

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 2016, 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 annual financial results. 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. We 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.

SUPERVISORY BOARD MEETINGS IN 2016 AND MAIN TOPICS

In the 2016 reporting year, a total of six Supervisory Board meetings were held in February, March, April, May, September and December. The meeting in September was a two-day meeting. With the exception of one ordinary meeting of the Supervisory Board, which one member was unable to attend in person due to other commitments, the meetings of the Supervisory Board were attended by all members in 2016.

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

Member	Number of meetings	Attendance meetings	Attendance rate ¹
Michel Perraudin, Chairman	24	24	100%
Antonio Simina, Deputy Chairman	25	23	92%
Tanja Silvana Grzesch	7	7	100%
Anita Kessel	9	9	100%
Kirsten Kistermann-Christophe	6	6	100%
Fridolin Klumpp	11	11	100%
Monika Lersmacher (till July 31, 2016)	5	5	100%
Gaetano Marzotto	6	6	100%
Luca Marzotto	19	19	100%
Sinan Piskin	20	20	100%
Axel Salzmann	6	5	83%
Martin Sambeth (from August 01, 2016)	2	2	100%
Hermann Waldemer	12	12	100%

¹ Attendance rate = Attended meetings (by phone or in person).

The meeting of the Supervisory Board in March 2016 focused on the annual financial statements of HUGO BOSS AG and of the HUGO BOSS Group as of 31 December, 2015, 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, 2015 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 proposed auditor for fiscal year 2016 – the proposals for the adoption of resolutions at the Annual Shareholders' Meeting of HUGO BOSS AG on May 19, 2016.

On September 26 and 27, 2016, 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 2016, 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 2016, discussed the 2017 budget and approved the internal audit planning for 2017.

The main topics in the year under review included the changes to the Managing Board: with effect from February 29, 2016, Mr. Claus-Dietrich Lahrs, stood down from his positions as Chairman of the Managing Board and Chief Executive Officer (CEO) and member of the Managing Board of HUGO BOSS AG. At its meeting on February 26, 2016, the Supervisory Board appointed Mr. Bernd Hake as a member of the Managing Board (Chief Sales Officer) of HUGO BOSS AG with effect from March 1, 2016. In addition, Mr. Christoph Auhagen stood down from his position as a member of the Managing Board of HUGO BOSS AG with effect from April 22, 2016.

At its meeting of May 19, 2016, the Supervisory Board appointed the former CFO, Mr. Mark Langer, as Chairman of the Managing Board and Chief Executive Officer (CEO) of HUGO BOSS AG with effect from May 19, 2016.

Lastly, at its meeting of April 22, 2016 and in a resolution passed on August 8, 2016, the Supervisory Board appointed Mr. Ingo Wilts as a member of the Managing Board (Chief Brand Officer) of HUGO BOSS AG with effect from August 15, 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 mainly with the Group's own retail activities, in particular the planned store closures, and cost planning, compliance issues and the German Corporate Governance Code.

CHANGES TO THE SUPERVISORY BOARD

Ms. Monika Lersmacher stepped down from the Supervisory Board with effect from July 31, 2016. Mr. Martin Sambeth was appointed by the court as an employee representative to the Supervisory Board with effect from August 1, 2016.

At the Supervisory Board meeting of September 26, 2016, Ms. Tanja Silvana Grzesch was elected as the successor to Ms. Monika Lersmacher on the Mediation Committee of the Supervisory Board.

COMMITTEES OF THE SUPERVISORY BOARD AND THEIR WORK IN 2016

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 2016. 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 11 meetings, at which it focused on the changes to the Managing Board. In addition, the Personnel Committee handled the preparations for the target agreements on behalf of the Managing Board and reviewed the achievement of the targets.

The **Working Committee** held two meetings in the fiscal year at which it discussed the development of sales and earnings in the Group's own retail business, preparations for the strategy meeting, the change to the Supervisory Board's bylaws and preparations for the Annual Shareholders' Meeting.

The **Mediation Committee** set up in accordance with Sec. 27 (3) MitbestG ["Mitbestimmungsgesetz": German Co-determination Act] did not meet in the past fiscal year. Likewise, it was not necessary for the Nomination Committee to be convened in the year under review.

As Ms. Monika Lersmacher stepped down from her position as a member of the Supervisory Committee with effect from July 31, 2016, the **employee representatives** on the Supervisory Board met once in fiscal year 2016 to discuss the topic of female representation and decided at their meeting of July 19, 2017 to retroactively withhold their consent to the fulfillment of the gender quota in overall terms (Sec. 96 (2) sentence 5 AktG ["Aktengesetz": German Stock Corporation Act]) pursuant to Sec. 96 (2) AktG. The gender quota pursuant to Sec. 96 (2) AktG is henceforth to be fulfilled separately for shareholder representatives and employee representatives. Following the appointment of Mr. Martin Sambeth as the successor to Ms. Lersmacher as a member of the Supervisory Board of HUGO BOSS AG with effect from August 1, 2016, the gender quota was fulfilled for the employee representatives, as two of the six employee representatives are women (Ms. Tanja Silvana Grzesch and Ms. Anita Kessel). The gender quota is no longer fulfilled for the shareholder representatives, as only one woman (Ms. Kirsten Kistermann-Christophe) was elected. Pursuant to Sec. 96 (2) sentence 5 AktG, this does not, however, render the composition of the shareholder representatives' side invalid. It must be ensured that the gender quota is fulfilled on the shareholder representatives' side at the next election.

CORPORATE GOVERNANCE

Last year, the Supervisory Board also dealt with new developments in the corporate governance regulations at the Company. In December 2016, the Managing Board and the Supervisory Board issued a new Declaration of Compliance pursuant to Sec. 161 (1) Sentence 1 AktG on compliance with the recommendations of the German 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 18. 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 7, 2016, where the Supervisory Board came to a positive conclusion.

No conflicts of interest relating to Managing Board or Supervisory Board members arose in 2016 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 2016 ANNUAL FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements of HUGO BOSS AG and the consolidated financial statements for fiscal year 2016 and the combined management report for HUGO BOSS AG and the Group for fiscal year 2016 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 19 May, 2016. 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 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. 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 Article 6 (2) (a) of the regulation (EU) No 537/2014 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 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. 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 reason 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 8, 2017, 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 2016. The financial statements of HUGO BOSS AG for fiscal year 2016 have therefore been ratified in accordance with Sec. 172 AktG.

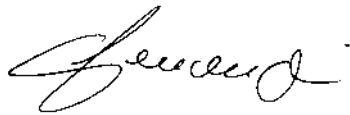
Finally, at its meeting on March 8, 2017, the Supervisory Board approved the Managing Board's proposal for the appropriation of profit. In this context the Supervisory Board held detailed discussions on the liquidity situation of the Company, the financing of planned investments and the effects on the 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.

ACKNOWLEDGMENTS

On behalf of the Supervisory Board, I wish to thank all the members of the Managing Board and the employees around the world 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 2016.

Metzingen, March 8, 2017

The Supervisory Board



Michel Perraudin
Chairman