

CHAPTER 3

CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE AND THE CORPORATE GOVERNANCE STATEMENT

Good corporate
governance as a key
factor for long-term
business success

Close and continuous
dialog between
Managing Board and
Supervisory Board

Managing Board and
Supervisory Board
issue declaration of
compliance

The Managing Board and the Supervisory Board are convinced that **good corporate governance** is a key factor for long-term business success. Good corporate governance is therefore an integral part of HUGO BOSS and a guiding principle encompassing all areas of the Company. The Managing Board and Supervisory Board are committed to ensuring the Company's continuation as a going concern as well as sustainable value creation through responsible, transparent, and long-term corporate governance. At the same time, HUGO BOSS aims to live up to and further strengthen the trust placed in the Company by its employees, shareholders, business partners, and the public.

In fiscal year 2023, the Managing Board and Supervisory Board dealt in detail with compliance with the requirements of the German Corporate Governance Code (GCGC) and, as a result, issued the **Declaration of Compliance** dated December 2023. It is included at the end of this chapter and, like previous declarations of compliance, published on the corporate website. Apart from the exceptions mentioned therein, HUGO BOSS complies with the recommendations of the GCGC as amended on April 28, 2022, published in the "Bundesanzeiger" [German Federal Gazette] on June 27, 2022.

The **Corporate Governance Statement** (pursuant to Sec. 289f and Sec. 315d HGB ["Handelsgesetzbuch": German Commercial Code]) contains, among other things, the declaration of compliance, disclosures on corporate governance practices, and a description of the working methods of the Managing Board and the Supervisory Board. It is also available at cgs.hugoboss.com.

Corporate governance practices

As an international company, HUGO BOSS is aware of its corporate responsibility vis-à-vis employees, society, and the environment. In this context, **responsible corporate action** is an important prerequisite for ensuring competitiveness and long-term business success. Consequently, HUGO BOSS not only places the highest demands on innovation and the quality of its products, but also takes environmental and social factors into account in all activities along the value chain. With sustainability being an integral part of its business activities, HUGO BOSS developed its new **Sustainability Strategy** in 2023, focusing on five strong pillars all

aimed at actively driving change within the fashion industry and supporting the creation of a planet free of waste and pollution. HUGO BOSS always complies with the applicable regulatory frameworks as well as its internal guidelines. > [Sustainability](#)

Corporate compliance

HUGO BOSS operates in a large number of countries and therefore in different legal frameworks. At HUGO BOSS, **corporate compliance** is a key responsibility of the Managing Board, comprising measures to ensure adherence to statutory and other legal requirements, internal corporate policies, and codices. This includes, among other things, data protection, antitrust and anti-corruption regulations, as well as the provisions of capital market law. HUGO BOSS expects all employees to act in a legally impeccable manner at all times in their day-to-day work.

The **Compliance & Human Rights Officer** reports to the General Counsel in his role as Chief Compliance Officer and supports the Managing Board in monitoring effective compliance management. Together with the compliance officers in the Group companies, the Compliance & Human Rights Officer ensures that the compliance program is implemented and continuously developed throughout the Group. The Audit Committee is regularly informed about the activities of the Compliance department.

HUGO BOSS has summarized Group-wide principles of conduct in a **Code of Conduct** and in more detailed Group policies, thus creating the basis for ensuring the legality of all employee activities. The focus is on regulations governing conduct in compliance with competition and antitrust law, the avoidance of conflicts of interest, the appropriate handling of company information, data protection, fair working conditions and respectful treatment, as well as anti-corruption. Employees are continuously familiarized with the regulations of the Code of Conduct and the Group policies. In addition to **face-to-face training sessions**, HUGO BOSS also offers an **e-learning program** to be completed regularly by all employees with computer access. HUGO BOSS does not tolerate any form of deliberate misconduct or persistent violations of the Code of Conduct and the Group policies.

Employees can obtain support and advice on matters concerning legal conduct from their supervisors or the Compliance department. As a supplementary reporting channel, HUGO BOSS has also established a Group-wide **ombudsperson system**. Employees, suppliers, and trading partners can contact an external ombudsperson in confidence in case of any indications of fraud, infringements of antitrust law, or breaches of compliance guidelines. If desired, this can also be done anonymously. The ombudsperson's contact details are available to all employees via the Company's intranet and can also be found on the corporate website. The same applies to the **HUGO BOSS "Speak up Channel,"** which also offers the opportunity to report misconduct and criminal offenses confidentially and anonymously. HUGO BOSS has also published important information on the protection of whistleblowers and the handling of reports in a **whistleblower policy** on the corporate website and intranet.

Capital market communication

HUGO BOSS reports regularly, comprehensively, and without delay on its business development, operational and financial performance, as well as material changes within the Group. The **Investor Relations activities** include regular dialog with institutional investors, financial analysts, and private shareholders. As part of the **annual and quarterly financial results releases**, audio or videoconference calls are held for financial analysts and institutional investors to elaborate on the operational and financial performance. The Group's strategy and relevant strategic developments are also discussed in detail at a **Capital Markets Day** on a regular basis. In addition to dedicated events at which HUGO BOSS presents itself to private investors, the **Annual General Meeting** offers a further opportunity to obtain comprehensive information about the Company's performance. All key information and financial releases, such as press releases, voting rights notifications, financial reports, the financial calendar, and presentations of roadshows and conferences, are published on the **corporate website**. > group.hugoboss.com

Cooperation, composition, and activities of the Managing Board and Supervisory Board

The management structure of HUGO BOSS is derived from the requirements of German corporate law. As a German stock corporation, HUGO BOSS AG has a **dual management and control structure**. The Managing Board is responsible for the Group strategy and Group management. The Supervisory Board advises the Managing Board and monitors its management activities.

The Managing Board and Supervisory Board cooperate closely for the benefit of the Group. The common objective is to **sustainably increase the enterprise value of HUGO BOSS**. The Managing Board regularly informs the Supervisory Board in a timely manner and in detail of all issues of relevance for the Group concerning strategy, planning, business development, risk position, changes in the risk situation, and compliance. Deviations from targets and budgets are explained to the Supervisory Board and its committees in detail. The strategic direction and further development of the Group are also aligned and discussed with the Supervisory Board.

When making decisions and in performing their duties for HUGO BOSS, members of the Managing Board and Supervisory Board are not permitted to pursue their personal interests or grant other persons unjustified advantages. **No conflicts of interest** of members of the Managing Board or Supervisory Board were reported in fiscal year 2023. The mandates held by the Managing Board and Supervisory Board members in statutory supervisory boards or comparable domestic and foreign oversight committees of business enterprises are listed in the notes to the consolidated financial statements. > **Notes to the Consolidated Financial Statements, Additional Disclosures on the Members of the Supervisory Board and the Managing Board**

The Managing Board

The Managing Board of HUGO BOSS consists of the Chairman of the Managing Board and the members of the Managing Board with equal rights and their respective areas of responsibility. At the end of fiscal year 2023, the Managing Board comprised **three members**.

The HUGO BOSS Group is managed by the Managing Board of the parent company HUGO BOSS AG, in which all of the Group management functions are bundled. The **Managing Board's core duties** include developing and successfully executing the Group strategy, corporate finance, risk management (including the implementation and monitoring of the risk management and internal control system), decisions on the collections, product sourcing, and management of the global distribution network. In addition, the Managing Board is responsible for preparing the annual, consolidated, and interim financial statements, and for representing the Company to the media and the capital market.

The **bylaws** of the Managing Board govern the internal organization of the Managing Board, in particular the allocation of duties among its members as well as the procedure for adopting resolutions. The bylaws also define the disclosure and reporting duties as well as all matters requiring the approval of the Supervisory Board. The bylaws of the Managing Board are available on the corporate website. > group.hugoboss.com

The Supervisory Board pays attention to diversity in the composition of the Managing Board (**diversity concept for the Managing Board**). Diversity among the Managing Board's members serves to ensure the Company's long-term success. The Supervisory Board takes account of several aspects in the composition of the Managing Board, including:

- Members of the Managing Board should have long-standing management experience.
- Members of the Managing Board should have an international background (i.e., individuals who possess experience gained outside Germany due to current or past activities and/or who hold non-German citizenship).
- As many different educational and professional backgrounds as possible should be represented in the Managing Board.
- In addition to the legally required qualifications, the Managing Board should have members with knowledge of branding, supply chain matters, and distribution.
- To ensure long-term succession planning, the Managing Board should have a good balance of ages among its members.
- The Supervisory Board is pursuing the target of having at least one woman on the Managing Board by December 31, 2028, at the latest.
- Members of the Managing Board may not, as a rule, be older than 60 years of age when they are appointed.

Decisions on the specific **composition of the Managing Board** are made by the Supervisory Board in the interest of the Company and consider all circumstances of the individual case. Except for the target for the proportion of women on the Managing Board, the aforementioned composition targets were achieved throughout the reporting period.

Pursuant to Sec. 111 (5) AktG ["Aktengesetz": German Stock Corporation Act], the Supervisory Board had set the **target of having at least one woman on the Managing Board** of the Company for the period up to December 31, 2023, but did not meet this target. There were no new appointments to the Managing Board of HUGO BOSS during the reference period. Only the contracts of the existing Managing Board members were extended. The Supervisory Board strives to ensure an appropriate representation of women on the Managing Board. However, when making personnel decisions, the Supervisory Board pays particular attention to maintaining business continuity and continuing the successful cooperation with and within the

existing Managing Board. At the same time, the Supervisory Board did not consider it justified to intervene in the composition of the existing Managing Board solely to achieve the target. Consequently, pursuant to Sec. 111 (5) AktG ["Aktiengesetz": German Stock Corporation Act], the Supervisory Board of HUGO BOSS has again set the target of having at least one woman on the Managing Board for the reference period up to December 31, 2028.

The GCGC stipulates that the Managing Board shall pay attention to **diversity** when filling management positions in the Company and shall in particular strive for an appropriate consideration of women. The Managing Board of HUGO BOSS is committed to this objective. It has already paid attention to the diversity of the workforce in the past and will continue to do so in future. Pursuant to Sec. 76 (4) AktG, the Managing Board has set the target of achieving a proportion of women of at least 40% at the first management level, and at least 50% at the second management level below the Managing Board for the reference period up to December 31, 2025. As of December 31, 2023, the **proportion of women at the first management level below the Managing Board was 29%**, while it was **44% at the second management level below the Managing Board**. Both proportions were hence broadly in line with the prior-year level (December 31, 2022: 28% and 46%, respectively). HUGO BOSS strives to ensure that all genders are adequately represented within its workforce. However, positions are filled solely based on the qualifications of the applicants, even if this might lead to a proportion of women that is lower than the target. > **Employees and Teams**

Jointly with the Managing Board, the Supervisory Board is responsible for **long-term succession planning** for the Managing Board. In this context, the Supervisory Board considers the target for the proportion of women on the Managing Board and the criteria set out in the diversity concept for the Managing Board as well as the requirements of the German Stock Corporation Act (Aktiengesetz) and the GCGC. Respecting the specific qualification requirements and the aforementioned criteria, the Personnel Committee draws up an ideal profile, based on which it compiles a shortlist of available candidates. Interviews are then conducted with these candidates before a recommendation is submitted to the Supervisory Board for approval. When developing the requirement profiles and selecting the candidates, the Supervisory Board is supported, if necessary, by external consultants.

The Supervisory Board

HUGO BOSS attaches great importance both to the **competencies** and **independence** of the Supervisory Board members as well as to **diversity** in the composition of the Supervisory Board. The members of the Supervisory Board of HUGO BOSS have the necessary knowledge, skills, and professional experience to duly perform their duties.

In accordance with the recommendation in Sec. C.1 of the GCGC, the Supervisory Board adopted a **Supervisory Board competency profile** and set specific targets for its **composition**. Accordingly, the Supervisory Board should include at least two members with an international background. In fiscal year 2023, the Supervisory Board had three members who were nationals of countries other than Germany. In addition, several Supervisory Board members with German nationality have international professional experience. Furthermore, none of the members may have any potential conflicts of interest. **No conflicts of interest** of members of the Supervisory Board were reported in fiscal year 2023. None of the current members of the Supervisory Board previously held a Managing Board position within the Company. There were also no advisory or other service agreements in place between members of the Supervisory Board and the Company in the reporting year.

In addition, no member of the Supervisory Board should be older than 69 years at the time of election. However, the Supervisory Board has not set a standard limit for the length of membership of the Supervisory Board. HUGO BOSS is of the opinion that a predefined length of membership is not appropriate, as the Company also benefits from the expertise of long-standing Supervisory Board members.

The Supervisory Board has also defined a specific target regarding the number of **independent members** of the Supervisory Board within the meaning of the GCGC. Accordingly, of the twelve members of the Supervisory Board, a total of at least nine members shall be independent. In addition to the six employee representatives, the four shareholder representatives Iris Epple-Righi, Christina Rosenberg, Robin J. Stalker, and Hermann Waldemer are to be regarded as independent within the meaning of the recommendation in Sec. C.6 of the GCGC.

The Supervisory Board also adopted the following additional composition targets, with the aid of which **diversity** on the Supervisory Board is to be achieved (**diversity and competency concept for the Supervisory Board**):

- The Supervisory Board should have at least two members with an international background (i.e., persons who possess experience gained outside Germany due to current or past activities and/or hold non-German citizenship).
- The Supervisory Board should have at least one member with expertise in the area of accounting and at least one member with expertise in the area of auditing.
- The Supervisory Board should have at least one member holding expertise in branding, supply chain, and/or national or international distribution matters.
- The Supervisory Board should have at least two members who are currently or formerly managers of another company.
- The Supervisory Board should have at least four members possessing extensive knowledge and expertise of the Company itself. This shall include expertise regarding sustainability matters relevant to the Company.
- Aside from the employee representatives, the Supervisory Board should have at least three members who are independent.

All composition targets were either reached or exceeded throughout the reporting period, with the **implementation status of the diversity and competency concept** being disclosed below.

IMPLEMENTATION STATUS OF THE DIVERSITY AND COMPETENCY CONCEPT FOR THE SUPERVISORY BOARD

Member	Inter- nationality	Expertise accounting	Expertise auditing	Expertise branding, supply chain and/or distribution	Current or former manager of another company	Expertise of the Company itself	Expertise regarding sustainability matters relevant to the Company	Indepen- dence
Current members of the Supervisory Board								
Hermann Waldemer, Chairman	X	X	X	X	X	X	X	X
Sinan Piskin, Deputy Chairman						X	X	X
Iris Epple-Righi	X			X	X	X	X	X
Andreas Flach (since May 2023)					X	X	X	X
Katharina Herzog	X	X	X			X	X	X
Daniela Liburdi (since May 2023)						X		X
Gaetano Marzotto	X	X	X	X	X	X	X	
Luca Marzotto	X	X	X	X	X	X	X	
Tanja Silvana Nitschke					X	X	X	X
Christina Rosenberg	X			X	X	X	X	X
Bernd Simbeck						X		X
Robin J. Stalker	X	X	X	X	X	X	X	X
Former members of the Supervisory Board								
Anita Kessel (until May 2023)						X		X
Martin Sambeth (until May 2023)					X	X	X	X

Criterion met, based on a self-assessment by the Supervisory Board. An "X" means at least "good knowledge" based on existing qualifications, or the knowledge and experience acquired in the course of work as a member of the Supervisory Board.

The Supervisory Board currently comprises five women, with the **gender quota** pursuant to Sec. 96 (2) AktG being met separately with three female representatives on the employee side and two female representatives on the shareholder side.

The Supervisory Board regularly reviews the **efficiency** of its activities. In fiscal year 2023, as in previous years, the assessment of the members of the Supervisory Board was obtained by means of a comprehensive questionnaire. The external evaluation of the completed questionnaires and the suggestions for improvement contained therein were analyzed and discussed in detail at the Supervisory Board meeting on December 6, 2023. The Supervisory Board drew an overall favorable conclusion.

The Supervisory Board has adopted **bylaws**, which, among other things, govern its duties and responsibilities as well as the procedures for convening, preparing, and chairing meetings and for passing resolutions. The bylaws of the Supervisory Board are available on the corporate website. > group.hugoboss.com

The Supervisory Board has formed five **committees** on behalf of, and representing, the Supervisory Board as a whole, fulfilling duties assigned to them to the extent permitted by law, the Articles of Incorporation, and/or bylaws. For the Audit Committee, the Personnel Committee, and the Working Committee, the bylaws provide for equal representation of shareholder representatives and employee representatives.

1. Audit Committee

The Audit Committee, which has equal representation of shareholders and employees, consists of six members elected by the members of the Supervisory Board. In accordance with the GCGC, the Chairman of the Committee shall be independent. The Audit Committee is responsible for monitoring the financial reporting process, the effectiveness of the systems of internal control, risk management, and internal auditing, as well as the audit of the annual financial statements. In particular, it has the following duties:

- To perform a preliminary audit of the annual financial statements and the consolidated financial statements, the combined management report of HUGO BOSS AG and the Group, and the profit appropriation proposal, to discuss the audit report with the external auditor, and to prepare the Supervisory Board's decision on the approval of the annual financial statements and the consolidated financial statements;
- To examine the quarterly reports (interim reports and quarterly statements) and discuss them with the Managing Board;
- To prepare the Supervisory Board's proposal to the Annual General Meeting for the appointment of an auditor, and, in particular, review of the auditor's independence, and the additional services provided by the auditor;
- Following consultation with the Managing Board, to engage the external auditor and to sign the corresponding fee agreement for the audit of the annual financial statements and the consolidated financial statements on the basis of the resolution passed at the Annual General Meeting, including the determination of the key audit matters and the auditor's reporting duties towards the Supervisory Board;
- To verify compliance to legal requirements and internal Company guidelines.

The Supervisory Board assured itself that Robin J. Stalker, Chairman of the Audit Committee, is independent.

Pursuant to the German Stock Corporation Act, the Supervisory Board must have at least one member with **expertise in accounting** and at least one additional member with **expertise in the auditing of financial statements**. According to the GCGC, expertise in accounting consists of specialist knowledge and experience in the application of accounting principles and internal control and risk management systems, while expertise in auditing consists of specialist knowledge and experience in the auditing of financial statements. Accounting and auditing also include sustainability reporting and its audit and assurance. In the persons of Hermann Waldemer and Robin J. Stalker, the Supervisory Board and the Audit Committee have two members with expertise in both the area of accounting and the auditing of financial statements, thus complying with the requirements of the German Stock Corporation Act. Pursuant to the GCGC, the Chairman of the Audit Committee shall be an expert in at least one of these two areas while also being independent. The Chairman of the Audit Committee, Robin J. Stalker, fulfills both these requirements.

In the course of his professional career, **Hermann Waldemer** has gained extensive knowledge in the application of accounting principles and internal control and risk management systems as well as in the field of auditing financial statements during his work as a certified tax consultant and certified public accountant, before serving for many years as Chief Financial Officer of a publicly listed international company. He deepened and broadened this experience at HUGO BOSS, having served as the Chairman of the Audit Committee between 2015 and 2020 before having been appointed Chairman of the Supervisory Board in 2020. He actively applies this expertise for the benefit of the Supervisory Board and the Audit Committee of HUGO BOSS.

Robin J. Stalker started his professional career as chartered accountant at a major auditing firm before serving more than 15 years as Chief Financial Officer of a publicly listed international company. He thus has comprehensive knowledge and expertise in the auditing of financial statements as well as in the application of accounting principles and internal control and risk management systems, including sustainability reporting. His activities as Chief Financial Officer of a publicly listed international company also include intensive engagement with non-financial aspects and the reporting thereon. Robin J. Stalker closely follows and monitors current developments in sustainability reporting, participates regularly in stakeholder dialogs, and actively applies this expertise for the benefit of the Supervisory Board and the Audit Committee of HUGO BOSS.

As of December 31, 2023, the Audit Committee comprises the following members: Robin J. Stalker (Chairman), Andreas Flach, Gaetano Marzotto, Sinan Piskin, Bernd Simbeck, and Hermann Waldemer.

2. Personnel Committee

The Personnel Committee, which has equal representation of shareholders and employees, consists of the Chairman of the Supervisory Board and five other members elected by the Supervisory Board from among its members. It decides on matters relating to the service agreements of the Managing Board members and other contractual matters (including those relating to former Managing Board members and their surviving dependents), prepares the decisions of the Supervisory Board on the appointment and, if necessary, dismissal of members of the Managing Board, and, together with the full Supervisory Board and the Managing Board, ensures long-term succession planning. Decisions concerning the compensation of Managing Board members (including former Managing Board members and their surviving dependents) as well as regular deliberation on, and the review 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. In addition, the Personnel Committee makes decisions in accordance with Sec. 114 AktG (Contracts with Supervisory Board Members) and Sec. 115 AktG (Loans to Supervisory Board Members) as well as matters requiring the Supervisory Board's consent in connection with senior management (including the granting of loans to senior management within the meaning of Sec. 89 (2) AktG). To the extent permitted by law, it represents the Company in transactions with Managing Board members (including former Managing Board members and their surviving dependents).

As of December 31, 2023, the Personnel Committee comprises the following members: Hermann Waldemer (Chairman), Daniela Liburdi, Luca Marzotto, Sinan Piskin, Christina Rosenberg, and Bernd Simbeck.

3. Working Committee

The Working Committee, which has equal representation of shareholders and employees, consists of the Chairman of the Supervisory Board and five other members elected by members of the Supervisory Board, assisting and advising the Chairman of the Supervisory Board. In accordance with the statutory provisions, the Working Committee works closely with the Managing Board to prepare the meetings of the Supervisory Board. In particular, the Working Committee performs the monitoring duties between the meetings of the Supervisory Board. This does not prejudice the monitoring duties of the individual members of the Supervisory Board. The Working Committee makes decisions on transactions requiring consent in cases where the Supervisory Board has delegated its powers accordingly. To the extent permitted by law, the Working Committee is authorized to make decisions on urgent matters instead of the full Supervisory Board. In such cases, the Working Committee shall inform the Supervisory Board immediately in writing, and in detail verbally, at the next Supervisory Board meeting about the decision, the reasons, and the necessity of the Committee's resolution.

As of December 31, 2023, the Working Committee comprises the following members: Hermann Waldemer (Chairman), Iris Eppe-Righi, Katharina Herzog, Luca Marzotto, Tanja Silvana Nitschke, and Sinan Piskin.

4. Nomination Committee

The Nomination Committee consists of two members elected by the shareholder representatives of the Supervisory Board and is thus composed exclusively of shareholder representatives in accordance with the recommendation in Sec. D.4 of the GCGC. Its task is to identify suitable candidates for the election of shareholder representatives to the Supervisory Board, and to propose them to the Supervisory Board for its election proposals at the Annual General Meeting.

As of December 31, 2023, the Nomination Committee comprises the following members: Hermann Waldemer (Chairman) and Gaetano Marzotto.

5. Mediation Committee

The Mediation Committee consists of the Chairman of the Supervisory Board, its Deputy, and one member each elected by the employee and shareholder representatives on the Supervisory Board by a majority of the votes cast. Its sole purpose is to perform the duties referred to in Sec. 27 (3) and Sec. 31 (3) Sentence 1 MitbestG ["Mitbestimmungsgesetz": German Co-Determination Act]. Accordingly, the Mediation Committee makes proposals for the appointment of members of the Managing Board if a previous proposal has not received the legally required majority.

As of December 31, 2023, the Mediation Committee comprises the following members: Hermann Waldemer (Chairman), Daniela Liburdi, Gaetano Marzotto, and Sinan Piskin.

Risk management and risk controlling

HUGO BOSS considers the responsible, systematic, and transparent handling of risks to be an essential component of good corporate governance. The **risk management system** anchored in the value-based Group management is designed to enable the Company to exploit business opportunities while at the same time identifying and assessing risks as early as possible and to manage risk positions by taking appropriate measures. Ensuring appropriate and effective risk management and risk controlling is of particular importance. The systems are continuously enhanced and adapted to changing conditions. Inherently, however, they cannot provide full protection against losses from business transactions or fraudulent acts. [> Risk Report](#)

Financial reporting and audit of the financial statements

The financial reports of HUGO BOSS are prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union. The Audit Committee established by the Supervisory Board regularly **monitors the financial reporting process** and the **audit of the financial statements**. Since fiscal year 2022, the audit has been performed by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, with Marco Koch having signed the auditors' report together with Dr. Thomas Reitmayr. It was agreed with the auditor with respect to the reporting year that the Chairman of the Audit Committee shall be informed without delay during the audit of any possible 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. In addition, the external auditor is obliged to inform the Supervisory Board and state in its audit report if findings are made during the audit that are inconsistent with the declaration of compliance made by the Managing Board and Supervisory Board pursuant to Sec. 161 AktG. Moreover, the Supervisory Board requested a declaration of independence from the external auditor and duly convinced itself of the auditor's independence. This declaration also included mandates to perform non-auditing services.

Compensation of the Managing Board and Supervisory Board

HUGO BOSS considers transparent and comprehensible reporting on the compensation of the Managing Board and Supervisory Board as an important element of good corporate governance. The **compensation report** pursuant to Sec. 162 AktG outlines and explains the compensation of current and former members of the Managing Board and the Supervisory Board of HUGO BOSS in fiscal year 2023. The main features of the compensation systems for the Managing Board and Supervisory Board applicable in fiscal year 2023 are also outlined. [> Compensation Report](#)

Declaration of compliance

In December 2023, the Managing Board and Supervisory Board of HUGO BOSS issued the following declaration prescribed by Sec. 161 AktG:

"Declaration of compliance

Declaration of the Managing Board and Supervisory Board of HUGO BOSS AG pursuant to section 161 AktG (German Stock Corporation Act)

HUGO BOSS AG, Metzingen, Securities ID A1PHFF, International Securities ID DE000A1PHFF7

The Managing Board and Supervisory Board of HUGO BOSS AG herewith declare pursuant to section 161 para. 1 sentence 1 AktG (German Stock Corporation Act) that since the Compliance Declaration of February 2023, the recommendations of the Government Commission "German Corporate Governance Code" in the version of April 28, 2022 – published in the Federal Gazette on June 27, 2022 – ("GCGC 2022") have been and will be complied with except for:

- The reporting in the management report and the Group management report of HUGO BOSS AG for the financial year 2022 is based on the legal requirements of Section 289 (4) and Section 315 (4) of the German Commercial Code (HGB) and contains detailed information on the accounting-related internal control system and the risk management system. Due to the requirements of GCGC 2022 regarding appropriateness and effectiveness, which were unclear at the time of preparation and went beyond the statutory provisions, HUGO BOSS AG declared a deviation from recommendation A.5 of GCGC 2022 in February 2023 as a precautionary measure. This deviation continues to apply to the management report and Group management report for the 2022 financial year. The management report and the Group management report of HUGO BOSS AG for the financial year 2023 will comply with the recommendation in A.5 GCGC 2022.
- Deviating from the recommendation in G.11 sentence 2 GCGC 2022, the currently existing employment contracts with the members of the Managing Board in part do not provide for the possibility to withhold or reclaim variable compensation in justified cases. The compensation system approved by the Annual Shareholders Meeting on May 11, 2021 provides for this possibility. The corresponding adjustment of the employment contracts will be made at the latest in the context of the extension of an existing contract or in the case of a new appointment, so that the recommendation will be complied with from that point on.

Metzingen, December 2023"

COMPENSATION REPORT

Presentation and description of the compensation of the Managing Board and the Supervisory Board

Compensation system geared towards long-term success of HUGO BOSS

Report complies with the requirements of Sec. 162 AktG and is based on the German Corporate Governance Code

HUGO BOSS considers transparent and comprehensible reporting on the compensation of the Managing Board and the Supervisory Board as an **important element of good corporate governance**. The following compensation report pursuant to Sec. 162 AktG ["Aktiengesetz": German Stock Corporation Act] outlines and explains the compensation of the current and former members of the Managing Board and of the Supervisory Board of HUGO BOSS AG in fiscal year 2023. In order to facilitate the context of the disclosures, the main features of the compensation systems for the Managing Board and the Supervisory Board applicable in fiscal year 2023 are also outlined. In addition, a detailed description of the compensation systems for the Managing Board and the Supervisory Board can be found at compensation.hugoboss.com.

Review of compensation in fiscal year 2023

Resolution on the approval of the compensation report for fiscal year 2022

The report on the compensation awarded or due to present and former members of the Managing Board and Supervisory Board of HUGO BOSS AG in fiscal year 2022 was prepared in accordance with Sec. 162 AktG and **approved by the Annual General Meeting** on May 9, 2023 with a majority of 66.37% of the capital represented in accordance with Sec. 120a (4) AktG. The Managing Board and the Supervisory Board acknowledged this vote while at the same time taking it as an opportunity to discuss the reasons for the comparatively low approval rate directly with key capital market participants. It is the joint understanding of the Managing Board and the Supervisory Board that this vote was neither directly related to the main features of the compensation system nor to the format of the compensation report. Consequently, regarding the latter, the current format in the compensation report for fiscal year 2023 remains unchanged in its fundamental aspects. At the same time, the disclosures provided in the further course of this Compensation Report on the so-called CEO Investment Opportunity, which is explicitly not part of the HUGO BOSS compensation system, were extended compared to the previous year, aimed at further increasing transparency in this regard.

Application of the compensation system for the Managing Board in fiscal year 2023

The **current compensation system for the Managing Board**, for which the main features are presented later in this report, was approved at the Annual General Meeting on May 11, 2021 with a majority of 93.83% of the capital represented, and applies to all new appointments and agreement extensions. In addition, individual

compensation was granted to the members of the Managing Board within the meaning of Sec. 162 AktG in fiscal year 2023, which had been agreed in previous fiscal years under the compensation system applicable at the time. This compensation is also presented and explained below, where relevant.

The Personnel Committee regularly reviews the **appropriateness and customarily nature of the compensation** of the Managing Board members and, if necessary, proposes adjustments to the Supervisory Board in order to ensure that compensation for the members of the Managing Board is customary for the market and competitive within the applicable framework. The suitability was last reviewed in March 2023. In this context, the compensation of the members of the Managing Board was compared with the companies of the DAX and MDAX as well as relevant competitors, taking into account the size criteria of revenues, employees, and market capitalization (**horizontal comparison**). The review led to the conclusion that the compensation of the members of the HUGO BOSS Managing Board is considered to be in line with market practices. In addition, the appropriateness of the Managing Board compensation within the Group is reviewed annually based on the development of the Managing Board compensation compared to the development of the senior management compensation, defined as the first management level below the Managing Board, and to the development of the compensation of the employees as a whole, defined as the average compensation of the Group's full-time employees (**vertical comparison**).

In accordance with the applicable compensation system, the Supervisory Board has set specific **target compensation** for each member of the Managing Board. The target compensation set for the members of the Managing Board was not adjusted in fiscal year 2023. Similarly, no adjustments are planned for fiscal year 2024, apart from any possible adjustments in the context of individual agreement extensions.

In fiscal year 2023, there were **no personnel changes** on the Managing Board of HUGO BOSS AG.

The Company's **"CLAIM 5" growth strategy**, presented on August 4, 2021, aims at driving strong top- and bottom-line growth. At its Capital Markets Day in June 2023, HUGO BOSS presented an update on "CLAIM 5" and, in this context, raised its mid-term financial ambition. This development reflects the very successful execution of all strategic initiatives, which led to a significant acceleration in sales and earnings growth. In this context, the design of the compensation system continues to provide **important incentives for the ongoing successful execution of the Group strategy**. Consequently, the compensation of the Managing Board is closely linked to "CLAIM 5," as the performance-related compensation components (STI and LTI) are, among others, based on the development of financial performance criteria such as sales, operating profit (EBIT), and relative total shareholder return (RTSR). The inclusion of two non-financial performance criteria also emphasizes the Company's responsibility for environmental, social, and governance topics as well as the objective of a sustainable, long-term successful business performance, which is also firmly anchored in "CLAIM 5."

In the case of the **short-term incentive (STI)**, the strong operative development in fiscal year 2023, once again reflecting the successful execution of the "CLAIM 5" strategy, resulted in the targets set at the beginning of the reporting year for the two financial performance criteria of sales and EBIT for fiscal year 2023 being exceeded. With regard to the third STI component, trade net working capital (TNWC) as a percentage of sales, however, the minimum target was not achieved in 2023. Consequently, the average level of overall target achievement for the STI 2023 amounted to 105%. The payment due for fiscal year 2023 from the **long-term incentive (LTI)** tranche issued in fiscal year 2020 amounts to 159% of the target value (payment in fiscal year 2024).

In the past fiscal year, the Supervisory Board **did not make use** of the options provided by the compensation system in accordance with legal provisions to temporarily deviate from the compensation system or to make adjustments to the target achievement in certain circumstances.

This compensation report is prepared jointly by the Managing Board and the Supervisory Board. The compensation report is audited by the **external auditor** as part of the formal audit required by law pursuant to Sec. 162 (3) AktG. The corresponding **report on the audit of the compensation report** is attached to this compensation report. > **Report of the Independent Auditor on the Audit of the Compensation Report in accordance with Section 162 (3) AktG**

Application of the compensation system for the Supervisory Board in fiscal year 2023

The **compensation system for the Supervisory Board**, which is **unchanged from the prior year**, was applied in full as set out in Art. 12 of the Company's Articles of Association.

In fiscal year 2023, there were **two personnel changes** on the Supervisory Board of HUGO BOSS AG. Effective May 9, 2023, the two employee representatives Anita Kessel and Martin Sambeth both resigned from the Supervisory Board. Daniela Liburdi joined the Supervisory Board on May 9, 2023, as the successor to Anita Kessel. Andreas Flach joined the Supervisory Board on May 9, 2023, as the successor to Martin Sambeth. As set out in Art. 12 of the Company's Articles of Association, all four receive pro-rata compensation for their activities in fiscal year 2023.

Compensation of the members of the Managing Board in fiscal year 2023

Overview of the structure of the compensation system for the Managing Board

The compensation system complies with the requirements of the German Stock Corporation Act, in particular the requirements of the Act Implementing the Shareholder Rights Directive II (SRD II), and is based on the recommendations of the GCGC as amended on December 16, 2019. It furthermore complies with the recommendations stipulated in the updated GCGC as amended on April 28, 2022. The compensation system of the Managing Board is an important element of the Group's orientation and is intended to significantly contribute to **driving operational performance** and the **successful execution of the Group strategy**, and thus to the **long-term success of HUGO BOSS**. It is intended to support successful and sustainable business activities. The compensation of the members of the Managing Board is therefore linked to the short- and long-term development of the Company. By selecting suitable performance criteria, important incentives are simultaneously set for the successful execution of the "CLAIM 5" strategy.

This means that the compensation of the members of the Managing Board is made up of non-performance-related and performance-related components. The **target total compensation** of the Managing Board consists of fixed compensation, fringe benefits, pension commitments, the target amount of the short-term incentive (STI), and the target amount of the long-term incentive (LTI). It thus mainly comprises performance-related compensation elements. The aim is to strengthen the performance aspect of the compensation system. The proportion of the target amount of the LTI, which has a total term of four years, in the total target compensation exceeds that of the STI (ratio of around 60:40). This is intended to ensure that the compensation structure as a whole is geared toward a **sustainable and successful long-term business development**.

Malus and clawback regulations are provided for the variable compensation components. The total annual compensation of the members of the Managing Board is also limited to a **maximum compensation**. In addition, the **Share Ownership Guidelines** form another essential element of the compensation system. The compensation system also regulates **further compensation-related legal matters**, such as agreement terms and commitments upon termination of Managing Board activities.

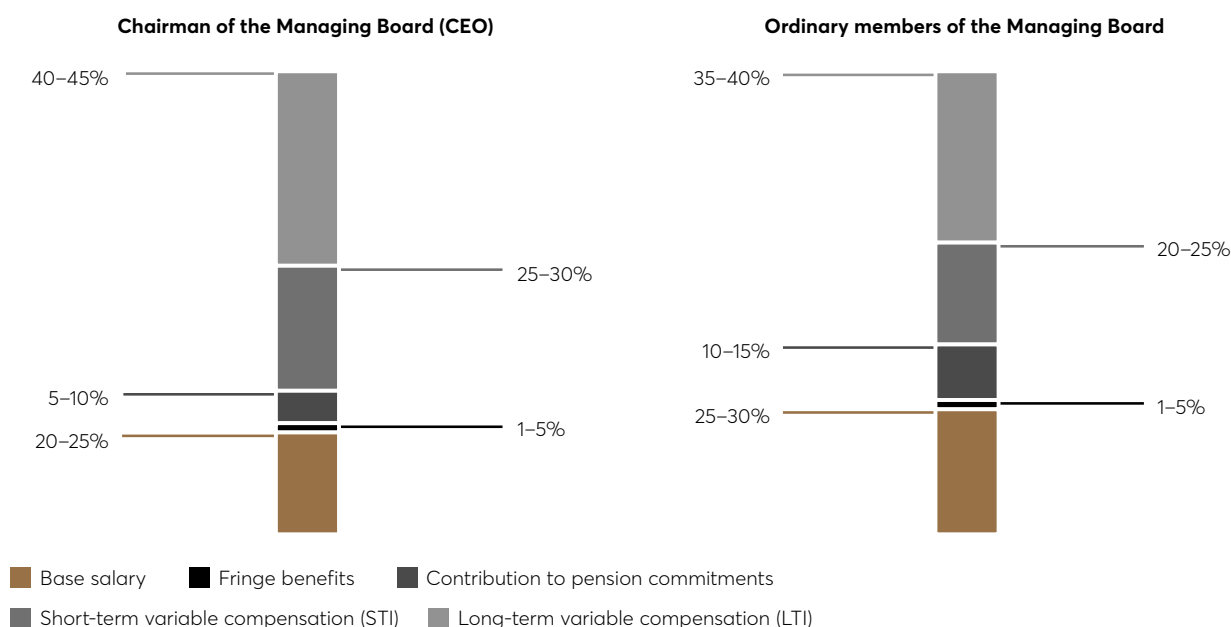
The following table shows the **basic components of the compensation system for the Managing Board and their structure**. The components and their specific application in fiscal year 2023 are explained in detail below.

OVERVIEW OF THE COMPENSATION SYSTEM

Fixed compensation	Base salary	Annual fixed compensation, paid as a monthly salary		
	Fringe benefits	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.		
	Contributions to pension commitments	<ul style="list-style-type: none">• Contribution plan (payment into a reinsurance policy)• Contribution: 40% of the fixed base salary• Fixed age limit: 65 years		
Performance-related (variable) compensation	Short-term variable compensation (STI)	Plan type	Target bonus system	
		Plan term	1 year	
		Performance targets	<ul style="list-style-type: none">• 40% EBIT (target achievement: 0% – 150%)• 30% sales (target achievement: 0% – 150%)• 30% trade net working capital as a percentage of sales (target achievement: 0% – 150%)	
		Payout	In cash at the end of the fiscal year (cap: 150% of the individual target amount)	
	Long-term variable compensation (LTI)	Plan type	Performance share plan	
		Plan term	4 years	
		Performance targets	<ul style="list-style-type: none">• 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%)	
		Payout	In cash at the end of the four-year plan term (cap: 250% of the individual target amount)	
	Special compensation (sign-on; allowance)		<ul style="list-style-type: none">• No possibility of special compensation at the discretion of the Supervisory Board in the event of extraordinary performance• Granting of further, special compensation elements on a temporary basis (payments to new members of the Managing Board, for example to compensate for the loss of variable compensation from former employers, or for taking on additional responsibility on an interim basis)	
	Malus and clawback		Withholding or reclaiming part or all of variable compensation (STI and LTI) in the event of compliance violations or incorrect consolidated financial statements	
Share ownership guidelines (SOG)		<ul style="list-style-type: none">• 200% of annual gross base salary for the Chairman of the Managing Board (CEO)• 100% of annual gross base salary for ordinary members of the Managing Board		
Maximum compensation		<ul style="list-style-type: none">• EUR 11,000,000 for the Chairman of the Managing Board (CEO)• EUR 5,500,000 for ordinary members of the Managing Board		

The **relative proportion of the individual compensation components** in relation to the total target compensation (i.e., assuming a target achievement of 100% for the two variable compensation components) are detailed as follows:

COMPENSATION STRUCTURE OF THE MANAGING BOARD



Non-performance-related (fixed) compensation components

The fixed compensation components consist of the fixed basic compensation, fringe benefits, and contributions to retirement benefits.

The **fixed basic compensation** is paid as a monthly salary. It takes into account the role assigned to the member of the Managing Board and the associated duties and responsibilities of that member. The current annual basic compensation of the Managing Board members active as of December 31, 2023 is EUR 1,300 thousand for Daniel Grieder, EUR 750 thousand for Yves Müller, and EUR 750 thousand for Oliver Timm.

In addition to the basic compensation, members of the Managing Board also receive **fringe benefits** to a lesser extent, which they tax individually in accordance with the applicable tax regulations to the extent that a non-cash benefit arises for them from private use. The fringe benefits primarily include private use of the company car, contributions to health and nursing care insurance, the conclusion of, and contributions to, accident and D&O insurance (with deductible in accordance with Sec. 93(2) sentence 3 AktG), a minor clothing allowance for representative purposes, the reimbursement of reasonable tax consultancy costs, as well as, to a lesser extent, other equipment and benefits required for the performance of the duties of the Managing Board. In addition, for new members of the Managing Board, reasonable costs for accommodation in Metzingen (Germany), home and return flights, and relocation costs in the event of moving to Metzingen (or the surrounding area) will be reimbursed.

The **pension commitments** to the members of the Managing Board are defined contribution pension commitments. HUGO BOSS pays an annual pension contribution of 40% of the individual basic compensation into an employer's pensions liability insurance policy for the members of the Managing Board. The amount of retirement benefit in this regard corresponds to the amount accumulated by means of the individual employer's pension liability insurance. This results from the total annual pension contributions plus an annual interest rate depending on the respective insurance tariff. An entitlement to retirement benefits arises on or after reaching a fixed age of 65 or in the event that the Executive Board member becomes permanently unable to work due to illness or accident before reaching the age limit and leaves the Company. In the event of the death of the member of the Managing Board, their spouse or registered partner under the German Civil Partnership Act and their orphans are entitled to a survivor's pension. If the member of the Managing Board leaves the Company before retirement, the entitlement to pension benefits is retained for a pensionable service period of more than three years. If the member of the Managing Board leaves the Company before reaching the fixed retirement age, the entitlement amount corresponds to the benefits from the non-contributory reinsurance policy at the time of departure. Ongoing pension payments are adjusted annually by at least 1%. The Supervisory Board received guidance from an independent compensation expert when designing the contribution-based pension scheme for the current members of the Managing Board.

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. The contributions from deferred compensation agreements are included in the statement of the non-performance-related compensation awarded and due for the respective fiscal year. Provisions and plan assets are recognized at the same amount.

PENSION COMMITMENTS (IN EUR THOUSAND)

	Daniel Grieder Chairman of the Managing Board (since June 1, 2021)		Yves Müller Member of the Managing Board (since December 1, 2017)		Oliver Timm Member of the Managing Board (since January 1, 2021)	
	2023	2022	2023	2022	2023	2022
Service cost under IFRS	520	520	300	300	300	300
Pension provision under IFRS	0	0	0	0	0	0

	Dr. Heiko Schäfer Member of the Managing Board (from March 16, 2020 until May 31, 2022)		Ingo Wilts Member of the Managing Board (from August 15, 2016 until February 28, 2022)		Total	
	2023	2022	2023	2022	2023	2022
Service cost under IFRS	0	290	0	290	1,120	1,700
Pension provision under IFRS	0	0	0	0	0	0

Performance-related (variable) compensation components

The compensation system of the Managing Board comprises two performance-related components: short-term variable compensation (STI) and long-term variable compensation (LTI). Both are linked to the performance of the Company, aimed at providing **incentives for the successful execution of the Group strategy** and for the **value-creating and long-term development of HUGO BOSS**. The performance criteria and the key indicators used in fiscal year 2023 for the performance assessment in the context of variable compensation are consistent with the Group strategy, and derived from the strategic targets as well as operational performance indicators of HUGO BOSS. In addition, they correspond to the applicable compensation system.

Short-term incentive (STI) for 2023

General functioning

The STI is the short-term variable compensation component, with the term being one year. The amount of the STI is based on the development of financial performance criteria. In accordance with the Group's management system, the Supervisory Board has defined the following **three financial performance criteria as target components**:

- Sales (the sales proceeds recognized in the consolidated financial statements using the exchange rates underlying the budget)
- EBIT (the Group's net income before interest and taxes)
- Trade net working capital (TNWC; the total of raw and finished goods as well as trade receivables less trade payables) as a percentage of sales > **Group Management**

EBIT contributes a **weighting** of 40% to the overall target achievement of the STI, while sales and TNWC each contribute 30% to the overall target achievement.

The STI **payout** is calculated on the basis of an individual target amount for each member of the Managing Board as defined in the respective service agreement and the overall target achievement, as follows:

STI TARGET BONUS SYSTEM



The **maximum payout** from the STI is capped at a total of 150% of the target amount. There is no guaranteed minimum target achievement. Consequently, the payout can also be waived completely. The STI is payable within a week of the Supervisory Board approving the consolidated financial statements for the respective fiscal year.

Contribution to the long-term development of the Group

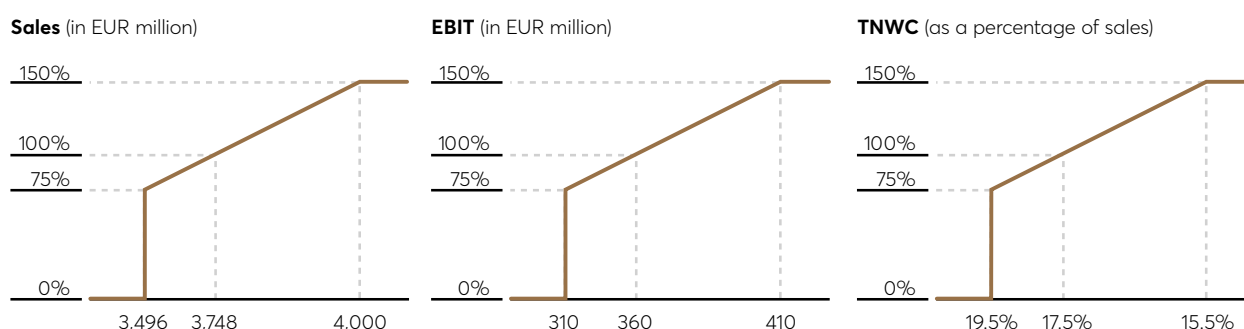
The STI is intended to ensure the **successful execution of the Company's operational targets**, the achievement of which is of material importance for the long-term success of HUGO BOSS. In light of the "CLAIM 5" strategy, which aims at achieving strong top- and bottom-line improvements, sales and EBIT are key target figures of the STI. At the same time, the TNWC is the most important indicator for managing the efficient use of capital and is therefore taken as the third financial performance criterion in the STI.

Financial performance criteria

At the beginning of the fiscal year, the Supervisory Board decides on a **target**, a **minimum target**, and a **maximum target** for the three financial performance criteria of sales, EBIT, and TNWC. The target for the respective financial performance criterion is derived from the budget plan approved by the Supervisory Board. If the target is fully met, target achievement is 100%. If the minimum target is reached, target achievement is 75%. If the target value is below the minimum target, target achievement is 0%. If the target value is greater than or equal to the maximum target, target achievement is 150%. In this case, a further increase in the target value does not lead to a further increase in target achievement. Target achievement between the specified targets (75%; 100%; 150%) is interpolated on a linear basis.

For fiscal year 2023, the Supervisory Board has set the following **target achievement corridors** at the beginning of the fiscal year with regard to the respective financial targets:

STI TARGET ACHIEVEMENT CORRIDORS FOR FISCAL YEAR 2023



In the event of **100% target achievement** for the STI 2023, a total amount of EUR 2,800 thousand would be paid out for the Managing Board members active as of December 31, 2023 (Daniel Grieder EUR 1,500 thousand, Yves Müller EUR 650 thousand, and Oliver Timm EUR 650 thousand).

With regard to the financial performance criteria relevant for fiscal year 2023, the Supervisory Board determined the following **target achievement** based on the performance corridors defined at the beginning of the fiscal year:

TARGET ACHIEVEMENT STI 2023 (IN EUR MILLION)

Target component	Target weighting	Target value 2023 (based on target achievement of 100%)	Performance corridor (Min/Max) 2023	Actual value 2023	Target achievement 2023
Sales ¹	30%	3,748	3,496 to 4,000	4,223	150%
EBIT	40%	360	310 to 410	410	150%
Trade net working capital as a percentage of sales	30%	17.5%	19.5% to 15.5%	20.8%	0%
Total	100%				105%

¹ Use of exchange rates underlying the budget.

For fiscal year 2023, **average target achievement** thus amounts to 105%.

Target achievement STI 2023

The **individual payout amounts** for the STI 2023, which are allocated to the compensation awarded and due in fiscal year 2023, are therefore as follows:

PAYOUT FOR THE STI 2023

	Target amount (in EUR thousand)	Total target achievement	Payout amount (in EUR thousand)
Members of the Managing Board as of December 31, 2023			
Daniel Grieder, Chairman of the Managing Board since June 1, 2021	1,500	105%	1,575
Yves Müller, Member of the Managing Board since December 1, 2017	650	105%	683
Oliver Timm, Member of the Managing Board since January 1, 2021	650	105%	683
Former Members of the Managing Board			
Dr. Heiko Schäfer, Member of the Managing Board from March 16, 2020 until May 31, 2022 ¹	104	n.a.	102
Total	2,904		3,042

¹ To settle the pro-rata entitlement from the STI 2023, Dr. Heiko Schäfer was granted a payment of EUR 102 thousand based on a target compensation of EUR 104 thousand agreed in the separation agreement dated May 2022. The payment became due in September 2022.

Outlook for the STI for fiscal year 2024

For the **STI for fiscal year 2024**, the three financial performance criteria described above, together with their respective weighting, remain unchanged. The specific targets for the three performance criteria will be disclosed and described in the compensation report for fiscal year 2024.

Long-term incentive (LTI) for 2023

General functioning

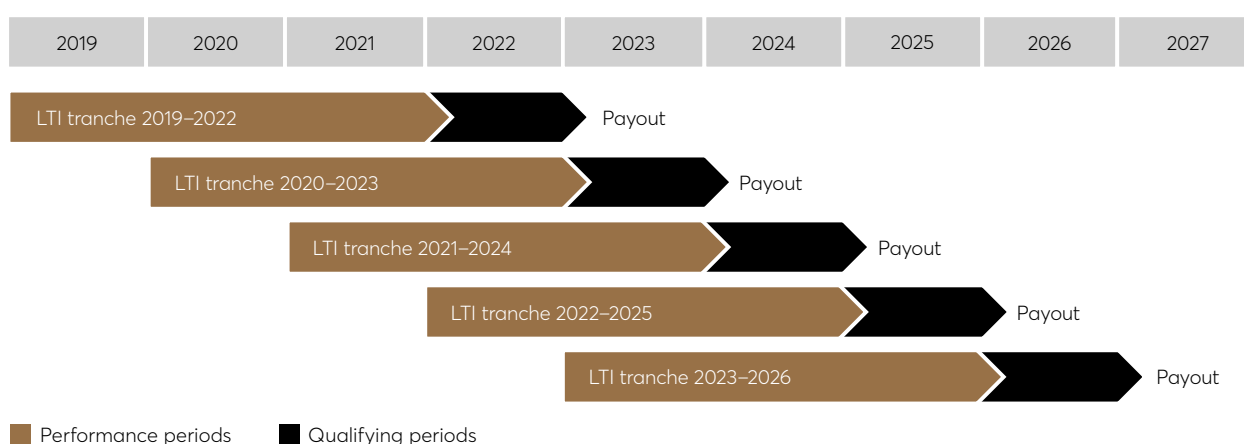
The LTI is the long-term variable compensation component. It is designed in the form of a **performance share plan** that takes into account both financial targets relevant to the Group strategy and non-financial ESG (environment, social, governance) targets. Consequently, the LTI is intended to ensure that the members of the Managing Board of HUGO BOSS pursue sustainable business practices that are aligned to the interests of the Company. Accordingly, the Supervisory Board has determined the following **four performance criteria as additively linked target figures** for the LTI:

- Relative total shareholder return (RTSR) of the HUGO BOSS share
- Return on capital employed (ROCE)
- Employee satisfaction
- The Company's performance in the field of sustainability

The targets for the RTSR and ROCE performance criteria each account for one third of the LTI, while the targets for employee satisfaction and sustainability each account for one sixth.

The LTI is granted in annual tranches. Each tranche has a **three-year performance period**, which corresponds to the Group's medium-term planning horizon and which is followed by an **additional qualifying period of one year**, during which the performance of the share price continues to be taken into account. This results in a total term of four years.

PERFORMANCE PERIODS AND QUALIFYING PERIOD OF LTI TRANCHES

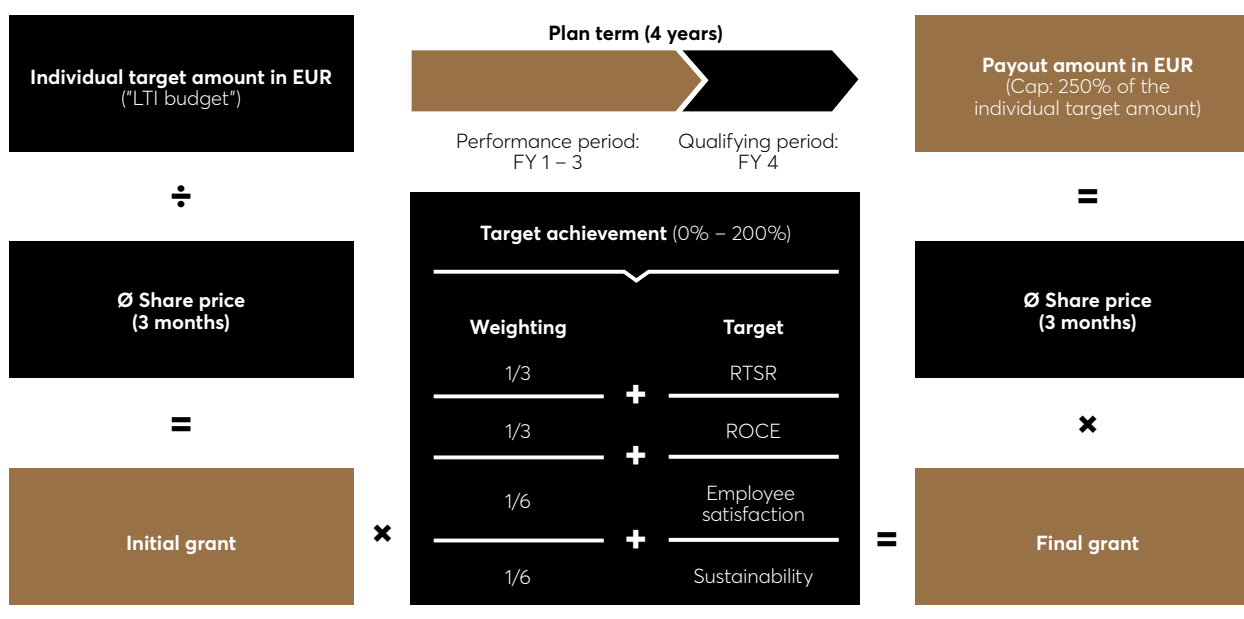


The LTI provides that the members of the Managing Board receive a **defined number ("initial grant")** of **virtual shares ("tranches")** at the beginning of the plan or at the start of their activity. The initial grant is determined by the size of a **target amount ("LTI budget")** defined in the respective service agreement divided by the price of the HUGO BOSS share for the last three months prior to the date of granting the initial grant. After the end of the performance period, the **final number of virtual shares ("final grant")**

is calculated based on the achievement of certain targets. The **final payout entitlement** is calculated by multiplying the final grant by the Company's share price during the last three months of the qualifying period and is paid out in cash.

The **actual payout from the LTI** is therefore calculated as follows:

LTI TARGET ACHIEVEMENT SYSTEM



The **target achievement** of the individual LTI target components is limited to a maximum of 200%, while the resulting LTI payout is capped at a total of 250% of the individual target amount.

Contribution to the long-term development of the Group

The long-term goal of HUGO BOSS is to **sustainably increase the enterprise value**. In this regard, the share price performance of HUGO BOSS is of particular importance. The RTSR therefore takes into account the relative shareholder return of HUGO BOSS compared to the relevant competitive environment. This is intended to provide an incentive to outperform competitors in the long term. The ROCE, another financial performance criterion, also sets incentives for increasing the profitability of HUGO BOSS and ensuring an efficient use of capital. The inclusion of two non-financial performance criteria in the LTI emphasizes social and environmental responsibility and the goal of sustainable business activities. As a result, the Managing Board compensation is closely aligned with the interests of shareholders and other stakeholders.

Individual LTI budget for the LTI 2023–2026 issued in fiscal year 2023

The following table shows the **grants** for the LTI 2023–2026 issued in fiscal year 2023. It includes the target amount, the number of provisionally granted virtual shares, the payout cap, and the fair value at grant date in accordance with "IFRS 2 Share-based Payment."

ALLOCATION OF LTI 2023–2026

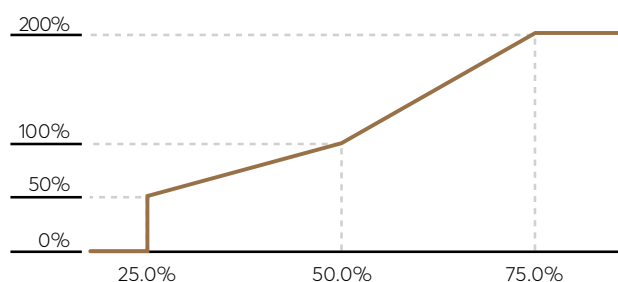
	Target amount ("LTI budget") in EUR thousand	Average share price of HUGO BOSS in Q4 2022 in EUR	Provisionally granted number of virtual shares ("initial grant")	Payout cap (250% of target amount) in EUR thousand	Fair value at grant date in EUR thousand
Members of the Managing Board as of December 31, 2023					
Daniel Grieder, Chairman of the Managing Board since June 1, 2021	2,400	50.15	47,857	6,000	2,434
Yves Müller, Member of the Managing Board since December 1, 2017	1,000	50.15	19,941	2,500	1,014
Oliver Timm, Member of the Managing Board since January 1, 2021	1,000	50.15	19,941	2,500	1,014

Financial and non-financial performance criteria for the LTI 2023–2026 issued in fiscal year 2023

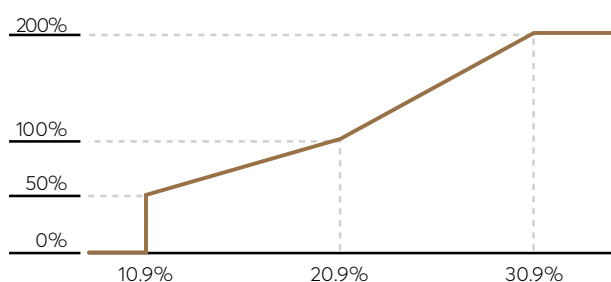
The targets and thresholds set out below for the LTI's four performance criteria apply throughout the entire performance period of the tranche.

TARGET ACHIEVEMENT CORRIDORS FOR LTI TRANCHE 2023–2026

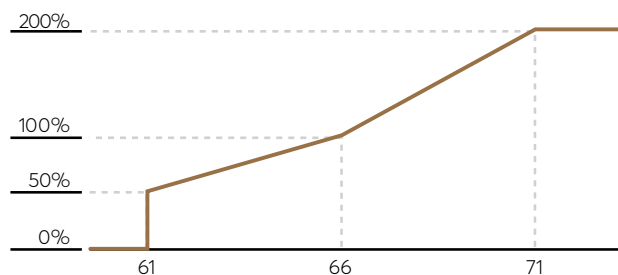
RTSR



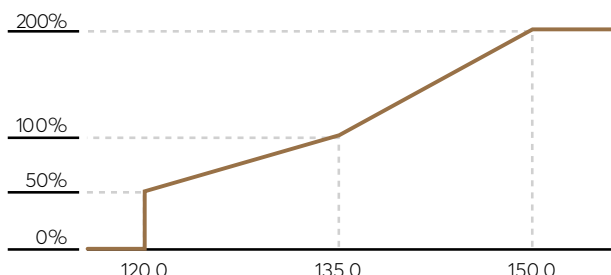
ROCE



Employee satisfaction



Sustainability



The **RTSR** is a benchmark for the sustainable increase in enterprise value. It measures the share price performance and notionally reinvested dividends of HUGO BOSS compared to a selected group of relevant competitors in the premium segment of the global apparel industry over the performance period. The composition of the peer group is shown in the following table:

RELATIVE TOTAL SHAREHOLDER RETURN (RTSR) – PEER GROUP

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

In line with the Company's "CLAIM 5" strategy, the Supervisory Board is convinced that the comparison with relevant competitors in the premium segment of the global apparel industry best reflects the strategic positioning of the two brands BOSS and HUGO.

To **determine the target achievement level of the RTSR**, the TSR (share price performance and notionally reinvested dividends) of HUGO BOSS and the peer companies is determined for each year of the performance period. The TSR values of the individual companies are then ranked by size and assigned to percentile ranks. The average value of the percentile ranks of HUGO BOSS in the three years of the performance period determines the target achievement. If the 50th percentile (median) is achieved, i.e., HUGO BOSS is exactly in the middle of the ranking of the peer companies, target achievement corresponds to 100%. If the TSR of HUGO BOSS is in the 75th percentile or higher, i.e., HUGO BOSS is among the 25% best companies, target achievement is 200%. Higher percentile ranks do not lead to any further increase in target achievement. If the 25th percentile is achieved, target achievement corresponds to 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 between the specified targets (50%; 100%; 200%) is interpolated on a linear basis.

The **ROCE** represents the return on capital employed and is determined by dividing the EBIT by average capital invested. The degree of **employee satisfaction** is measured by the "Employee Trust Index" as part of an employee survey conducted annually by Great Place to Work. The **sustainability performance** is determined by the Company's results in the annual Dow Jones Sustainability Index (DJSI)/Corporate Sustainability Assessment (CSA), in which the sustainability performance of listed companies is assessed by the independent index provider S&P Global.

Target achievement for the performance criteria ROCE, employee satisfaction, and sustainability performance is measured for each fiscal year during the three-year performance period against the respective target value set before the start of the tranche and determined using of the above performance corridors.

The Supervisory Board sets a **target**, a **minimum target**, and a **maximum target** for ROCE, employee satisfaction, and sustainability in each case. If the target is fully met, the target achievement is 100%. An achievement of the minimum target corresponds to a target achievement of 50%. If the target value is below the minimum target, target achievement is 0%. If the target value is greater than or equal to the maximum target, target achievement is 200%. A further increase in the target value does not lead to a further increase in target achievement above 200%. Target achievement between the specified targets (50%, 100%, 200%) is interpolated on a linear basis.

Annual target achievement levels of the performance criteria for the LTI 2023–2026 issued in fiscal year 2023

As shown, target achievement for the LTI's performance criteria is determined on an annual basis. For fiscal year 2023, the Supervisory Board has determined the following **target achievement for the LTI 2023–2026**:

TARGET ACHIEVEMENT 2023 OF THE LTI 2023–2026 (ON A PRELIMINARY BASIS)

Target component	Target weighting	Target value (based on target achievement of 100%)	Performance corridor (Min/Max)	Actual value 2023	Target achievement 2023
RTSR	33%	50.0%	25.0% to 75.0%	72.7%	191%
ROCE	33%	20.9%	10.9% to 30.9%	21.5%	106%
Employee satisfaction	17%	66	61 to 71	70	184%
Sustainability performance	17%	135.0	120.0 to 150.0	181.3	200%
Total	100%				163%

For fiscal year 2023, the **target achievement level** (on a preliminary basis) of the LTI 2023–2026 is 163%.

Payout from the LTI 2020–2023 issued in fiscal year 2020

The following table provides an overview of the **overall target achievement** of the LTI 2020–2023 awarded in fiscal year 2023 (payout in fiscal year 2024):

FINAL TARGET ACHIEVEMENT LTI 2020–2023

Target component	Target weighting	Target value (based on target achievement of 100%)	Performance corridor (Min/Max)	Actual value 2020	Actual value 2021	Actual value 2022	Actual value (average 2020–2022)	Final target achievement
RTSR ¹	33%	2.5%	–10.0% to 15.0%	–58.8%	73.4%	25.3%	13.3%	186%
ROCE	33%	21.0%	9.0% to 33.0%	18.8%	15.2%	21.6%	18.5%	90%
Employee satisfaction	17%	62	57 to 67	64	71	71	69	200%
Sustainability performance	17%	105.0	92.5 to 117.5	130.3	148.3	183.3	154.0	200%
Total	100%							159%

¹ In the previous compensation system applicable up to and including April 1, 2021, the RTSR was based on a comparison with the MSCI World Textiles, Apparel & Luxury Goods Performance Index.

The final target achievement level of the LTI 2020–2023 is 159%. The **individual payout amounts resulting from the LTI 2020–2023** (payout in fiscal year 2024) are as follows:

PAYOUT FOR THE LTI 2020–2023

	Target amount ("LTI budget") in EUR thousand	Average share price of HUGO BOSS in Q4 2019 in EUR	Provisionally granted number of virtual shares ("initial grant")	Final target achievement	Finally granted number of virtual shares ("Final Grant")	Average share price of HUGO BOSS in Q4 2023 in EUR	Payout amount in EUR thousand
Members of the Managing Board as of December 31, 2023							
Yves Müller, Member of the Managing Board since December 1, 2017	700	41.14	17,016	159%	27,007	61.36	1,657
Former Members of the Managing Board							
Ingo Wilts, Member of the Managing Board from August 15, 2016 until February 28, 2022	730	41.14	17,745	159%	28,164	61.36	1,728
Total	1,430		34,761		55,171		3,385

Current members of the Managing Board Daniel Grieder and Oliver Timm will not receive any payment from the LTI 2020–2023, as they have not been members of the Managing Board of HUGO BOSS AG in fiscal year 2020.

Under the separation agreement dated May 2022, former member of the Managing Board Dr. Heiko Schäfer was entitled to payments for the pro-rata earned tranches of the LTI 2020–2023, LTI 2021–2024, and LTI 2022–2025 totaling EUR 1,357 thousand, which became due in September 2022.

Under the separation agreement dated April 2020, former Chairman of the Managing Board Mark Langer was entitled to payments for the pro-rata earned tranches of the LTI 2019–2022 and LTI 2020–2023 totaling EUR 993 thousand, which became due in March 2022.

Under the separation agreement dated September 2019, former member of the Managing Board Bernd Hake was entitled to payments for the pro-rata earned tranches of the LTI 2018–2021, LTI 2019–2022, and LTI 2020–2023 totaling EUR 664 thousand, in accordance with the service agreement and the agreed severance payment cap, which became due in February 2020.

Total number of virtual shares outstanding at the end of fiscal year 2023

The following overview outlines the total number of **virtual shares (initial grant)** held by current members of the Managing Board at the end of fiscal year 2023:

TOTAL NUMBER OF VIRTUAL SHARES (INITIAL GRANT) AT THE END OF FISCAL YEAR 2023 (IN UNITS)

	LTI 2023–2026	LTI 2022–2025	LTI 2021–2024	LTI 2020–2023	Balance at the end of fiscal year 2023
Daniel Grieder, Chairman of the Managing Board since June 1, 2021	47,857	44,627	57,004	0	149,488
Yves Müller, Member of the Managing Board since December 1, 2017	19,941	17,433	30,538	17,016	84,928
Oliver Timm, Member of the Managing Board since January 1, 2021	19,941	18,595	40,717	0	79,253
Total	87,739	80,655	128,259	17,016	313,669

Outlook on the financial and non-financial performance criteria of LTI 2024–2027

The Supervisory Board is convinced that the four target components described above promote the **sustainable and long-term development of the Company**. For this reason, the four target components also apply to the LTI 2024–2027 to be issued in fiscal year 2024.

Special compensation (sign-on, bonuses)

The compensation system does not provide for the possibility of special compensation for extraordinary performance, which may be granted at the discretion of the Supervisory Board. However, under certain circumstances, it may be necessary to grant additional **special compensation** elements on a temporary basis. These involve one-off payments to new members of the Managing Board, for example to compensate for the loss of variable compensation from former employers, in order to attract the Managing Board member to HUGO BOSS (**sign-on**). In addition, the Supervisory Board is able to compensate a member of the Managing Board in the event they take on additional responsibility on an interim basis for these temporary increased duties (**bonus**). Any special compensation is limited in its amount, as it falls under the maximum compensation in accordance with Sec. 87a (1) sentence 2 No. 1 AktG.

When concluding the respective service agreement in 2020, the Supervisory Board resolved to grant a **one-off payment (sign-on)** of EUR 500 thousand to Oliver Timm, who has been a member of the Managing Board of HUGO BOSS AG since January 1, 2021. This serves to partially compensate for the loss of variable compensation components (restricted stock units) from his former employer. Partial amounts of EUR 300 thousand, EUR 100 thousand, and EUR 100 thousand were paid out in fiscal year 2021, fiscal year 2022, and fiscal year 2023.

Malus and clawback regulations

Under the current compensation system, the service agreements of the members of the HUGO BOSS Managing Board shall contain malus and clawback regulations that enable the Supervisory Board, under certain conditions, to reduce **variable compensation components that have not yet been paid out (malus)** or **to reclaim variable compensation components that have already been paid out (clawback)**. The Supervisory Board is therefore able, at its reasonable discretion, to withhold or reclaim part or all of the

variable compensation if the member of the Managing Board is in breach of a material obligation to exercise due diligence within the meaning of Sec. 93 AktG, a material obligation under the service agreement or of the essential rules and conduct principles laid down in the Company's Code of Conduct (compliance malus and compliance clawback). The Supervisory Board is also entitled to claim back a variable compensation that has already been paid if it becomes apparent after the payment that the audited and approved consolidated financial statements on which the calculation of the amount of the payment was based were incorrect and therefore had to be corrected in accordance with the relevant accounting rules (performance clawback).

In fiscal year 2023, the Supervisory Board **did not make use** of the option to reduce or reclaim variable compensation components.

Share Ownership Guidelines

The Share Ownership Guidelines (SOG) are an essential part of the compensation system of the Managing Board. In order to further align the interests of the Managing Board and shareholders, the SOG are intended to oblige the members of the Managing Board to **buy and hold shares in HUGO BOSS AG**. The size of the share ownership obligation (SOG target) is measured based on the individual gross basic compensation of each member of the Managing Board. The Chairman of the Managing Board must invest two times and all other ordinary members of the Managing Board must invest one time their annual gross basic compensation and maintain these shares for the entire duration of their Managing Board activities.

The **required number of shares** must be held within five years of the SOG coming into force for the respective Managing Board member, being built up on a linear basis and reviewed annually by the Group General Counsel. The annual minimum holding may be exceeded at any time. The rules and time limits of the Market Abuse Regulation must be observed when buying and selling the shares.

According to the compensation system, **the number of shares to be held** is determined based on the average closing price of the HUGO BOSS shares in Deutsche Börse's Xetra trading in the month prior to the appointment of the respective member of the Managing Board or prior to the respective last adjustment of the fixed basic compensation of the Managing Board member.

The members of the Managing Board are entitled to contribute any **existing pre-held shares**. The following table shows the **shares held** by the active members of the Managing Board as of December 31, 2023.

SHARES DIRECTLY HELD BY MEMBERS OF THE MANAGING BOARD

	Contributed existing pre-held shares acquired prior to Managing Board activity	Shares acquired during Managing Board activity	Number of shares as of December 31, 2023	XETRA closing price on December 29, 2023	Total value of shares as of December 31, 2023 (in EUR thousand)
Daniel Grieder, Chairman of the Managing Board since June 1, 2021	40,000	59,000	99,000	67.46	6,679
Yves Müller, Member of the Managing Board since December 1, 2017	0	19,000	19,000	67.46	1,282
Oliver Timm, Member of the Managing Board since January 1, 2021	1,333	16,500	17,833	67.46	1,203
Total	41,333	94,500	135,833	67.46	9,163

For **Daniel Grieder**, the SOG do not apply as of December 31, 2023, as his service contract was concluded prior to the introduction of the current compensation system by resolution of the Annual General Meeting 2021. The SOG will be applied once his service contract is either extended or amended. Irrespective of that, Daniel Grieder has already exceeded the requirements of the SOG in terms of the total period of five years. For **Oliver Timm**, the SOG apply following the extension of his service arrangement in March 2023. As of December 31, 2023, Oliver Timm has already exceeded the requirements of the SOG, both in terms of the review due for the first time in March 2024 and in terms of the total period of five years. For **Yves Müller**, the SOG apply following the extension of his service arrangement in March 2022. As of December 31, 2023, Yves Müller has exceeded the requirements of the SOG, both in terms of the review in March 2023 and in terms of the total period of five years.

Maximum compensation

MAXIMUM LIMITS OF COMPENSATION (LIMITATION OF VARIABLE COMPENSATION AND MAXIMUM COMPENSATION)

Compensation component	Cap
Short-term variable compensation	150% of the target amount
Long-term variable compensation	250% of the target amount
Maximum compensation	Chairman of the Managing Board: EUR 11,000,000 Ordinary Managing Board member: EUR 5,500,000

The compensation of the members of the Managing Board is limited in two respects. Firstly, the **performance-related components are subject to maximum limits**, which amount to 150% of the target amount for the STI and 250% for the LTI. These limits were complied with in all cases with respect to the performance-related compensation awarded and due in fiscal year 2023, as shown in the following table:

Compliance with the maximum compensation for the performance-related compensation of the Managing Board awarded and due in fiscal year 2023

		Daniel Grieder Chairman of the Managing Board (since June 1, 2021)			Yves Müller Member of the Managing Board (since December 1, 2017)			Oliver Timm Member of the Managing Board (since January 1, 2021)		
		Target compensation	Max.	Payout	Target compensation	Max.	Payout	Target compensation	Max.	Payout
(in EUR thousand)										
Short-term variable compensation	STI 2023	1,500	2,250	1,575	650	975	683	650	975	683
Long-term variable compensation	LTI 2020–2023	0	0	0	700	1,750	1,657	0	0	0
Total		1,500	2,250	1,575	1,350	2,725	2,340	650	975	683

		Dr. Heiko Schäfer Member of the Managing Board (from March 16, 2020 until May 31, 2022)			Ingo Wilts Member of the Managing Board (from August 15, 2016 until February 28, 2022)		
		Target compensation	Max.	Payout	Target compensation	Max.	Payout
(in EUR thousand)							
Short-term variable compensation	STI 2023	104	n.a.	102	0	0	0
Long-term variable compensation	LTI 2020–2023	534	n.a.	622	730	1,825	1,728
Total		638	n.a.	724	730	1,825	1,728

Secondly, in accordance with Sec. 87a (1) sentence 2 No. 1 AktG, the Supervisory Board has determined a **maximum compensation** that limits the total amount actually payable for the compensation awarded for a particular fiscal year, consisting of basic compensation, fringe benefits, expenses for the pension commitment, any special compensation, and short-term variable and long-term variable compensation. This maximum compensation can only be reviewed retrospectively once payment has been made from the LTI tranche issued in the respective fiscal year.

The **maximum compensation valid** for fiscal year 2023 is EUR 11,000 thousand for the Chairman of the Managing Board and EUR 5,500 thousand for the ordinary members of the Managing Board. Compliance with the maximum compensation for fiscal year 2023 can only be reported in the compensation report for fiscal year 2026, since the final payout for the LTI 2023–2026 depends on the share price performance of HUGO BOSS in the fourth quarter of 2026.

Compensation-related legal matters

Regulations for the termination of Managing Board activity

In the event of premature termination of the service agreement (in the absence of due cause for terminating the service agreement by the Company), the respective member of the Managing Board is entitled to a **severance payment**, which is always limited to the amount of the total compensation, including fringe benefits, for a period of 24 months, but is not compensated more than the remaining term of the agreement ("severance payment cap"). While in the current Managing Board agreements, the period for calculating the severance pay varies, it does not exceed 24 months. When agreements are extended, the severance pay scheme is also standardized for all members of the Managing Board. 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 agreement, the payment of any outstanding variable compensation components is made in accordance with the originally agreed targets and comparison parameters and according to the due dates or holding periods specified in the agreement.

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 respective member of the Managing Board is responsible. In the event of regular termination, the service agreements do not include a severance payment scheme.

The service agreements do not provide an extraordinary right to termination in the event of a **change of control** (acquisition of more than 30% of the voting rights in HUGO BOSS AG). This also applies to new appointments or extension agreements. There are no other compensation agreements.

Post-contractual non-compete clause

A **post-contractual non-compete clause** has been agreed for the members of the Managing Board. For a period of twelve months after termination of the service agreement, members of the Managing Board are not entitled, directly or indirectly, to work for, or to form or invest, in any other company in the area of premium or luxury fashion and/or accessories. This post-contractual non-compete clause applies to the countries in which HUGO BOSS and the affiliated companies of HUGO BOSS within the meaning of Sec. 15 et seq. AktG are operating at the time of termination of the service agreement. HUGO BOSS is obliged

to pay the member of the Managing Board a monthly amount of one twenty-fourth (of the annual target compensation (basic compensation as well as STI and LTI with a respective target achievement of 100% each) for the duration of this post-contractual non-compete clause.

For new appointments or extension agreements, the regulations are standardized and an agreement is reached for any severance payments to be credited to the payment for the post-contractual non-compete clause.

Individualized disclosure of the compensation of the Managing Board

Compensation awarded and due to current members of the Managing Board in fiscal year 2023 pursuant to Sec. 162 AktG

The following table shows the non-performance-related and performance-related compensation components awarded and due to **current members of the Managing Board** (active as of December 31, 2023) in the past fiscal year, including the respective relative share in accordance with Sec. 162 AktG. These include the basic compensation paid in the fiscal year, the fringe benefits accrued in the fiscal year, the pension allowance paid in the fiscal year, the STI 2023 awarded in fiscal year 2023 (payout in fiscal year 2024), the LTI 2020–2023 awarded in fiscal year 2023 (payout in fiscal year 2024), and any special compensation.

COMPENSATION AWARDED AND DUE

		Daniel Grieder Chairman of the Managing Board (since June 1, 2021)				Yves Müller Member of the Managing Board (since December 1, 2017) Spokesperson of the Managing Board (from July 16, 2020 until May 31, 2021)			
		2023		2022		2023		2022	
		in EUR thousand	in %	in EUR thousand	in %	in EUR thousand	in %	in EUR thousand	in %
Fixed compensation	Basic compensation	1,300	43	1,300	35	750	24	750	35
	Fringe benefits	132	4	132	4	22	1	20	1
	Pension allowance	0	0	0	0	0	0	0	0
Total		1,432	48	1,432	39	772	25	770	36
Short-term incentive	STI 2023	1,575	52	0	0	683	22	0	0
	STI 2022	0	0	2,250	61	0	0	919	43
Long-term incentive	LTI 2020–2023	0	0	0	0	1,657	53	0	0
	LTI 2019–2022	0	0	0	0	0	0	466	22
Total		1,575	52	2,250	61	2,340	75	1,385	64
Other	Special compensation	0	0	0	0	0	0	0	0
Total compensation		3,007	100	3,682	100	3,111	100	2,154	100

Oliver Timm
Member of the Managing Board
(since January 1, 2021)

		2023		2022	
		in EUR thousand	in %	in EUR thousand	in %
Fixed compensation	Basic compensation	750	48	750	41
	Fringe benefits	15	1	15	1
	Pension allowance	0	0	0	0
Total		765	49	765	42
Short-term incentive	STI 2023	683	44	0	0
	STI 2022	0	0	975	53
Long-term incentive	LTI 2020–2023	0	0	0	0
	LTI 2019–2022	0	0	0	0
Total		683	44	975	53
Other	Special compensation	100	6	100	5
Total compensation		1,548	100	1,840	100

Compensation awarded and due to former members of the Managing Board in fiscal year 2023

The following table shows the non-performance-related and performance-related compensation components awarded and due to **former members of the Managing Board** who terminated their activities within the last ten fiscal years, including the respective relative share in accordance with Sec. 162 AktG:

COMPENSATION AWARDED AND DUE

		Dr. Heiko Schäfer Member of the Managing Board (from March 16, 2020 until May 31, 2022)				Ingo Wilts Member of the Managing Board (from August 15, 2016 until February 28, 2022)			
		2023		2022		2023		2022	
		in EUR thousand	in %	in EUR thousand	in %	in EUR thousand	in %	in EUR thousand	in %
Fixed compensation	Basic compensation	0	0	725	59	0	0	750	38
	Fringe benefits	0	0	11	1	0	0	10	1
	Pension allowance	0	0	0	0	0	0	0	0
Total		0	0	736	60	0	0	760	38
Short-term incentive	STI 2023	102	14	0	0	0	0	0	0
	STI 2022	0	0	490	40	0	0	750	38
Long-term incentive	LTI 2020–2023 ¹	622	86	0	0	1,728	100	0	0
	LTI 2019–2022 ¹	0	0	0	0	0	0	473	24
Total		724	100	490	40	1,728	100	1,223	62
Other	Pension payments	0	0	0	0	0	0	0	0
	Deferred compensation payments	0	0	0	0	0	0	0	0
Total compensation		724	100	1,226	100	1,728	100	1,983	100

Mark LangerChairman of the Managing Board
(from May 19, 2016 until July 15, 2020)Member of the Managing Board
(from January 15, 2010 until May 18, 2016)

		2023		2022	
		in EUR thousand	in %	in EUR thousand	in %
Fixed compensation	Basic compensation	0	0	0	0
	Fringe benefits	0	0	0	0
	Pension allowance	0	0	0	0
Total		0	0	0	0
Short-term incentive	STI 2023	0	0	0	0
	STI 2022	0	0	0	0
Long-term incentive	LTI 2020–2023 ²	464	100	0	0
	LTI 2019–2022 ²	0	0	529	100
Total		464	100	529	100
Other	Pension payments	0	0	0	0
	Deferred compensation payments	0	0	0	0
Total compensation		464	100	529	100

¹ Under the separation agreement dated May 2022, former member of the Managing Board Dr. Heiko Schäfer was entitled to a payment for the pro-rata earned tranches of the LTI 2020–2023, LTI 2021–2024, and LTI 2022–2025 totaling EUR 1,357 thousand, which became due in September 2022.

² Under the separation agreement dated April 2020, former Chairman of the Managing Board Mark Langer was entitled to a payment for the pro-rata earned tranches of the LTI 2019–2022 and LTI 2020–2023 totaling EUR 993 thousand, which became due in March 2022.

No non-performance-related or performance-related compensation components were awarded and due to the former members of the Managing Board Bernd Hake (ordinary member of the Managing Board from March 1, 2016 until July 2, 2019), Claus-Dietrich Lahrs (Chairman of the Managing Board from August 1, 2008 until February 29, 2016), and Christoph Auhagen (ordinary member of the Managing Board from December 1, 2009 until April 22, 2016) in fiscal years 2023 or 2022.

Target compensation and actual compensation of the current members of the Managing Board for fiscal year 2023

The following table shows the respective **target compensation** of the members of the Managing Board active as of December 31, 2023 for fiscal year 2023. This includes the target compensation agreed for the fiscal year in the event of a target achievement of 100%, supplemented by details of the minimum and maximum compensation achievable on an individual basis. In addition, the allocation for the fiscal year are stated as **actual compensation** according to the GCGC. This actual compensation comprises the fixed compensation paid out in the fiscal year, the fringe benefits accrued in the fiscal year, the pension allowance due for the fiscal year, the payout due in March 2024 from the STI 2023, and the payout due in March 2024 from the LTI 2020–2023. The ongoing pension commitments also include the service costs incurred for the fiscal year in accordance with IFRS.

TARGET COMPENSATION AND ACTUAL COMPENSATION ACCORDING TO GCGC IN FISCAL YEAR 2023

		Daniel Grieder Chairman of the Managing Board (since June 1, 2021)				Yves Müller Member of the Managing Board (since December 1, 2017)			
(in EUR thousand)		Target compen- sation	Minimum compen- sation	Maximum compen- sation	Allo- cation	Target compen- sation	Minimum compen- sation	Maximum compen- sation	Allo- cation
Fixed compensation	Basic compensation 2023	1,300	1,300	1,300	1,300	750	750	750	750
	Fringe benefits 2023	132	132	132	132	22	22	22	22
	Pension allowance 2023	0	0	0	0	0	0	0	0
Total		1,432	1,432	1,432	1,432	772	772	772	772
Short-term incentive	STI 2023	1,500	0	2,250	1,575	650	0	975	683
Long-term incentive	LTI 2023–2026	2,400	0	6,000	–	1,000	0	2,500	–
	LTI 2020–2023	–	–	–	0	–	–	–	1,657
Total		3,900	0	8,250	1,575	1,650	0	3,475	2,340
Pension	Service costs 2023	520	520	520	520	300	300	300	300
Other	Special compensation 2023	0	0	0	0	0	0	0	0
Total compensation		5,852	1,952	10,202	3,527	2,722	1,072	4,547	3,411

		Oliver Timm Member of the Managing Board (since January 1, 2021)			
(in EUR thousand)		Target compen- sation	Minimum compen- sation	Maximum compen- sation	Allo- cation
Fixed compensation	Basic compensation 2023	750	750	750	750
	Fringe benefits 2023	15	15	15	15
	Pension allowance 2023	0	0	0	0
Total		765	765	765	765
Short-term incentive	STI 2023	650	0	975	683
Long-term incentive	LTI 2023–2026	1,000	0	2,500	–
	LTI 2020–2023	–	–	–	0
Total		1,650	0	3,475	683
Pension	Service costs 2023	300	300	300	300
Other	Special compensation 2023	100	100	100	100
Total compensation		2,815	1,165	4,640	1,848

Compensation of the members of the Supervisory Board in fiscal year 2023

Principles of the compensation system for the Supervisory Board

The **compensation of the members of the Supervisory Board** as determined by the Annual General Meeting is governed by Art. 12 of the Articles of Association of HUGO BOSS AG and provides both the abstract and the specific framework for the compensation of the members of the Supervisory Board. This ensures that the compensation of the members of the Supervisory Board always complies with the compensation system adopted by the Annual General Meeting on May 27, 2020 and adjusted with effect from July 30, 2020.

The compensation of the members of the Supervisory Board comprises **only fixed components**. The compensation consists of two components: a fixed compensation, depending on the position of the respective Supervisory Board member, and additional compensation for the respective committee activities. The compensation regulation thus also takes into account the requirements of the GCGC.

Structure and application of the compensation system of the Supervisory Board in fiscal year 2023

Each ordinary member of the Supervisory Board receives a **fixed annual compensation** of EUR 80 thousand (base amount). The Chairman receives 2.5 times (EUR 200 thousand) and the Deputy Chairman receives 1.75 times (EUR 140 thousand) this base amount.

In addition, **members of the Working Committee, the Audit Committee, and the Personnel Committee** will be paid an additional EUR 30 thousand each, and the Chairman of any of these committees will receive an additional EUR 60 thousand each. Members of the Nomination Committee receive an additional EUR 20 thousand. No compensation is paid for the Chairman and members of the Mediation Committee. Additional compensation will only be paid for the three highest remunerated positions on committees. This regulation leads to the setting of an individual **maximum compensation** for each member of the Supervisory Board in accordance with the positions held by the respective member in the committees.

COMPENSATION FOR SUPERVISORY BOARD ACTIVITY AND MEMBERSHIP IN A COMMITTEE

Compensation for Supervisory Board function			
Chairman	Deputy Chairman	Ordinary Member	
EUR 200,000 2.5 times the base amount	EUR 140,000 1.75 times the base amount	EUR 80,000 Base amount	
Compensation for membership in a committee			
Working Committee	Audit Committee	Personnel Committee	Nomination Committee
Chairman EUR 60,000	Chairman EUR 60,000	Chairman EUR 60,000	Chairman –
Ordinary Member EUR 30,000	Ordinary Member EUR 30,000	Ordinary Member EUR 30,000	Ordinary Member EUR 20,000

No further compensation is granted beyond the compensation described above. Consequently, the current system does not foresee variable compensation components or attendance fees.

The compensation is **paid out** following the Annual General Meeting that decides on the approval of the Supervisory Board for the respective past fiscal year. Members of the Supervisory Board who have been members of the Supervisory Board or a committee for only part of the fiscal year receive pro rata compensation for each month of service or part thereof. Members of the Supervisory Board are reimbursed expenses incurred in connection with the performance of their duties. Any value-added tax (VAT) is reimbursed by the Company if the members of the Supervisory Board are entitled to invoice the Company separately for the VAT and exercise this right.

In fiscal year 2023, the compensation system for the Supervisory Board was applied in full as set out in Art. 12 of the Company's Articles of Association. In fiscal year 2023, the members of the Supervisory Board **did not receive any further compensation or benefits** for services provided individually, in particular consulting and mediation services. Furthermore, no loans or advances were granted to the members of the Supervisory Board, nor were there any contingent liabilities in their favor.

Individualized disclosure of the compensation of the Supervisory Board

The following table shows the **fixed and variable compensation components that were awarded and due to current and former members of the Supervisory Board in the past fiscal year**, including the respective relative share in accordance with Sec. 162 AktG. In accordance with Art. 12 of the Company's Articles of Association, the total amount of the compensation of the Supervisory Board is due following the Annual General Meeting that decides on the approval of the Supervisory Board for the respective past fiscal year. The disclosure for fiscal year 2023 relates to the fixed compensation awarded for the Supervisory Board's activities in fiscal year 2023 (payout in fiscal year 2024) and the compensation awarded for committee membership in fiscal year 2023 (payout in fiscal year 2024).

COMPENSATION AWARDED AND DUE

		Fixed compensation (base amount)		Compensation for committee work		Total compensation	
Current members of the Supervisory Board		2023	2022	2023	2022	2023	2022
Hermann Waldemer Chairman	in EUR thous.	200	200	150	150	350	350
	in %	57	57	43	43	100	100
Sinan Piskin Deputy Chairman	in EUR thous.	140	140	90	90	230	230
	in %	61	61	39	39	100	100
Iris Epple-Righi	in EUR thous.	80	80	30	30	110	110
	in %	73	73	27	27	100	100
Andreas Flach (since May 9, 2023 ¹)	in EUR thous.	52	–	19	–	71	–
	in %	73	–	27	–	100	–
Katharina Herzog	in EUR thous.	80	80	30	30	110	110
	in %	73	73	27	27	100	100
Daniela Liburdi (since May 9, 2023 ¹)	in EUR thous.	52	–	19	–	71	–
	in %	73	–	27	–	100	–
Gaetano Marzotto	in EUR thous.	80	80	50	50	130	130
	in %	62	62	38	38	100	100
Luca Marzotto	in EUR thous.	80	80	60	60	140	140
	in %	57	57	43	43	100	100
Tanja Silvana Nitschke	in EUR thous.	80	80	30	30	110	110
	in %	73	73	27	27	100	100
Christina Rosenberg	in EUR thous.	80	80	30	30	110	110
	in %	73	73	27	27	100	100
Bernd Simbeck	in EUR thous.	80	80	60	60	140	140
	in %	57	57	43	43	100	100
Robin J. Stalker	in EUR thous.	80	80	60	60	140	140
	in %	57	57	43	43	100	100
Former members of the Supervisory Board		2023	2022	2023	2022	2023	2022
Anita Kessel (until May 9, 2023 ¹)	in EUR thous.	28	80	11	30	39	110
	in %	73	73	27	27	100	100
Martin Sambeth (until May 9, 2023 ¹)	in EUR thous.	28	80	11	30	39	110
	in %	73	73	27	27	100	100

¹ Effective May 9, 2023, the two employee representatives Anita Kessel and Martin Sambeth both resigned from the Supervisory Board. Daniela Liburdi joined the Supervisory Board on May 9, 2023, as the successor to Anita Kessel. Andreas Flach joined the Supervisory Board on May 9, 2023, as the successor to Martin Sambeth. As set out in Art. 12 of the Company's Articles of Association, all four receive pro-rata compensation for their activities in fiscal year 2023.

No compensation was awarded and due to the former members of the Supervisory Board Kirsten Kistermann-Christophe, Fridolin Klumpp, Michel Perraudin, and Axel Salzmann, who all left the Supervisory Board on May 27, 2020, either in fiscal year 2023 or in fiscal year 2022.

The employee representatives, who are members of a trade union, have declared they will pass their compensation to the Hans Böckler Foundation in accordance with the guidelines of the German Trade Union Confederation.

Comparative presentation of compensation and earnings development

The following comparative presentation shows the annual change in the compensation awarded and due to current and former members of the Managing Board and Supervisory Board, the **Company's earnings development** (in terms of sales, EBIT, the Group's net income, and net income of HUGO BOSS AG) and the **compensation of employees on a full-time equivalent basis**, the latter being based on the average wages and salaries of HUGO BOSS employees throughout the Group in the respective fiscal year.

COMPARATIVE INFORMATION – MANAGING BOARD AND SUPERVISORY BOARD COMPENSATION IN COMPARISON WITH EMPLOYEE COMPENSATION AND EARNINGS DEVELOPMENT

(Annual change in %)	2023 vs. 2022	2022 vs. 2021	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018
Key earnings figures					
Group sales	15	31	43	(33)	3
Group's operating result (EBIT)	22	47	197	(169)	(1)
Group's net income	22	54	166	(207)	(13)
Net income of HUGO BOSS AG	54	41	163	(191)	(14)
Employee compensation¹					
Employees HUGO BOSS Group	(1) ²	14 ³	9	–	–
Compensation of the Managing Board					
Members of the Managing Board as of December 31, 2023					
Daniel Grieder (Chairman since 06/2021)	(18)	81	–	–	–
Yves Müller (since 12/2017; Spokesperson of the Managing Board from 07/2020 until 05/2021)	44	(1)	70	7	(27)
Oliver Timm (since 01/2021)	(16)	(8)	–	–	–
Former members of the Managing Board					
Dr. Heiko Schäfer (from 03/2020 until 05/2022)	(49)	(15)	59	–	–
Ingo Wilts (from 08/2016 until 02/2022)	(13)	16	36	1	(25)
Mark Langer (Chairman from 05/2016 until 07/2020, Ordinary member from 01/2010 until 05/2016)	(12)	(12)	24	(46)	(27)
Bernd Hake (from 03/2016 until 07/2019)	–	–	–	(48)	(81)
Christoph Auhagen (from 12/2009 until 04/2016)	–	–	–	–	–
Claus-Dietrich Lahrs (Chairman from 08/2008 until 02/2016)	–	–	–	–	–

¹ In accordance with Sec. 26J (2) sentence 2 EGAktG ["Einführungsgesetz zum Aktiengesetz": German Introductory Act to the Stock Corporation Act], a comparison of the average employee compensation on a full-time equivalent basis over the last five fiscal years in pursuant to Sec. 162(1) sentence 2 No. 2 AktG is not yet to be included in the compensation report.

² In absolute terms, the Group-wide average compensation of employees on a full-time equivalent basis remained broadly stable in fiscal year 2023, amounting to EUR 52 thousand (2022: EUR 52 thousand), as salary increases were broadly offset by lower bonus payments and currency effects.

³ The increase largely reflected salary increases against the backdrop of the high level of global inflation, measures implemented in fiscal year 2021 in connection with COVID-19 to reduce working hours and personnel costs, as well as currency effects.

(Annual change in %)	2023 vs. 2022	2022 vs. 2021	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018
Compensation of the Supervisory Board					
Members of the Supervisory Board as of December 31, 2023					
Hermann Waldemer (since 05/2015; Chairman since 05/2020)	0	0	57	47	(18)
Sinan Piskin (since 11/2008; Deputy Chairman since 05/2020)	0	0	62	37	(18)
Iris Epple-Righi (since 05/2020)	0	0	99	–	–
Andreas Flach (since 05/2023)	–	–	–	–	–
Katharina Herzog (since 05/2020)	0	0	99	–	–
Daniela Liburdi (since 05/2023)	–	–	–	–	–
Gaetano Marzotto (since 02/2010)	0	0	80	81	(18)
Luca Marzotto (since 02/2010)	0	0	45	(7)	(18)
Tanja Silvana Nitschke (since 05/2015)	0	0	68	64	(18)
Christina Rosenberg (since 05/2020)	0	0	106	–	–
Bernd Simbeck (since 09/2021)	0	198	–	–	–
Robin J. Stalker (since 05/2020)	0	0	96	–	–
Former members of the Supervisory Board					
Antonio Simina (until 08/2021, Deputy Chairman until 05/2020)	–	–	(16)	(44)	(22)
Anita Kessel (until 05/2023)	(65)	0	49	(8)	(18)
Kirsten Kistermann-Christophe (until 05/2020)	–	–	–	(75)	(18)
Fridolin Klumpp (until 05/2020)	–	–	–	(75)	(18)
Michel Perraudin (Chairman until 05/2020)	–	–	–	(72)	(15)
Axel Salzmann (until 05/2020)	–	–	–	(75)	(18)
Martin Sambeth (until 05/2023)	(65)	0	73	59	(18)

CEO Investment Opportunity

While the resolution to approve the compensation system for the members of the Managing Board was passed by a large majority at the 2021 Annual General Meeting (approval rate: 93.83%), the 2022 Compensation Report of HUGO BOSS was resolved with a majority of 66.37% at the 2023 Annual General Meeting. The Supervisory and Managing Board attribute this vote primarily to the existence of the CEO Investment Opportunity, an **agreement established between Daniel Grieder and the Marzotto family** prior to Daniel Grieder assuming the role of Chief Executive Officer at HUGO BOSS in June 2021. At the same time, it is neither perceived as a criticism of the main features of the compensation system nor of the format of the compensation report of HUGO BOSS.

In the following section, HUGO BOSS thus provides a detailed explanation of the main features of the CEO Investment Opportunity, which is explicitly not part of the compensation system. In doing so, the Supervisory Board of HUGO BOSS aims to **further enhance transparency and promote a better understanding** of the CEO Investment Opportunity in general, outlining why in its opinion there is no conflict of interest with other shareholders of HUGO BOSS.

Third-party agreement and thus not part of the compensation system

Prior to Daniel Grieder assuming his duties, the CEO Investment Opportunity was agreed between Daniel Grieder and the Marzotto family, aimed at providing an additional incentive for a substantial and sustainable increase in the share price of HUGO BOSS. As such, the CEO Investment Opportunity represents a **third-party agreement** between Daniel Grieder and the Marzotto family and is thus explicitly **not part of the compensation system** in accordance with Sec. 87a AktG. Therefore, it is also not to be included in the maximum compensation of Daniel Grieder.

No conflicts of interest existing

The Supervisory Board discussed the CEO Investment Opportunity at a plenary meeting on June 16, 2020, and noted it with approval. In the opinion of the Supervisory Board, there are **no conflicts of interest, particularly in regard to any other shareholder of HUGO BOSS**, arising from the CEO Investment Opportunity as it is directly tied to the long-term share price performance of HUGO BOSS. Ultimately, all shareholders in HUGO BOSS benefit from a sustainable increase in the share price.

Sustainable increase in share price required

The CEO Investment Opportunity was implemented by setting up an **investment vehicle** titled ZPG HOLDING S.à.r.l. ("ZPG"). ZPG bought 625,000 HUGO BOSS shares in mid-2021 for an average share price of EUR 46.40 and will hold these shares until the occurrence of a so-called **liquidity event**. In this context, Daniel Grieder invested a total amount of EUR 1.5 million in ordinary shares in ZPG, with the rest of the investment provided by PFC S.r.l. and Zignago Holding S.P.A., each controlled by the Marzotto family, and a third-party bank financing. PFC S.r.l. and Zignago Holding S.P.A. hold the remainder of ordinary shares and certain preference shares, with limited economic rights ranking senior to the ordinary shares. Liquidity events are the exercise of a call option by ZPG, the exercise of a put option by Daniel Grieder, or ZPG selling the HUGO BOSS shares to a third party.

The **call option** may be exercised by ZPG either in the event that Daniel Grieder leaves HUGO BOSS or in a period of 120 days following the ordinary expiration of his employment contract with HUGO BOSS. If the call option is exercised based on a reason for which Daniel Grieder is responsible (e.g., termination by Daniel Grieder not based on good cause), he will receive the lower of either the fair market value of his ZPG shares or the amount of his initial investment. If the call option is exercised without Daniel Grieder having given cause for it (e.g., termination by HUGO BOSS not based on good cause), he will receive the fair market value of his ZPG shares.

The **put option** may be exercised by Daniel Grieder once the average HUGO BOSS share price during a period of 120 days exceeds specific thresholds. The minimum share price required for exercising the put option is EUR 75.10, representing an increase of 62% compared to the average purchase price of HUGO BOSS shares (EUR 46.40). The consideration, both in the event of exercising the put option or in case ZPG sells its HUGO BOSS shares to a third party, is the fair market value of the ZPG shares held by Daniel Grieder.

The **fair market value** of the ZPG shares held by Daniel Grieder is linked to the difference between the average purchase price of HUGO BOSS shares (EUR 46.40) and the average share price of HUGO BOSS shares during the 120 days prior to the liquidity event. If the average share price of HUGO BOSS during the 120 days prior to the liquidity event ranges between EUR 46.40 and EUR 75.00, Daniel Grieder will receive back the contributed amount of EUR 1.5 million. If the average share price during the 120 days prior to the liquidity event is less than EUR 46.40, the amount will be correspondingly lower depending on the average share price. By contrast, if the average share price during the 120 days prior to the liquidity event is EUR 75.10 or higher, the fair market value of the ZPG shares held by Daniel Grieder increases depending on the share price performance of HUGO BOSS. For example, an average share price of EUR 75.10 would result in a fair market value of EUR 7.1 million, an average share price of EUR 100.00 in a fair market value of EUR 14.8 million, and an average share price of EUR 126.00 in a fair market value of EUR 23.6 million.

Liquidity event not occurred as of December 31, 2023

At the end of fiscal year 2023, the share price of HUGO BOSS amounted to EUR 67.46, up 25% on the previous year. This development is mainly attributable to the strong operational business development in the course of the successful execution of the Company's "CLAIM 5" strategy. Despite the strong business performance, no liquidity event has occurred as of the end of fiscal year 2023, as the share price as of December 31, 2023, was below the minimum share price of EUR 75.10 required to exercise the put option. This illustrates the **ambitious nature of the CEO Investment Opportunity**, requiring a sustainable and successful long-term business development, which in turn should have a long-lasting positive impact on the share price performance of HUGO BOSS. In the opinion of the Supervisory Board, there is still a strong incentive not to exercise the put option immediately even after the minimum share price has been reached, as its fair value will continue to rise with a possible increase in the share price. [> Our Share](#)

In summary, the Supervisory Board of HUGO BOSS is convinced that the **CEO Investment Opportunity is in the interest of all shareholders** of HUGO BOSS, as it provides an additional incentive for a consistent, successful, and sustainable implementation of the Company's "CLAIM 5" strategy, thus contributing to long-term business success and a significant increase in the share price as well as shareholder value.

Metzingen, March 6, 2024

HUGO BOSS AG

The Managing Board

The Supervisory Board

LEGAL DISCLOSURES

Legal disclosures form part of the combined management report

Corporate governance statement published on the corporate website

There are shares in the Company's capital exceeding 10% of voting rights

Corporate governance statement

The **corporate governance statement** (pursuant to Sec. 289f and Sec. 315d HGB) forms part of the combined management report and can be found on the corporate website at cgs.hugoboss.com. It is also included in the section "Corporate Governance and Corporate Governance Statement" of this Annual Report.

Disclosures under takeover law

The **disclosures under takeover law** pursuant to Sec. 289a and Sec. 315a HGB, which are part of the audited combined management report, are presented and explained below. As far as the Managing Board is aware, there is no further need for any declarations under Sec. 176 (1) Sentence 1 AktG.

Composition of subscribed capital

The subscribed capital of HUGO BOSS AG consists of 70,400,000 no-par value registered ordinary shares with a pro-rata amount of the share capital of EUR 1.00 per ordinary share. The shares are fully paid up. All the shares have the same rights and obligations attached to them. Shareholder rights and obligations derive from the provisions of AktG, in particular those in Sec. 12, 53a ff., 118 ff., and 186 AktG.

Restrictions on voting rights or the transfer of shares

Each share confers one vote at the Annual General Meeting and determines the shareholders' proportion of the Company's profits. This does not include own shares held by the Company, from which the Company derives no rights. In the cases in Sec. 136 AktG, the voting right under the affected shares is excluded by law.

Shares in the Company's capital exceeding 10% of the voting rights

On the basis of the voting rights notifications received by the Company on or before December 31, 2023 in accordance with Sec. 33, 34 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act], the following direct or indirect shares in the Company's capital reach or exceed 10% of the voting rights:

According to the voting rights notifications of February 13, 2020 received from PFC S.r.l., Vicenza, Italy, and Zignago Holding S.p.A., Fossalta di Portogruaro, Italy, these companies together hold 15.45% of the voting rights. According to the notification, there is an agreement between the companies resulting in the voting rights held by the companies being attributed to the respective other company. Specifically, PFC S.r.l. directly holds 5.77% of the voting rights in accordance with Sec. 33 WpHG, while Zignago Holding S.p.A. directly holds 9.03% of the voting rights in accordance with Sec. 33 WpHG. In addition, PFC S.r.l. holds 0.27% of the voting rights, and Zignago Holding S.p.A. holds 0.38% of the voting rights via instruments pursuant to Sec. 38 (1) No. 2 WpHG. In total, the combined investment thus exceeds 15% of the voting rights. As of December 31, 2023, HUGO BOSS AG has not been notified of any other direct or indirect capital investments that reach or exceed 10% of the voting rights.

All **notifications on changes in the share of voting rights held** are available on the corporate website at financialreleases.hugoboss.com. In addition, the reportable shareholdings notified in fiscal year 2023 can be found in the annual financial statements of HUGO BOSS AG for fiscal year 2023.

Shares with special rights granting control authority

There are no shares with special rights granting control authority.

Voting right controls for shares held by employees in the Company's capital

There are no voting right controls applicable to employees who hold shares in the capital of HUGO BOSS AG and are unable to directly exercise their control rights.

Appointment and dismissal of the Managing Board

The **appointment and dismissal of members of the Managing Board** of HUGO BOSS AG is in accordance with Sec. 84 and Sec. 85 AktG and Sec. 31 MitbestG ["Mitbestimmungsgesetz": German Co-Determination Act] in conjunction with Art. 6 of the Articles of Association. In accordance with Art. 6 (1) of the Articles of Association, the Managing Board comprises at least two members. The number of members of the Managing Board is determined by the Supervisory Board pursuant to Art. 6 (2) of the Articles of Association. The Supervisory Board can appoint a Chairman and a Deputy Chairman of the Managing Board. The Supervisory Board can revoke a person's appointment to the Managing Board and appointment to the position of Chairman of the Managing Board for due cause. In accordance with Art. 6 (3) of the Articles of Association, members of the Managing Board may not, as a rule, be older than 60 years of age when they are appointed. They are appointed by the Supervisory Board for no more than five years.

Amendments to the Articles of Association

Amendments to the Articles of Association are made by resolutions passed at the Annual General Meeting. Unless prescribed otherwise by the German Stock Corporation Act, resolutions are passed pursuant to Art. 17 (2) of the Articles of Association by simple majority of the votes cast and – if a majority of the capital represented when passing a resolution is required – by simple majority of the share capital represented when the resolution is passed. Pursuant to Art. 20 of the Articles of Association, the Supervisory Board is authorized to make amendments to the Articles of Association that only affect the wording.

Powers of the Managing Board with respect to the issue and repurchase of shares

By resolution of the Annual General Meeting of May 11, 2021, the Managing Board of HUGO BOSS AG may, with the Supervisory Board's consent, increase the share capital by up to EUR 17,600,000 on or before May 10, 2026, by issuing up to 17,600,000 new registered shares on a cash and/or non-cash basis once or repeatedly **(2021 authorized capital)**. In general, shareholders have a subscription right. However, the Managing Board is authorized, subject to the approval of the Supervisory Board, to exclude the subscription rights of shareholders up to a maximum of 10% of the share capital (a) to avoid fractional amounts, (b) in the case of a capital increase in exchange for contributions in kind, and (c) in the event that the issue price of new shares in the case of cash-based capital increases is not significantly below the quoted price of the shares already listed on the stock exchange at the time the issue price is finally determined, the time of which should be as close as possible to the time at which the shares are placed; the shares issued, including any shares issued or own shares sold under exclusion of subscription rights pursuant to Sec. 186 (3) Clause 4 AktG – applied directly or by analogy – may not exceed 10% of the share capital either at the time this authorization becomes effective or at the time when it is exercised.

By resolution of the Annual General Meeting of May 11, 2021, the Managing Board was authorized until May 10, 2026, with the consent of the Supervisory Board, to issue convertible bonds and/or bonds with warrants, profit participation rights, and/or income bonds (or combinations of these instruments) in registered form or made out to the bearer, with or without a maturity, once or several times, including in different tranches simultaneously, in the total nominal amount of up to EUR 750,000,000. In this context, the share capital was conditionally increased by up to EUR 17,600,000 through the issue of up to 17,600,000 new no-par-value registered shares **(2021 conditional capital)**. The conditional capital increase shall only be implemented to the extent that the holders or creditors of conversion/warrant rights arising from the bonds can make use of the bonds, satisfy conversion/warrant obligations, or offer shares, and no other means of satisfying such rights or obligations are implemented. In general, shareholders have a subscription right. However, the Managing Board is authorized, subject to the approval of the Supervisory Board, to exclude the subscription right of shareholders up to a maximum of 10% of the share capital (a) in the case of bonds issued in return for cash consideration and whose issue price is not substantially lower than the theoretical market value of the bonds calculated in accordance with generally accepted methods used in financial mathematics, (b) to avoid fractional amounts, (c) if necessary, to grant the holders or creditors of bonds a subscription right to bonds, as they would be granted as a shareholder, (d) in the case of bonds issued against non-cash contribution; the shares issued, including any shares issued or own shares sold under exclusion of subscription rights pursuant to Sec. 186 (3) sentence 4 AktG – applied directly or by analogy – may not exceed a total of 10% of the share capital at the time this authorization becomes effective or at the time when it is exercised. In addition, the Managing Board is authorized, subject to the consent of the Supervisory Board, to exclude the subscription rights if income bonds and/or profit participation rights are issued without warrant or conversion rights, or warrant or conversion obligations, if these income bonds and/or profit participation rights have a bond-like character.

Pursuant to the resolution of the Annual General Meeting of May 27, 2020, the Managing Board is authorized until May 26, 2025, to **acquire own shares** of the Company up to a total share of no more than 10% of the share capital outstanding as of May 27, 2020, or, if this value is lower, the share capital outstanding at the time the authorization is exercised. The authorization can be exercised directly by HUGO BOSS AG, by a company dependent on HUGO BOSS AG or in which it holds a majority interest, or by commissioned third parties and permits the acquisition of own shares fully or in partial amounts, once or several times. The acquisition can be made through the stock exchange or a public offer addressed to all shareholders to submit sale offers or through the granting of put options to the shareholders. The authorization also allows for a restriction of the principle of equal treatment of all shareholders and any rights of the shareholders to sell shares to the Company in connection with the acquisition of the shares.

Own shares acquired under this authorization can be sold again through the stock exchange or through an offer addressed to all shareholders (also while excluding subscription rights of shareholders). With the consent of the Supervisory Board, they can also be redeemed as compensation, precluding the subscription rights of the shareholders, for the acquisition of companies and investments in companies, for sale at a price that is not significantly lower than the current quoted price, and for the admission of the share to foreign stock exchanges. In addition, the Managing Board is authorized, with the consent of the Supervisory Board, precluding the subscription rights of the shareholders, to offer own shares to current or former employees or members of executive bodies of HUGO BOSS AG or affiliated companies, as well as to use the shares for the fulfillment of conversion and warrant rights or conversion obligations of HUGO BOSS AG or its affiliated companies, and to use the shares to carry out a stock dividend. In addition, in the case of an offer to all shareholders to purchase own shares, the subscription right for fractional shares may be excluded. By resolution of the Annual General Meeting of May 27, 2020, the Managing Board is further authorized to acquire own shares using equity derivatives.

Change of control regulations

The syndicated loan taken out by HUGO BOSS AG and HUGO BOSS International B.V. and guaranteed by HUGO BOSS AG as well as the bilateral lines of credit contain standard market conditions that grant the contracting parties additional termination rights in the event of a change of control – known as "change of control clauses."

Compensation agreements

The service agreements of the current members of the Managing Board do not contain a provision under which, in the event of a change of control (acquisition of more than 30% of the voting rights in HUGO BOSS AG), the contracting parties are granted an additional termination right under certain circumstances and, if the service agreement is in fact terminated, the member of the Managing Board must be compensated.

> **Compensation Report**