

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

The HUGO BOSS Group achieved its financial goals in fiscal year 2017, making substantial progress in its strategic realignment. The Supervisory Board continued to perform its **duties with the utmost care** in fiscal year 2017, comprehensively advising the Managing Board in a close, trust-based collaboration and monitoring its management activities. It performed the duties imposed on it by law, the Company's Articles of Association and its own bylaws.

Collaboration between the Managing Board and the Supervisory Board

In written and oral reports, the Managing Board informed us regularly, comprehensively and in a timely manner, of all **matters of relevance for HUGO BOSS AG and the Group companies pertaining to strategy, planning, business performance, the risk position, changes in the risk situation and compliance**. In this connection, monitoring and control duties particularly focused on the 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.

Ongoing dialog between the Managing Board and the Supervisory Board

All members of the Supervisory Board had sufficient opportunity at all times to review the Managing Board's **reports and proposals** critically 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.

Main topics at the meetings of the Supervisory Board

In 2017, a total of **four Supervisory Board meetings** were held in March, May, September and December, with the meeting in September held over two days. With the exception of Mr. Luca Marzotto, who was unable to attend two meetings of the Personnel Committee and one meeting of the Working Committee for personal reasons, and Mr. Antonio Simina, who was unable to attend one meeting of the Audit Committee and one meeting of the Working Committee for personal reasons, all members of the Supervisory Board attended all meetings of the Supervisory Board and all members of the Supervisory Board Committees attended all the meetings of the respective Committees.

Four meetings of the Supervisory Board held in the year under review

Participation in meetings of the full Supervisory Board and its committees¹

Member	Full Supervisory Board (4)	Audit Committee (5)	Working Committee (5)	Personnel Committee (7)	Attendance rate (21)
Michel Perraudin, Chairman	4/4	5/5	5/5	7/7	21/21
Antonio Simina, Deputy Chairman	4/4	4/5	4/5	7/7	19/21
Tanja Silvana Grzesch	4/4	–	–	–	4/4
Anita Kessel	4/4	–	5/5	–	9/9
Kirsten Kistermann-Christophe	4/4	–	–	–	4/4
Fridolin Klumpp	4/4	5/5	–	–	9/9
Gaetano Marzotto	4/4	–	–	–	4/4
Luca Marzotto	4/4	–	4/5	5/7	13/16
Sinan Piskin	4/4	–	5/5	7/7	16/16
Axel Salzmann	4/4	–	–	–	4/4
Martin Sambeth	4/4	–	–	–	4/4
Hermann Waldemer	4/4	5/5	5/5	–	14/14

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

The **meeting of the Supervisory Board in March 2017** focused on the annual financial statements of HUGO BOSS AG and of the HUGO BOSS Group as of December 31, 2016 and the audit report prepared by the auditors. At this meeting, the annual financial statements and the consolidated financial statements of HUGO BOSS AG as of December 31, 2016 were approved and ratified. Furthermore, the Supervisory Board's report to the Annual Shareholders' Meeting was discussed and adopted, as were the proposals for the adoption of resolutions at the Annual Shareholders' Meeting of HUGO BOSS AG on May 23, 2017 following the review of the independence of the proposed auditor for the fiscal year 2017.

At its **meeting of May 22, 2017**, the Supervisory Board appointed Mr. Yves Müller to the Managing Board (Chief Financial Officer) of HUGO BOSS AG. The appointment, with effect from December 1, 2017, was confirmed in a circular resolution of October 27.

On **September 26 and 27, 2017**, the Supervisory Board deliberated on the progress made in implementing the Company's strategy, its current business performance, the Group's customer relationship management activities and the performance of the main European markets.

At the **Supervisory Board's meeting in December 2017**, the budget for 2018 was discussed and approved, the results of the Supervisory Board efficiency review discussed in detail, the declaration of compliance with the German Corporate Governance Code discussed and approved and the internal auditing plan for 2018 approved.

In addition, the investments in the construction of a new outlet in Metzingen were approved by the Supervisory Board in a circular resolution.

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 store closures and the online business, cost planning, compliance issues and the German Corporate Governance Code.

**Regular exchange
of information on key
issues in 2017**

Work of the Committees in 2017

The Supervisory Board has established **five committees** in order to perform its duties efficiently: an Audit Committee, a Personnel Committee, a Working Committee, a Nomination Committee and the Mediation Committee required by law. To the extent permitted by law, the Supervisory Board's decision-making authority was delegated to the Committees. The Committee chairpersons reported in detail on the work of their respective Committee at the following meeting of the Supervisory Board.

**Committees increase
the efficiency of the
Supervisory Board**

The **Audit Committee** met five times in 2017. The main agenda of its meetings concerned the financial reporting of the Company and the Group with respect to the annual, half-yearly and quarterly financial statements and reports, the audit of the annual and consolidated financial statements, monitoring of the risk management and internal control system, compliance matters and risk management. In addition, the Audit Committee requested the declaration of independence from the external auditor and satisfied itself of the auditor's independence. In addition to defining the main aspects of the audit of the annual and consolidated financial statements for 2017 and mandating the external auditor, it approved non-auditing services and placed a cap on the fees payable for such non-auditing services. In addition, the results of the internal preliminary audit of the non-financial report were discussed in accordance with the Act to Strengthen Non-Financial Reporting by Companies in the Management and Group Management Reports (CSR Directive Implementation Act).

The **Personnel Committee** held seven 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** met five times in the year under review and dealt with the remuneration of the Supervisory Board, the strategy, preparations for the Annual General Meeting and the establishment of subsidiaries in Estonia and Latvia. In addition, it deliberated on the performance of online business, personnel matters, the renewal of the license agreement for watches as well as the corporate governance statement and the diversity policy.

The **Nomination Committee** and the **Mediation Committee** did not convene in the year under review.

Corporate governance

Managing Board and Supervisory Board issue new declaration of compliance

The Supervisory Board additionally dealt with the **principles of good corporate governance** within the Company. In December 2017, the Managing Board and the Supervisory Board issued a new declaration of compliance with the German Corporate Governance Code (GCGC). The combined report on corporate governance at the Company in accordance with No. 3.10 of the German Corporate Governance Code including the Corporate Governance Statement can be found on page 13. The annual efficiency review recommended by the GCGC was performed on the basis of a detailed standardized questionnaire. The results were analyzed and discussed in detail at the meeting of the Supervisory Board held on December 7, 2017. The Supervisory Board drew a favorable conclusion.

Conflicts of interest

No conflicts of interest relating to Managing Board or Supervisory Board members arose in 2017. Under the German Corporate Governance Code, such conflicts of interest must be disclosed to the Supervisory Board without delay and to the Annual Shareholders' Meeting.

Audit of annual and consolidated financial statements for 2017

Unqualified audit opinion received

Ernst & Young Wirtschaftsprüfungsgesellschaft, Stuttgart, duly audited the consolidated financial statements of HUGO BOSS AG for 2017, which had been prepared by the Managing Board on the basis of the International Financial Reporting Standards (IFRS) in accordance with Sec. 315e HGB, and issued an **unqualified audit opinion**. This was also the case for the annual financial statements of HUGO BOSS AG for 2017 prepared in accordance with the provisions of the German Commercial Code as well as the combined management report for 2017 of HUGO BOSS AG and the Group. 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 23, 2017. In addition, it was agreed with the auditor to inform the chair of the Audit Committee without delay during the audit of any grounds for disqualification or factors affecting impartiality 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. He was furthermore required to inform the Supervisory Board or note in the audit report any facts that were ascertained during the audit resulting in any errors in the declaration submitted by the Managing Board and the Supervisory Board in accordance with Sec. 161 (1) Sentence 1 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 Supervisory Board received all accounting documents, the Managing Board's proposal for the appropriation of profit as well as the two audit reports from the external auditor.

The annual financial statements, the proposal for the appropriation of profit and the combined management report for 2017 for HUGO BOSS AG and the Group as well as the separate non-financial Group report for 2017, which also contains the separate non-financial report of HUGO BOSS AG, and the two audit reports were discussed and inspected in advance by the Audit Committee and then by the full Supervisory Board in the presence of the external auditor. The external auditor reported on the main findings of the audit, particularly with respect to the key aspects of the audit that had been determined by the Audit Committee for the year under review. He was also available to answer any questions and provide additional information. No shortcomings in the accounting-related internal control system and risk management were identified in this connection. Similarly, there were no circumstances indicating possible partiality on the part of the external auditor. Finally, he reported on the non-auditing services that had been provided in the year under review. The auditor's findings were approved. Following its final review, the Supervisory Board raised no objections.

Consequently, the Supervisory Board approved the **financial statements for fiscal year 2017** prepared by the Managing Board at its meeting of March 7, 2018. The financial statements of HUGO BOSS AG for fiscal year 2017 were therefore ratified in accordance with Sec. 172 AktG. In addition, the Supervisory Board approved the Managing Board's proposal for the **appropriation of profit** at the same meeting. In this context the Supervisory Board held detailed discussions on the liquidity 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.

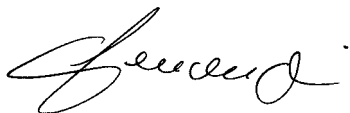
Acknowledgments

On behalf of the Supervisory Board, I wish to thank the members of the Managing Board and all managers and employees for their high level of personal dedication and great commitment. I also wish to thank the employee representatives of HUGO BOSS AG for their constructive collaboration in 2017.

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

Metzingen, March 7, 2018

The Supervisory Board



Michel Perraudin
Chairman