6. Resolution on the approval of the compensation system for members of the Managing Board

In accordance with section 120a para. 1 of the German Stock Corporation Act as amended by the German Act on the Implementation of the Second Shareholders' Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie – ARUG II), the shareholders' meeting of a company that is listed on the stock exchange passes a resolution on the approval of the compensation system for the members of the managing board submitted by the supervisory board on each material change of the compensation system, at least, however, every four years.

Based on the recommendation of its Personnel Committee and with due regard to the requirements of section 87a para. 1 of the German Stock Corporation Act, the Supervisory Board resolved amendments to the compensation system of the members of the Managing Board effective 1 April 2021. The amended compensation system will be submitted to the Annual General Meeting for approval.

The Supervisory Board proposes that the compensation system for the members of the Managing Board described below be approved.

I. Guiding principles of the compensation system
The system for compensation of the members of the Managing Board of HUGO BOSS AG ("Compensation System") is designed to promote the long-term and sustainable successful business development of HUGO BOSS and to also provide incentives for the successful implementation of the corporate strategy.

To ensure the members of the Managing Board are compensated in line with their performance and their contribution to business development, the performance targets for variable compensation are, in addition to the key performance indicators used in Group planning, the most important key performance indicators for the success of the Company. Ambitious targets and comparisons with relevant competitors ensure a clear "pay for performance" approach and performance-related compensation. In addition, the external comparison ensures that above-average performance is amply rewarded, while no variable compensation is paid in the event of significantly below-average performance.

In order to take into account the interests of HUGO BOSS shareholders, the long-term variable compensation for the Managing Board is significantly dependent on the value enhancement of the company, which is composed of the share price development and dividend payments of HUGO BOSS.

Sustainability and responsible action are integral parts of the business activities of HUGO BOSS and are crucial for the lasting success of the company. Sustainability targets are therefore also taken into account in the long-term variable compensation, in addition to financial performance targets.

The Compensation System described below complies with the regulatory requirements of the German Stock Corporation Act in the version applicable since 1 January 2020, including the amendments made by the German Act of implementing the Second Shareholders' Rights Directive, and takes into account the recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex) as resolved on 16 December 2019 and published in the Federal Gazette (Bundesanzeiger) on 20 March 2020.

Furthermore, the Supervisory Board aligns itself with national best practices for Managing Board compensation systems, in order to ensure that the compensation of the Managing Board is comprehensible and as transparent as possible.

The compensation and employment conditions for employees were also taken into account in several respects when structuring Managing Board compensation. Thus, in setting compensation, consideration is also given to the customary nature of compensation within the Company, i.e. the ratio of Managing Board compensation to that of senior management and the workforce of the HUGO BOSS Group as a whole, especially in terms of development over time. In addition, employee satisfaction as an expression of employee compensation and employment conditions is a performance target of the long-term variable compensation. Furthermore, the performance targets and objectives used in Managing Board compensation also apply to management staff and other employees of HUGO BOSS. This ensures the consistency of the compensation's incentive effect.

In sum, the Supervisory Board has based its design of the Compensation System on the following guidelines:

Guiding principles of the compensation system for the Managing Board of HUGO BOSS AG

Incentives to realize the vision of "being the most desirable fashion and lifestyle brand in the premium sector"	Comprehensible compensation system corresponding to the highest transparency standards
Promotion of long-term sustainably successful business development	Inclusion of ESG targets in the compensation of the Managing Board
Compensation of the Managing Board members in line with their performance and contributions toward promoting the business	Taking into account the compensation and employment conditions of employees and ensuring the consistency of compensation within HUGO BOSS Group
Consideration of regulatory requirements, the interests of our shareholders and stakeholders as well as national best practices	

The Compensation System described in the following applies to all new appointments. Moreover, in the event of approval by the Annual Shareholders' Meeting, it is planned to adjust the existing service agreements of the current members of the Managing Board of HUGO BOSS, which already correspond to a large extent to the Compensation System describe below accordingly. To the extent that adjustments are only made in the context of new appointments or contract extensions, this is expressly indicated below.

II. Procedures for establishing, reviewing and implementing the compensation system

Decisions on the compensation of Managing Board members in implementation of the compensation system, including the review of the appropriateness and conventionality of the specific Managing Board compensation as well as the regular deliberation on and the review and fixation of the compensation system are the responsibility of the full Supervisory Board. However, the Personnel Committee submits proposals in preparation for decisions on these matters. If the Supervisory Board calls in external compensation experts for this purpose, it makes sure that the compensation experts are independent before engaging them. In accordance with section 87a para. 1 of the German Stock Corporation Act, the full Supervisory Board resolves on a clear and understandable system for the compensation of Managing Board members. Subsequently, in accordance with section 120a para. 1 of the German Stock Corporation Act, the Annual Shareholders' Meeting resolves on the approval of the compensation system for the members of the Managing Board, presented by the Supervisory Board, whenever there is a significant change to the compensation system, but at least every four years. If the Annual Shareholders' Meeting has not approved the compensation system, then a revised compensation system must be presented at the latest at the following Ordinary Annual Shareholders' Meeting in accordance with section 120a para. 3 of the German Stock Corporation Act.

If a conflict of interest arises in connection with the establishment, review or implementation of the compensation system, the full Supervisory Board respectively the Personnel Committee will deal with it in the same way as other conflicts of interest in the person of a Supervisory Board member, so that the Supervisory Board member concerned will not take part in the resolution and/or discussion or, in the case of a serious conflict of interest, will also not take part in further meetings. Early and transparent disclosure ensures that the decisions of the full Supervisory Board and the Personnel Committee are not influenced by improper considerations.

The total target compensation of individual members of the Managing Board is specified by the Supervisory Board respectively for the upcoming fiscal year on the basis of the compensation system taking into account any payments made by Group companies. Both in this context and in the context of determining the specific total compensation of the Managing Board members and in the regular review of the compensation system, the Supervisory Board takes into account the appropriateness of the compensation in relation to the duties of the individual Managing Board member, his personal performance, the economic situation, the performance and the outlook of the Company. In addition, the Supervisory Board considers the level of compensation usually paid, taking into account peer companies and the compensation structure of further employees of HUGO BOSS as well as the sustainable and long-term development of the company.

To assess the appropriateness of the total compensation of the members of the Managing Board in comparison with other companies, the Supervisory Board uses a suitable peer group of relevant competitors in the premium and luxury goods sector. To reflect national market practice and in view of the economic situation of HUGO BOSS, the MDAX companies are also considered. To assess the appropriateness of compensation within the Company, the ratio of Managing Board compensation to that of senior management and the workforce of the HUGO BOSS Group as a whole is taken into account, especially in terms of development over time.

III. Overview of the Compensation System

The Compensation System provides for performance-related (variable) compensation components in the form of short-term variable compensation ("STI") and long-term variable compensation ("LTI") as core components in addition to non-performance-based (fixed) compensation components (base salary, fringe benefits and contributions to pension commitments). In addition, the Compensation System also governs further compensation-based legal transactions (e.g. contract terms and commitments upon termination of Managing Board activities).

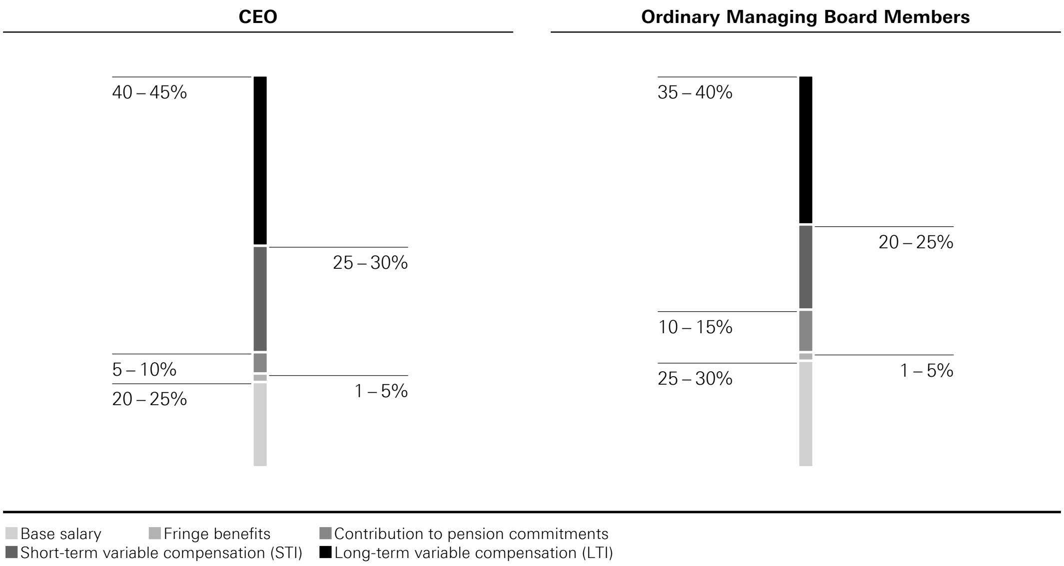
Overview of the Compensation System

<table>
<tr><td rowspan="3">Fixed compensation</td><td>Base salary</td><td colspan="2">Annual fixed compensation, paid as a monthly salary</td></tr>
<tr><td>Fringe benefits</td><td colspan="2">Benefits in kind, which include the use of a company car, insurance allowances and, to a lesser extent, other equipment and benefits required for the performance of Managing Board duties</td></tr>
<tr><td>Contributions to pension commitments</td><td colspan="2">• Contribution plan (payment into a reinsurance policy)
• Contribution: 40% of the fixed base salary
• Fixed age limit: 65 years</td></tr>
<tr><td rowspan="8">Performance-related (variable) compensation</td><td rowspan="4">Short-term variable compensation(STI)</td><td>Plan type</td><td>Target bonus system</td></tr>
<tr><td>Plan term</td><td>1 year</td></tr>
<tr><td>Performance targets</td><td>• 40% EBIT (target achievement: 0%–150%)
• 30% sales (target achievement: 0%–150%)
• 30% trade net working capital in relation to sales (target achievement: 0%–150%)</td></tr>
<tr><td>Payout</td><td>In cash at the end of the fiscal year (cap: 150% of the individual target amount)</td></tr>
<tr><td rowspan="4">Long-term variable compensation(LTI)</td><td>Plan type</td><td>Performance share plan</td></tr>
<tr><td>Plan term</td><td>4 years</td></tr>
<tr><td>Performance targets</td><td>• 1/3 relative total shareholder return (RTSR) (target achievement: 0%–200%)
• 1/3 return on capital employed (ROCE) (target achievement: 0%–200%)
• 1/6 employee satisfaction (target achievement: 0%–200%)
• 1/6 performance in the field of sustainability (target achievement: 0%–200%)</td></tr>
<tr><td>Payout</td><td>In cash at the end of the four-year plan term (cap: 250% of the individual target amount)</td></tr>
<tr><td colspan="2">Special compensation (sign-on; allowance)</td><td colspan="2">• No possibility of special compensation at the discretion of the Supervisory Board in the event of special performance
• Granting of further, extraordinary compensation components on a time-limited basis (payments to future Managing Board members to compensate for example for the loss of variable compensation from former employers or compensation for assuming additional responsibility on an interim basis)</td></tr>
<tr><td colspan="2">Malus and clawback</td><td colspan="2">Withholding or reclaiming part or all of variable remuneration (STI and LTI) in the event of compliance violations or incorrect consolidated financial statements</td></tr>
<tr><td colspan="2">Share ownership guidelines (SOG)</td><td colspan="2">• 200% of annual gross base salary for the CEO
• 100% of annual gross base salary for the ordinary Managing Board members</td></tr>
<tr><td colspan="2">Maximum compensation</td><td colspan="2">• 11,000,000 € for the CEO
• 5,500,000 € for the ordinary Managing Board members</td></tr>
</table>

(1) Compensation structure

The compensation structure is geared toward the sustainable and long-term growth of the Company by factoring in compensation components with multiple-year plan terms. The ratio of long-term variable compensation to short-term variable compensation is around 60:40. This ensures that the focus of Managing Board compensation is on long-term targets. The relative proportions of the individual compensation components in relation to the total target compensation (i.e., assuming 100% target achievement for the variable compensation components) are detailed in the following:

Compensation structure



(2) Maximum compensation

Pursuant to section 87a para. 1 sentence 2 no. 1 of the German Stock Corporation Act, the Supervisory Board is required to set a maximum compensation for the total of all compensation components, consisting of base salary, fringe benefits, expenses for the pension commitment and any extraordinary compensation, as well as short-term variable and long-term variable compensation. This amounts to EUR 11.0 million for the Chief Executive Officer and EUR 5.5 million for the regular members of the Managing Board of HUGO BOSS AG. This maximum amount comprises the sum of all payments from the aforementioned compensation components resulting from one fiscal year for the respective fiscal year and merely represents the maximum permissible framework within the Compensation System. The maximum amounts of compensation promised under individual agreements may in individual cases be significantly lower than the maximum compensation specified in accordance with section 87a para. 1 sentence 2 no. 1 of the German Stock Corporation Act.

(3) Non-performance-related (fixed) components

The fixed compensation components consist of a fixed base salary, fringe benefits and contributions to pension commitments.

a) Base salary

The fixed base salary is paid as a monthly salary. It takes into account the function assigned to the Managing Board member as well as the member's associated duties and area of responsibility.

b) Fringe benefits

Members of the Managing Board also receive fringe benefits to a small extent, which they individually pay tax on as per the applicable tax regulations if they derive any financial advantage from private use of the same. The fringe benefits primarily include private use of the company car, supplementary payments to health and nursing care insurance, the conclusion of and contributions to accident and directors' and officers' (D&O) liability insurance (with deductible in accordance with section 93 para. 2 sentence 3 of the German Stock Corporation Act), to a small extend a clothing allowance for the purchase of Group products for representative purposes, the reimbursement of reasonable tax consultancy costs and, to a small extent, other equipment and services needed to fulfill their duties as members of the Managing Board. In addition, new Managing Board members are reimbursed for a limited period for reasonable costs for an apartment in Metzingen, Germany, for flights to and from their home, and for relocation costs in the event of a move to Metzingen (or the surrounding area).

c) Contribution to pension commitments

The pension commitments to the members of the Managing Board are contribution-based commitments. HUGO BOSS pays an annual pension contribution amounting to 40% of the individual base salary into a pension liability insurance scheme for the members of the Managing Board.

The amount of the pension commitment is a result of the amount saved via the individual pension liability insurance scheme. This results from the total unpaid pension contributions per year plus an annual interest rate depending on the insurance tariff in question. A member of the Managing Board shall be entitled to pension commitments at or after a fixed age limit of 65 years or if they become permanently unable to work due to illness or accident and leave the Company. In the event of the death of the member of the Managing Board, their spouse or registered civil partner under the German Civil Partnership Act and their surviving children shall be entitled to a survivor's pension.

If the member of the Managing Board leaves the Company before becoming eligible for a pension, the benefits shall still become vested if their pensionable service was longer than three years. If the member of the Managing Board leaves the Company before reaching the fixed age limit, the entitlement amount corresponds to the benefits arising from the employer's scheme at the time of departure with no further premiums paid.

In addition, HUGO BOSS offers the members of the Managing Board the option of acquiring additional pension benefits under deferred compensation agreements. This supplementary pension plan can take the form of retirement benefits or, alternatively, the form of occupational incapacity benefits and/or surviving dependents' benefits and/or the form of a lump-sum death grant. The pension benefits take the form of monthly payments, while surviving dependents' benefits can also be granted in the form of a lump-sum capital payment.

(4) Performance-related (variable) components

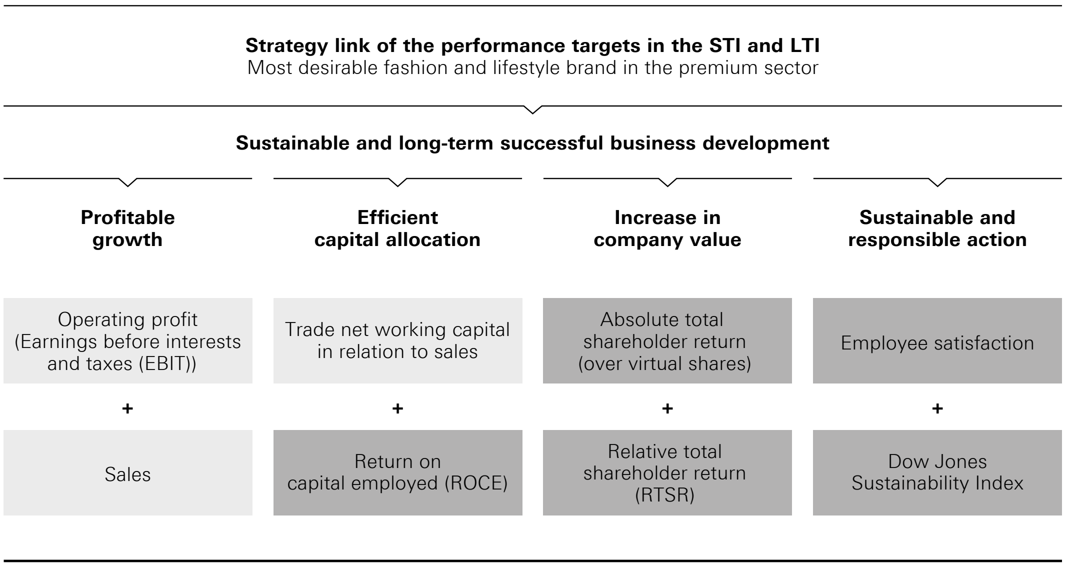
Aside from the non-performance-related components, the Compensation System for the Managing Board includes two performance-related components: short-term variable compensation (STI) and long-term variable compensation (LTI). These differ both in terms of the duration of the plan terms and in the performance targets they consider.

HUGO BOSS has the vision of being the most desirable fashion and lifestyle brand in the premium segment of the global apparel market. Sustainably increasing brand desirability is at the forefront of all Group activities and is the focus of the Group's strategic framework. The desirability of the brands BOSS and HUGO can be measured, particularly in the short term, by success in the Group's sales markets, which is reflected in the increase in sales and in operating profit (earnings before interest and taxes ("EBIT")). For this reason, Sales and EBIT are key performance targets for short-term variable compensation.

At the same time, it is and will remain the company's declared goal to grow in a sustainably profitable way and to secure the long-term success of the company by focusing on important strategic initiatives. The structural improvement in profitability plays a central role here. For this reason, trade net working capital in relation to sales ("TNWC") and return on capital employed ("ROCE") are the most important key performance indicators for managing the efficient deployment of capital and are considered key performance targets in variable compensation.

The long-term objective of HUGO BOSS is to sustainably increase the enterprise value. Of particular importance is the capital market performance of HUGO BOSS, which is also considered in comparison with the company's competitors. The share price performance as well as the dividend distributions of HUGO BOSS are therefore taken into account by the total shareholder return in the long-term variable compensation, also in comparison to the relevant competitive environment in the premium and luxury goods industry.

Sustainability and responsible action are integral parts of the business activities of HUGO BOSS and are crucial for the lasting success of the company's brands. For this reason, employee satisfaction and sustainability performance are considered next to financial performance targets in variable compensation. Through the company's diverse activities and initiatives in the area of sustainability, HUGO BOSS aims to continue generating added value for the environment, society, partners and employees, while also increasing the satisfaction of the company's customers. HUGO BOSS has set itself ambitious targets. HUGO BOSS firmly believes that its employees are key to its success and to the realization of its corporate vision. Employee satisfaction therefore represents an explicit performance target in long-term variable compensation. The sustainability performance is determined by the performance of the company within the Dow Jones Sustainability Indexes ("DJSI") DJSI World and DJSI Europe, in which the sustainability performance of listed companies is assessed by an independent index provider. In 2020, HUGO BOSS was included in DJSI World for the fourth time in a row and for the first time in DJSI Europe. This puts HUGO BOSS in the top three of the most sustainable companies in its industry.



Performance targets considered in the STI   Performance targets considered in the LTI

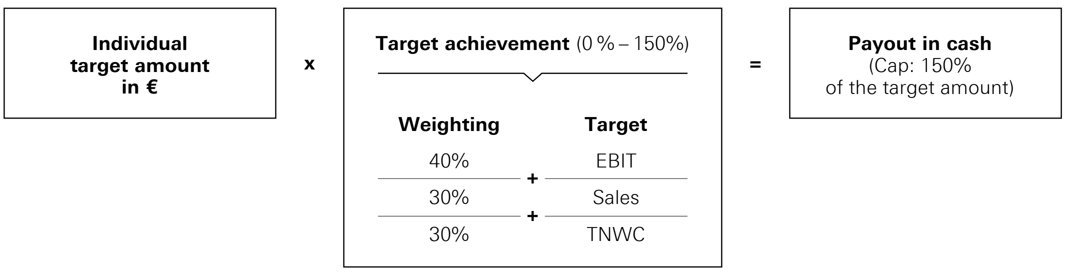
a) Short-term variable compensation (STI)

i. Main features of the STI

As a short-term performance-related compensation component, the STI is tied to the development of certain quantitative performance targets. In line with the steering system, the Supervisory Board has determined EBIT, sales, and TNWC as performance targets. The STI is designed in the form of a target bonus system that calculates the STI payout amount based on a target amount as defined individually in the service agreement for each respective Managing Board member and the overall target achievement. A potential STI payout amount is limited to 150% of the individual target amount (cap) and is paid out in cash. Overall target achievement is determined on the basis of the weighted level of target achievement of the quantitative performance targets. The performance targets are drawn from the HUGO BOSS management system and are linked with each other.

Consequently, the STI is structured as follows:

Short-term variable compensation (STI) – Target bonus system



ii. Performance targets of the STI

The first STI performance target is the operating result (EBIT). The EBIT is included in the STI's target achievement with a weighting of 40% and is defined as the Group net income before interest and taxes. The emphasis here is on profitable growth.

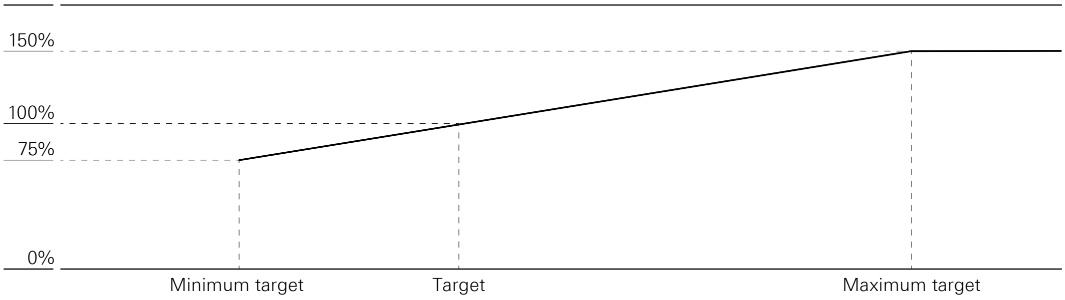
Sales, as one of the most important key performance indicators, constitutes the second performance target of the STI. It accounts for 30% of the overall degree of target achievement for the STI. The inclusion of sales as a performance target is to ensure growth in future years.

The third STI performance target is TNWC. TNWC is weighted at 30% and is defined as the sum of inventories and trade receivables less trade payables. This value is considered in proportion to sales. For HUGO BOSS, TNWC is an important performance indicator for managing the efficient deployment of capital and reflects the responsibility for managing inventories as well as trade receivables and trade payables.

For the purpose of calculating target achievement, the values reported in the consolidated financial statements are used for both EBIT and sales proceeds. However, sales are set at the amount that would have resulted if the assumed exchange rates underlying the budget for the fiscal year had applied for the entire fiscal year.

The Supervisory Board sets a target for each fiscal year as well as a minimum target and a maximum target for EBIT, sales and TNWC. The target is based on the HUGO BOSS budget plan as approved by the Supervisory Board.

Performance targets STI – Target achievement



If the target is achieved, the target achievement is 100%. If the actual value is greater than or equal to the maximum target, target achievement is 150%. In this case, a further increase does not lead to any further increase in target achievement. If the minimum target is achieved, target achievement is 75%. If the actual value of the performance target is below the minimum target, target achievement is 0%. Target achievement between the defined target achievement points (75%; 100%; 150%) is determined by linear interpolation.

For the past fiscal year, the Supervisory Board determines the amount of STI to be paid out individually for that year depending on the target achievement. The Supervisory Board reserves the right to take into account significant extraordinary developments and effects – positive as well as negative – when determining target achievement for the STI. These are exclusively significant effects (e.g. as defined in section 87 para. 1 sentence 3 half-sentence 2 of the German Stock Corporation Act or in the recommendation G.11 sentence 1 of the German Corporate Governance Code) that were not yet known or foreseeable at the time the target was set and for which neither the Managing Board nor HUGO BOSS are responsible. General market developments are explicitly excluded from this.

To ensure the highest possible transparency for the shareholders and to make the "pay for performance" concept comprehensible, the specific targets, the minimum targets and maximum targets for EBIT, sales and TNWC and the resulting target achievements as well as possible adjustments due to extraordinary effects or developments are published in the compensation report for the respective fiscal year.

b) Long-term variable compensation – long-term incentive (LTI)

i. Main features of the LTI

The long-term variable compensation (LTI), takes the form of a performance share plan that considers both financial performance targets relevant to the corporate strategy and non-financial sustainability targets (from the area of environment, social, governance – ESG). This long-term compensation component ensures that the business policy of the members of the Managing Board of HUGO BOSS is sustainable and aligned with the interests of the Company.

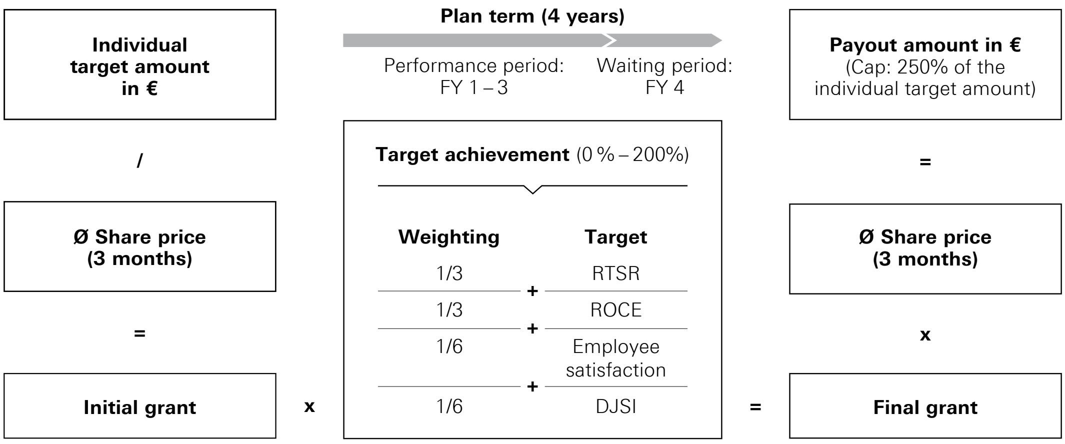
The LTI is granted in annual tranches. Each tranche has a three-year performance period that corresponds to the forecast period of the Group from the mid-term plan and is followed by an additional one-year waiting period, during which share price performance continues to be taken into account. This results in a total term of four years.

The LTI provides that Managing Board members receive a defined number of virtual shares ("initial grant"). The initial grant is based on the target amount defined in the respective service agreement divided by the HUGO BOSS share price of the last three months preceding the awarding of the initial grant. Following the expiry of the performance period, the final number of virtual shares ("final grant") is calculated based on the achievement of certain performance targets. The final entitlement to payment is calculated by multiplying the final grant by HUGO BOSS's share price during the last three months of the waiting period and is paid out in cash.

Achievement of the individual LTI performance targets is limited to a maximum of 200%, while the resulting LTI payment amount is limited to a total of 250% of the individual target amount (cap).

Consequently, the LTI is structured as follows:

Long-term variable compensation (LTI) – Performance share plan



ii. Performance targets of the LTI

Due to their relevance for the successful implementation of the corporate strategy and their contribution to the long-term and sustainable development of HUGO BOSS, the Supervisory Board has determined the key performance indicators described below as cumulatively combined performance targets for the LTI. Financial performance targets make up a total of 2/3 (of which 50% is ROCE as an internal key performance indicator and 50% is relative total shareholder return ("RTSR") as an external capital market performance indicator) and sustainability targets make up 1/3 of the performance targets taken into account in the LTI.

The RTSR, with a weighting of 1/3, forms the first performance target of the LTI. Using the RTSR is to aspire outperformance of the relevant competitors and takes the interests of shareholders into account. RTSR measures the return for shareholders comprising the share performance and hypothetically reinvested dividends of HUGO BOSS compared to a selected comparison group over the performance period. The comparison group is composed of relevant competitors. When selecting these competitors, particular attention was paid to the comparable strategic positioning of the respective brands. Accordingly, companies were selected whose brands can be assigned to the "premium" segment. The comparison group is composed as follows:

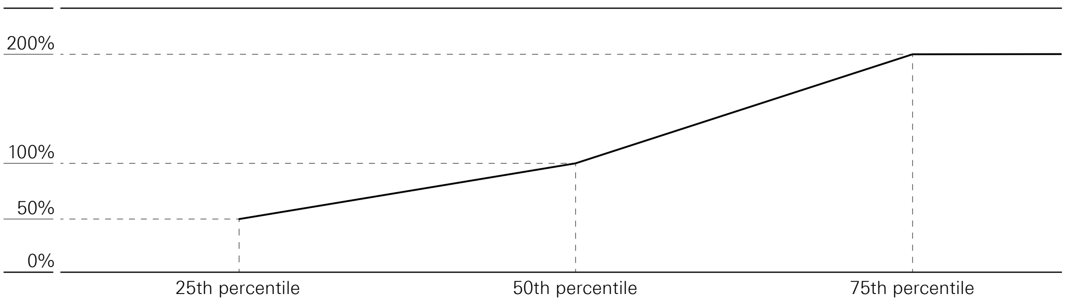
Relative TSR – Peer group

Burberry Group plc	Moncler S.p.A.
Capri Holdings Ltd.	PVH Corp.
G-III Apparel Group	Ralph Lauren Corp.
Guess Inc.	SMCP Group
Levi Strauss & Co.	Tapestry Inc.
VF Corp.	

To determine the target achievement of the relative total shareholder return, the companies listed from the beginning to the end of the performance period are taken into account. If a company included in the current comparison group is no longer listed or its strategic focus changes significantly, the Supervisory Board reserves the right to remove this company from the comparison group. To ensure that the comparison group continues to include an appropriate number of competitors in the future, the Supervisory Board in this case may add new competitors for tranches to be granted in the future. However, additional competitors may not be added to the comparison group for LTI tranches already in progress. Any changes to the comparison group shall be disclosed and justified transparently in the compensation report.

To determine the target achievement of the relative total shareholder return, the total shareholder return (TSR, share performance and hypothetically reinvested dividends) of HUGO BOSS and of the comparison companies is calculated for each year of the performance period. The TSR values of the individual companies are then ordered by their value (ranking) and assigned to percentile ranks. Target achievement is determined by the average annual percentile rank of HUGO BOSS in the three years of the performance period.

RTSR – Target achievement



If the 50th percentile (median) is attained, i.e. HUGO BOSS is exactly in the middle of the ranking of the comparison companies, target achievement is 100%. If the TSR for HUGO BOSS is at the 75th percentile or higher, i.e. HUGO BOSS is among the 25% best companies, target achievement is 200%. Higher percentile ranks do not further increase target achievement. If the 25th percentile is attained, target achievement is 50%. If the TSR of HUGO BOSS is below the 25th percentile, i.e. HUGO BOSS is among the bottom 25% of companies, target achievement is 0%. Target achievement levels between the defined target achievement points (50%; 100%; 200%) are determined by linear interpolation. The target achievement curve of the RTSR is in line with market practice in Germany. It leads to a balanced risk-reward profile for the Management Board members and prevents inappropriate risk-taking while at the same time promoting the "outperformance" of competitors.

The return on capital employed (ROCE) is used as the second performance target for the LTI with a weighting of 1/3. This compares current profit in relation to the cost of capital for investments and is calculated by dividing EBIT by average invested capital. The average of the annually reported ROCE over the performance period is considered. ROCE places the focus on increasing the profitability of HUGO BOSS and on efficient deployment of capital.

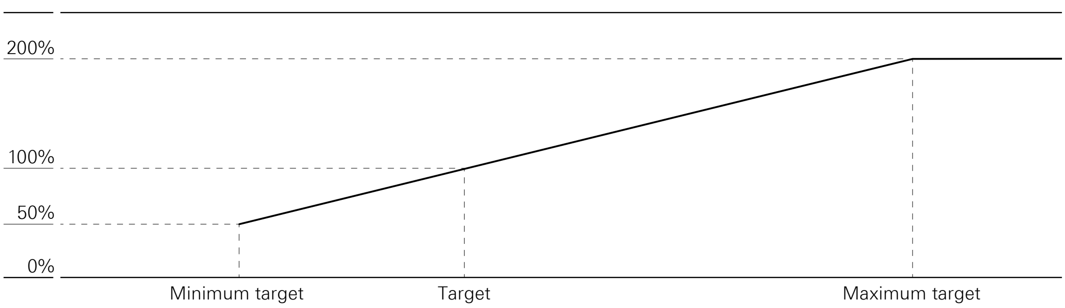
Our efforts to act sustainably and responsibly are reflected in the LTI with 1/3 sustainability targets, measured through employee satisfaction and the Dow Jones Sustainability Index.

HUGO BOSS is convinced that employees are among the most important stakeholders of the company and are key to the success of the company and realization of the corporate vision. For this reason, employee satisfaction is taken into account as the third performance target in the LTI with a weighting of 1/6. Employee satisfaction is measured by the level of employee satisfaction revealed by the overall result of a survey conducted for each fiscal year in cooperation with Great Place to Work® Germany, or by a comparable survey. The average level of annually determined employee satisfaction during the performance period is considered.

In addition to employee satisfaction, the Dow Jones Sustainability Index (DJSI) is an additional sustainability target that is taken into account in the LTI. The weighting is likewise 1/6. HUGO BOSS is rated in the DJSI with respect to various sustainability criteria each year. The average annually determined score during the performance period is considered in the DJSI. Use of the DJSI as part of the LTI emphasizes the overall responsibility of the Managing Board of HUGO BOSS for all sustainability issues and is independently evaluated by the external provider.

The Supervisory Board defines a target for ROCE, employee satisfaction and the DJSI for each tranche of the LTI, as well as a minimum target and a maximum target.

Performance targets LTI – Target achievement



If the target is achieved, the target achievement is 100%. If the actual value is greater than or equal to the maximum target, target achievement is 200%. A further increase in the actual value does not lead to a further increase in target achievement beyond 200%. Achievement of the minimum target equals a target achievement of 50%. If the actual value is below the minimum target, target achievement is 0%. Target achievement levels between the defined target achievement points (50%; 100%; 200%) are determined by linear interpolation.

The Supervisory Board reserves the right to take into account significant extraordinary developments and effects when determining target achievement for the LTI. These are exclusively significant effects (e.g. as defined in section 87 para. 1 sentence 3 half-sentence 2 of the German Stock Corporation Act) that were not yet known or foreseeable at the time the target was set and for which neither the Managing Board nor HUGO BOSS are responsible. General market developments are explicitly excluded from this.

To ensure the greatest possible transparency for the shareholders, the specific targets, minimum targets and maximum targets for RTSR, ROCE, employee satisfaction and DJSI as well as the resulting target achievement levels and possible adjustments due to extraordinary effects or developments are published in the compensation report following the expiry of the respective performance period.

(5) Extraordinary compensation (sign-on, allowances)
The Compensation System does not provide for the possibility of extraordinary compensation for special performance, which may be granted at the discretion of the Supervisory Board.

In special situations it may be necessary to grant further extraordinary compensation elements for a limited period. These involve one-time payments to new members of the Managing Board such as payments to compensate for the loss of variable compensation from previous employers, in order to attract the Managing Board member to HUGO BOSS (sign-on). It is likewise possible for the Supervisory Board to compensate a Managing Board member for assuming additional responsibilities on an interim basis as a means of compensating for these temporarily increased duties (allowance). The extraordinary compensation is reported in each case in detail in the compensation report for the relevant fiscal year and the reasons for the compensation are described transparently. Any extraordinary compensation is limited in amount as it falls under the maximum compensation defined in section III. pursuant to section 87a para. 1 sentence 2 no. 1 of the German Stock Corporation Act. The corresponding adjustments to the Managing Board contracts are made in the context of new contracts or contract extensions.

(6) Malus and clawback provisions
According to the Compensation System, the service agreements of the Managing Board members of HUGO BOSS contain malus and clawback provisions. These allow the Supervisory Board, under certain conditions, to reduce variable compensation components that have not yet been paid (malus) or to reclaim variable compensation components that have already been paid (clawback).

As a consequence, the Supervisory Board may, at its reasonable discretion (section 315 of the German Civil Code), withhold or demand the return of part or all of the variable compensation (both STI and LTI) if the Managing Board member has violated

- a material duty of care within the meaning of section 93 of the German Stock Corporation Act,
- a material contractual duty or
- material rules, and principles of conduct for the Company as set out in the Code of Conduct

(compliance malus and compliance clawback).

The Supervisory Board is furthermore entitled to demand the return of variable compensation already paid if it becomes clear after payment that the audited and approved consolidated financial statements, which served as the basis for calculating the amount paid, were incorrect and therefore must be corrected in accordance with the applicable accounting standards (performance clawback).

Any claims for compensation by the Company, in particular those under section 93 para. 2 of the German Stock Corporation Act, the right of the Company to revoke the appointment pursuant to section 84 para. 3 of the German Stock Corporation Act, and the right of the Company to terminate the service agreement of the Managing Board member for good cause (section 626 para. 1 of the German Civil Code) remain unaffected.

(7) Share ownership guidelines

To further align the interests of the Managing Board and shareholders, the service agreements of Managing Board members contain share ownership guidelines (SOG). These oblige the Managing Board members to purchase and hold shares in HUGO BOSS AG. The amount of the shareholding obligation (SOG target) is measured on the basis of the individual gross base salary of the respective Managing Board member. Thereby, the Chief Executive Officer has to invest twice the amount of his gross base salary and all other members of the Managing Board have to invest the equivalent of their gross base salary and hold these shares for the entire duration of their Managing Board activities.

Management Board member	Shareholding ownership requirement
CEO	200% of annual gross base salary
Ordinary Managing Board members	100% of annual gross base salary

The required number of shares must be held within five years, with the required shareholding to be built up on a linear basis and reviewed annually. Exceeding the annual minimum thus determined is possible at any time. Both the purchase and sale of shares must comply with the rules and deadlines of the European Market Abuse Directive.

IV. Compensation-related transactions

(1) Terms of service agreements and termination options

The service agreements of the Managing Board members have a term corresponding to the respective term to be resolved by the Supervisory Board. This is generally three years but may in no case exceed the maximum possible term of five years. If the Managing Board member is reappointed, the service agreement may continue to apply.

Because the service agreements are concluded for a fixed term, they do not include an ordinary termination option. In accordance with the deadlines specified in section 622 para. 2 of the German Civil Code, termination of the service agreement in the event of premature revocation of the appointment for good cause is possible for both parties.

The right to extraordinary termination pursuant to section 626 of the German Civil Code remains unaffected in any case.

(2) Provisions for the termination of Managing Board activities

In the event of premature termination of the service agreement (without there being due cause for termination of the service agreement on the Company's part), the member of the Managing Board in question is entitled to a severance payment, limited in each case to the amount of total compensation (including fringe benefits) for a period of 24 months, but not exceeding compensation for the remaining term of the service agreement ("severance payment cap"). In the current Managing Board agreements, the period for calculating severance pay varies but in no case exceeds 24 months. In the case service agreements are extended, the severance pay provisions will be also standardized for all Managing Board members. For these purposes, the total compensation is calculated on the basis of the total compensation received for the last full fiscal year and, where appropriate, on the basis of the predicted total compensation for the current fiscal year. In the event of termination of a Managing Board contract, any outstanding variable compensation components are paid out in accordance with the originally agreed targets and comparison parameters and in accordance with the due dates or holding periods specified in the contract.

The service agreements do not provide for any severance payment in the event of premature termination of the service agreement for due cause for which the member of the Managing Board in question is responsible. The service agreements do not stipulate any severance payment provisions in the event of regular ending of the service agreement.

The service agreements with Managing Board members Yves Müller, Dr. Heiko Schäfer and Ingo Wilts contain a provision under which the change of control (acquisition of more than 30% of the voting rights in HUGO BOSS AG) grants the respective member of the Managing Board an extraordinary right to termination and, if the service agreement is indeed terminated, makes a severance payment to the respective member of the Managing Board. In principle, the amount of severance pay corresponds to the severance payment to be made in the event of the service agreement being terminated prematurely and is therefore subject to the same severance payment cap. The agreements of Daniel Grieder and Oliver Timm do not contain any corresponding provisions for of a change of control.

For new appointments or extension agreements with members of the Managing Board, provisions for a change of control will be waived for all members of the Managing Board. There are no compensation agreements for termination apart from these.

(3) Post-contractual non-compete clause

A post-contractual non-compete clause has been agreed for the Managing Board members. For a period of twelve months after termination of the service agreement, these members of the Managing Board are not entitled to work directly or indirectly for another company in the premium or luxury brand fashion and/or accessories sector (or to establish or be involved in such a company), whereby this post-contractual non-compete clause applies to the countries in which HUGO BOSS and companies affiliated with HUGO BOSS as defined by section 15 et seq. of the German Stock Corporation Act are active at the time the service agreement is terminated. HUGO BOSS is required to pay the member of the Managing Board an amount equal to one twenty-fourth (Daniel Grieder, Oliver Timm) or one twelfth (Yves Müller, Dr. Heiko Schäfer, Ingo Wilts) of the annual target compensation (base salary plus STI and LTI with a respective target achievement of 100%) as compensation each month during the term of this post-contractual non-compete clause.

In the case of new appointments or contract extensions, the provisions will be standardized, and any severance payments will be offset against the payment for the post-contractual non-compete clause.

(4) Income from other mandates

In general, assuming any other function in the professional realm – whether paid or unpaid – requires the prior written approval of the Supervisory Board, which may be revoked within a reasonable period of time.

At the request of the Supervisory Board, the Managing Board member will, with its approval, accept supervisory board mandates and similar offices in companies in which HUGO BOSS holds a direct or indirect interest, as well as in associations and similar organizations to which HUGO BOSS belongs due to its business activities.

Compensation received by members of the Managing Board from a company in which HUGO BOSS holds a direct or indirect interest is assigned to HUGO BOSS. If supervisory board mandates from outside the Group are assumed, the Supervisory Board will decide whether and to what extent the compensation is to be credited.

V. Temporary deviations from the compensation system

Section 87a para. 2 sentence 2 of the German Stock Corporation Act allows the Supervisory Board to deviate temporarily from the compensation system. The precondition for this is the necessity of a deviation in the interests of the long-term success of the Company and that the compensation system specifies the procedure for deviation and the components of the compensation system from which deviation is possible. Such a necessity arises if the compensation system no longer produces an adequate incentive effect due to extraordinary developments for which the Managing Board or HUGO BOSS are not responsible and the functionality of the compensation system is severely impaired (e.g. economic crises, natural disasters or epidemics/pandemics). The special and extraordinary circumstances justifying a deviation are determined by a resolution of the Supervisory Board.

Following such a Supervisory Board resolution, the Supervisory Board may deviate from the following parts of the Compensation System: Relative proportions of the compensation components (compensation structure), performance periods and waiting periods as well as payment dates, STI and LTI performance targets and their weightings including target values. It is likewise possible for the Supervisory Board to temporarily grant additional variable or – for example in an economic crisis – exclusively fixed compensation components if the incentive effect of the Compensation System cannot be reconstituted by adjusting the compensation components.

The Compensation System shall in any case continue to incentivize the long-term and sustainable development of HUGO BOSS and to ensure that the compensation of the Managing Board members continues to be appropriate to the situation of HUGO BOSS and the duties and performance of the Managing Board members and does not exceed the usual compensation without special justification. The necessity for the deviation as well as the procedure in the event of a temporary deviation is explained in detail in the compensation report and the affected compensation components are named in accordance with section 162 para. 1 no. 5 of the German Stock Corporation Act.

VI. CEO investment opportunity

Prior to assuming his duties, a so-called CEO investment opportunity was agreed between Daniel Grieder and the Marzotto family, the aim of which is to provide an incentive for a substantial and sustained increase in the price of HUGO BOSS shares.

Thereby, this is classified as compensation by a third party. The Supervisory Board discussed the CEO investment opportunity agreement in a plenary meeting and noted it with approval in a resolution. No conflicts of interest arise from the CEO investment opportunity, which is tied to the performance of the share price of HUGO BOSS. All shareholders of HUGO BOSS benefit from an increase in the share price.

As compensation by a third party, the CEO investment opportunity is explicitly not part of the Compensation System put to the vote pursuant to section 87a of the German Stock Corporation Act. It is therefore not to be described in detail in the Compensation System to be presented to the Annual Shareholders' Meeting, nor is it to be included in the maximum compensation.

Compensations paid by a third party are to be disclosed in the notes to the annual financial statements (and to the consolidated financial statements), section 285 no. 9a, section 314 para. 1 no. 6a of the German Commercial Code or in future compensation reports, see section 162 para. 2 no. 1 of the German Stock Corporation Act. Accordingly, the CEO investment opportunity (main features) will likewise be described separately in the compensation report.