

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

The HUGO BOSS Group achieved its financial goals in a challenging economic environment in fiscal year 2018, while at the same time making further substantial progress in its strategic realignment. The Supervisory Board continued to perform its **duties with the utmost care** in fiscal year 2018, 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 reports of all **matters of relevance for HUGO BOSS AG and the Group companies pertaining to strategy, planning, business performance, the risk position, changes in the risk situation and compliance**. Monitoring and control duties particularly focused on the annual financial results. 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 material 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 opportunity at all times to review the Managing Board's **reports and proposals** and to contribute their own ideas in Committees and Supervisory Board meetings. If necessary, 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 2018, a total of **four Supervisory Board meetings** were held in March, May, September and December, with the September meeting held over two days. The four Supervisory Board meetings were attended by all members except that Anita Kessel, Axel Salzmann and Martin Sambeth were each unable to attend one meeting, though they participated in the decisions via written votes. A total of six Audit Committee meetings were likewise attended by all members, except that Michel Perraudin and Antonio Simina were each absent once and had written votes submitted on their behalf. Five Working Committee meetings were also attended by all members, except that Anita Kessel, Michel Perraudin, Luca Marzotto and Antonio Simina were each absent once. When resolutions were passed, the absent members generally submitted written votes, with one exception relating to the approval of a set of minutes of a meeting. A total of six Personnel Committee meetings and three Nomination Committee meetings were always attended by all committee members.

Participation in meetings of the full Supervisory Board and its committees¹

Member	Full Super- visory Board (4)	Audit Committee (6)	Working Committee (5)	Personnel Committee (6)	Nomination Committee (3)	Attendance rate (24)
Michel Perraudin, Chairman	4/4	5/6	4/5	6/6	3/3	22/24
Antonio Simina, Deputy Chairman	4/4	5/6	4/5	6/6	–	19/21
Tanja Silvana Grzesch	4/4	–	–	–	–	4/4
Anita Kessel	3/4	–	4/5	–	–	7/9
Kirsten Kistermann-Christophe	4/4	–	–	–	–	4/4
Fridolin Klumpp	4/4	6/6	–	–	–	10/10
Gaetano Marzotto	4/4	–	–	–	3/3	7/7
Luca Marzotto	4/4	–	4/5	6/6	–	14/15
Sinan Piskin	4/4	–	5/5	6/6	–	15/15
Axel Salzmann	3/4	–	–	–	–	3/4
Martin Sambeth	3/4	–	–	–	–	3/4
Hermann Waldemer	4/4	6/6	5/5	–	–	15/15

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

The **meeting of the Supervisory Board in March 2018** focused on the annual financial statements of HUGO BOSS AG and the HUGO BOSS Group as of December 31, 2017 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, 2017 were approved and ratified. Furthermore, the Supervisory Board's report to the Annual Shareholders' Meeting was discussed and adopted. The proposals for the adoption of resolutions were adopted at the Annual Shareholders' Meeting of HUGO BOSS AG on Thursday, May 3, 2018 following the review of the independence of the proposed auditor for the fiscal year 2018. Moreover, on the recommendation of the Personnel Committee, Mark Langer was once again appointed as a member of the Managing Board for the period from January 1, 2019 to December 31, 2021 and simultaneously as Chairman of the Managing Board, and his service agreement was renewed accordingly.

At its **meeting in May 2018**, on the recommendation of the Personnel Committee, the Supervisory Board once again appointed Bernd Hake as a member of the Managing Board of HUGO BOSS AG until March 31, 2022 and renewed his service agreement accordingly.

In **September 2018**, the Supervisory Board met and dealt in particular with the current business development, the progress in implementing its strategic priorities, the development of BOSS Womenswear, the audit focuses for 2018 and the project to realign the positioning of HUGO. In addition, on the recommendation of the Personnel Committee, Ingo Wilts was reappointed as a member of the Managing Board until December 31, 2022 and his service agreement was renewed accordingly.

The budget for fiscal year 2019 was discussed and passed in the **meeting of the Supervisory Board in December 2018**. Moreover, the findings of the Supervisory Board efficiency audit, which were collected based on a revised questionnaire and analyzed and presented by a third party, were discussed at length. The Statement of Conformity with the German Corporate Governance Code already approved by the Managing Board was discussed, and the plan for the internal audit for 2019 was agreed. The Statement of Conformity to the German Corporate Governance Code was agreed unanimously by way of circular resolution following the December meeting.

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 Supervisory Board dealt above all with the Group's own retail business, in particular the extensive renovation of so-called flagship stores. Other significant

topics were the development of the online business and its expansion within the concession model, as well as the capital structure, cost planning, compliance questions and the requirements of the German Corporate Governance Code.

Work of the Committees in 2018

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.

The **Audit Committee** met six times in fiscal year 2018. 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 and reports, 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 2018 and mandating the external auditor, it approved non-auditing services and placed a cap on the fees payable for such non-auditing 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 six times. It focused on preparing the renewal of the Managing Board contracts and preparing the target agreements for the Managing Board. It also reviewed target achievement.

The **Working Committee** met five times in the year under review and dealt with current business development, remuneration of the Supervisory Board, strategy, and preparations for the Annual General Meeting. In addition, developments in the online business and the personnel area as well as the efficiency review of the Supervisory Board and the Corporate Governance Declaration were dealt with.

The **Nomination Committee** met three times in the past fiscal year to prepare in a timely manner 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 2018, 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 Sect. 3.10 of the German Corporate Governance Code including the Corporate Governance Declaration can be found on page 113. The Supervisory Board discussed the various options for implementing the annual efficiency review of Supervisory Board activities recommended by the GCGC, and it decided to stay with the proven review method of using a comprehensive questionnaire, yet revising the latter. The thoroughly revised questionnaire was then completed by the members of the Supervisory Board. External analysis of the completed questionnaires and the improvements suggested were analyzed and discussed at length at the Supervisory Board meeting of December 5, 2018. 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 2018. 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 2018

Ernst & Young Wirtschaftsprüfungsgesellschaft, Stuttgart, duly audited the consolidated financial statements of HUGO BOSS AG for 2018, 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, and issued an **unqualified audit opinion**. This was also the case for the annual financial statements of HUGO BOSS AG for 2018 prepared in accordance with the provisions of the German Commercial Code as well as the combined management report for 2018 for 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 3, 2018. 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 grounds for disqualification or factors affecting impartiality that could not be rectified immediately. It was also agreed that the external auditor would be 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 Sect. 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, Group financial statements and combined management report for 2018 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 material 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-auditing services that had been provided in the 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 6, 2019 the Supervisory Board approved the **financial statements for fiscal year 2018** prepared by the Managing Board. The financial statements of HUGO BOSS AG for fiscal year 2018 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 both the Company and its shareholders.

For fiscal year 2018, 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 2018. 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 2018 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 6, 2019. 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.

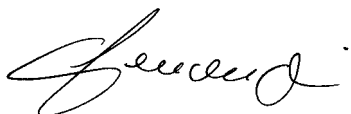
Acknowledgments

On behalf of the Supervisory Board, I wish to thank the members of the Managing Board and all employees for their high level of personal dedication and great commitment. I also wish to thank the employee representatives of HUGO BOSS AG for their constructive collaboration in fiscal year 2018.

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

Metzingen, March 6, 2019

The Supervisory Board



Michel Perraudin

Chairman