

## REPORT OF THE SUPERVISORY BOARD

### Dear Readers,

In an economic environment where developments are complex and often difficult to predict, the Supervisory Board's control and advisory functions arising from the law, the Articles of Association of the Company and the Bylaws take on special importance. In light of this, the Supervisory Board once again fulfilled its duties in fiscal year 2013 with utmost diligence.

On the basis of its extensive written and verbal reporting by the Managing Board issued promptly and in the necessary detail, the Supervisory Board supported the Managing Board in its advisory function and monitored the Managing Board in its management of business over the fiscal year. This ensured that the Supervisory Board was kept informed at all times of the intended business policy and other fundamental issues of corporate planning, specifically finance, investment and personnel planning, both with regard to HUGO BOSS AG and the Group's subsidiaries. This also applies to the further strategic development, the course of business and the position of the Company, on which the Supervisory Board was able to obtain detailed information on the current and future economic situation from the reports by the Managing Board. The relevant key performance indicators were at the special focus of monitoring and control duties in this context. The reasons for any deviations in the course of business from forecasts and targets were explained in detail to the Supervisory Board and reviewed on the basis of the documents presented. In addition, there were regular talks between the CEO and the chairman of the Supervisory Board on important developments and decisions to be taken. The Managing Board and the Supervisory Board coordinated the strategic objectives of the Company together.

If decisions or measures taken by the Managing Board required approval on the basis of law, the Articles of Association or the Bylaws, the proposed resolutions – prepared by the committees in some cases – were discussed, reviewed and resolved by the Supervisory Board at its 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 by way of circulation. The Supervisory Board was directly involved at an early stage in all decisions of fundamental significance to the Company.

### MAIN TOPICS OF THE SUPERVISORY BOARD MEETINGS IN 2013

In the 2013 reporting year, a total of four Supervisory Board meetings were held in March, May, September and December. The meeting in September was a two-day meeting. The Supervisory Board was in full attendance at most of the meetings. No member of the Supervisory Board attended less than half of the meetings held in fiscal year 2013.

The meeting of the Supervisory Board in March 2013 focused on the annual financial statements of HUGO BOSS AG and of the HUGO BOSS Group as of December 31, 2012, the audit report prepared by the auditors and the dependent company report. At this meeting, the annual financial statements of HUGO BOSS AG as of December 31, 2012 were approved and ratified, and the consolidated financial statements of the HUGO BOSS Group were also approved. Furthermore, the Supervisory Board's report to the Annual Shareholders' Meeting was discussed and adopted, as were – after reviewing the independence of the newly proposed auditor for fiscal year 2013 – the proposals for the adoption of resolutions at the Annual Shareholders' Meeting of HUGO BOSS AG on May 16, 2013. The two-day meeting of the Supervisory Board in September 2013 served an extensive discussion of the development of current trading, a detailed presentation of retail expansion and strategic development of the e-commerce business and further development of womenswear activities. Furthermore, the meeting discussed the progress of the construction work on the new flat-packed goods distribution center and personnel development measures. The Supervisory Board meeting in December 2013 performed the review of the efficiency of the Supervisory Board, discussed and approved the declaration of compliance with the German Corporate Governance Code for 2013, discussed the reports by the committees of the Supervisory Board in detail and discussed and resolved both the budget and the internal audit planning for 2014.

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 in particular with the further internationalization of business, i.e., the expansion of retail activities and forthcoming investments, compliance issues and the Corporate Governance Code.

## **COMMITTEES OF THE SUPERVISORY BOARD AND THEIR WORK IN 2013**

In order to perform its duties efficiently, the Supervisory Board set up a total of five committees: an Audit Committee, a Working Committee, a Personnel Committee, a Nomination Committee and a Mediation Committee as required by law. To the extent permitted by law, the Supervisory Board's decision-making authority was transferred to the Committees. The committees addressed in-depth the respective issues assigned to them and the chairs of the respective committees always reported in detail to the Supervisory Board on the committee meetings and their results.

The Audit Committee met four times in fiscal year 2013. The main subjects of its meetings were 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 separate and consolidated financial statements, the risk monitoring system and the risk management system, the internal control systems and compliance issues. The Personnel Committee held five meetings, at which it focused on target agreements for the Managing Board and target achievement. The Working Committee held one meeting in the fiscal year at which it discussed the development of womenswear activities, the new PR, marketing and sponsorship concepts and preparations for the Annual Shareholders' Meeting. The

Nomination Committee and the Mediation Committee set up in accordance with Sec. 27 (3) MitbestG [“Mitbestimmungsgesetz“: German Co-determination Act] did not need to meet in the past fiscal year.

## **CORPORATE GOVERNANCE**

The Supervisory Board discussed developments in corporate governance regulations at the Company in the past fiscal year. In December 2013, the Managing Board and the Supervisory Board issued a new Declaration of Compliance pursuant to Sec. 161 (1) Sentence 1 AktG [“Aktengesetz“: German Stock Corporation Act] on compliance with the recommendations of the Corporate Governance Code at HUGO BOSS AG. The combined report on corporate governance at the Company in accordance with No. 3.10 of the German Corporate Governance Code can be found on page 16. As in previous years, a review of the efficiency of the Supervisory Board’s activities, as recommended by the German Corporate Governance Code, was performed using a standardized, comprehensive questionnaire. The outcome was discussed and analyzed in detail at the Supervisory Board meeting on December 13, 2013, where the Supervisory Board came to a positive conclusion.

No conflicts of interest relating to Managing Board or Supervisory Board members arose in 2013 that had to be disclosed to the Supervisory Board immediately and about which the Annual Shareholders’ Meeting had to be informed in accordance with the German Corporate Governance Code.

## **AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS**

The annual financial statements of HUGO BOSS AG and the consolidated financial statements for fiscal year 2013 and the combined management report for HUGO BOSS AG and the Group for fiscal year 2013 prepared by the Managing Board were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft, Stuttgart, together with the accounting records. The corresponding audit engagement 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, 2013. This included an agreement with the auditors to inform the chair of the Audit Committee without delay during the audit of any grounds for disqualification or partiality that could not be immediately rectified. There was also an agreement with the auditors to immediately report all findings and incidents of which they become aware during the course of the audit that are of significance to the duties of the Supervisory Board. The auditors were furthermore required to inform the Supervisory Board or note in the audit report if any facts were ascertained during the audit that would result in the declaration submitted by the Managing Board and the Supervisory Board in accordance with Sec. 161 (1) Sentence 1 AktG not being correct. There was, however, no cause for any such report by the auditors. In addition, the Supervisory Board obtained the auditors’ declaration of independence in accordance with No. 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 consolidated financial statements of HUGO BOSS AG were prepared in accordance with Sec. 315a HGB [“Handelsgesetzbuch”: German Commercial Code] on the basis of the International Financial Reporting Standards (IFRSs) as adopted by the EU. The auditors rendered an unqualified audit opinion on both the separate and consolidated financial statements including the combined management report for HUGO BOSS AG and the Group.

The dependent company report prepared by the Managing Board was also audited by the auditors. The auditors rendered the following audit opinion on this report:

“Based on our audit and assessment in accordance with professional standards, we confirm that

1. the factual statements made in the report are correct;
2. the payments made by the company in connection with transactions detailed in the report were not unreasonably high;
3. there are no circumstances that would require a materially different assessment of the measures listed in the report than that of the Managing Board.”

The Supervisory Board had at its disposal the audit records and the Managing Board’s proposal for the appropriation of profit as well as the two audit reports from the external auditors, including the dependent company report in accordance with Sec. 312 AktG and the auditors’ audit report on the dependent company report. These documents were first discussed and reviewed in detail by the Audit Committee and then by the entire Supervisory Board in the presence of the auditors, who reported on the findings of their audit. The auditors reported on their main audit findings and commented in detail on the net assets, financial position and results of operations of the Company and the Group. The auditors further reported that there were no material weaknesses in the internal control system and risk management system with regard to the accounting process. They also reported that there were no circumstances that gave occasion for concern about any partiality on their part and reported on services that they provided in addition to their audit work. Answers were given to the questions posed by the Supervisory Board and its committees on that occasion and the documents relating to the financial statements were examined in detail with the auditors and discussed and reviewed by the Supervisory Board and the Audit Committee. The audit reports were discussed with the auditors and the related questions were answered by the auditors. The auditors’ findings were subsequently approved. After its final review, the Supervisory Board does not raise any objections.

At its financial review meeting on March 12, 2014, the Supervisory Board therefore approved the separate financial statements, the consolidated financial statements and the combined management report for HUGO BOSS AG and the Group for fiscal year 2013. The separate financial statements of HUGO BOSS AG for fiscal year 2013 have therefore been ratified in accordance with Sec. 172 AktG.

The dependent company report reviewed by the Audit Committee and the Supervisory Board and the audit report prepared by the auditors on this report were approved by the Supervisory Board. After its final review, no objections were raised on the Managing Board's statement at the end of the dependent company report.

Finally, at its meeting on March 12, 2014, the Supervisory Board approved the Managing Board's proposal for the appropriation of profit. In this context the Supervisory Board held intense discussions on the liquidity situation of the Company, the financing of planned investments and the effects on the capital market. In the course of these discussions, the Supervisory Board came to the conclusion that the proposal was in the best interests of both the Company and its shareholders.

The Supervisory Board would like to thank all the employees for their high level of personal dedication and the work they performed that was vital to HUGO BOSS AG's success in fiscal year 2013.

Metzingen, March 12, 2014

The Supervisory Board

A handwritten signature in black ink, appearing to read 'Hellmut Albrecht', written in a cursive style.

**Dr. Hellmut Albrecht**  
Chairman

## SUPERVISORY BOARD

**DR. HELLMUT ALBRECHT**

Munich, Germany

**Management Consultant  
Chairman of the Supervisory Board**

**ANTONIO SIMINA**

Metzingen, Germany

**Tailor/Chairman of the  
Works Council HUGO BOSS AG,  
Metzingen, Germany  
Deputy Chairman  
of the Supervisory Board  
Employee representative**

**GERT BAUER**

Reutlingen, Germany

**First Authorized Representative  
of the German Metalworkers´  
Union (IG Metall),  
Reutlingen/Tübingen, Germany  
Employee representative**

**HELMUT BRUST**

Bad Urach, Germany

**Senior Head of Social Affairs  
HUGO BOSS AG,  
Metzingen, Germany  
Employee representative**

**BERND SIMBECK**

Metzingen, Germany

**Administrative employee  
HUGO BOSS AG,  
Metzingen, Germany  
Employee representative**

**SINAN PISKIN**

Metzingen, Germany

**Administrative Employee  
HUGO BOSS AG,  
Metzingen, Germany  
Employee representative**

**DR. MARTIN WECKWERTH**

Frankfurt/Main, Germany

**Partner  
Permira Beteiligungsberatung GmbH,  
Frankfurt/Main, Germany**

**MONIKA LERSMACHER**

Kornwestheim, Germany

**Secretary of the German  
Metalworkers´ Union  
IG Metall Area Headquarters  
Baden-Württemberg,  
Stuttgart, Germany  
Employee representative**

**DAMON MARCUS BUFFINI**

Surrey, Great Britain

**Managing Director  
Permira Advisers LLP,  
London, Great Britain**

**LUCA MARZOTTO**

Venice, Italy

**Chief Executive Officer  
Zignago Holding S.p.A.,  
Fossalta di Portogruaro, Italy**

**GAETANO MARZOTTO**

Milan, Italy

**Chairman of the Supervisory Board  
Gruppo Santa Margherita S.p.A.,  
Fossalta di Portogruaro, Italy**

**DR. KLAUS MAIER**

Stuttgart, Germany

**Management Consultant**