the legality of all employee activities. The **Code of Conduct** is the foundation of our compliance efforts, embodying the core values and behaviors defining our Company. It provides clear guidance on how employees should interact with one another and with external stakeholders, including customers, suppliers, and other business partners. The Code establishes a binding framework for professional conduct, covering a wide range of topics.

TOPICS COVERED BY THE HUGO BOSS CODE OF CONDUCT

Topics covered by the HUGO BOSS Code of Conduct	
	Avoidance of conflicts of interest
	Antitrust law and anti-corruption
	Data protection
	Decent, safe, and fair working conditions
	Occupational health and safety
	Environmental and biodiversity protection
	Animal welfare

A key tenet of the Code is the **respect for internationally recognized human rights** and the **commitment to ensuring decent working conditions**. This includes prioritizing both physical safety and personal dignity. HUGO BOSS maintains a zero-tolerance approach to willful misconduct or deliberate violations of the Code. To reinforce these principles, employees receive a copy of the Code or online access via a QR code along with their employment contract. Available in more than 14 languages, the Code is publicly accessible on our corporate website. Its most recent revision in 2022 incorporated a statement of our company values, further aligning it with our cultural priorities. Oversight of compliance with the Code is the responsibility of the Managing Board. > Own Workforce

In addition to guiding internal operations, HUGO BOSS extends its ethical, environmental, and labor standards throughout its value chain. All suppliers are required to adhere to the **HUGO BOSS Supplier Code of Conduct (SCoC)** and commit to its provisions. We monitor compliance through a variety of means, including on-site audits, and support our suppliers with training on relevant topics. > Workers in the Value Chain

Whistleblowing Policy and channels to raise concerns

The **HUGO BOSS Whistleblowing Policy** underscores our commitment to transparency, integrity, and accountability by establishing a structured process for reporting, investigating, and addressing legal violations, unethical behavior, or breaches of the Code of Conduct. This includes topics such as human rights violations, corruption and bribery, fraud, and theft. The policy outlines the grievance mechanisms and the steps taken when a suspected violation is reported. It is intended to guarantee the highest level of confidentiality and protection for whistleblowers, affected individuals, and employees involved in the investigation of potential misconduct. The policy applies to all HUGO BOSS employees and extends its protection to external stakeholders, such as business partners, workers in the value chain, and customers. These measures aim to mitigate risks related to unethical behavior, legal non-compliance, and potential reputational harm.

HUGO BOSS offers its employees as well as external stakeholders independent internal and external whistleblowing channels to confidentially and, if necessary, anonymously report potential misconduct or legal violations. These include our **Speak Up Channel**, an external **Ombudsperson**, and the central **Compliance department**. Launched in 2024, the HUGO BOSS Speak Up Channel replaced the previous online portal, being accessible globally in over 50 languages via a toll-free hotline. Detailed information about these whistleblowing channels is also available on our corporate website, ensuring accessibility for all stakeholders.

For employees, additional reporting options include supervisors and compliance officers at subsidiary or Group level. Information about reporting mechanisms is featured on the Company's intranet and corporate website. To foster a strong culture of compliance, HUGO BOSS has implemented a Group-wide **Online Compliance Training** course. While accessible to all employees, it is mandatory for specific target groups and is conducted at least every 18 months. The training covers key topics, including Company Values, the Code of Conduct, Anti-Corruption, Anti-Money Laundering, Data Protection, Information Security, Antitrust, Conflict of Interests, Animal Welfare, and Whistleblowing. Against the backdrop of increasing regulatory requirements, the program was last updated, expanded, and rolled out in 2024. Employees responsible for managing cases receive specialized training, such as internal investigation workshops, provided by the Compliance department.

In the supply chain, we ensure grievance awareness through our **Supplier Code of Conduct (SCoC)**, a contractual prerequisite for doing business with HUGO BOSS. Tier 1 suppliers receive mandatory social compliance training that emphasizes grievance mechanisms and are required to share the SCoC information with their workforce and third parties. This shall ensure workers in the supply chain are aware of their rights and encouraged to report violations related to human rights, labor standards, and environmental laws.
> Workers in the Value Chain

In 2024, several supply-chain-related complaints were submitted via our whistleblowing channels, with their resolution status being outlined below.

SUPPLY CHAIN COMPLAINT CASES IN 2024

Country	Sector risk	Resolution status
India	Working conditions	In progress
India	Working conditions	In progress
Pakistan	Working conditions	In progress
Turkey	Working conditions (unlawful dismissal)	In progress
Bangladesh	Working conditions	Closed
India	Discrimination and harassment	Closed
Taiwan	Migrant worker	Closed
Thailand	Working conditions	Closed
Turkey	Working conditions	Closed
Turkey	Working conditions	Closed
Turkey	Working conditions/freedom of association	Closed

The Compliance department maintains comprehensive documentation of all investigations and evaluates the **effectiveness of whistleblowing channels** annually or as needed. Our Whistleblowing Policy is reviewed annually, with the most recent update in 2024. Feedback from internal and external stakeholders is incorporated to ensure the policy remains effective and aligned with its purpose. The Compliance Officer regularly briefs the Managing Board on significant compliance cases.

Animal welfare

HUGO BOSS is committed to maintaining high standards of animal welfare and species protection throughout its operations. The **HUGO BOSS Animal Welfare Policy**, last updated in 2024, aligns with internationally recognized standards such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the World Organization for Animal Health (WOAH) guidelines. Developed in collaboration with the animal welfare organization FOUR PAWS, the policy incorporates "General Animal Welfare Aims" based on the Five Domains Model, which defines minimum requirements and measures addressing both the physical and mental well-being of animals involved in the supply chain. HUGO BOSS firmly opposes **animal testing** for all products, including licensed goods like cosmetics, extending this commitment to new product and material development. Our Animal Welfare Policy applies to all Group companies, with deviations allowed only in cases where country-specific regulations conflict with the policy, provided the essential content and purpose are upheld. Non-compliance may result in labor law consequences. **Responsibility** for the policy resides with the Managing Board, while the Compliance department ensures its implementation and adherence.

Targets related to animal welfare

HUGO BOSS has implemented specific standards and targets for sourcing animal-derived materials, reflecting its commitment to sustainability and animal welfare. **Leather** is sourced exclusively as a by-product of the food industry, including materials from sheep, goats, cows, and buffalo. Exotic leathers and farmed fur have been banned since 2016, and we also refrain from using **angora**. For **wool**, our policy emphasizes species-appropriate husbandry, gentle shearing methods, and avoidance of harmful practices such as live lamb cutting. HUGO BOSS is committed to sourcing 100% mulesing-free wool by 2030, reaching 53% in 2024. This goal aligns with our overarching target of sourcing 100% of our natural raw materials from regenerative or recycled sources. Our regenerative farming principles inherently prohibit mulesing and include further animal welfare aspects, such as grass feeding and minimizing animal transport. For **mohair**, HUGO BOSS exclusively uses materials certified under the Responsible Mohair Standard (RMS). For our brands' summer 2025 collections, we only use certified **cashmere** in all products containing more than 60% cashmere. Already in 2024, 78% of these products, which generally make up only a very small portion of our collections, met this standard. HUGO BOSS also uses only **down** produced without live plucking or forced feeding, ensuring all down is certified by DOWNPASS or recycled. To further **reduce reliance on animal-derived materials**, HUGO BOSS actively develops and integrates vegan alternatives, provided they enhance environmental balance without compromising quality or functionality. For additional information, please refer to the "Biodiversity and Ecosystems" and "Resource Use and Circular Economy" sections. > Biodiversity and Ecosystems, > Resource Use and Circular Economy

Our suppliers are integral to upholding our animal welfare standards. All suppliers of animal-derived raw materials, as well as Tier 1 suppliers using animal products, must comply with local **animal welfare regulations** as a minimum requirement. HUGO BOSS demands proof of compliance and conducts verification when potential risks are identified.

Prevention and detection of corruption and bribery

Ethically correct and lawful conduct includes the **prevention of corruption and anti-competitive behavior**. HUGO BOSS expects all employees to act lawfully in day-to-day business operations. For HUGO BOSS, corporate compliance is a key responsibility of the Managing Board and includes measures to ensure adherence to legal and official regulations, as well as internal guidelines and codes. These include anti-corruption, anti-bribery, anti-competitive, and antitrust regulations.

Policies related to the prevention and detection of corruption and bribery

Our employees are required to comply with the Group-wide **Code of Conduct** and supplementary specific compliance rules, such as an **anti-corruption policy** regulating the acceptance and the granting of gifts and invitations. In fiscal year 2024, efforts focused on enhancing the anti-corruption policy by streamlining approval processes, addressing additional risk areas, and establishing clear procedures for handling suspicious cases. The rollout of the revised policy is planned for the beginning of fiscal year 2025. Both the publicly accessible Code of Conduct and the internal policies are regularly reviewed, with their content updated, particularly in response to changes in legal requirements. > Own Workforce

The central **Compliance department** reports to the **Chief Compliance Officer**, who reports directly to the CFO/COO. The **Compliance department** is primarily responsible for supporting the monitoring of effective compliance management. Together with local compliance contacts in the Group companies, the department ensures the implementation and continuous further development of the respective policies as part of the compliance program. The Audit Committee of the Supervisory Board is regularly informed about the activities of the Compliance department.

Targets related to the prevention and detection of corruption and bribery
Compliance management at HUGO BOSS aims to ensure **Group-wide legally compliant behavior**. The aim is to prevent legal violations such as corruption, bribery, and antitrust violations, which may result not only in reputational and financial risk but may also lead to personal consequences under criminal and labor law.

In 2024, HUGO BOSS concluded a legal case in Denmark by agreeing to pay a fine related to an antitrust violation initially identified in 2020. Apart from this, **no violations** related to corruption, bribery, or antitrust law were identified by authorities or courts in fiscal year 2024 (2023: no violations).

Actions related to the prevention and detection of corruption and bribery
In 2024, the **Compliance Management System** was enhanced using a risk-based approach, with a focus on updating policies, advancing the whistleblowing system and case management, and refining the compliance risk assessment in the areas of anti-corruption and antitrust.

HUGO BOSS has implemented a mandatory Group-wide **Compliance Online Training** course for employees requiring regular completion, with further details provided in the section on whistleblowing. Employees in compliance-critical roles receive **additional training** through both online and in-person sessions, tailored to relevant topics such as antitrust law.

All Group companies are subject to **detailed audits** where applicable, ensuring adherence to internal policies and regulatory requirements. Any significant infringements are reported to the Managing Board and the Supervisory Board to ensure immediate attention and appropriate action.

To complement these measures, HUGO BOSS also provides various **whistleblowing channels** for employees, suppliers, and trading partners to confidentially and anonymously report potential misconduct or criminal offenses, as detailed in the dedicated section above. All reported cases are thoroughly investigated, with strict measures in place to protect whistleblowers from retaliation. This system underscores the Company's commitment to fostering a transparent and accountable corporate culture.

GENERAL ECONOMIC SITUATION AND INDUSTRY DEVELOPMENT

2024 marked by high macroeconomic and geopolitical uncertainty

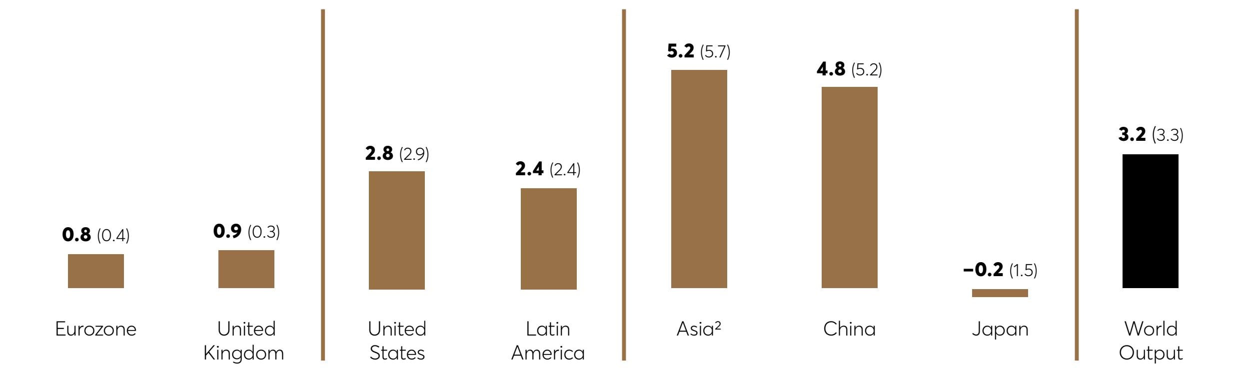
Weak consumer sentiment impacts global apparel industry in 2024

Muted industry growth particularly visible in Europe and China

General economic situation

In fiscal year 2024, the global economy faced **numerous challenges and uncertainties**, as persistently high interest rates, subdued global trade, and weak investment flows weighed on economic activity. Geopolitical tensions, including the conflicts in Ukraine and the Middle East, along with outcomes of key elections, further exacerbated uncertainty. These factors collectively dampened consumer confidence and contributed to heightened financial market volatility. On a positive note, tight monetary policies pursued by the U.S. Federal Reserve (Fed) and the European Central Bank (ECB) succeeded in lowering inflation to more manageable levels. However, inflationary pressures varied significantly across regions, with some sectors and countries still grappling with elevated price levels. Despite these headwinds, the global economy showed resilience. In its latest forecast, published in January 2025, the International Monetary Fund (IMF) estimates **global economic growth** for 2024 at 3.2%, thus broadly in line with the prior-year level (2023: 3.3%).

GROWTH OF THE GLOBAL ECONOMY[1] (IN %)



2024 (2023)

1 Estimates IMF.
2 Without Japan.

According to IMF estimates, economic growth in the **eurozone** showed a modest recovery, rising to 0.8% in 2024 (2023: 0.4%). While France maintained steady growth at 1.1% (2023: 1.1%), other European economies saw limited improvements. Germany lagged behind, with a continued contraction of −0.2% (2023: −0.3%), driven by persistent weaknesses in its manufacturing sector and subdued overall demand. Although the ECB's restrictive monetary policies helped ease inflationary pressures, elevated levels of uncertainty and structural challenges persisted. Economic growth in the **United Kingdom** improved to a level of 0.9% in 2024 (2023: 0.3%), driven by declining inflation and a gradual recovery in consumer spending.

The **U.S. economy** remained robust, achieving growth of 2.8% in 2024, broadly in line with the prior-year level (2023: 2.9%). Underpinned by solid consumer demand, a strong labor market, and a more measured approach from the Fed compared to 2023, the U.S. once again outperformed other major economies. While concerns lingered over potential policy shifts post-election, the country's underlying economic momentum remained a key driver of global growth. In **Latin America**, growth remained stable at 2.4% in 2024 (2023: 2.4%). The region demonstrated resilience despite global uncertainties, supported by gradual improvements in policy frameworks and a moderate uplift in consumer demand.

China faced notable economic headwinds in 2024, with growth slowing to 4.8% (2023: 5.2%). Cyclical challenges, including the ongoing property market crisis and particularly weak consumer confidence, weighed heavily on the economy, offsetting gains from stronger net exports. The broader **Asia region (excluding Japan)** experienced growth of 5.2% (2023: 5.7%), reflecting a deceleration in major economies like India and Southeast Asia amid slowing industrial activity. In **Japan**, economic growth contracted by −0.2% in 2024 (2023: 1.5%), primarily reflecting temporary supply disruptions and weaker export demand.

Industry development

For the **global apparel industry**, fiscal year 2024 was shaped by persistent macroeconomic and geopolitical uncertainties, including high inflation, tight monetary policies, and weak consumer sentiment. Additionally, ongoing shifts in global trade and supply chain disruptions added further volatility to the industry's performance. In the first half of the year, the market environment remained subdued across regions, with cautious optimism for improvement. However, regional developments deteriorated in the latter half of the year. According to a joint study by The Business of Fashion and McKinsey & Company, published in November 2024, **growth for the global apparel industry** (excluding the luxury segment) is expected in a range of 2% to 3%, reflecting the overall challenging market environment in 2024.

In **Europe**, the apparel industry (excluding the luxury segment) experienced muted consumer demand throughout 2024, resulting in revenue growth slowing to a range of 1% to 3% (2023: 4%). While inflationary pressures eased slightly, ongoing economic uncertainty and geopolitical concerns kept personal saving rates high, weighing on retail spending. In the important **U.S. market**, on the other hand, the industry (excluding the luxury segment) returned to growth, with revenues expanding 2% to 3% (2023: –1%). Industry sales benefited from a modest rebound in consumer demand and early signs of stabilization in the broader economic environment toward the end of the year, further supported by the outcome of the presidential election. **China**, in contrast, faced pronounced economic headwinds throughout the year. Cyclical challenges, including weak consumer sentiment, and limited impact from government stimulus measures resulted in projected industry growth (excluding the luxury segment) of 3% to 4% (2023: 9%). Industry growth in China thus remained modest compared to historical levels, reflecting persistent challenges as well as increased savings rates in the market. The Chinese luxury market, in particular, experienced significant setbacks, with revenues potentially contracting by as much as 10% at times during the year.

COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

Fiscal year 2024 marked by challenging industry backdrop

Successful execution of "CLAIM 5" strategy supports business performance

Updated sales and earnings targets for full-year 2024 achieved

Since its introduction in fiscal year 2021, HUGO BOSS has achieved substantial progress in executing its **"CLAIM 5" strategy** as reflected by significant achievements across all five strategic priorities. By stepping up investments into our brands, products, and consumer touchpoints, momentum for both BOSS and HUGO has accelerated noticeably, driving record sales for three consecutive years and market share gains. At the same time, as part of "CLAIM 5," we have built a robust organizational and operational platform, laying the foundation for sustainable and profitable growth. This platform enables us to further enhance our operational execution, improve effectiveness, and realize efficiency gains across our business. Consequently, with "CLAIM 5," we have successfully paved the way towards achieving our financial ambition of EUR 5 billion in sales and an EBIT margin of at least 12%.

At the same time, the **global market environment** deteriorated substantially in fiscal year 2024, with weakening consumer sentiment across most markets leading to a slowdown in industry growth. While the overall muted consumer confidence inevitably impacted the Company's performance, resulting in a more moderate revenue increase compared to prior years, HUGO BOSS continued to benefit from the improved brand relevance of BOSS and HUGO. Consequently, **Group sales** grew by 3% to EUR 4.3 billion (2023: EUR 4.2 billion), both currency-adjusted and in Group currency. Throughout the year, we capitalized on **important growth opportunities**, further elevating brand relevance, enhancing product offerings, and deepening customer engagement. Highlights included the launch of successful 360-degree brand campaigns, the start of our partnership with David Beckham, and exciting brand events like the BOSS Spring/Summer 2025 Fashion Show in Milan. At the same time, we pushed ahead with strengthening both brands' 24/7 lifestyle images. Besides fully leveraging our BOSS brand lines across all touchpoints, we expanded our denimwear offering with the introduction of HUGO Blue. In addition, we further elevated our omnichannel activities to improve the customer experience, including the opening of new BOSS halo stores in Düsseldorf and Shanghai. At the same time, we successfully launched our new membership program HUGO BOSS XP, thus further **strengthening customer loyalty and deepening connections** to our brands and products. > Group Strategy, > Consumer Touchpoints

In response to the softer consumer sentiment, in the course of 2024, we accelerated our focus on **enhancing cost efficiency**. This included driving efficiency gains across our global sourcing activities and optimizing freight modes, which had a positive impact on gross margin development in fiscal year 2024. In the second half of the year, we implemented additional measures to enhance efficiency and effectiveness, capitalizing on our robust organizational platform. Besides putting strong emphasis on driving marketing effectiveness, we particularly targeted productivity gains within global sales and administration functions. This included optimizing the retail cost structure and **prioritizing spend in strategically relevant areas**. Against the backdrop of these efficiency measures, we were able to limit the increase in operating expenses in the second half of the year, thus supporting profitability in 2024. As a result, EBIT amounted to EUR 361 million in fiscal year 2024, translating into an EBIT margin of 8.4% (2023: EUR 410 million; 9.8%). Consequently, HUGO BOSS **achieved its full-year 2024 sales and earnings targets**, which had been adjusted in July 2024 against the backdrop of the challenging market environment. > Earnings Development

COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

	Results 2023	Initial forecast 2024	Adjusted forecast 2024[1]	**Results 2024**
Group sales	EUR 4,197 million	Increase of 3% to 6%	Increase of 1% to 4% to EUR 4.20 billion and EUR 4.35 billion	Increase by 3% to EUR 4.3 billion
Sales by segments				
EMEA	EUR 2,562 million	Increase in the low to mid-single-digit percentage range	Increase in the low single-digit percentage range	Increase by 3% to EUR 2,625 million
Americas	EUR 955 million	Increase in the mid to high single-digit percentage range	Increase in the mid- to high single-digit percentage range	Increase by 8% to EUR 1,020 million
Asia/Pacific	EUR 576 million	Increase in the high single-digit to low double-digit percentage range	Moderate decrease	Decrease by 2% to EUR 553 million
Operating result (EBIT)	EUR 410 million	EUR 430 million to EUR 475 million	EUR 350 million to EUR 430 million	Decrease by 12% to EUR 361 million
Group's net income	EUR 270 million	Increase of 5% to 15%	Develop within minus 15% to plus 5%	Decrease by 17% to EUR 224 million
Trade net working capital (TNWC) as a percentage of sales	20.8%	Improvement to a level approaching 20%	Improvement to a level approaching 20%	Improvement by 120 basis points to 19.6%
Capital expenditure	EUR 298 million	EUR 300 million to EUR 350 million	Around EUR 300 million	Decrease by 4% to EUR 286 million

1 The forecast for Group sales and EBIT was adjusted in July 2024; the forecast for sales by segment, net income, and capital expenditure was adjusted with the publication of the first half year results in August 2024.

Group sales in fiscal year 2024 increased by 3%, both on a currency-adjusted and reported basis, amounting to EUR 4,307 million (2023: EUR 4,197 million). Revenues were thus in line with the most recent guidance range, which projected sales to grow between 1% and 4%. Growth in 2024 was supported by sales improvements across both our brands, BOSS and HUGO, as well as most regions and distribution channels.
> Earnings Development, Sales Performance

Supported by the solid top-line performance and an increase in gross margin, the decline in **operating profit (EBIT)** – caused by higher operating expenses compared to the prior year – was ultimately limited to 12%, totaling EUR 361 million in fiscal year 2024 (2023: EUR 410 million). Consequently, EBIT was in line with the most recent guidance of EUR 350 million and EUR 430 million. As a result, EBIT margin amounted to 8.4%, 140 basis points below the prior-year level (2023: 9.8%). Accordingly, the **Group's net income** decreased by 17% to EUR 224 million in fiscal year 2024 (2023: EUR 270 million). > Earnings Development, Income Statement

Trade net working capital (TNWC) as a percentage of sales improved to 19.6% (2023: 20.8%), thus exceeding our most recent guidance of approaching 20%. This development reflects an improvement in our inventory-to-sales ratio, lower trade receivables, as well as higher trade payables. > Net Assets

In 2024, **capital expenditure** decreased by 4% to EUR 286 million, slightly below the most recent guidance range of around EUR 300 million (2023: EUR 298 million). This development mainly reflects our progress in driving CapEx efficiency by prioritizing strategically relevant investments. > Financial Position, Capital Expenditure

In fiscal year 2024, **free cash flow** amounted to EUR 497 million, significantly exceeding the prior-year level (2023: EUR 96 million) and thus underlining our highly cash-generating business model. The strong increase was mainly driven by improvements in trade net working capital. > Financial Position, Statement of Cash Flows and Free Cash Flow

EARNINGS DEVELOPMENT

HUGO BOSS posts solid top-line growth despite challenging market environment

Strong focus on driving efficiency limits increase in operating expenses

Development of operating result (EBIT) supported by cost discipline

In fiscal year 2024, HUGO BOSS recorded **solid top-line improvements**, benefiting from the strengthened brand relevance of BOSS and HUGO in recent years. The slower growth compared to previous years mainly reflects persistent macroeconomic and geopolitical challenges, which dampened consumer demand in most markets and led to a slowdown in industry growth in 2024. While the Company continued to pursue its growth opportunities, in response to this softer consumer sentiment, HUGO BOSS accelerated its focus on **enhancing cost efficiency** across all business areas – operations, marketing, sales, and administration – with substantial progress achieved in the second half of the year. At the same time, the Company continued to **invest in key strategic initiatives** to boost brand power and deepen customers' connections with BOSS and HUGO. This balanced approach was crucial for limiting the increase in operating expenses in the second half of the year, thus supporting profitability in 2024. Acquisitions or divestments had no material impact on the Group's financial performance in the reporting period.

Sales performance

HUGO BOSS recorded solid top-line improvements in fiscal year 2024 amid a challenging macroeconomic and geopolitical backdrop. Overall, currency-adjusted **Group sales** came in 3% above the prior-year level, amounting to EUR 4,307 million (2023: EUR 4,197 million), marking another year of record sales for HUGO BOSS. In Group currency, revenues also expanded by 3%, as currencies had a broadly neutral impact. Growth in 2024 was supported by sales improvements across both our brands, BOSS and HUGO, as well as most regions and distribution channels.

Sales by brand

SALES BY BRAND (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %	Currency-adjusted change in %
BOSS Menswear	3,329	77	3,256	78	2	3
BOSS Womenswear	297	7	288	7	3	3
HUGO	682	16	653	16	4	5
Total	**4,307**	**100**	**4,197**	**100**	**3**	**3**

In 2024, both our brands continued to drive important brand and product initiatives as part of our "CLAIM 5" strategy. The latest BOSS and HUGO collections were once again well received by consumers and wholesale partners alike. Consequently, currency-adjusted revenues for both **BOSS Menswear** and **BOSS Womenswear** came in 3% above the prior-year level. This performance was supported by star-studded 360-degree brand campaigns, the launch of a long-term partnership with David Beckham, and the BOSS Spring/Summer 2025 Fashion Show in Milan. At **HUGO**, currency-adjusted sales expanded by 5%, as momentum was fueled by the successful launch of its new, denim-focused brand line HUGO Blue as well as compelling capsule collections such as HUGO x Racing Bulls. > Group Strategy

Sales by region

SALES BY REGION (IN EUR MILLION)

	2024	**In % of sales**	2023	In % of sales	Change in %	Currency-adjusted change in %
EMEA	2,625	61	2,562	61	2	3
Americas	1,020	24	955	23	7	8
Asia/Pacific	553	13	576	14	(4)	(2)
Licenses	109	3	104	2	4	4
Total	**4,307**	**100**	**4,197**	**100**	**3**	**3**

From a geographical perspective, growth in 2024 varied across regions. In **EMEA**, currency-adjusted revenues increased by 3%, supported by solid sales improvements in Germany and double-digit growth in emerging markets. In the **Americas**, revenues were up 8% currency-adjusted with all markets contributing to growth, including a high single-digit uptick in the important U.S. market. Sales in **Asia/Pacific**, on the other hand, remained 2% below the prior-year level. While HUGO BOSS posted high single-digit growth in Southeast Asia & Pacific, sales in China remained below the prior-year level, reflecting overall muted local consumer demand. > Earnings Development, Sales and Earnings Development of the Business Segments

Sales by distribution channel

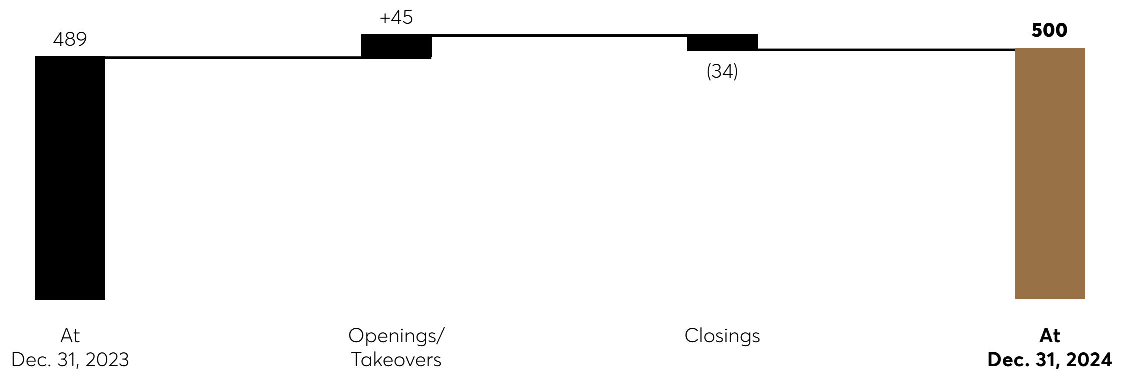
SALES BY DISTRIBUTION CHANNEL (IN EUR MILLION)

	2024	**In % of sales**	2023	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	2,241	52	2,262	54	(1)	0
Brick-and-mortar wholesale	1,111	26	1,033	25	8	8
Digital	846	20	798	19	6	6
Licenses	109	3	104	2	4	4
Total	**4,307**	**100**	**4,197**	**100**	**3**	**3**

From a channel perspective, growth in 2024 was driven by brick-and-mortar wholesale and the Group's digital business, while currency-adjusted revenues in **brick-and-mortar retail** (including freestanding stores, shop-in-shops, and outlets) remained on par with the prior-year level. In this channel, an increase in sales per transaction was largely offset by a decline in store traffic, reflecting muted consumer sentiment across key markets, first and foremost China. Currency-adjusted sales in **brick-and-mortar wholesale** expanded by 8% in 2024, reflecting robust demand for BOSS and HUGO among wholesale partners. While this enabled both brands to further improve visibility and penetration at key department stores, we also successfully expanded our global franchise business across select markets. At the same time, also the Group's **digital business** successfully continued its growth trajectory with currency-adjusted sales up 6%, reflecting further improvements at hugoboss.com as well as an increase in digital sales generated with partners. Overall, total digital sales thus expanded to 20% of Group sales in fiscal 2024 (2023: 19%). Sales in the **license business** increased 4% currency-adjusted, supported by particularly strong improvements in the eyewear business. > Consumer Touchpoints

Network of own retail stores

NUMBER OF OWN FREESTANDING RETAIL STORES



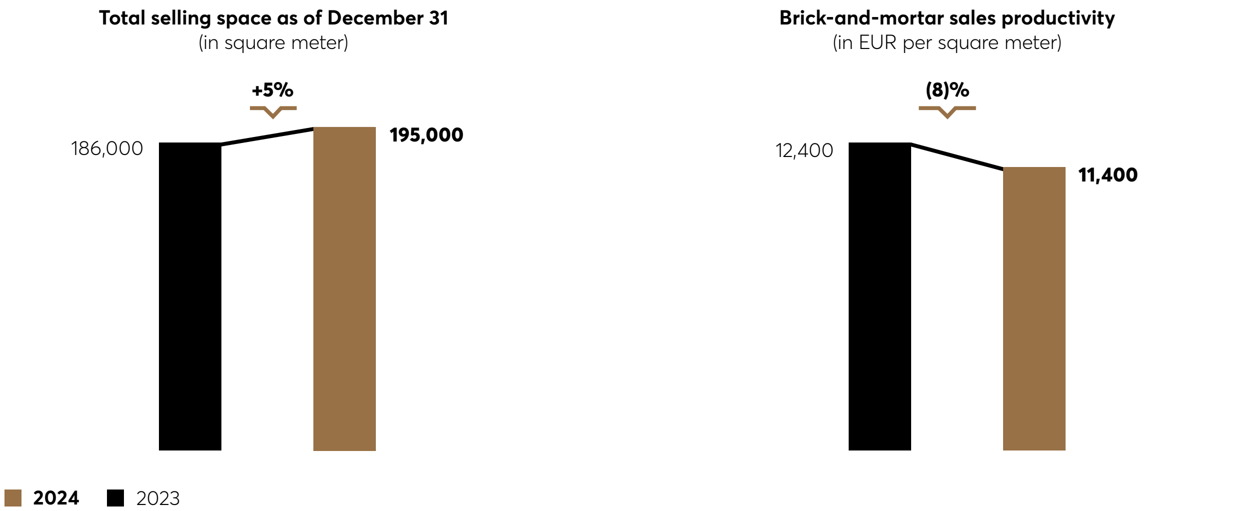
In fiscal year 2024, the number of **own freestanding retail stores** slightly increased to 500 (2023: 489), reflecting the selective expansion of our global retail footprint in key markets, including the U.S. and China.
> Consumer Touchpoints

A total of 37 BOSS stores were newly **opened** across all three regions, including halo stores in Düsseldorf and Shanghai. At the same time, we also added eight HUGO stores to our network, including three stores in Warsaw as part of a franchise takeover. On the other hand, 34 stores across EMEA and Asia/Pacific were **closed** in 2024. Besides stores with expiring leases, this also includes twelve stores in Russia, whose operations had already been suspended since March 2022 and which were sold to a wholesale partner in July 2024.

NUMBER OF OWN RETAIL POINTS OF SALES

2024	EMEA	Americas	Asia/Pacific	**Total**
Number of own retail points of sale	572	579	381	**1,532**
Thereof freestanding retail stores	199	139	162	**500**
2023				
Number of own retail points of sale	587	456	375	**1,418**
Thereof freestanding retail stores	212	115	162	**489**

Including shop-in-shops and outlets, the **total number of own retail points of sale** increased to 1,532 as of December 31, 2024 (2023: 1,418). Besides the slight increase in freestanding retail stores, this development primarily reflects the further expansion of our shop-in-shop business to strengthen our brands' presence with key retail partners, first and foremost in the Americas.



The **total selling space** of our own retail business increased by 5%, amounting to around 195,000 sq m at year-end (December 31, 2023: around 186,000 sq m). At the same time, **brick-and-mortar sales productivity** decreased by 8% to a level of around EUR 11,400 per sq m, mainly reflecting the lower traffic in brick-and-mortar retail (2023: around EUR 12,400 per sq m).

Income statement

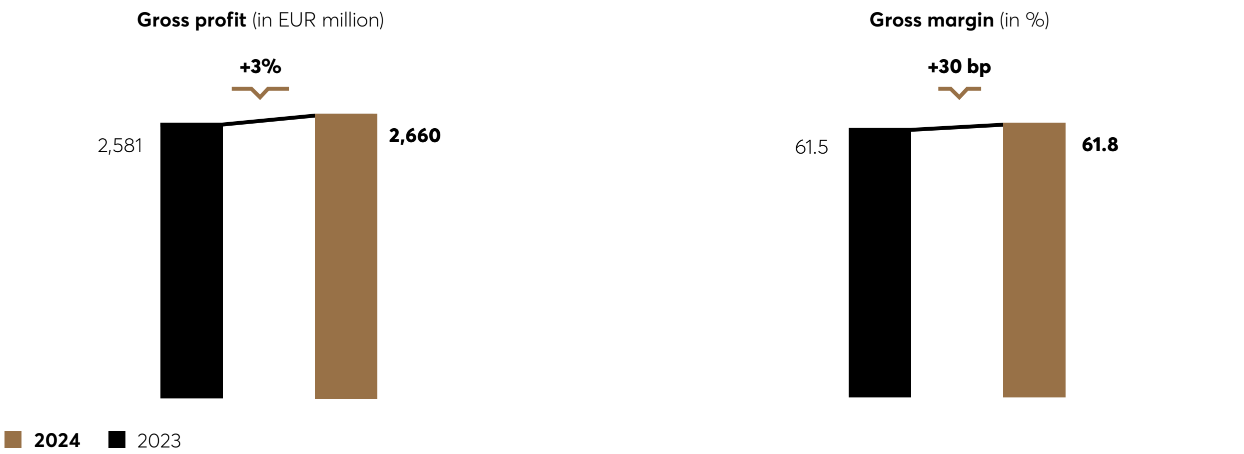
INCOME STATEMENT (IN EUR MILLION)

	Jan.–Dec. 2024	Jan.–Dec. 2023	Change in %
Sales	**4,307**	**4,197**	**3**
Cost of sales	(1,648)	(1,617)	(2)
Gross profit	**2,660**	**2,581**	**3**
In % of sales	61.8	61.5	30 bp
Operating expenses	**(2,299)**	**(2,171)**	**(6)**
In % of sales	(53.4)	(51.7)	(170) bp
Thereof selling and marketing expenses	(1,868)	(1,745)	(7)
Thereof administration expenses	(431)	(426)	(1)
Operating result (EBIT)	**361**	**410**	**(12)**
In % of sales	8.4	9.8	(140) bp
Financial result	(59)	(53)	(11)
Earnings before taxes	**302**	**357**	**(16)**
Income taxes	(78)	(87)	11
Net income	**224**	**270**	**(17)**
Attributable to:			
Equity holders of the parent company	213	258	(17)
Non-controlling interests	10	11	(11)
Earnings per share (in EUR)[1]	**3.09**	**3.74**	**(17)**
Income tax rate in %	**26**	**24**	

1 Basic and diluted earnings per share.

In fiscal year 2024, HUGO BOSS recorded a solid improvement in its **gross margin**, up 30 basis points to a level of 61.8% (2023: 61.5%). Efficiency gains in sourcing as well as a successful reduction in the airfreight share, which more than compensated for an overall rise in global freight costs, provided substantial tailwinds to gross margin development. These gains more than compensated for adverse channel and regional mix effects, unfavorable currency effects, as well as an overall promotional environment. > Business Operations

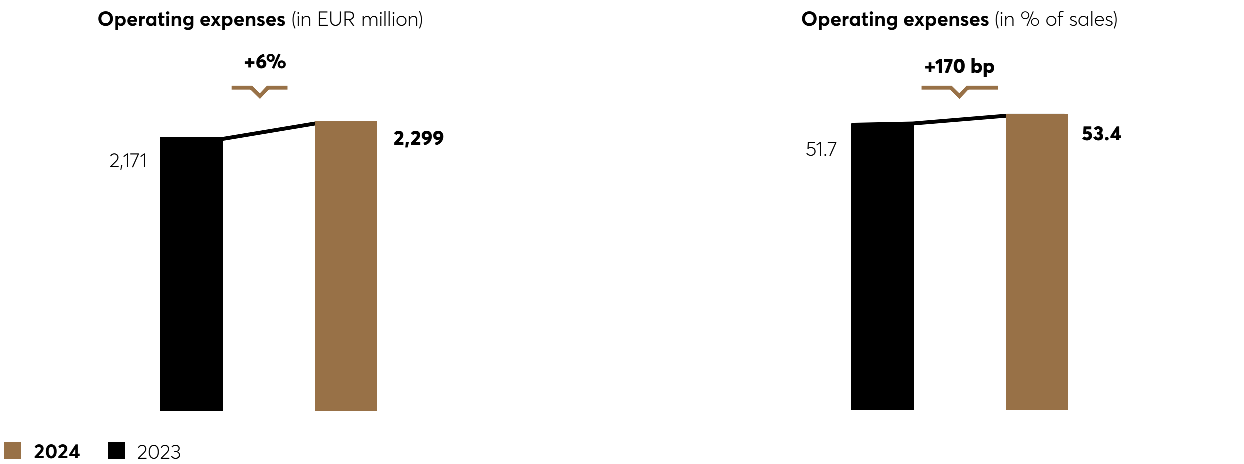
DEVELOPMENT OF GROSS PROFIT AND GROSS MARGIN



Following the rigorous implementation of several cost measures aimed at supporting profitability, HUGO BOSS efficiently mitigated the growth in **operating expenses** over the course of the year. Overall, this translated into operating expenses increasing by 6% in fiscal year 2024, with the increase in the second half of the year being substantially lower compared to the first half. Overall, this development mainly reflects higher selling and marketing expenses, while administration expenses remained broadly stable year over year. As a percentage of sales, operating expenses increased by 170 basis points to a level of 53.4% (2023: 51.7%).

> Notes to the Consolidated Financial Statements, Notes 2, 3, and 9

DEVELOPMENT OF OPERATING EXPENSES



Selling and marketing expenses increased by 7% compared to the prior year, growing 180 basis points to a level of 43.4% (2023: 41.6%). As part of this, selling expenses for the Group's **brick-and-mortar retail business** expanded by 14% to EUR 989 million, thus representing 23.0% of Group sales (2023: EUR 870 million; 20.7%). The increase was driven by inflation- and expansion-related costs, alongside higher non-cash impairment charges. At the same time, higher **fulfilment expenses** also contributed to the overall increase in selling and marketing expenses, up 10% to EUR 183 million (2023: EUR 166 million). **Marketing investments**, on the other hand, decreased 6% to a level of EUR 309 million (2023: EUR 328 million). This primarily reflects the Company's increased focus on driving marketing efficiency by prioritizing brand initiatives with the highest return. Consequently, marketing investments added up to 7.2% of Group sales, thus in line with the Company's target range of 7% to 8% as laid out in "CLAIM 5" (2023: 7.8%). > Notes to the Consolidated Financial Statements, Note 2, > Group Strategy, "Boost Brands"

Administration expenses remained broadly stable in 2024, as overall cost inflation was largely offset by disciplined overhead cost management. In particular, HUGO BOSS implemented several initiatives to enhance organizational productivity in fiscal year 2024, including eliminating non-essential spending and prioritizing key strategic initiatives. Consequently, at EUR 341 million, **general administration** expenses increased only slightly compared to the prior year (2023: EUR 336 million), while **research and development** expenses incurring in the collection development were broadly in line with 2023 levels, amounting to EUR 90 million (2023: EUR 89 million). Overall, as a percentage of sales, administration expenses decreased by 10 basis points to a level of 10.0% (2023: 10.1%). > Notes to the Consolidated Financial Statements, Note 3, > Product Development and Innovation

Supported by the Company's enhanced focus on cost efficiency, particularly in the second half of the year, the decrease in **operating profit (EBIT)** was limited to 12%, with EBIT amounting to EUR 361 million in 2024 (2023: EUR 410 million). Accordingly, the Group's **EBIT margin** decreased by 140 basis points to a level of 8.4% (2023: 9.8%), as the sales increase and improvements in gross margin were more than offset by the increase in operating expenses. Currency effects had a slightly negative impact on EBIT in fiscal year 2024.

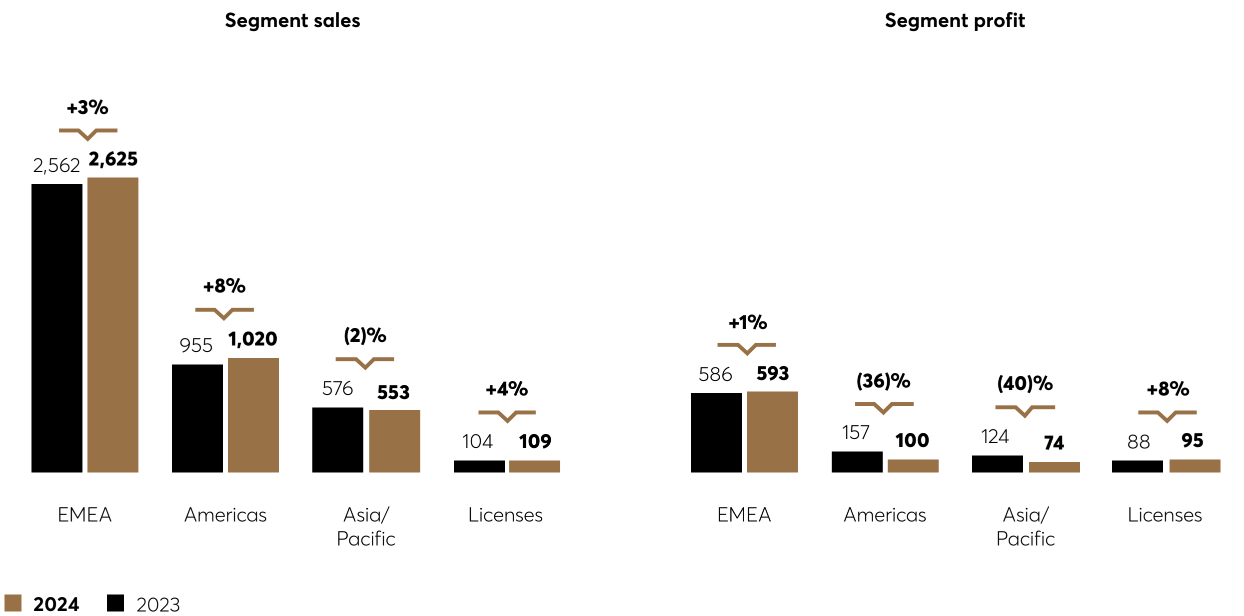
DEVELOPMENT OF EBIT AND EBIT MARGIN

Depreciation and amortization came in 21% above the prior-year level, amounting to EUR 414 million (2023: EUR 342 million). The increase is mainly attributable to **non-cash impairment charges** totaling EUR 47 million (2023: write-ups of EUR 4 million), reflecting impairments of fixed store assets and right-of-use assets, driven by the challenging brick-and-mortar retail environment in fiscal year 2024. > Notes to the Consolidated Financial Statements, Note 7

At EUR 59 million, **net financial expenses (financial result)** in fiscal year 2024 were 11% above the prior year (2023: EUR 53 million), as the Company recorded higher interest expense in lease accounting under IFRS 16, reflecting the overall high interest rate levels. The **Group tax rate** was slightly above the prior year, thus gradually normalizing to a level of 26% (2023: 24%). Accordingly, the **Group's net income** for fiscal year 2024 amounted to EUR 224 million, 17% below the prior-year level (2023: EUR 270 million). As part of this, net income attributable to shareholders also decreased by 17% to EUR 213 million (2023: EUR 258 million), resulting in **earnings per share** of EUR 3.09 (2023: EUR 3.74). Currency effects had a slightly negative impact on the Group's net income in fiscal year 2024. > Notes to the Consolidated Financial Statements, Note 4 and 5

Sales and earnings development of the business segments

DEVELOPMENT OF SEGMENT SALES AND SEGMENT PROFIT (IN EUR MILLION)



EMEA

Sales in the **EMEA** region (Europe, Middle East, and Africa) were up 3% currency-adjusted in fiscal year 2024. From a channel perspective, this performance was driven by an increase in both **brick-and-mortar wholesale** and in the Group's **digital business**, which more than compensated for a slight decline in **brick-and-mortar retail**, reflecting lower store traffic.

SALES DEVELOPMENT EMEA (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	1,108	42	1,133	44	(2)	(2)
Brick-and-mortar wholesale	860	33	813	32	6	6
Digital	657	25	616	24	7	6
Total	**2,625**	**100**	**2,562**	**100**	**2**	**3**

The performance in EMEA varied across markets. While **Germany** posted solid revenue improvements, sales in **France** and the **UK** remained below the prior-year level, reflecting overall subdued consumer sentiment. On the other hand, momentum in **emerging markets**, including Eastern Europe and the Middle East, remained strong throughout 2024, as reflected by double-digit improvements compared to the prior year.

At EUR 593 million, **segment earnings** in EMEA came in 1% above the prior-year level (2023: EUR 586 million). EBIT margin amounted to a level of 22.6% (2023: 22.9%), as sales and gross margin improvements were more than offset by higher operating expenses. The latter mainly reflects higher fulfilment expenses as well as an increase in brick-and-mortar retail expenses. > Notes to the Consolidated Financial Statements, Note 24

Americas

In the **Americas**, HUGO BOSS recorded currency-adjusted revenue growth of 8% in 2024. From a channel perspective, growth was broad-based as reflected by revenue improvements in **brick-and-mortar retail**, **brick-and-mortar wholesale**, and our **digital business**. The double-digit increase in brick-and-mortar wholesale emphasizes the improved visibility of BOSS and HUGO at key department stores, particularly in the important U.S. market.

SALES DEVELOPMENT AMERICAS (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	676	66	648	68	4	6
Brick-and-mortar wholesale	207	20	182	19	14	15
Digital	137	13	125	13	9	11
Total	**1,020**	**100**	**955**	**100**	**7**	**8**

All key markets contributed to growth in fiscal year 2024. In the **United States**, the biggest single market for HUGO BOSS, sales increased at a high-single-digit percentage rate, driven by revenue improvements across all consumer touchpoints. This performance reflects our brands' successful 24/7 lifestyle positioning, which kept fueling momentum throughout 2024. While sales in **Canada** were also up year over year, HUGO BOSS continued to record particularly strong momentum in **Latin America** as reflected by double-digit growth.

Segment earnings in the Americas were down 36% to EUR 100 million in fiscal year 2024 (2023: EUR 157 million), corresponding to an EBIT margin of 9.8% (2023: 16.4%). Improvements in sales were more than offset by a decline in gross margin as well as higher operating expenses, including a step-up in brick-and-mortar retail expenses. > Notes to the Consolidated Financial Statements, Note 24

Asia/Pacific

Currency-adjusted revenues in the **Asia/Pacific** region remained 2% below the prior year. While we recorded robust growth in **brick-and-mortar wholesale**, this development was more than offset by declines in **brick-and-mortar retail** and the Group's **digital business**, both reflecting muted local demand in China.

SALES DEVELOPMENT ASIA/PACIFIC (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	457	83	481	84	(5)	(3)
Brick-and-mortar wholesale	44	8	39	7	13	13
Digital	52	9	56	10	(8)	(7)
Total	**553**	**100**	**576**	**100**	**(4)**	**(2)**

Sales performance in Asia/Pacific varied significantly across markets. In **China**, sales remained below the prior-year level, as weak consumer demand weighed strongly on domestic retail consumption. **Southeast Asia & Pacific**, on the other hand, posted high-single-digit sales improvements in fiscal 2024, supported by strong double-digit growth in **Japan**.

Segment earnings in the Asia/Pacific region amounted to EUR 74 million, 40% below the prior-year level (2023: EUR 124 million), translating into an EBIT margin of 13.5% (2023: 21.5%). This development mainly reflects the softer sales performance as well as an increase in operating expenses, including higher brick-and-mortar retail expenses. > Notes to the Consolidated Financial Statements, Note 24

Licenses

Sales in our **license business** increased 4% currency-adjusted, supported by particularly strong improvements in the eyewear business. Additionally, lifestyle categories such as equestrian and cycling further spurred momentum in 2024. > Earnings Development, Sales by Distribution Channel

Consequently, the **license segment earnings** increased by 8% to EUR 95 million (2023: EUR 88 million). > Notes to the Consolidated Financial Statements, Note 24

Five-year overview of business segments

DEVELOPMENT OF SEGMENT SALES (IN EUR MILLION)

	2024	2023	2022	2021	2020
EMEA	2,625	2,562	2,303	1,742	1,231
Americas	1,020	955	789	543	308
Asia/Pacific	553	576	467	423	343
Licenses	109	104	92	77	64

DEVELOPMENT OF SEGMENT PROFIT (IN EUR MILLION)

	2024	2023	2022	2021	2020
EMEA	593	586	548	347	87
Americas	100	157	123	61	(97)
Asia/Pacific	74	124	74	74	32
Licenses	95	88	77	63	54

NET ASSETS

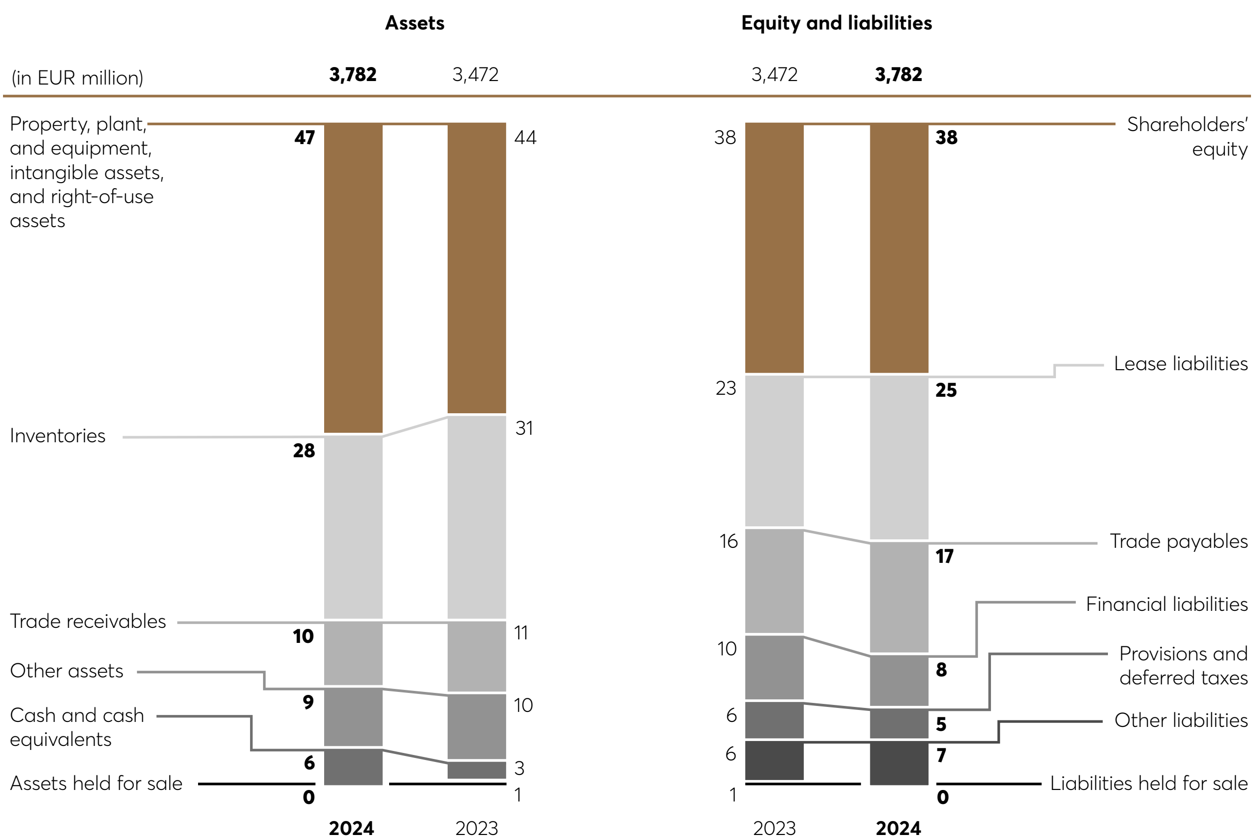
Increase of totals assets reflects investments in retail and logistics

Trade net working capital as a percentage of sales improves to 19.6%

Equity ratio remains stable at a level of 38%

Total assets increased by 9% to EUR 3,782 million at the end of fiscal year 2024 (December 31, 2023: EUR 3,472 million). This development mainly reflects higher property, plant, and equipment, intangible assets, and right-of-use assets as well as an increase in cash and cash equivalents.

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31 (IN %)



The **share of current assets** decreased to 49% as of December 31, 2024 (December 31, 2023: 52%), largely reflecting a reduction in trade net working capital. Accordingly, the **share of non-current assets** increased to 51% at the end of fiscal year 2024 (December 31, 2023: 48%). The **equity ratio** amounted to 38%, thus in line with the prior-year level (December 31, 2023: 38%). > Consolidated Financial Statements, Consolidated Statement of Financial Position

TRADE NET WORKING CAPITAL AS OF DECEMBER 31 (IN EUR MILLION)

	2024	2023	Change in %	Currency-adjusted change in %
Inventories	1,072	1,066	1	0
Trade receivables	362	376	(4)	(4)
Trade payables	643	572	12	12
Trade net working capital	**791**	**870**	**(9)**	**(9)**

Trade net working capital (TNWC) decreased by 9% on a currency-adjusted basis. As part of this, **inventories** remained broadly on the prior-year level. However, as a percentage of Group sales, inventories amounted to 24.9%, down 50 basis points compared to the prior-year level (2023: 25.4%). This development reflects the Company's measures to optimize inventory levels throughout the year. At the same time, **trade receivables** decreased by 4% currency-adjusted, primarily reflecting efficient receivables management. On the other hand, **trade payables** came in 12% above the prior-year level, mainly driven by higher sourcing volumes at year-end as well as increased utilization of the Company's supplier financing program. Accordingly, the moving average of **TNWC as a percentage of sales** based on the last four quarters improved to a level of 19.6% (December 31, 2023: 20.8%). > Notes to the Consolidated Financial Statements, Notes 12 and 13

Property, plant, and equipment, intangible assets, and right-of-use assets increased by 17% compared to the prior-year level, totaling EUR 1,775 million at year-end (December 31, 2023: EUR 1,521 million). This development primarily reflects strategic investments in the Company's global retail and logistics networks in 2024, along with lease extensions for key retail locations. **Cash and cash equivalents** amounted to EUR 211 million at the end of fiscal year 2024, reflecting the strong increase in free cash flow (December 31, 2023: EUR 118 million). > Notes to the Consolidated Financial Statements, Notes 8 and 14, > Financial Position, Statement of Cash Flows and Free Cash Flow

Total **current and non-current lease liabilities**, primarily related to the rental of retail store locations as well as logistics and administration properties, increased by 21% to EUR 959 million as of the reporting date (December 31, 2023: EUR 793 million). The increase was mainly driven by new retail and logistics leases, as well as retail lease extensions. **Current and non-current financial liabilities** decreased 13% to EUR 297 million (December 31, 2023: EUR 340 million), mainly reflecting a lower utilization of the Company's credit lines, driven by strong cash flow generation. **Provisions and deferred tax liabilities** decreased 15% to EUR 187 million (December 31, 2023: EUR 220 million), mainly reflecting lower personnel provisions. > Notes to the Consolidated Financial Statements, Notes 9, 17, 19, and 20, > Financial Position, Capital Structure and Financing

As HUGO BOSS completed the sale process of its Russian subsidiary during the course of 2024, **assets and liabilities held for sale** were fully derecognized, each amounting to EUR 0 million as of December 31, 2024 (December 31, 2023: EUR 27 million and EUR 19 million, respectively). > Notes to the Consolidated Financial Statements, Accounting Policies

FINANCIAL POSITION

ESG-linked syndicated loan provides high level of financial flexibility

Significantly positive free cash flow generation in 2024

CapEx efficiency gains achieved by prioritizing strategic investments

Principles and goals of financial management

Group-wide financial management is controlled centrally by the Group Treasury department. The goals pursued include securing financial stability and flexibility, ensuring liquidity at all times, and the management of financial risks. Company-wide financial management comprises Group financing, cash and liquidity management, the management of market price risks, and the management of counterparty risks. **Treasury principles** that are applied Group-wide govern all matters relevant to treasury, such as the approval of banking relationships, the handling of financing agreements, the liquidity and asset management, as well as the management of currency and interest rate risks.

Within **Group financing**, factors such as market capacity, cost of financing, covenants, and terms to maturity are considered when selecting financial instruments. External loans for Group financing are taken out centrally and primarily in the Group's reporting currency (euro) within the framework of an **"inhouse bank" concept**. To cover the financing needs of the Group companies, funds are made available in the form of intercompany loans in the respective local currency. This allows the Company to increase economies of scale and minimize the cost of capital. Occasionally, credit lines are also agreed upon with local banks in order to account for legal, tax, or other framework conditions. The Group's financial liabilities are generally unsecured and may be subject to customary market obligations, which are reviewed on a quarterly basis.

The most important source of liquidity for HUGO BOSS is the cash inflow from operating activities. The Group Treasury department optimizes and centralizes payment flows through its **cash and liquidity management**. Generally, Group companies transfer excess liquidity to the "inhouse bank," e.g., as part of a cash-pooling procedure. In doing so, the excess liquidity of individual Group companies can be used to cover the financial needs of others. This intercompany financing offsetting system reduces the external financial requirement and thus optimizes overall interest expenses.

Management of market price risks is intended to limit the impact of interest rate and currency fluctuations on the Group's financial result. The use of hedging instruments such as foreign exchange forwards and swaps, plain-vanilla options, and interest rate swaps, is intended to secure HUGO BOSS against unfavorable interest rate and currency developments. > Report on Risks and Opportunities, Currency Risks

The **counterparty risk** to banks mainly results from the investment of liquid funds as part of cash and liquidity management and from the use of derivative financial instruments as part of interest rate and currency risk management. With regard to trading transactions, HUGO BOSS aims for the broadest possible diversification of volumes and ensures that financial instruments are only executed with counterparties of very good credit ratings.

Capital structure and financing

HUGO BOSS holds **strong investment-grade ratings** from leading agencies, Standard & Poor's (S&P) and Moody's, underscoring its robust financial position and long-term growth potential. S&P rates the Company "BBB" while Moody's assigns a "Baa2" rating, both **reaffirmed in 2024**. While S&P revised its outlook to negative in March 2024 – citing macroeconomic volatility, short-term supply chain challenges, and increased capital expenditure levels – the agency acknowledged that the HUGO BOSS performance remains strong relative to peers. These ratings, first assigned in 2022, place HUGO BOSS among the highest-rated companies in the global premium apparel industry, reflecting the Company's strong brand perception, sound financial health, and **financing flexibility**.

The cornerstone of HUGO BOSS' financing structure is a EUR 600 million **ESG-linked revolving syndicated loan**, offering strong financial flexibility to support the successful execution of the Company's strategic initiatives. The facility, concluded in 2021, is available for general corporate purposes or guarantees and initially carried a three-year term. With both one-year extension options having been successfully exercised, the term was extended through 2026. Additionally, the loan includes an option to increase the credit volume by up to EUR 300 million, further enhancing the Company's financial agility. The syndicated loan contains a standard covenant requiring the maintenance of **financial leverage**, defined as the ratio of net financial liabilities (including lease liabilities in accordance with IFRS 16) to EBITDA. As of December 31, 2024, financial leverage totaled 1.3, thus on the prior-year level (December 31, 2023: 1.3) and well below the maximum permissible level. The syndicated loan is based on variable interest rates with applicable credit margins depending on the external credit rating and fulfillment of predefined **ESG criteria**. At the end of fiscal year 2024, its **utilization** totaled EUR 11 million used for bank guarantees (December 31, 2023: utilization of EUR 92 million of which EUR 83 million was used for general corporate purposes and EUR 9 million for bank guarantees).

To meet the ongoing strong demand for its **supplier financing program**, HUGO BOSS has established a comprehensive solution comprising a single-bank program and a bank-independent platform. The combined credit limit for both programs amounts to EUR 268 million, with EUR 148 million utilized at the end of 2024 (December 31, 2023: EUR 107 million).

HUGO BOSS successfully issued a **Schuldschein loan** of EUR 175 million in 2023, comprising four tranches with three- and five-year maturities, offered at both fixed and variable interest rates. Proceeds are allocated to general corporate purposes, primarily supporting investments aligned with the Group's strategy, including the ongoing expansion of our global logistics network. In addition, HUGO BOSS secured **real estate financing** in the amount of EUR 43 million in 2024 for the expansion of its headquarters in Metzingen (Germany). The financing comprises two separate amortizing loans with fixed interest rates in the amount of EUR 10 million and EUR 33 million, both with a maturity period of ten years. At the end of fiscal year 2024, the full financing amount of EUR 43 million remained outstanding. > Financial Position, Capital Expenditure

To further secure liquidity, HUGO BOSS possesses committed and uncommitted **bilateral credit lines** totaling EUR 208 million (December 31, 2023: EUR 153 million), of which EUR 108 million was utilized at the end of fiscal year 2024 (December 31, 2023: EUR 63 million). In addition, HUGO BOSS had at its disposal **cash and cash equivalents** in the amount of EUR 211 million at year end (December 31, 2023: EUR 118 million). > Notes to the Consolidated Financial Statements, Note 14, > Financial Position, Statement of Cash Flows and Free Cash Flow

Overall, the Group's **liabilities** totaled EUR 2,332 million at the end of the fiscal year (December 31, 2023: EUR 2,161 million), representing an unchanged 62% share of total assets (December 31, 2023: share of 62%). Of this amount, EUR 959 million was attributable to **current and non-current lease liabilities** (December 31, 2023: EUR 793 million), primarily relating to the rental of retail store locations as well as logistics and administration properties. **Current and non-current financial liabilities** totaled EUR 297 million at the end of fiscal year 2024 (December 31, 2023: EUR 340 million). > Net Assets, > Notes to the Consolidated Financial Statements, Notes 9 and 20

Statement of cash flows and free cash flow

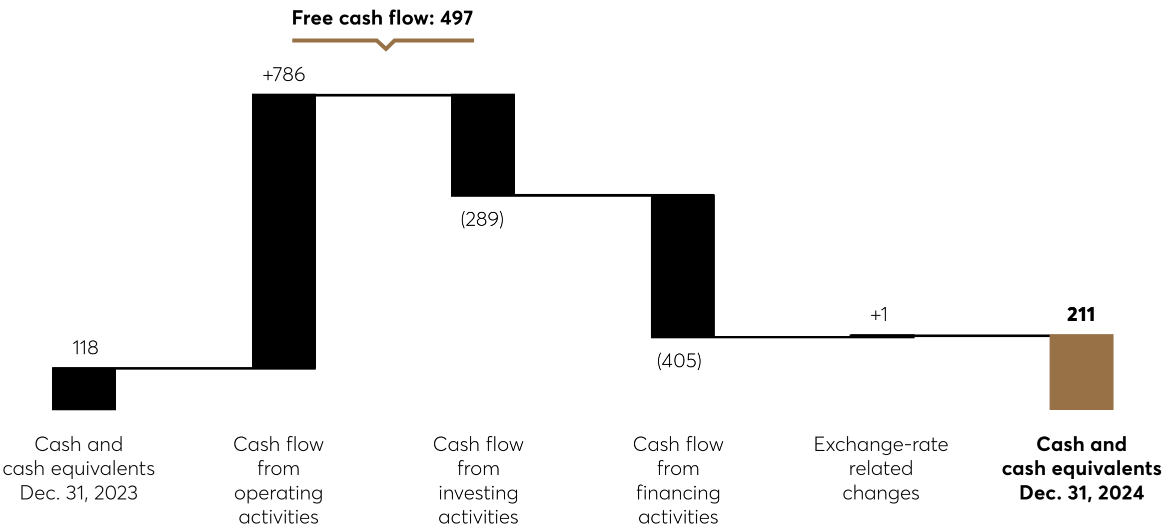
STATEMENT OF CASH FLOWS[1] (IN EUR MILLION)

	2024	2023
Cash flow from operating activities	786	394
Cash flow from investing activities	(289)	(298)
Cash flow from financing activities	(405)	(122)
Change in cash and cash equivalents	**92**	**(29)**
Cash and cash equivalents at the beginning of the period	118	147
Cash and cash equivalents at the end of the period	211	118

1 As the statement of cash flows is presented on a currency-adjusted basis, the values cannot be derived from the statement of financial position.

Free cash flow amounted to EUR 497 million in fiscal year 2024, significantly exceeding the prior-year level (2023: EUR 96 million) and thus underlining our highly cash-generative business model. This development was mainly driven by strong improvements in trade net working capital. Free cash flow is calculated as the sum of cash flow from operating activities (excluding lease expenses under IFRS 16) and cash flow from investing activities. > Net Assets

CHANGE IN CASH AND CASH EQUIVALENTS (IN EUR MILLION)



Cash flow from operating activities doubled compared to the prior-year level amounting to a level of EUR 786 million (2023: EUR 394 million), largely reflecting the improvements in trade net working capital achieved in 2024. **Cash flow from investing activities** remained 3% below the prior year, amounting to EUR 289 million (2023: EUR 298 million). This development reflects the decrease in capital expenditure in fiscal year 2024 against the backdrop of our progress made in driving CapEx efficiency by prioritizing strategically relevant investments. > Financial Position, Capital Expenditure

At EUR 405 million, **cash flow from financing activities** significantly increased year over year (2023: EUR 122 million). In the prior year, HUGO BOSS recorded a higher cash inflow in connection with the issue of the Company's first Schuldschein loan. > Financial Position, Capital Structure and Financing

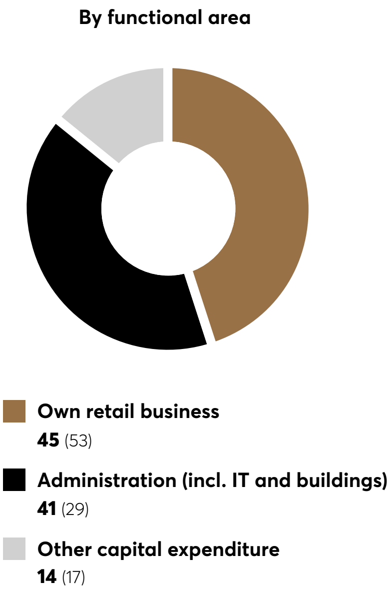
Net financial position

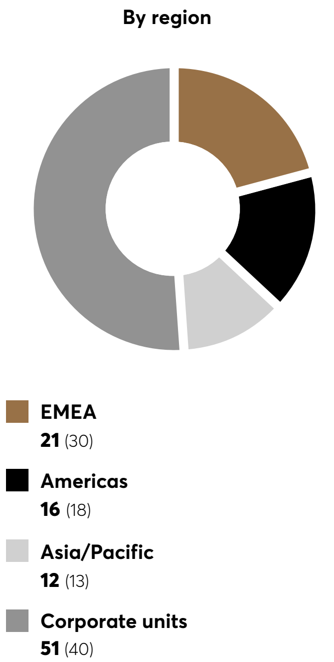
The **net financial position** is measured as the total of all financial and lease liabilities less cash and cash equivalents. **Excluding the impact of IFRS 16**, the net financial position of HUGO BOSS at the end of fiscal year 2024 improved to minus EUR 78 million (December 31, 2023: minus EUR 213 million). **Including the impact of IFRS 16**, this corresponds to a total of minus EUR 1,038 million (December 31, 2023: minus EUR 1,006 million).
> Financial Position, Capital Structure and Financing, > Notes to the Consolidated Financial Statements, Note 9

Capital expenditure

In fiscal year 2024, HUGO BOSS invested EUR 286 million in **property, plant, and equipment, and intangible assets**, representing a decrease of 4% as compared to the prior year (2023: EUR 298 million). This development mainly reflects our successes in driving CapEx efficiency by prioritizing strategically relevant investments. In this context, we continued to invest in key initiatives and projects, including our global distribution network, the further digitalization of our business model, and the expansion of our logistics capacities and headquarters.

CAPITAL EXPENDITURE (IN %)





2024 (2023)

HUGO BOSS is committed to providing a superior shopping experience and a best-in-class omnichannel journey to consumers all around the globe. Our own retail business plays a key role in this context. Consequently, we are putting strong emphasis on the ongoing **optimization and modernization** of our global store network. Our **innovative store concepts** are intended to make a significant contribution in upgrading our points of sale and enhancing customer engagement. At the end of 2024, the majority of our freestanding BOSS and HUGO stores were already comprehensively refreshed or equipped with the latest store concepts. Reflecting our strategic emphasis on prime retail destinations, capital expenditure on our own retail network amounted to EUR 129 million in fiscal year 2024, thus modestly below the prior-year level (2023: EUR 157 million). As part of this, investments in the continuous **optimization and modernization of existing locations** totaled EUR 82 million (2023: EUR 118 million), while we spent EUR 47 million on the selective **opening of new retail points of sale** (2023: EUR 40 million), including new BOSS stores in Düsseldorf and Shanghai. > Consumer Touchpoints

Capital expenditure on **administration** amounted to EUR 117 million in the past fiscal year (2023: EUR 88 million). This includes investments of EUR 62 million in our global **IT infrastructure** (2023: EUR 55 million), emphasizing our strategic claim "Lead in Digital." These investments mainly supported the further digitalization of our business model, including key initiatives of our Digital Campus and the Company-wide rollout of our next-generation ERP system as part of a multiyear project. At the same time, EUR 54 million was allocated to capital expenditure in **buildings** (2023: EUR 33 million). This mainly includes ongoing investments into the expansion of our distribution center for flat-packed goods located in proximity to the Company's headquarters, the further expansion of our Group's campus in Metzingen (Germany), as well as the opening of our latest showroom in Düsseldorf (Germany). Finally, **other capital expenditure** on production, distribution, and research and development amounted to EUR 40 million in 2024 and was thus below the prior-year level (2023: EUR 53 million). > Group Strategy, "Lead in Digital," "Organize for Growth," > Business Operations

Accumulated depreciation and amortization on property, plant, and equipment, and intangible assets, including own capitalized cost, totaled EUR 1,321 million in fiscal year 2024 (2023: EUR 1,204 million). Existing **obligations from investment projects** amounted to EUR 18 million as of December 31, 2024 (December 31, 2023: EUR 33 million), mainly relating to the ongoing expansion of our Group's headquarters in Metzingen (Germany).
> Notes to the Consolidated Financial Statements, Note 8

HUGO BOSS AG

HUGO BOSS AG is the parent company of HUGO BOSS Group

Operational performance driven by service agreements with subsidiaries

Annual financial statements prepared in accordance with HGB provisions

HUGO BOSS AG is the **parent company of HUGO BOSS Group**. Its annual financial statements are prepared in accordance with the provisions of HGB ["Handelsgesetzbuch": German Commercial Code]. In addition to the operating business, the results of HUGO BOSS AG are predominately driven by the management of the central functions. A material item in this context is the allocation of costs for services rendered to Group companies.

Earnings development

INCOME STATEMENT HUGO BOSS AG (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %
Sales	**2,264**	**100.0**	**2,297**	**100.0**	**(1)**
Cost of sales	(1,469)	(64.9)	(1,562)	(68.0)	6
Gross profit	**795**	**35.1**	**735**	**32.0**	**8**
Distribution expenses	(480)	(21.2)	(459)	(20.0)	(5)
General administrative expenses	(155)	(6.8)	(178)	(7.8)	13
Other operating income	52	2.3	149	6.5	(65)
Other operating expenses	(89)	(3.9)	(96)	(4.2)	7
Operating result	**123**	**5.4**	**151**	**6.6**	**(19)**
Net interest income/expenses	(11)	(0.5)	(15)	(0.7)	27
Income from profit and loss transfer agreements	94	4.1	89	3.9	5
Taxes on income and other taxes	(35)	(1.6)	(16)	(0.7)	<(100)
Net income	**170**	**7.5**	**209**	**9.1**	**(19)**
Transfer to (–)/from (+) other revenue reserves	85	(3.8)	(105)	(4.6)	(19)
Accumulated income previous year	46	(2.0)	34	1.5	33
Unappropriated income	**131**	**5.8**	**139**	**6.0**	**(6)**

Sales of HUGO BOSS AG primarily comprise brick-and-mortar retail, brick-and-mortar wholesale, and digital revenues generated in Germany and Austria as well as intercompany sales with its international subsidiaries.

SALES BY REGION (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %
EMEA	1,860	82	1,775	77	5
Americas	264	12	316	14	(16)
Asia/Pacific	140	6	206	9	(32)
Total	**2,264**	**100**	**2,297**	**100**	**(1)**

In fiscal year 2024, revenues of HUGO BOSS AG remained broadly on the prior-year level. In **EMEA**, HUGO BOSS AG recorded further top-line improvements, including solid growth in **Germany**. This largely compensated for a decline in revenue with subsidiaries in **Americas** and **Asia/Pacific** due to an adjusted intercompany pricing reflecting current external market factors.

SALES BY BRAND (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %
BOSS	1,566	69	1,627	71	(4)
HUGO	413	18	380	17	9
Other services	285	13	289	13	(1)
Total	**2,264**	**100**	**2,297**	**100**	**(1)**

While revenues for **BOSS** remained below the prior year, **HUGO** posted robust sales growth, supported by the launch of its new denim brand line HUGO Blue. At the same time, **sales from other services** also remained slightly below 2023 levels, reflecting lower intercompany charges passed on to subsidiaries, in particular related to service and IT.

At 35.1%, the **gross margin** of HUGO BOSS AG was well above the prior-year level (2023: 32.0%), mainly reflecting benefits from increased sourcing efficiencies. **Distribution expenses** were up 5%, largely attributable to inflation- and expansion-related cost increases in brick-and-mortar retail. **General administration expenses** were down 13% year over year, mainly reflecting disciplined overhead cost management. In particular, HUGO BOSS implemented several initiatives to enhance organizational efficiency in fiscal year 2024, including eliminating non-essential spending while prioritizing key strategic initiatives. The decrease in **other operating income** is primarily due to the profit realized in the previous year from merging HUGO BOSS Trade Mark Management GmbH & Co. KG into HUGO BOSS AG. **Other operating expenses** came in 7% below the prior-year level, with lower currency effects also contributing to the development. The **income from profit and loss transfer agreements** of EUR 94 million is attributable to HUGO BOSS Internationale Beteiligungs-GmbH (2023: EUR 89 million).

Net assets and financial position

Property, plant, and equipment, and intangible assets of HUGO BOSS AG increased by 10% year over year, totaling EUR 1,115 million (December 31, 2023: EUR 1,012 million). This development mainly reflects investments in the ongoing expansion of its headquarters in Metzingen (Germany) and the Company's distribution center for flat-packed goods in Filderstadt (Germany), with completion scheduled for 2025 and 2026, respectively.

TRADE NET WORKING CAPITAL (IN EUR MILLION)

	2024	2023	Change in %
Inventories	288	262	10
Trade receivables	91	116	(21)
Trade payables	284	242	17
Trade net working capital	**95**	**135**	**(30)**

The increase in **inventories** mainly reflects higher goods in transit at the end of fiscal year 2024. HUGO BOSS AG is the main supplier for the Group's global distribution companies. **Trade receivables** of HUGO BOSS AG remained well below the prior-year level, mainly attributable to efficient receivables management. At the same time, the Company recorded an increase in **trade payables**, driven by higher sourcing volumes at year-end also reflected by an increased utilization of the Company's supplier financing program. Consequently, **trade net working capital (TNWC)** of HUGO BOSS AG ended fiscal year 2024 well below the prior-year level.

At EUR 98 million, **receivables from affiliated companies** at the end of fiscal year 2024 were above the prior-year level (December 31, 2023: EUR 74 million). **Liabilities to affiliated companies** slightly decreased to EUR 94 million, mainly due to repayments of loans to HUGO BOSS International B.V. (December 31, 2023: EUR 103 million). **Provisions** also decreased, amounting to EUR 163 million at the end of the year (December 31, 2023: EUR 186 million). At EUR 219 million, **liabilities to credit institutions** were above the prior-year level (December 31, 2023: EUR 177 million), mainly reflecting the Company's real estate financing in the amount of EUR 43 million secured in 2024 for the expansion of its headquarters in Metzingen.

As of December 31, 2024, **cash and cash equivalents**, defined as the total of cash on hand and bank balances, amounted to EUR 7 million (December 31, 2023: EUR 2 million), with the increase mainly reflecting a higher **cash flow from operating activities**. The latter particularly benefited from the improvements in trade net working capital.

Outlook, risks, and opportunities

Due to its close relationships with the Group companies and its relevance for the Group, the expectations for HUGO BOSS AG are largely reflected in the Group's outlook. In this context, the **net income** of HUGO BOSS AG, which represents the Company's key performance indicator, is expected to record robust improvements in fiscal year 2025. There are no specific particularities regarding HUGO BOSS AG. In addition, the business performance of HUGO BOSS AG is, to a large degree, also subject to the same **risks and opportunities** as those faced by the Group. Consequently, the statements within the Group's Report on Risks and Opportunities also apply to HUGO BOSS AG. > Outlook, > Report on Risks and Opportunities

OUTLOOK

Macroeconomic uncertainty to weigh on industry growth in fiscal year 2025

Group sales in 2025 to range between EUR 4.2 billion and EUR 4.4 billion

EBIT to increase to a level of EUR 380 million to EUR 440 million

Subsequent events

Between the end of fiscal year 2024 and the preparation of this report on March 5, 2025, there were no material macroeconomic, sociopolitical, industry-related, or Company-specific changes that the Management expects to have a significant impact on the Group's earnings, net assets, or financial position.

Outlook

The following report presents the **view of the Management of HUGO BOSS** with respect to the Company's expected business performance in fiscal year 2025. It also describes the expected development of significant macroeconomic and industry-specific conditions. The outlook reflects Management's current knowledge at the time the report was prepared. However, actual developments may differ significantly, either positively or negatively, if risks and opportunities materialize as described in the Risks and Opportunities section of this Annual Report. Other than the statutory publication requirements, HUGO BOSS does not assume any obligation to update the statements contained in this report. > Report on Risks and Opportunities

Macroeconomic and industry-specific developments can have a major influence on the development of the Company's operational and financial development. Statements made in this section regarding the Company's expected business performance are therefore based on certain assumptions with regards to developments in the global economy and in the apparel industry. Over the course of the year, the Group will closely monitor the development of external conditions to respond to any possible changes as quickly and comprehensively as possible.

Outlook for the global economy

In 2025, global growth is expected to remain subdued as the **global economy continues to face several challenges**. In particular, economic policy uncertainties have further intensified, driven by expectations of policy shifts under newly elected governments, ongoing political instability in certain regions, and persistent geopolitical tensions. At the same time, global headline inflation is anticipated to decline moderately, with advanced economies projected to return to target inflation levels more quickly than emerging markets and developing economies. Consequently, according to the International Monetary Fund (IMF), **global growth** is projected at 3.3% in 2025 and thus only slightly above the prior-year level (2024: 3.2%). Compared with the historical average of 3.7% (2000–2019), global growth in 2025 is likely to remain significantly lower.

Regional economic growth expectations vary significantly, according to the IMF. In the **eurozone**, growth is expected to improve only modestly to 1.0% in 2025 (2024: 0.8%), given ongoing geopolitical tensions and persistent weakness in manufacturing. The **U.S.** economy is projected to grow at 2.7% in 2025 (2024: 2.8%), supported by robust demand, improving financial conditions, and less restrictive monetary policies. On the other hand, cyclical challenges in **China** are anticipated to continue impacting domestic consumption, with growth forecast to slow further to 4.6% (2024: 4.8%).

Risks and uncertainties associated with these assumptions remain fundamentally high. Geopolitical tensions, including conflicts in regions such as the Middle East and Eastern Europe, could disrupt trade routes and commodity supplies also in 2025. In addition, policy-generated disruptions to the ongoing disinflation process could complicate the transition to easing monetary policy, increasing fiscal and financial vulnerabilities. Finally, trade policy uncertainty – exacerbated by potentially new tariffs and protectionist measures – could distort global trade flows, hinder investment, and reduce market efficiency.

Industry outlook

The **global apparel industry** is anticipated to face a challenging fiscal year 2025, shaped by ongoing macroeconomic and geopolitical uncertainties, which in turn might continue weighing on global consumer sentiment. According to a joint study by The Business of Fashion and consulting firm McKinsey & Company, published in November 2024, revenue growth for the global apparel industry (excluding the luxury segment) is projected to remain modest at 2% to 4% (2024: 2% to 3%), marking only a slight improvement compared to the prior year.

In **Europe**, industry growth (excluding the luxury segment) is forecast to range between 2% and 4% in 2025 (2024: 1% to 3%). While economic uncertainty and geopolitical concerns persist, declining inflation and increased tourism are expected to slightly lift retail spending. In the **U.S.**, consumption is set to benefit from expected Federal Reserve rate cuts, alongside robust job data and a strong stock market and property sector. These factors are anticipated to sustain the ongoing recovery, with industry growth (excluding the luxury segment) expected to expand by 3% to 4% (2024: 2% to 3%). In contrast, **China** continues to face a cyclical economic slowdown. In particular, consumer confidence is expected to remain subdued, hovering only slightly above the record lows of 2022, leading to elevated household savings rates. Although government measures are aimed at stimulating the economy, it is uncertain whether they will sufficiently boost consumer sentiment in 2025. Consequently, industry growth (excluding the luxury segment) is expected to decelerate slightly to a range of 2% to 4% (2024: 3% to 4%), remaining well below historical averages, as some industry players increasingly pivot their focus to other Asian markets.

Outlook for HUGO BOSS

Following more than three years of **successfully executing "CLAIM 5,"** HUGO BOSS has achieved notable progress across its strategic priorities, resulting in record sales of EUR 4.3 billion in fiscal year 2024. At the same time, over the last years, we have built a **robust organizational and operational platform** that is aimed to allow HUGO BOSS to generate sustainable, profitable growth by enhancing execution while focusing on effectiveness and efficiency. Consequently, with "CLAIM 5" we have paved the way towards achieving our financial ambition of EUR 5 billion in sales as well as an EBIT margin of at least 12% in the future. > Group Strategy

Also in 2025, the **final year of "CLAIM 5,"** we remain fully committed to making further strategic progress. In particular, we are determined to continue exploiting global growth opportunities, as we keep investing in key brand, product, and omnichannel initiatives to further drive brand relevance and deepen customers' connections with BOSS and HUGO. At the same time, we remain focused on leveraging our strong operational platform and driving additional cost efficiencies by rigorously managing operating expenses. This **balanced approach** is essential for driving robust profitability improvements in 2025 and beyond, while ensuring the long-term success of HUGO BOSS.

OUTLOOK FOR FISCAL YEAR 2025

	Results 2024	Outlook 2025
Group sales	Increase by 3% to EUR 4,307 million	Between EUR 4.2 billion and EUR 4.4 billion (–2% to +2%)
Sales by region		
EMEA	Increase by 3% to EUR 2,625 million	Remain around the prior-year level
Americas	Increase by 8% to EUR 1,020 million	Increase in the low to mid single-digit percentage range
Asia/Pacific	Decrease by 2% to EUR 553 million	Moderate decrease
Operating result (EBIT)	Decrease by 12% to EUR 361 million	Increase to a level of EUR 380 million to EUR 440 million (+5% to +22%)
Group's net income	Decrease by 17% to EUR 224 million	Increase in line with EBIT
Trade net working capital as a percentage of sales	Improvement of 120 bps to 19.6%	Remain at a level of between 19% and 20%
Capital expenditure	Decrease by 4% to EUR 286 million	Between EUR 200 million and EUR 250 million

In 2025, we expect macroeconomic and geopolitical volatility to remain high and to continue weighing on consumer sentiment. Against this backdrop, HUGO BOSS expects **Group sales** in reporting currency to range between EUR 4.2 billion and EUR 4.4 billion in 2025 (2024: EUR 4,307 million). Sales in the **EMEA** region are forecast to remain around the prior-year level, while sales in the **Americas** are projected to increase in the low single-digit percentage range. For **Asia/Pacific**, HUGO BOSS anticipates sales to moderately decrease, reflecting ongoing uncertainties regarding consumer sentiment in the Chinese market.

HUGO BOSS anticipates robust profitability improvements in fiscal year 2025, with **operating profit (EBIT)** expected to increase to a level of between EUR 380 million and EUR 440 million (2024: EUR 361 million). Consequently, the Company anticipates the EBIT margin to improve in 2025, supported by its ongoing focus on driving additional sourcing efficiencies and maintaining disciplined cost management. The **Group's net income** is expected to develop broadly in line with EBIT and is thus also expected to increase by around 5% to 22% (2024: EUR 224 million).

Trade net working capital (TNWC) as a percentage of sales is expected to remain at a level of between 19% and 20% in 2025 (2024: 19.6%), with continued optimizations in inventory management anticipated to support this development. **Capital expenditure** is forecast to range between EUR 200 million and EUR 250 million in 2025 (2024: EUR 286 million), reflecting the Company's increased emphasis on driving CapEx efficiency. Investment activity in 2025 remains focused on modernizing our global store network, advancing digitalization, and enhancing our logistics capacity. As in the previous year, the majority of our investments will be allocated to Corporate Units and the EMEA segment.

Despite the decline in earnings in fiscal year 2024, the Managing Board and the Supervisory Board intend to propose to the Annual General Meeting on May 15, 2025, a **dividend** of EUR 1.40 per share for fiscal year 2024, reflecting an increase of 4% compared to the prior-year level (2023: EUR 1.35). This decision underscores the Company's robust financial position as well as management's confidence in its long-term growth opportunities and its continued ability to generate a significantly positive free cash flow in the future. The proposal is equivalent to a **payout ratio** of 45% of the Group's net income attributable to shareholders in fiscal year 2024 (2023: 36%), in line with the Company's mid-term target payout ratio of between 30% and 50%, as laid out in "CLAIM 5." Assuming that shareholders approve the proposal, the dividend will be paid out on May 20, 2025, equaling EUR 97 million (2023: EUR 93 million).

REPORT ON RISKS AND OPPORTUNITIES

Transparent handling of risks and opportunities as part of the risk management system

No going concern risks to the Group identified

Exploiting business opportunities important element for sustainable increase in enterprise value

The success of HUGO BOSS is based on the systematic exploitation of opportunities as part of the Group strategy. The **risks and opportunities policy** of HUGO BOSS is aimed at achieving the Group's strategic and financial objectives. In addition to pursuing the target of securing the Group's continuation as a going concern, it therefore primarily is aimed at successfully executing the "CLAIM 5" strategy and sustainably increasing enterprise value. The reporting of risks and opportunities in the combined management report refers to a one-year period.

Risk and opportunity management principles

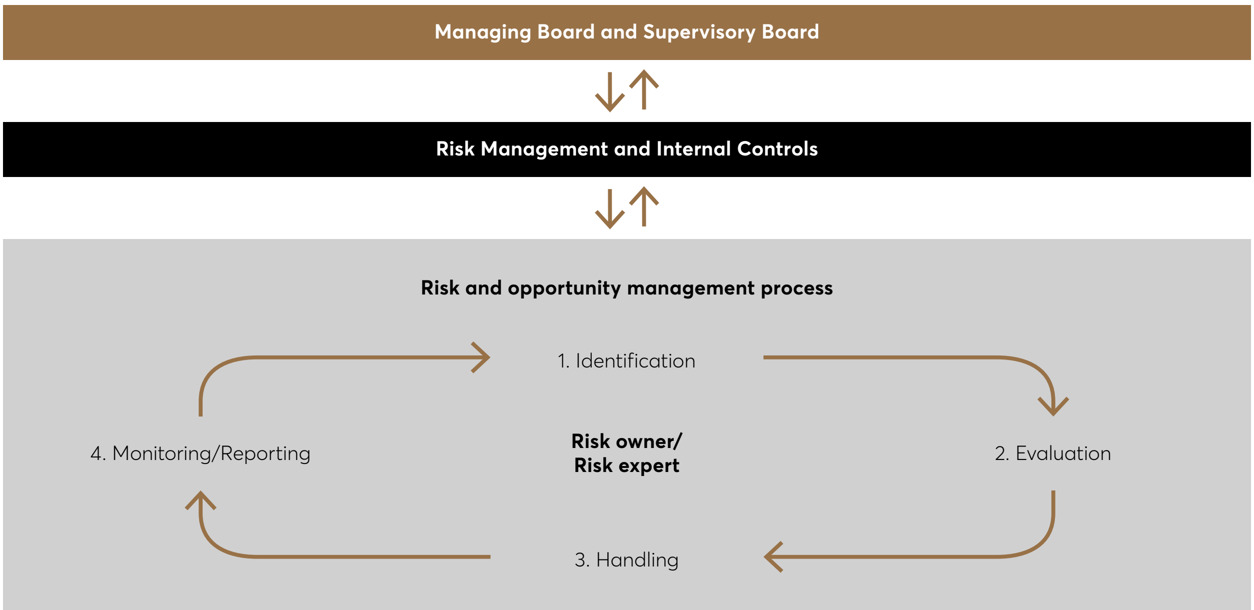
The Company's **risk and opportunity management system** comprises all measures of a systematic and transparent approach towards risks and opportunities. It aims to **identify risks as early as possible**, evaluating them adequately, limiting or avoiding them through suitable measures, as well as monitoring and documenting them. In this context, risks are defined as potential future developments or events that may lead to negative deviations from the planned operating result (EBIT). At the same time, the **early identification and consistent exploitation of business opportunities** is of particular importance as part of the successful execution of the Group's strategy and essential for ensuring the Company's long-term success. At HUGO BOSS, opportunities are defined as potential positive deviations from the planned EBIT, with appropriate measures initiated as needed to exploit them. Opportunities are always considered in conjunction with any associated risks. They are only pursued if they outweigh the associated risks and the risks are considered to be manageable and limited in impact.

Risk and opportunity management system

The Managing Board of HUGO BOSS AG has **overall responsibility for an effective risk and opportunity management system**. On its behalf, the central Risk Management & Internal Controls department coordinates the execution and continuous development of the risk and opportunity management system. In this context, it is responsible for the centrally managed risk and opportunity management process and is in close contact with the respective central departments and Group companies. The relevant risk owners and risk experts are responsible for identifying and evaluating risks, adequately dealing with identified risks, and implementing effective risk mitigation measures. The Supervisory Board of HUGO BOSS is responsible for **monitoring the effectiveness of the risk and opportunity management system**. This responsibility is exercised by the Audit Committee, with support from the Internal Audit department. In this context, risk and opportunity management at HUGO BOSS is subject to regular internal auditing. As part of the audit of the consolidated financial statements, the external Group auditor assesses the adequacy of the measures for the early identification of risks that could impact the Company's ability to continue as a going concern.

Group-wide standards for the systematic handling of risks and opportunities form the basis of an efficient risk and opportunity management system. They are set by the Managing Board and documented in the **risk and opportunities principles** that are applicable throughout the Group and available to all employees on the Company-wide intranet. All employees of HUGO BOSS are obliged to be aware of the risks posed by their behavior, especially regarding those risks that may threaten the going concern of the Group. The use of modern **risk and opportunity management software** allows for recording and evaluating all identified risks and opportunities, as well as related measures, in a uniform way throughout the Group. As part of the audit of the consolidated financial statements, the external Group auditor assesses the effectiveness of selected internal controls, including IT controls. The risk and opportunity management system of HUGO BOSS is designed in accordance with the international standard ISO 31000.

MAIN FEATURES OF THE RISK AND OPPORTUNITY MANAGEMENT SYSTEM



The **risk and opportunity management process** at HUGO BOSS consists of four steps: identification, evaluation, handling, and ongoing monitoring and reporting.

To ensure **risks and opportunities are identified** at the earliest possible stage, the Group continuously monitors the macroeconomic and geopolitical environment, the competitive landscape in the premium and luxury goods industry, and all internal processes. Risk Management & Internal Controls supports all internal risk owners with regular identification and efficient categorization of risks and opportunities using a risk catalog, as well as the risk and opportunity principles that is available in the intranet throughout the Group.

Risk owners delegate the **regular evaluation** of identified risks and opportunities to the defined risk experts and give their assessment after a thorough evaluation. Risk experts are supported by Risk Management & Internal Controls, which also includes regular training, at least once per year, on risk and opportunities management principles and topic-specific focus areas. Individual risks and opportunities are evaluated by assessing their likelihood of occurrence and systematically analyzing their potential impact on the planned operating result (EBIT). Tax risks and interest rate risks, however, are evaluated based on their potential impact on cash flow. > Outlook

MEASUREMENT CRITERIA FOR BUSINESS RISKS AND OPPORTUNITIES

Extent of financial impact (in % of planned EBIT)		Likelihood of occurrence (within 1 year)	
low	≤2.5%	remote	≤10%
moderate	>2.5–5%	unlikely	>10–25%
essential	>5–15%	possible	>25–50%
high	>15–30%	probable	>50–90%
very high	>30%	certain	>90%

Individual risks and opportunities are evaluated on the basis of the two dimensions of **likelihood of occurrence and potential financial impact**. This is intended to create transparency regarding the Company's current risk and opportunity situation and provide support in prioritizing risks and opportunities. Classification is done by means of summing up all individual risks' and opportunities' weighted average of likelihood (likelihood) as well as the weighted averages of the impact scenarios of all individual risks and opportunities (potential financial impact). Net risks and opportunities are defined as the remaining risk or opportunity potential after accounting for the impact of corresponding mitigation measures, whereas gross risks and opportunities represent their initial, unmitigated impact.

Risks and opportunities are treated in accordance with the Company's risk and opportunity management principles. Preparing and implementing appropriate risk mitigation measures is the responsibility of the respective risk owner. In general, **risks are handled** in four different ways: risk avoidance, risk reduction, risk transfer to third parties, and risk acceptance. One component of risk management is thus the transfer of risk to insurance companies, which is intended to offset the financial impact of insurable risks as far as possible. The costs of the respective measures in relation to their effectiveness are also taken into consideration when deciding how to implement the respective risk management strategy. In close cooperation with the risk owners, Risk Management & Internal Controls monitors the progress and effectiveness of planned and already implemented measures.

The current status of all identified risks and opportunities is assessed twice a year. However, depending on their extent, some risks or opportunities may be assessed at a higher frequency of up to once a month. As part of the **risk monitoring**, insights into the latest trends are documented, and risk evaluation as well as risk handling are revised if necessary. The continuous monitoring of early warning indicators is intended to allow possible deviations from the budget to be identified at an early stage. Reporting chains and the adoption of appropriate countermeasures defined in advance aim to ensure a timely response in the event of a risk occurring. > Group Management

As part of the **regular risk and opportunities reporting**, risk owners report all risks and opportunities identified to Risk Management & Internal Controls, including the respective likelihood of occurrence, the potential financial impact, as well as any risk mitigation measures. Risk Management & Internal Controls aggregates the information reported and regularly presents a consolidated report to the Managing Board and the Audit Committee. Substantial individual risks and opportunities are given particular emphasis. When critical or urgent issues arise, the regular reporting process is supplemented by an ad-hoc report.

Assessment of the risk and opportunity situation by the Managing Board

The individual risks are aggregated using two methods to obtain the most accurate possible overview of the **total risk position** of HUGO BOSS. On the one hand, the expected loss values of all assessed risks are added together. On the other hand, the probability distributions of all identified risks are aggregated to form a single probability distribution for a possible total loss by means of a Monte Carlo simulation and thus determining maximum annual loss values. The simulation encompasses risks of all categories, thus also including non-financial risks. The result of this simulation for fiscal year 2024 shows that, as in the prior year, the Group's aggregated risk position does not exceed the Company's risk-capacity threshold with a likelihood of at least 99%.

The implemented risk management system forms the basis for the **assessment of the risk and opportunity situation by the Managing Board**, which reviews the system on a regular basis. Risks and opportunities with a potential financial impact classified as at least essential are discussed and evaluated by the Managing Board at regular intervals. While the assessment of individual risks and opportunities in fiscal year 2024 has changed, mainly due to the development of external conditions as well as the impact of our own countermeasures, the overall risk situation for HUGO BOSS has not changed significantly as compared to the prior year. In particular, the Managing Board did not identify any individual or aggregate risks that could jeopardize the **continuation of the Company as a going concern** at the time this report was prepared.

Illustration of risks

Risks identified in the risk management process with an at least essential potential impact on HUGO BOSS are detailed below in descending order of their potential financial impact. In contrast, risks assessed as having only a low or moderate impact are not explained in more detail. This includes risks related to brand and corporate image, changes in interest rates, competition, counterparties, facilities, financing and liquidity, investments, legal, occupational health and safety, product piracy, and vision and direction. In general, it is possible that further latent risks or risks currently assessed as immaterial may have a greater adverse effect on the Group's future development than anticipated. Regardless of the measures implemented to manage the identified risks, business activity is always exposed to **residual risks** that cannot be entirely avoided, even by a risk and opportunity management system such as the one implemented at HUGO BOSS.

RISK OVERVIEW

Categories	Potential financial impact (in % of planned EBIT)		Likelihood (within one year)		Trend[1]
Politics and society	very high	>30%	unlikely	>10%–25%	↘
Sales and distribution	very high	>30%	unlikely	>10%–25%	↘
Suppliers and sourcing	very high	>30%	unlikely	>10%–25%	↗
Taxes[2]	high	>15%–30%	possible	>25%–50%	→
Global economy	high	>15%–30%	unlikely	>10%–25%	→
Governance and compliance	high	>15%–30%	unlikely	>10%–25%	↗
IT	high	>15%–30%	unlikely	>10%–25%	→
Collection	high	>15%–30%	remote	≤10%	↘
Logistics	high	>15%–30%	remote	≤10%	↘
Currencies	essential	>5%–15%	probable	>50%–90%	↗
Quality	essential	>5%–15%	unlikely	>10%–25%	↗
Personnel	essential	>5%–15%	unlikely	>10%–25%	→
Environment and health	essential	>5%–15%	remote	≤10%	↘

1 As compared to the prior year. Change equals deviation of >5%.
2 Tax risks are assessed based on their potential financial impact on cash flow.

Political and social risks

HUGO BOSS is exposed to **political and social risks** due to its global business activities. Political and regulatory changes, geopolitical tensions, military conflicts, government transitions, and terrorism can all negatively impact consumer sentiment. However, in light of its global distribution footprint with a presence in approximately 130 markets, the Company benefits from a **natural hedge** against challenges in individual regions.

Global political and social uncertainties are expected to remain elevated in 2025. Geopolitical tensions, including those in Ukraine and the Middle East, the potential escalation of trade conflicts, policy shifts under new governments, and the ongoing threat of terrorism pose significant risks for the global apparel industry and thus also for the Group's business development. For example, geopolitical tensions may disrupt key trade routes, causing higher transportation costs and supply delays due to longer lead times. Additionally, the escalation or expansion of ongoing military conflicts could trigger a global economic downturn, weakening consumer sentiment and adversely affecting the sales and earnings performance of HUGO BOSS.

Due to its increasing relevance, HUGO BOSS classifies risks from political and social changes as an **"emerging risk."** These risks pose strategic challenges, such as the impact of demographic shifts on consumer behavior, global business activities, and supply chain structures – highlighting the close connection of social, industry, and sourcing risks. Given the broad spectrum of risks, future developments are characterized by a high level of uncertainty, which might lead to unknown, potentially significant effects in the long term. In evaluating and managing these risks, the risk owners and risk experts at HUGO BOSS work in interdisciplinary teams on the **ongoing analysis and monitoring** of current political and social developments and their impact on the Group's business activity, with Risk Management & Internal Controls coordinating and supporting this process.

Sales and distribution risks

Sales and distribution risks exist in connection with the Group's own retail activities, in particular with regard to inventory management as well as the duration of storage and consequently the recoverability of merchandise. In the wholesale business, sales and distribution risks mainly relate to a possible dependence on individual wholesale partners as well as bad debt losses.

The aim of the Company's centrally organized **inventory management** is to ensure the forward-looking, optimal allocation of Group-wide inventories while, at the same time, maintaining flexibility in order to be able to respond to demand fluctuations at short notice. Material **downturns in demand** or **misjudgments of sell-through rates** can have a negative impact on inventory turnover. HUGO BOSS therefore strives to continuously improve its inventory management. **Granting additional discounts** as a potential countermeasure for excess inventory inevitably has a negative impact on the gross margin and ultimately on the Group's profitability and are therefore constantly monitored by the central Business Planning & Analysis department. A centrally managed pricing policy, differentiated retail formats, and collections tailored to these formats are aimed at achieving a constant improvement in efficiency in own retail.

Inventory risks may result from increased storage periods and a related potential reduction in the marketability of inventories. In line with the principle of net realizable value, **impairments on inventories** are recognized accordingly and reviewed on a monthly basis based on a seasonal approach. As of the reporting date, the Managing Board considers the recognized allowances to be sufficient. > Notes to the Consolidated Financial Statements, Note 12

In its wholesale business, HUGO BOSS pays close attention to ensuring a balanced customer structure to avoid a potential **overdependence on individual customers**. Business Planning & Analysis constantly monitors key metrics such as order intake, sales, and delivery quotas, providing regular reports to the Managing Board. This enables prompt action to mitigate potential risks. > Group Management

HUGO BOSS is exposed to the risk of **bad debt losses** due to the potential insolvency of wholesale partners or cumulative losses from economic slowdowns in specific markets. To mitigate this, the **Group-wide receivables management** applies uniform receivables management policies, including credit rating checks, customer credit limits, receivables aging monitoring, and strict handling of doubtful accounts. In some cases, deliveries are only made upon prepayment, or business relationships with high-risk customers are discontinued. The Internal Audit department regularly reviews compliance with the respective Group guidelines. As of the reporting date, there was no significant concentration of default risks from individual customers. > Notes to the Consolidated Financial Statements, Note 13

Risks associated with suppliers and sourcing

Risks associated with **suppliers and sourcing** relate to potential dependencies on individual suppliers or production sites, rising product costs, and a possible divergence between production and sales.

HUGO BOSS attaches great importance to the careful selection of suppliers and long-term strategic partnerships. However, there is a risk that production may be temporarily interrupted at one or more suppliers due to supplier-related or regional events, such as trade conflicts and restrictions introduced by governments. Excessive **dependence on individual suppliers or production sites** could lead to disruptions in the Group's supply chain and thus to operational shortcomings. HUGO BOSS therefore pursues a **regionally balanced strategic sourcing mix**, in order to minimize risks such as local or regional capacity shortfalls as far as possible. In this context, the production and sourcing process is coordinated centrally by Business Operations. Supplier relationships are regularly monitored and evaluated to identify risks in a timely manner and initiate appropriate measures to safeguard product availability. In fiscal year 2024, the largest external supplier accounted for 5% of the total sourcing volume, while the largest single external production site accounted for 4% (2023: 4% each).

Within the framework of **"nearshoring,"** HUGO BOSS is pursuing the strategic ambition of relocating parts of its sourcing volume closer towards its largest sales markets, EMEA and the Americas, thus further strengthening their respective share of the global sourcing mix. In 2024, 53% of the Company's merchandise was sourced in EMEA, representing a slight increase compared to last year (2023: 52%). Notably, own production in Izmir (Turkey) now accounts for 17% of the global sourcing and production volume (2023: 15%). This shift not only brings HUGO BOSS closer to its most important sales markets, enabling faster replenishment, but also enhances the Company's resilience by **reducing reliance on external factors**. > Business Operations

In view of **earthquake risks** and possible risks due to **political uncertainties**, HUGO BOSS has implemented comprehensive measures at its largest production site in Izmir to limit the impact of a potential production downtime on product availability and consequently also on Group revenues. For the majority of the production volume, contingency plans are in place to transfer production to external suppliers, while the financial risk from earthquakes is partially covered by insurance policies.

Rising wages in sourcing countries and higher prices for raw materials like cotton, wool, or leather, may lead to **higher production costs** and thus negatively impact the gross margin, ultimately weighing on the Group's profitability. HUGO BOSS counters these risks with margin-based collection planning, measures to improve efficiency in its production and sourcing processes, continuous optimization in the use of materials, and regular reviews of its pricing policy.

The risk of **new or increased tariffs**, particularly between the U.S., China, and European economies, may impact the cost of sourcing materials and manufacturing. Such tariffs could lead to higher duties, potential supply chain disruptions, and reduced margins. An increase in product prices due to higher tariffs could also dampen consumer demand, especially in price-sensitive markets. To mitigate these risks, HUGO BOSS closely monitors global trade developments and adjusts its strategies as needed to minimize potential impacts on its operations. As part of its broader risk-mitigation efforts, HUGO BOSS has also significantly reduced its reliance on sourcing and production in China in recent years, helping to limit potential exposure to tariffs between the U.S. and China. > Business Operations

The forecasting of sales volumes, planning of production capacities, and allocation of raw materials and finished goods as part of the sourcing process involves **scheduling risks**. Deviations from the appropriate allocation can lead to over-scheduling, resulting in elevated inventory levels. On the other hand, it may also lead to under-scheduling with the risk of missed sales opportunities. To reduce scheduling risks, HUGO BOSS is working on constantly improving its forecasting quality. This involves further increasing the transparency along the value chain as well as growing flexibility of merchandise management across distribution channels and markets. In this context, in 2024, HUGO BOSS pushed ahead with the implementation of its **Digital TWIN** initiative – a smart and tech-driven business operations platform aimed at strongly enhancing real-time data utilization. By creating a digital copy of the Company's supply chain and using artificial intelligence, HUGO BOSS aims to further improve demand and supply planning and better align its various planning activities. This, in turn, is intended to provide the most accurate procurement of products and fabrics, both in terms of timing and quantity. > Business Operations

Tax risks

As a globally operating Company, HUGO BOSS is subject to a variety of **tax laws and regulations**. Changes in this area could lead to higher tax expenses and tax payments, and also impact recognized current and deferred tax assets and liabilities. All tax-related issues are regularly analyzed and evaluated by the Group Tax department, supported by external experts such as lawyers and tax advisors. **Tax audit risks** exist for all assessment periods still open. Sufficient provisions were recognized for known tax risks, with the amount based on various assumptions, for example the interpretation of respective legal requirements, the latest court rulings, and the opinion of the authorities, which is used as a basis for measuring the loss amount and its likelihood of occurrence.

The Group Tax department regularly assesses the likelihood of the future recoverability of **deferred tax assets** that have been recognized on unused tax losses. This assessment takes into account various factors, such as future taxable results in the planning periods, past results, and measures already implemented to increase profitability. HUGO BOSS applies a forecast period of four years for this purpose. Actual figures may differ from the estimates in this regard. As for taxes, risks may occur primarily from **modifications of tax legislation** in various countries, due to varying assessment of existing topics by tax authorities or tax field audits. There are also risks in transfer pricing in relation to the Company's business model. > Notes to the Consolidated Financial Statements, Note 5

Global economic risks

HUGO BOSS is exposed to **global economic risks** that can impact demand for premium and luxury goods. Consequently, economic downturns, whether global or regional, may weigh on the Company's top- and bottom-line performance. Additionally, regional economic challenges can have ripple effects across markets, further influencing business performance.

In 2025, global growth is expected to remain subdued as the **global economy continues to face several challenges**. In particular, economic policy uncertainties have further intensified, driven by expectations of policy shifts under newly elected governments, ongoing political instability in certain regions, and persistent geopolitical tensions. Further details on the global economic outlook for fiscal year 2025, including key risks and uncertainties, are provided in the "Outlook" chapter. > Outlook

To mitigate economic volatility, identify risks at an early stage, and respond as quickly as possible, the Group actively monitors the macroeconomic environment and global industry trends. **Internal early indicators** are analyzed regularly to allow a forecast of the potential impact of macroeconomic risks. Actions to address downturns in demand include adjusting production and sourcing activity, more strictly managing trade net working capital, further optimizing the global distribution network, tightening cost controls, and implementing price adjustments. > Group Management

Governance and compliance risks

All HUGO BOSS employees are required to comply with the **Code of Conduct** applicable throughout the Group and the **compliance rules** applicable in specific areas. The Group companies are subject to regular risk analyses and detailed audits where applicable. Adherence to the compliance rules is monitored by the central Compliance department and any breaches are reported accordingly to the Managing Board and Supervisory Board. > Corporate Governance and the Corporate Governance Statement, > Combined Non-financial Statement, Own Workforce

Breaches of **data protection laws** represent a substantial compliance risk. The Group counters this risk using a system complying with data protection laws and via **appropriate technical and organizational measures**. All employees are educated on data protection matters through activity-related training courses, the obligation to adhere to the Code of Conduct, and a separate duty of confidentiality. All internal processes and systems for processing personal data are assessed on an ongoing basis and continuously improved to ensure compliance with legal data protection requirements. > Consumers and End-Users

IT risks

Smooth business operations with efficient processes are strongly dependent on a powerful and secure IT infrastructure, uniformly implemented throughout the Group. Serious **failures of the Group's IT system** may result in significant business interruptions. In addition, **cyberattacks** can lead to major and long-lasting system interruptions, loss of confidential data, and the ensuing loss of reputation and liability claims. A long-lasting system interruption might have a significant impact on business operations, for example on the processing of goods in key warehouses. In order to reduce these risks, the central IT department conducts regular maintenance and security checks, has implemented multilevel security and antivirus concepts, and has assigned job-related access rights. In addition, access control systems, daily data backups of the Group-wide ERP system, an uninterrupted power supply, as well as regular online training sessions for staff aim to **increase IT security** within the Group. Internal Audit regularly monitors the security and reliability of the IT systems as well as the effectiveness of implemented control mechanisms.

HUGO BOSS anticipates global cyberattacks to continue increasing in the long term, driven by mounting geopolitical tensions and advancements in artificial intelligence. As reliance on technology deepens, the potential financial impact of cyberattacks is likely to grow, posing unknown but potentially severe risks. Consequently, HUGO BOSS classifies cyber threats as an **"emerging risk."** To strengthen its resilience, the Company remains committed to continuously enhancing its information security program. In this context, HUGO BOSS has implemented a dedicated security information and event management system, designed to provide a comprehensive overview of the Group's IT security landscape.

Collection risks

Changing fashion and lifestyle trends can cause **collection risks**, with challenges primarily occurring in identifying and incorporating trends quickly into commercially successful collections. To mitigate these risks, HUGO BOSS comprehensively **analyses relevant target groups and markets**, uses **digital tools** to identify trends, and evaluates **sell-through rates** of previous collections. Beyond that, direct customer interaction in our brick-and-mortar retail and own digital business, feedback from wholesale partners, as well as insights gathered via our **customer loyalty program "HUGO BOSS XP"** and relevant social media platforms enable early detection of shifts in buying behavior for future collections. Due to their 24/7 lifestyle approach, both BOSS and HUGO offer **highly diversified product ranges**, thus covering all wearing occasions and reducing the risk from individual collections. > Product Development and Innovation, > Consumer Touchpoints

Logistics risks

HUGO BOSS is exposed to **logistics risks** that relate to potential interruptions in the transport of goods, for example due to a possible shortage of sea and airfreight, or insufficient warehouse capacity. This directly involves risks of a global increase in freight costs as well as significantly delayed product availability. In 2024, HUGO BOSS further reduced its reliance on airfreight, highlighting our commitment to balancing cost-efficiency with operational excellence, while at the same time emphasizing sustainable sourcing practices. Looking ahead, HUGO BOSS is committed to continuing reducing airfreight dependence while ensuring on-time product availability.

Amid ongoing geopolitical tensions, **global transport and logistics capacity** remained under pressure throughout 2024, driving up global sea freight rates and prolonging shipping routes, particularly between Asia and Europe. While the situation in the Red Sea gradually stabilized, freight costs remained elevated, impacting input costs. Looking ahead to 2025, a potential re-escalation of the Middle East conflict could once again disrupt key shipping routes, further straining global logistics capacity and driving up transportation costs. HUGO BOSS will continue to closely monitor developments and implement appropriate measures if necessary. While no significant impact on product availability is currently anticipated, supply chain risks and potential lost sales opportunities in general cannot be ruled out. > Business Operations

In addition, the **temporary downtime or loss of warehouse locations or conveyor systems** may lead to missed sales opportunities. Ensuring sufficient warehouse capacity and a seamless delivery of goods forms an essential aspect as part of Company's growth ambitions. The storage of inventories is centered on selected sites, with most of them directly operated by HUGO BOSS. The Group's own central distribution centers for hanging goods, flat-packed goods, and the Company's own online business, all located in proximity to the headquarters in Metzingen (Germany), form the core of the Group-wide logistics network. Overall, capacity bottlenecks caused by strong top-line growth represent a noticeable risk as they may lead to a delayed delivery of goods or interruptions in product availability at the point of sale. With the aim of **constantly improving the efficiency and flexibility of its logistics setup** while minimizing the associated risks as far as possible, HUGO BOSS has gradually optimized its global logistics platform in recent years. In this context, the strategic expansion of one of our key logistic hubs was initiated already in 2023. This multiyear project aims to significantly increase both shipping as well as storage capacity while also focusing on the further digitalization and automation of key processes. In addition, compliance with comprehensive **fire protection and safety measures** is continuously monitored at all warehouse locations. HUGO BOSS has also taken out insurance to cover the direct financial risk from a loss of goods or equipment stored in warehouses. > Business Operations

Currency risks

Due to the global nature of its business activities and the Group's internal financing activities, HUGO BOSS is exposed to **currency risks** that may have an impact on its profitability, net income, and equity. Currency risks are managed centrally by the Group Treasury department. Corporate guidelines form the basis for the management of currency risks, implying the strategic selection and scope of hedging and, at the same time, are intended to ensure strict functional separation of the trading, settlement, and control of all financial market transactions. The primary objective is to mitigate currency exposure through **natural hedges**, which are used to minimize the complexity of the exposure, the scope of hedging measures, and associated costs. In this way, foreign currency exposures from business operations across the Group are to be offset as far as possible. **Foreign exchange forwards and swaps** as well as **plain vanilla options** can be used to hedge the remaining exposure. > Notes to the Consolidated Financial Statements, Note 22

In the Group's operating business, currency risks primarily arise due to products being sourced and sold in different currencies **(transaction risk)**. In particular, HUGO BOSS does not hedge the transaction risk in connection with its global sourcing activities as these are mainly denominated in U.S. dollars with the corresponding exposure being largely offset by means of a natural hedge via revenues generated in the U.S. market. Currency risks in financial result mainly occur from financial receivables, liabilities, and loans to finance Group companies **(transaction risk)**. As of the reporting date, the main financing loans were hedged via foreign exchange forwards and swaps. In addition, currency risks exist in connection with the translation of financial statements of Group companies outside the eurozone into the Group currency, the euro **(translation risk)**. While this risk is continuously monitored, it is not hedged, as its impact on the Group's statement of financial position and income statement is non-cash in nature. > Notes to the Consolidated Financial Statements, Consolidation Principles

Future cash flows from the Company's **production activities in Turkey** nominated in Turkish lira may be hedged by using forward transactions. The corresponding future cash flows are thus designated as an effective hedging relationship recognized on the balance sheet (hedge accounting). As of December 31, 2024, there were no such hedging transactions for future cash flows in place.

In accordance with the **requirements of IFRS 7**, HUGO BOSS has determined the impact of transaction risk on the Group's net income and equity based on the balance sheet currency exposure as of December 31, 2024. The exposures include cash, receivables, and liabilities, as well as intercompany loans and deposits held in currencies other than the functional currency of the respective Group company.

HUGO BOSS applies the **value-at-risk method** to quantify and manage currency risk. In this context, it can be assumed that the total financial currency exposure and its hedging ratio as of the reporting date are representative for the entire reporting period. Due to the method's limitations, the actual impact on the Group's net income may deviate from the values determined using the value-at-risk method.

Aggregated across all currencies considered, the **diversified portfolio risk** for the Group's net income after hedging amounted to minus EUR 6 million at the end of fiscal year 2024 (2023: plus EUR 11 million). Hedging costs and returns for concluding forward exchange transactions are not included. The risk value reduced compared to the previous year due to the overall anticipated higher hedge ratios. The largest foreign currency exposure results from the balance sheet exposure towards the U.S. dollar, Swiss franc, Japanese yen, and Mexican peso.

Quality risks

When sourcing materials and manufacturing its products, HUGO BOSS places the highest emphasis on **quality**. To uphold these standards, the Company consistently utilizes premium materials and innovative production techniques. Comprehensive **quality controls at all stages of production** and the incorporation of customer feedback are intended to contribute to the continuous improvement of the production process and mitigate inherent risks. In addition, both the Company's own production sites as well as those of its partners are regularly monitored to ensure strict compliance with central quality guidelines. Incoming goods inspections as well as intensive quality tests at the Group's headquarters in Metzingen (Germany) are designed to ensure the high quality standards of HUGO BOSS. Generally, HUGO BOSS also incorporates risk criteria into its product development, aiming to constantly reduce return rates and thus minimizing the impact on the sales development. > Product Development and Innovation, > Business Operations

Personnel risks

The successful execution of our Group strategy and the financial and operational performance of HUGO BOSS are largely dependent on the expertise, commitment, and performance of our global workforce. A fair and **value-based corporate culture** serves as a crucial foundation for fostering employee engagement and long-term success. Personnel risks mainly relate to **recruitment bottlenecks**, **shortages of specialists**, and **excessive employee turnover**. HUGO BOSS counters these risks with a value-based corporate culture, forward-looking personnel planning, comprehensive development and training measures, the continuous development of its performance-based compensation system, as well as flexible working models to better combine work and private life. To measure employee satisfaction on a regular basis, HUGO BOSS conducts an annual **employee survey** in cooperation with Great Place to Work. In this context, in 2024, the overall satisfaction amounted to 69% (2023: 77%). The decline compared to the prior year mainly reflects the challenges posed by a difficult macroeconomic environment in key regions such as Turkey, which weighed on employees' financial well-being and overall sentiment in 2024. At HUGO BOSS AG, overall satisfaction remained broadly stable at 86% in 2024 (2023: 87%). Looking ahead, we remain committed to sustaining a satisfaction level of at least 75% across the Group, consistent with previous years. > Combined Non-financial Statement, Own Workforce

Environmental and health risks

The global value chain of HUGO BOSS is subject to **environmental and health risks** from pandemics, environmental and natural disasters, the impact of climate change, and the loss of biodiversity. Building on the experience gained from the COVID-19 pandemic, HUGO BOSS has drawn up appropriate pandemic emergency plans. At the same time, HUGO BOSS conducts regular climate risk analyses to identify potential business impacts and enable timely countermeasures. A **central emergency management system** ensures prompt and effective responses to all kinds of emergencies, including extreme weather events and natural disasters. This system integrates cross-functional expertise and facilitates efficient coordination with clear decision-making processes. > Combined Non-financial Statement, Climate Change

Illustration of opportunities

HUGO BOSS sees strong **growth opportunities** across its entire business model and remains fully committed to leveraging these across both brands, all channels, and all regions. For 2025, HUGO BOSS has identified several key opportunities arising from the corporate environment, its Group strategy, and operational execution. Opportunities identified in the risk and opportunity management process with an at least essential potential impact on HUGO BOSS are detailed below in descending order of their potential financial impact. In contrast, opportunities with a low to moderate potential financial impact are not discussed in detail.

OPPORTUNITY OVERVIEW

Categories	Potential financial impact (in % of planned EBIT)		Likelihood (within one year)		Trend[1]
Suppliers and sourcing	high	>15%–30%	possible	>25%–50%	↘
Global economy and currencies	high	>15%–30%	unlikely	>10%–25%	→
Sales and distribution	essential	>5%–15%	possible	>25%–50%	↘
Brand heat and product offering	essential	>5%–15%	unlikely	>10%–25%	→
Personnel	essential	>5%–15%	unlikely	>10%–25%	→

1 As compared to the prior year. Change equals deviation of >5%.

Opportunities related to suppliers and sourcing

As part of its global sourcing and production activities, HUGO BOSS fosters a robust and efficient operational infrastructure supporting long-term growth ambitions. Constantly, we put strong efforts into **increasing the resilience, efficiency, and flexibility** of our global sourcing and production activities. In particular, HUGO BOSS puts a strong focus on maintaining a resilient supplier network by fostering strong supplier relationships and collaboration. At the same time, the Company places a strong emphasis on realizing **greater economies of scale** through strategic price negotiations supported by increased order volumes. At the same time, the Company could benefit from a short-term **decrease in prices** for raw materials such as cotton, wool, and leather. To actively drive greater economies of scale, the Company aims to further streamline its raw material sourcing across fabrics and trimmings, balancing focus and diversification to ensure both cost efficiency and supply stability. With regards to the latter, HUGO BOSS is implementing a **Digital TWIN**, a smart and tech-driven business operations platform. The Digital TWIN is expected to strongly enhance real-time data utilization going forward, further improving demand and logistics planning, inventory allocation, and transparency within our supply chain. Greater-than-expected successes in these areas may have a direct positive impact on the sales and earnings performance of HUGO BOSS. > Business Operations

Global economic and currency opportunities

HUGO BOSS benefits from positive macroeconomic developments and their potential impact on consumer sentiment and buying behavior. For example, a faster-than-expected normalization of global inflation and interest rates, or a stronger than expected rebound in global trade and investment flows might lead to stronger economic growth overall and thus to a noticeable **uplift in global consumer sentiment**. This, in turn, could have a fundamentally positive impact on global demand for premium apparel and accessories. In addition, evolving social trends that support the upper premium apparel market could further support the top-line performance and full-price sell-through of HUGO BOSS, regardless of the development of broader consumer sentiment. At the same time, **regulatory and legal changes** also present opportunities. For example, more consistent prosecution and punishment of infringements of trademark rights can positively impact the sales performance, while the removal of tariffs may improve profitability. On top of that, favorable **exchange rate developments** can have a positive impact on earnings development. Our Group Treasury department continuously monitors the market environment and identifies relevant opportunities within the framework of financial management principles. > Financial Position

Opportunities related to sales and distribution

As a global fashion and lifestyle company, HUGO BOSS has built a strong distribution footprint in recent years both physically and digitally. Building on our strong brand power, we aim to further advance our omnichannel activities in the coming years, ensuring a **seamless brand experience across all consumer touchpoints**. To this end, we will continue to optimize and modernize our existing store network with the global rollout of our latest store concepts for BOSS and HUGO already in full swing. This is expected to support future productivity improvements in **brick-and-mortar retail**. At the same time, we are also striving to build on our regained strength in **brick-and-mortar wholesale** and further leverage the 24/7 lifestyle images of BOSS and HUGO, having already successfully increased visibility and market presence since the introduction of "CLAIM 5." In addition, we will further strengthen our global franchise business by adding several full-price franchise stores, with particular emphasis on emerging markets. With regards to our **digital business**, we will focus on further driving traffic and conversion, particularly within our digital flagship hugoboss.com and, at the same time, fostering growth with digital partners. Consistent exploitation of these opportunities may have a direct positive impact on the business performance of HUGO BOSS.

HUGO BOSS aims to turn consumers into fans, thus putting a strong emphasis on retaining and accompanying its most valuable customers. In this context, we implemented our **loyalty program HUGO BOSS XP** in 2024, aimed at further driving brand loyalty in the coming years. By closely engaging with our customers, the program offers important opportunities in boosting member sales and driving customer lifetime value. Already in 2024, fueled by the introduction of HUGO BOSS XP, we successfully increased our member base by around 25% to more than ten million (2023: more than eight million). To further deepen and expand our existing customer relationships, but also attract new BOSS and HUGO customers, we will further roll out the program in the coming years. Effectively leveraging these opportunities can directly enhance HUGO BOSS' business performance. > Consumer Touchpoints

Opportunities related to brand heat and product offering

Also in fiscal year 2025, the execution of our strategic priorities will remain key. In this context, we will continue to build on the **brand power** of BOSS and HUGO and focus on further engaging with our customers. In particular, we will continue to put strong emphasis on high-profile brand campaigns to further fuel brand relevance and win over new customers. On top of that, exceptional events and high-impact collaborations – such as the one with David Beckham – are intended to further increase brand relevance. A further significant increase in brand relevance can have a positive impact on consumer demand and thus drive sales as well as full-price sell-through, consequently resulting in higher-than-expected revenue and earnings development.
> Group Strategy, "Boost Brands"

At the same time, we will keep investing in our product assortment to further enhance our **price-value proposition**, aiming to gain further market shares in the coming years. On top of that, HUGO BOSS will continue to strongly leverage the potential of further **digitalizing its product development** also in the years to come, for example when it comes to AI-powered trend detection and virtual try-ons with avatars. In this context, we also aim to improve efficiency and drive greater economies of scale by further **reducing complexity** across our product offerings. This should enable us to maintain premium quality as well as a high level of innovation and sustainability, while also growing units-per-style and lowering product costs. HUGO BOSS also incorporates risk criteria into its product development, as this can have a direct positive impact on its business performance. A further improvement in product quality, for example, can have a positive impact on the return rate and thus on the sales development. We are also committed to continue **exploiting the full potential of our 24/7 product range**, leveraging all wearing occasions. In particular, the Company aims to further capitalize on product groups such as denim, shoes and accessories, and bodywear. Fully leveraging our 24/7 lifestyle approach should enable us to reinforce our leading position in the upper premium apparel market. > Group Strategy, "Product is Key"

Personnel opportunities

At HUGO BOSS, we are convinced that the passion and dedication of our employees are vital for long-term business success. Our **Human Resources management** focuses on attracting, retaining, and developing the best talent in the fashion industry, putting a strong emphasis on further enhancing our attractiveness as an employer. A competitive compensation, additional benefits, as well as an attractive workspace are intended to further strengthen our position in international competition, enabling the Company to efficiently fill vacant positions with qualified people, and to increase motivation, commitment, and loyalty among our employees. At the same time, supporting employees in their individual development may have an additional positive impact on the Company's financial performance.

As an international company, **diversity, equity, and inclusion (DE&I)** is a fundamental part of our corporate culture. We are convinced that heterogeneous and inclusive teams can achieve better and more creative solutions to complex issues and thus make a positive contribution to the successful execution of our Group strategy. Consequently, HUGO BOSS has implemented numerous initiatives to ensure a discrimination-free working environment with equal opportunities and inclusive work culture for all employees. We are convinced that intensifying our activities in the important area of DE&I positively contributes to employee satisfaction and is also considered a relevant factor by potential applicants. > Combined Non-financial Statement, Own Workforce

Key aspects of the internal control and risk management system

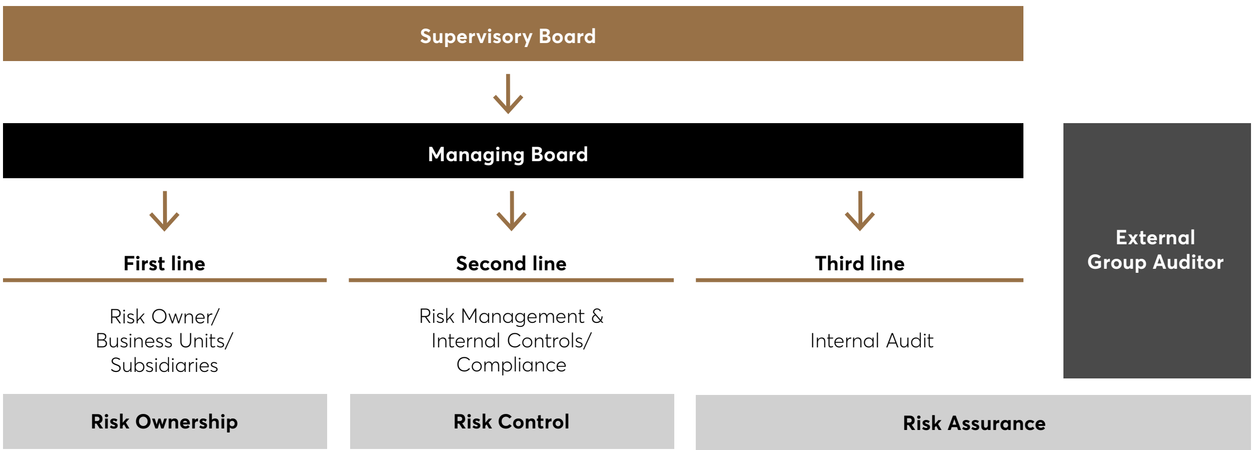
The information provided in this section is extraneous to the management report and therefore not part of the external audit.

Internal Control System (ICS) and Risk Management System (RMS)

The **Internal Control System (ICS)** and **Risk Management System (RMS)** of HUGO BOSS are designed in accordance with the principles, guidelines, and measures defined by the Managing Board, aiming to execute the strategic and operational decisions of the Managing Board from an organizational perspective. It includes the management of risks and opportunities with regard to the achievement of business objectives, the correctness and reliability of internal and external accounting, and compliance with the legal provisions and regulations relevant to HUGO BOSS. This also includes sustainability aspects, which are continuously further developed in accordance with regulatory requirements. Our ICS and RMS are based on the globally recognized **COSO framework** (Committee of Sponsoring Organizations of the Treadway Commission) and are continuously adapted to the specific requirements of HUGO BOSS.

HUGO BOSS has a **comprehensive, integrated ICS and RMS methodology (RIC methodology)** with a standardized procedure according to which necessary controls are defined, documented according to uniform specifications, and regularly reviewed for their adequacy and effectiveness. Further information on our RMS can be found in the Risk and Opportunity Management System section of this Report on Risks and Opportunities. > Report on Risks and Opportunities, Risk and Opportunity Management System

THREE-LINES MODEL



HUGO BOSS has implemented a **three-lines model** to clearly define and allocate responsibilities and to effectively defend against risks. In the first line of defense, the **operating units** assume responsibility for defining and implementing appropriate measures and effective controls to mitigate risks in their respective areas of responsibility in accordance with Group-wide standards. The second line of defense consists of specialized **governance functions**, in particular the central Risk Management & Internal Controls and Compliance & Human Rights departments. These are responsible for the definition and methodology of the internal control framework as well as the management of the control process, providing objective monitoring and advice independently of the operating units. The Managing Board, the Audit Committee, and the Supervisory Board of HUGO BOSS are informed regularly and on an ad-hoc basis about potential material control weaknesses, the adequacy and effectiveness of the controls in place, and the Company's risk situation. The Audit Committee and the Supervisory Board of HUGO BOSS AG are responsible for monitoring the ICS and RMS, including their adequacy and effectiveness. As part of its monitoring function, the third line of defense, **Internal Audit**, reviews compliance with the legal framework and internal Group guidelines for the Group's ICS and RMS, in particular the design, compliance, and effectiveness of the controls defined as part of the ICS and RMS. If necessary, appropriate measures are initiated in cooperation with Risk Management & Internal Controls and the relevant specialist department in order to eliminate the identified weaknesses as part of a defined process. Internal Audit regularly reports the results of its work to the Managing Board and the Audit Committee of HUGO BOSS.

As part of the audit of the consolidated financial statements, the external **Group auditor** assesses the adequacy of the measures implemented in the Company for the early identification of risks that could jeopardize its continued existence. They also report to the Audit Committee on any material weaknesses identified in the ICS and RMS as part of the audit of the financial statements. The Company continuously monitors the processes and systems for both the ICS and the RMS in order to eliminate identified weaknesses and ensure **continuous improvement** of the processes and systems.

As of the reporting date, there are **no indications**, in all material respects, that the ICS and RMS are inadequate or ineffective as a whole. Notwithstanding this, there are inherent limitations to the effectiveness of any ICS and RMS. Even if a system has been assessed as appropriate and effective, there is no guarantee that all risks that actually arise can be identified in advance or that any breaches of processes can be ruled out under all conceivable circumstances.

Compliance Management System (CMS)

The ICS and RMS of HUGO BOSS also include risks and controls from the **CMS**, which are derived from the close cooperation between Risk Management & Internal Controls and Compliance & Human Rights. The CMS is an integral part of the ICS and RMS and is based on the elements of the IDW PS 980 standard. It covers relevant risk areas such as anti-corruption, antitrust law, data protection, money laundering prevention, sanction prevention, and the safeguarding of human rights and is based on a comprehensive set of internal guidelines. The **HUGO BOSS Code of Conduct** defines the fundamental principles and standards of behavior that must be observed by all employees in the business units and in dealings with external stakeholders. In addition, there are comprehensive internal **compliance regulations**, including corresponding controls, which oblige all employees to ensure that the CMS is being executed. They contain topic-specific application provisions on compliance processes and tools as well as additional guidelines and information for the individual risk areas.

Compliance risk management and compliance reviews are components of the CMS, aimed at identifying **compliance risks** at an early stage and thus enabling appropriate and effective measures to avoid or minimize these risks. The results of the CMS are incorporated into the Company-wide RMS. The Compliance department uses various measures to ensure that the CMS and the corresponding processes are executed, adhered to, and continuously developed throughout the Group. Taking into account the findings of compliance risk management and compliance controls and audits, the **CMS is continuously adapted** to Company-specific risks and local legal requirements in particular. The Managing Board and Supervisory Board are regularly informed about key compliance issues.

Report on the accounting-related internal control system and the risk management system pursuant to Sec. 289 (4) and 315 (4) HGB

The system of internal control and risk management of HUGO BOSS, as applied to the (Group) financial reporting process and the financial statements closing process, aims to accurately reflect all business transactions in the accounting records. This is intended to ensure the **reliability of the financial reporting** and that **all accounting-related activities comply with laws and guidelines**. All assets and liabilities should be recorded accurately in the consolidated financial statements with regard to recognition, disclosure, and valuation, which should enable a reliable statement to be made on the Group's net assets, financial position, and results of operations. As well as adherence to legal regulations and the Company's internal guidelines, the use of efficient IT systems, a clear definition of responsibilities, and suitable training and development for employees in the Group Finance & Tax and Business Planning & Analysis departments form the basis of a proper, consistent, and efficient financial reporting process.

Using efficient IT systems

Controls across all business units require reliable information to be available and provided on time. The reporting systems of HUGO BOSS are therefore of great importance. The multiyear project launched in 2022 to upgrade the Group's current SAP-based ERP system to SAP S/4HANA is also intended to ensure an even **higher level of control quality** in the future.

The aim of the **Group-wide SAP Security Policy** is to prevent unauthorized access to data and to ensure the integrity, availability, and authenticity of data of relevance to financial reporting at all times. It also contains requirements for controls designed to ensure a properly functioning central Finance department. System-enabled controls and workflow-based processes that impose the dual-control principle, a suitable separation of functions, and internal approval procedures supplement the IT security of the accounting-related processes. This includes invoice verification and approval, sourcing processes, and SAP authorization management carried out by the central IT department.

Clear definition of responsibilities

As part of the standardized reporting, the Group companies prepare IFRS financial statements on a monthly basis and, together with further key performance indicators and explanations, submit these to the **Group Finance & Tax** division. The latter is also responsible for specifying and monitoring compliance with reporting obligations and deadlines. Automated and standardized reporting formats are in place for the vast majority of reporting topics. Group Finance & Tax is responsible for the maintenance of all the master data for the chart of accounts applicable throughout the Group as well as the continuous review of all reporting formats with respect to their compliance with the latest applicable international financial reporting requirements. When preparing the consolidated financial statements, the department also aims to show all business transactions in the Group in a uniform manner.

Group Finance & Tax is also responsible for developing uniform **guidelines and instructions** for accounting and tax-related processes and keeping them up to date. This mainly encompasses the preparation and revision of a bad debt allowance policy, an investment guideline, an IFRS accounting manual, and binding intercompany reconciliation requirements.

All Group companies are legally independent entities. Apart from the managing directors, who are responsible for business operations in the respective market, the **finance managers** are responsible for all topics of relevance to the Company's financial reporting or tax situation. They are also responsible for the continuous monitoring of the most important key performance indicators as well as the monthly reporting of financial KPIs to Central finance departments and the preparation of a multiyear budget for the respective market. In his capacity as technical supervisor of all finance managers, the Chief Financial Officer (CFO)/Chief Operating Officer (COO) of HUGO BOSS is authorized to issue directives on, and is thus responsible for, the Group-wide financial management and financial reporting processes.

On a quarterly basis, the finance managers and managing directors of the Group companies confirm **compliance in writing with the defined principles** and the **execution of management controls** with regard to the accounting process. Reports also have to be submitted regarding the appropriateness of controls for ensuring data integrity and data protection in the event of fraud or serious infringements of the internal control system.

Material accounting and valuation topics and the impact of the new or changed IFRS standards and interpretations are discussed with the **Group auditors** in regular meetings held at least on a quarterly basis.

The **Internal Audit department** is part of the system of internal control and in its oversight function reviews compliance with, and the effectiveness of, the defined controls with regard to the accounting process. 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. Additional ad-hoc audits can also be performed at any time. All audit reports are submitted directly to the CFO/COO and, on request, to the full Managing Board. The Internal Audit department also reports regularly to the Audit Committee of the Supervisory Board.

Training and development of employees

Training sessions are organized at regular intervals for employees involved in the accounting process. Updates on accounting-related topics are also communicated across the Group via the "Accounting Newsletter." The finance managers also meet at regular intervals with managers in the central Group Finance & Tax and Business Planning & Analysis departments for the "Global Finance Summit." Regular training courses are held for finance employees of the entire Group under the auspices of the "Digital Finance Forum" in current developments, international financial reporting, and any topics relevant for preparing the annual financial statements.

OVERALL STATEMENT ON THE BUSINESS PERFORMANCE AND SITUATION OF THE GROUP

Since its introduction in fiscal year 2021, HUGO BOSS has achieved substantial progress in executing its **"CLAIM 5" strategy** as reflected by significant achievements across all five strategic priorities. By stepping up investments into our brands, products, and consumer touchpoints, momentum for both BOSS and HUGO has accelerated noticeably, driving record sales for three consecutive years and market share gains. At the same time, as part of "CLAIM 5," we have built a robust organizational and operational platform, laying the foundation for sustainable and profitable growth. This platform enables us to further enhance our operational execution, improve effectiveness, and realize efficiency gains across our business. Consequently, with "CLAIM 5" we have successfully paved the way towards achieving our financial ambition of EUR 5 billion in sales and an EBIT margin of at least 12%. > Group Strategy

At the same time, the **global market environment** deteriorated substantially in fiscal year 2024, with weakening consumer sentiment across most markets leading to a slowdown in industry growth. While the overall muted consumer confidence inevitably impacted the Company's performance, resulting in a more moderate revenue increase compared to prior years, HUGO BOSS continued to benefit from the improved brand relevance of BOSS and HUGO. Consequently, **Group sales** grew by 3% to EUR 4,307 million (2023: EUR 4,197 million), both currency-adjusted and in Group currency. Growth was supported by revenues increases across both our brands as well as most regions and distribution channels. Throughout the year, we capitalized on **important growth opportunities**, further elevating brand relevance, enhancing product offerings, and deepening customer engagement. Highlights included the launch of successful 360-degree brand campaigns, the start of our partnership with David Beckham, and exciting brand events like our BOSS Fashion Show in Milan. At the same time, we pushed ahead with strengthening both brands' 24/7 lifestyle images. Besides fully leveraging our BOSS brand lines across all touchpoints, we expanded our denimwear offering with the introduction of HUGO Blue. In addition, we further elevated our omnichannel activities to improve the customer experience, including the opening of new BOSS halo stores in Düsseldorf and Shanghai. At the same time, we successfully launched our new membership program HUGO BOSS XP, thus further **strengthening customer loyalty and deepening connections** to our brands and products. > Comparison of Actual and Forecast Business Performance, > Consumer Touchpoints

In response to the softer consumer sentiment, in the course of 2024, we accelerated our focus on **enhancing cost efficiency**. This included driving efficiency gains across our global sourcing activities and optimizing freight modes, which had a positive impact on gross margin development in fiscal year 2024. In the second half of the year, we implemented additional measures to enhance efficiency and effectiveness, capitalizing on our robust organizational platform. Besides putting strong emphasis on driving marketing effectiveness, we particularly targeted productivity gains within global sales and administration functions. Against the backdrop of these efficiency measures, we were able to limit the increase in operating expenses in the second half of the year, thus supporting profitability in 2024. As a result, the decline in **operating profit (EBIT)** was ultimately limited to 12%, amounting to EUR 361 million, translating into an EBIT margin of 8.4% (2023: EUR 410 million; 9.8%). Consequently, HUGO BOSS **achieved its full-year 2024 sales and earnings targets**, which had been adjusted in July 2024 against the backdrop of the challenging market environment. > Business Operations, > Earnings Development

Also in 2025, the **final year of "CLAIM 5,"** we remain fully committed to making further strategic progress and driving robust profitability improvements. In particular, we are determined to continue exploiting global growth opportunities, as we keep investing in key brand, product, and omnichannel initiatives to further drive brand relevance and deepen customers' connections with BOSS and HUGO. Taking into account the ongoing macroeconomic and geopolitical uncertainties, which are anticipated to continue weighing on consumer sentiment, HUGO BOSS expects **Group sales** in reporting currency to range between EUR 4.2 billion and EUR 4.4 billion in 2025. At the same time, we remain focused on leveraging our strong operational platform and driving additional cost efficiencies by rigorously managing operating expenses. Therefore, we anticipate **EBIT** in fiscal year 2025 to increase to a level of between EUR 380 million and EUR 440 million. Consequently, the Company anticipates EBIT margin to improve in 2025, supported by its ongoing focus on driving additional sourcing efficiencies and maintaining disciplined cost management. These initiatives, coupled with strategic investments, are essential for driving robust profitability improvements in 2025 and beyond, while ensuring the long-term success of HUGO BOSS. > Outlook

HUGO BOSS remains confident in its long-term growth opportunities and its continued ability to generate significantly positive free cash flow in the future. Consequently, and despite the decline in earnings in fiscal year 2024, the Managing Board and the Supervisory Board intend to propose to the Annual General Meeting on May 15, 2025 a **dividend** of EUR 1.40 per share for fiscal year 2024, reflecting an increase of 4% compared to the prior-year level (2023: EUR 1.35). In view of its healthy balance sheet structure and strong free cash flow generation, the Group remains in an **exceedingly solid economic situation** at the time of preparing this report. > Outlook

Metzingen, March 5, 2025

HUGO BOSS AG
The Managing Board

Daniel Grieder
Yves Müller
Oliver Timm