

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

In fiscal year 2019, HUGO BOSS made further progress in executing against its strategic initiatives. At the same time, the financial targets for fiscal year 2019 had to be adjusted over the course of the year in view of a persistently difficult environment in some important markets. Thanks to strong sales and earnings growth in the final quarter, the Group ultimately achieved the targets as adjusted in October. The Supervisory Board continued to perform its **duties with the utmost care** in fiscal year 2019, providing comprehensive advice to the Managing Board in a close, trust-based collaboration and monitoring its management activities. It entirely complied with the duties imposed on it by law and by the Company's Articles of Association and its own bylaws.

Collaboration between the Managing Board and the Supervisory Board

The Managing Board informed us regularly, comprehensively and in a timely manner in both written and oral form of all **matters of relevance for HUGO BOSS AG and the Group companies related to strategy, planning, business performance, the risk position, changes in the risk situation and compliance**. Monitoring and control duties particularly focused on the financial performance of the Company. In particular, developments leading to any deviations in the actual course of business from the initial outlook and targets were explained in detail to the Supervisory Board and reviewed on the basis of the documents presented. The Chairman of the Audit Committee and I maintained close and regular dialog with the Managing Board. We were kept promptly informed of significant developments and decisions and we reported on these at the following Supervisory Board and Committee meeting at the latest.

All members of the Supervisory Board had sufficient time to review the Managing Board's **reports and proposals** and to contribute their own ideas in Committees and Supervisory Board meetings. Any approvals were issued only after requesting clarification from the Managing Board and extensively discussing the matter with the members of the Managing Board. In urgent cases, the Supervisory Board passed resolutions in a circular resolution. The Supervisory Board was directly involved at an early stage in all decisions of fundamental significance to the Company.

Main topics at the meetings of the Supervisory Board

In fiscal year 2019, a total of **five Supervisory Board meetings** were held in March, May, July, September and December, with the September meeting held over two days. In addition, a circular resolution was issued in October and November, respectively. All members attended the five meetings of the Supervisory Board, with the exception of Tanja Silvana Grzesch, Anita Kessel and Gaetano Marzotto, who were each unable to attend one meeting but did participate in the decisions via written votes. In addition, all members were present at the four meetings of the Audit Committee as well as at the five meetings of the Working Committee. All members took part in all nine meetings of the Personnel Committee, as well as in the six meetings of the Nomination Committee, with the exception of Michel Perraudin, who was unable to take part in one meeting of the Nomination Committee.

Participation in meetings of the full Supervisory Board and its committees¹

Member	Full Supervisory Board (5)	Audit Committee (4)	Working Committee (5)	Personnel Committee (9)	Nomination Committee (6)	Attendance rate (29)
Michel Perraudin, Chairman	5/5	4/4	5/5	9/9	5/6	28/29
Antonio Simina, Deputy Chairman	5/5	4/4	5/5	9/9	–	23/23
Tanja Silvana Grzesch	4/5	–	–	–	–	4/5
Anita Kessel	4/5	–	5/5	–	–	9/10
Kirsten Kistermann-Christophe	5/5	–	–	–	–	5/5
Fridolin Klumpp	5/5	4/4	–	–	–	9/9
Gaetano Marzotto	4/5	–	–	–	6/6	10/11
Luca Marzotto	5/5	–	5/5	9/9	–	19/19
Sinan Piskin	5/5	–	5/5	9/9	–	19/19
Axel Salzmann	5/5	–	–	–	–	5/5
Martin Sambeth	5/5	–	–	–	–	5/5
Hermann Waldemer	5/5	4/4	5/5	–	–	14/14

¹ The Mediation Committee did not convene in the last fiscal year.

The **meeting of the Supervisory Board in March 2019** focused on the annual financial statements of HUGO BOSS AG and the HUGO BOSS Group as of December 31, 2018 and the audit report prepared by the auditors. At this meeting, the annual financial statements and the consolidated financial statements of HUGO BOSS AG as of December 31, 2018 were approved and ratified. Furthermore, the Supervisory Board's report to the Annual Shareholders' Meeting was discussed and adopted. The proposals for the resolutions at the Annual Shareholders' Meeting of HUGO BOSS AG on May 16, 2019 were adopted following the review of the independence of the proposed auditor for the fiscal year 2019.

In its **meeting in May 2019**, the Supervisory Board considered the current business performance and the possible termination of two real estate leases. In addition, the further development and future design of the compensation system for the Supervisory Board was discussed.

In its **meeting in July 2019**, the Supervisory Board, based on the proposal of the Personnel Committee, dealt with the departure of Bernd Hake from the Managing Board of HUGO BOSS AG.

The main topics of the **meeting in September 2019** were the current business performance, the further development of the organizational structure and the restructuring of the centralized Marketing department. In addition, the key aspects of the audit for fiscal year 2019 were decided.

In **October 2019**, the Supervisory Board decided to terminate a real estate lease for a property at its headquarters in Metzingen. In **November 2019**, the Supervisory Board passed a circular resolution on the termination of a real estate lease for a warehouse in Germany.

The budget for fiscal year 2020 was discussed and passed in the **meeting of the Supervisory Board in December 2019**. In addition, the current business performance as well as the future strategy of BOSS Womenswear and the Group's marketing activities were discussed. Moreover, the findings of the Supervisory Board efficiency audit, which were collected based on a questionnaire and analyzed and presented by an external provider, were discussed in detail. The declaration of compliance with the German Corporate Governance Code and the planning of the internal audit for 2020 were discussed and decided upon. Finally, the compensation system for the Supervisory Board, which was further developed with the support of external consultants, was discussed. At the same time, it was decided that a corresponding amendment to the Articles of Association should be proposed to the Annual Shareholders' Meeting in May 2020.

The development of sales and earnings, investment planning, individual investment projects and the current risk situation of the Company were discussed regularly at the Supervisory Board meetings and approved where necessary. In addition, the meetings of the Supervisory Board involved regular, detailed reports on the contents of the previous committee meetings. In addition, in 2019, the Supervisory Board focused primarily on the further expansion of the online business, the capital structure, cost planning, compliance issues and the requirements of the German Corporate Governance Code.

Work of the Committees in fiscal year 2019

To perform its duties, the Supervisory Board has formed **five Committees**: an Audit Committee, Personnel Committee, Working Committee, Nomination Committee and the legally mandated Mediation Committee. To the extent legally permissible and insofar as they have been given corresponding authorizations, individual Committees make decisions instead of the Supervisory Board as a whole. Otherwise, they prepare decisions and topic areas for the Supervisory Board as a whole. The respective committee chairs report to the Supervisory Board in detail about the work of the committees at regular intervals.

In total, the **Audit Committee** met four times in fiscal year 2019. The main agenda of its meetings concerned the financial reporting of the Company and the Group with respect to the annual, half-yearly and quarterly financial statements, the audit of the annual and consolidated financial statements, monitoring of the risk management and internal control system, compliance matters and risk management. In addition, the Audit Committee requested the declaration of independence from the external auditor and satisfied itself of the auditor's independence. In addition to defining the main aspects of the audit of the annual and consolidated financial statements for 2019 and mandating the external auditor, it approved non-audit services and placed a cap on the fees payable for such non-audit services. In addition, the results of the audit review of the combined non-financial statement were discussed in accordance with the Act to Strengthen Non-Financial Reporting by Companies in the Management and Group Management Reports (CSR Directive Implementation Act).

The **Personnel Committee** met nine times. It focused on the allocation of responsibilities for the business divisions, preparing the renewal of the Managing Board contracts, the target achievement for the prior fiscal year and preparing the target agreements for the Managing Board. In addition, the committee dealt with the termination of the Managing Board contract of Bernd Hake.

The **Working Committee** met five times in the year under review and dealt with current business development, compensation of the Supervisory Board, strategy, and preparations for the Annual Shareholders' Meeting. In addition, the developments in the online business and customer relationship management, the organizational structure of the Group, the efficiency program as well as the restructuring of the BOSS Womenswear and Marketing departments were discussed. The Working Committee also discussed the Supervisory Board efficiency audit and the Corporate Governance Statement.

The **Nomination Committee** met six times in the past fiscal year to prepare for the new election of the Supervisory Board, which is coming up in 2020.

The **Mediation Committee** did not convene in the last fiscal year.

Corporate governance

The Supervisory Board additionally dealt with the **principles of good corporate governance** within the Company. In December 2019, the Managing Board and the Supervisory Board issued a new declaration of compliance with the German Corporate Governance Code (GCGC). The combined report on corporate governance at the Company in accordance with Sec. 3.10 of the German Corporate Governance Code including the Corporate Governance Statement can be found on page 104 et seq. In relation to the annual efficiency audit of the Supervisory Board's activities recommended by the German Corporate Governance Code, the Supervisory Board decided to remain with the tried and tested method of an audit using a comprehensive questionnaire. External analysis of the completed questionnaires and the improvements suggested were analyzed and discussed at length at the Supervisory Board meeting of Wednesday, December 4, 2019. The Supervisory Board drew a favorable conclusion overall.

Conflicts of interest

No conflicts of interest relating to Managing Board or Supervisory Board members arose in fiscal year 2019. Under the German Corporate Governance Code, such conflicts of interest must be disclosed to the Supervisory Board without delay, as well as to the Annual Shareholders' Meeting.

Audit of annual and consolidated financial statements for 2019

Ernst & Young Wirtschaftsprüfungsgesellschaft, Stuttgart, duly audited the consolidated financial statements of HUGO BOSS AG for 2019, including the accounting records, which had been prepared by the Managing Board on the basis of the International Financial Reporting Standards (IFRS) in accordance with Sec. 315e HGB ["Handelsgesetzbuch": German Commercial Code], and issued an **unqualified audit opinion**. This was also the case for the annual financial statements of HUGO BOSS AG for 2019 prepared in accordance with the provisions of the German Commercial Code as well as the combined management report for 2019 of HUGO BOSS AG and the Group. The corresponding audit mandate had been awarded by the Audit Committee of the Supervisory Board in accordance with the resolution of the Annual Shareholders' Meeting held on May 16, 2019. In addition, it was agreed with the auditor that the chair of the Audit Committee would have to be informed during the audit without delay about any possible grounds for disqualification or factors affecting impartiality that could not be rectified immediately. It was also agreed that the external auditor is obliged to report on any findings or events arising during the performance of the audit that are of importance to the duties of the Supervisory Board. He was furthermore required to inform the Supervisory Board or note in the audit report any facts that were ascertained during the audit resulting in any errors in the declaration submitted by the Managing Board and the Supervisory Board in accordance with Sec. 161 (1) Sentence 1 of the AktG (German Stock Corporation Act). The auditors did not issue any such reports in the reporting year. In addition, the Supervisory Board obtained the auditors' declaration of independence in accordance with Sec. 7.2.1 of the German Corporate Governance Code and verified the auditor's independence. The possibility of engaging the auditors to perform non-audit services was also discussed. The Supervisory Board received all accounting documents and the Managing Board's proposal for the appropriation of profit as well as the audit report from the external auditor.

The annual financial statements, proposal for the appropriation of profit, consolidated financial statements and combined management report for 2019 for HUGO BOSS AG and the Group, which also contains the combined non-financial statement for HUGO BOSS AG and the Group, and the audit report were discussed and inspected in advance by the Audit Committee and then by the full Supervisory Board in the presence of the external auditor. The external auditor reported on the main findings of the audit, particularly with respect to the key aspects of the audit that had been determined by the Audit Committee for the year under review. He was also available to answer any questions and provide additional information. No significant shortcomings in the accounting-related internal control system

and risk management were identified in connection with this. Similarly, there were no circumstances indicating any partiality on the part of the external auditor. Finally, he reported on the non-audit services that had been provided in the fiscal year under review. The auditor's findings were approved. Following its final review, the Supervisory Board raised no objections.

Consequently, at its meeting of March 3, 2020 the Supervisory Board approved the **financial statements for fiscal year 2019** prepared by the Managing Board. The financial statements of HUGO BOSS AG for fiscal year 2019 were therefore ratified in accordance with Sec. 172 AktG. In addition, the Supervisory Board approved the Managing Board's proposal for the **appropriation of profit** at the same meeting. In this context, the Supervisory Board held detailed discussions on the liquidity position of the Company, the financing of planned investments and the effects on the capital market. In the course of these discussions, the Supervisory Board concluded that the proposal was in the best interests of the Company and its shareholders.

For fiscal year 2019, the Managing Board drafted a **combined non-financial statement** for HUGO BOSS AG and the Group and included this in the combined management report for 2019. The Supervisory Board commissioned Ernst & Young Wirtschaftsprüfungsgesellschaft, Stuttgart, to perform an audit to obtain limited assurance of this statement. All Supervisory Board members promptly received the combined non-financial statement for HUGO BOSS AG and the Group for fiscal year 2019 and the independent auditor's limited assurance report. The full Supervisory Board deliberated on the statement and the audit certificate of Ernst & Young on March 3, 2020. The auditors of Ernst & Young participated in this discussion and presented the audit results. No objections were raised based on their own review of the combined non-financial statement for HUGO BOSS AG and the Group, and the result of the audit to obtain limited assurance by Ernst & Young Wirtschaftsprüfungsgesellschaft, Stuttgart, was noted with approval.

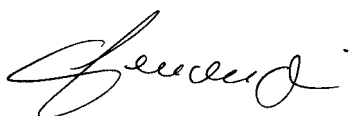
Acknowledgments

On behalf of the Supervisory Board, I want to thank the members of the Managing Board and all employees for their high level of personal dedication and great commitment. I also want to thank the employee representatives of HUGO BOSS AG for their constructive collaboration in fiscal year 2019.

Finally, I would like to express my gratitude to you, the shareholders, for your trust in our Company.

Metzingen, March 3, 2020

The Supervisory Board



Michel Perraudin
Chairman