

## REPORT OF THE SUPERVISORY BOARD

### Dear readers,

Against the backdrop of a global economy with its complex developments which are frequently difficult to predict, the Supervisory Board's control and advisory functions arising from law, the Company's Articles of Association and the Bylaws assume particular importance. Accordingly, the Supervisory Board continued to perform its duties with the utmost care in fiscal year 2015, advising the Managing Board in close collaboration based on mutual trust and monitoring its management activities.

In written and oral reports, the Managing Board informed us regularly, with minimum delay and comprehensively on all matters of relevance for HUGO BOSS AG and the Group companies pertaining to strategy, planning, business performance, the risk situation and compliance and fulfilled its disclosure obligations. In this connection, monitoring and control duties particularly focused on the relevant key performance indicators. Developments leading to any deviations in the actual course of business from forecasts 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 and were kept informed of material developments and decisions on which reports were submitted at the following Supervisory Board and Committee meeting at the latest. In addition, the Managing Board and the Supervisory Board coordinated the Company's strategic orientation.

All members of the Supervisory Board had at all times sufficient opportunity to critically review the Managing Board's reports and proposals and to contribute their own ideas in the Committees and in the meetings of the Supervisory Board. 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.

### COMPOSITION OF THE SUPERVISORY BOARD

Regular elections for the Supervisory Board of HUGO BOSS AG were held at the Annual Shareholders' Meeting on May 12, 2015. The previous shareholder representatives on the Supervisory Board, Dr. Hellmut Albrecht, Dr. Martin Weckwerth, Dr. Klaus Maier and Damon Marcus Buffini, did not stand for re-election. Luca Marzotto and Gaetano Marzotto were re-elected to the Supervisory Board. In addition, Michel Perraudin, Kirsten Kistermann-Christophe, Axel Salzmann and Hermann Waldemer were elected for the first time. The employee representatives had already been elected in March in separate elections and accepted their mandates after the Annual Shareholders' Meeting at the constitutive meeting. The regular period of office for the newly elected Supervisory Board expires at the end of the Annual Shareholders' Meeting that decides on the exoneration of the Supervisory Board for fiscal year 2019.

Michel Perraudin was elected Chairman and Antonio Siminia Deputy Chairman at the constitutive meeting of the Supervisory Board held immediately after the 2015 Annual Shareholders' Meeting.

## **MAIN TOPICS OF THE SUPERVISORY BOARD MEETINGS IN 2015**

In the 2015 reporting year, a total of nine Supervisory Board meetings were held in March, May, June, August, September, October and December. The meeting in September extended over two days. With the exception of the ordinary meeting of the Supervisory Board on May 12, 2015 and the constitutive meeting on the same day at which one member was absent due to illness but was still able to participate in voting, all members of the Supervisory Board attended all meetings in 2015.

The meeting of the Supervisory Board in March 2015 concentrated on the annual financial statements of HUGO BOSS AG and of the HUGO BOSS Group as at December 31, 2014, the audit report prepared by the auditors and the dependent company report. At this meeting, the annual financial statements of HUGO BOSS AG as at December 31, 2014 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 the review of the independence of the newly proposed auditor for fiscal year 2015 – the proposals for the adoption of resolutions at the Annual Shareholders' Meeting of HUGO BOSS AG on May 12, 2015.

On September 23 and 24, the Supervisory Board held a two-day meeting for extensive discussion of the corporate strategy up to 2020, a detailed presentation of the Group's organizational structure and the development of its sustainability activities.

At its meeting in December 2015, the Supervisory Board discussed in detail the results of its efficiency review, deliberated on and approved the declaration of compliance with the German Corporate Governance Code for 2015, discussed the 2016 budget and approved the internal audit planning for 2016.

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 the Group's own retail activities and forthcoming investments, compliance issues and the Corporate Governance Code.

## COMMITTEES OF THE SUPERVISORY BOARD AND THEIR WORK IN 2015

The Supervisory Board has set up a total of five committees in order to improve the efficiency of its work: an Audit Committee, a Working Committee, a Personnel Committee, a Nomination Committee and a Mediation Committee as required by law. They prepare proposals and matters for discussion by the full Supervisory Board. To the extent permitted by law, the Supervisory Board's decision-making authority was transferred to the Committees. The Committee chairpersons reported in detail on the work of their respective Committee at the following meeting of the Supervisory Board.

The **Audit Committee** met four times in fiscal year 2015. 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 ten meetings, at which it focused on target agreements for the Managing Board and reviewed achievement of the targets. It also dealt with the extension of contracts for Managing Board members.

The **Working Committee** held four meetings in the fiscal year at which it discussed the development of sales and womenswear activities, the employment pact and preparations for the Annual Shareholders' Meeting.

The **Mediation Committee** established in accordance with Sec 27 (3) MitbestG ["Mitbestimmungsgesetz": Codetermination Act] held one meeting in the past fiscal year and concerned itself with the appointment of members of the Managing Committee.

It was not necessary for the **Nomination Committee** to be convened in the year under review.

### 01|01 ATTENDANCE AT MEETINGS OF THE SUPERVISORY BOARD AND BOARD COMMITTEES IN 2015

	Number of members	Number of meetings	Attendance rate
Working Committee	6	4	100%
Nomination Committee	2	0	n/a
Personnel Committee	4	10	100%
Audit Committee	4	4	100%
Mediation Committee	4	1	100%
Full Supervisory Board	12	9	98%
<b>TOTAL</b>			<b>100%</b>

## PARTICIPATION OF SUPERVISORY BOARD MEMBERS IN MEETINGS IN FISCAL YEAR 2015

### 01|02 PARTICIPATION IN MEETINGS OF THE FULL SUPERVISORY BOARD AND ITS COMMITTEES

Member	Attendance rate <sup>1</sup>
Michel Perraudin, Chairman (from May 12, 2015)	100%
Dr. Hellmut Albrecht, Chairman (till May 12, 2015)	100%
Antonio Simina, Deputy Chairman	100%
Gert Bauer (till May 12, 2015)	100%
Helmut Brust (till May 12, 2015)	86%
Damon Marcus Buffini (till May 12, 2015)	100%
Tanja Silvana Grzesch (from May 12, 2015)	100%
Anita Kessel (from May 12, 2015)	100%
Kirsten Kistermann-Christophe (from May 12, 2015)	100%
Fridolin Klumpp (from May 12, 2015)	100%
Monika Lersmacher	100%
Dr. Klaus Maier (till May 12, 2015)	100%
Gaetano Marzotto	100%
Luca Marzotto	100%
Sinan Piskin	100%
Axel Salzmann (from May 12, 2015)	100%
Bernd Simbeck (till May 12, 2015)	100%
Hermann Waldemer (from May 12, 2015)	89%
Dr. Martin Weckwerth (till May 12, 2015)	100%

<sup>1</sup> Attendance rate = Visited meetings / Meetings to which the member was invited.

## CORPORATE GOVERNANCE

Last year, the Supervisory Board also dealt with new developments in the corporate governance regulations at the Company. In December 2015, 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 and the Corporate Governance Declaration can be found on page 17. As in previous years, the annual 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 10, 2015, where the Supervisory Board came to a positive conclusion.

There were no conflicts of interest in 2015 relating to any members of the Managing Board or Supervisory Board members 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 2015 and the combined management report for HUGO BOSS AG and the Group for fiscal year 2015 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 12, 2015. 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. 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. The auditors were 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 AktG. 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 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 issued 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 issued 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 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 commented in detail on the net assets, financial position and results of operations of the Company and the Group. The auditors further stated 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. Finally, they 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 9, 2016, 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 2015. The financial statements of HUGO BOSS AG for fiscal year 2015 have therefore been ratified in accordance with Sec. 172 AktG.

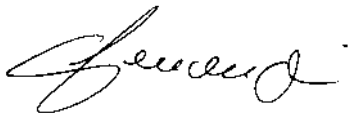
The dependent company report reviewed by the Audit Committee and the Supervisory Board and the audit report prepared by the auditors on this report were approved by the Supervisory Board. After its final review, no objections were raised on the Managing Board's statement at the end of the dependent company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

Finally, at its meeting on March 9, 2016, 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.

On behalf of the Supervisory Board, I wish to thank all the members of the Managing Board, the employees around the world and the employee representatives at HUGO BOS AG for their great commitment and constructive work in fiscal year 2015.

Metzingen, March 9, 2016

The Supervisory Board



**Michel Perraudin**  
Chairman