TO OUR SHAREHOLDERS
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Letter to Shareholders p. 5
Managing Board p. 8
Report of the Supervisory Board p. 10
Supervisory Board p. 15
Corporate Governance Report p. 16
HUGO BOSS – Key Share Data p. 23
HUGO BOSS on the Capital Market p. 24
Dear Shareholders,

Last year proved very challenging for the premium and luxury goods industry overall. And our Company was not immune to the challenges posed by a recessionary environment in Europe, uncertainty surrounding the U.S. budget and significantly lower industry growth in Asia compared to prior years. Considering these conditions, we can be satisfied with what we achieved: Adjusted for currency effects, consolidated sales increased by 6% and the operating result by 7%.

Apart from the good financial performance, implementation of important strategic measures shaped the past year.

For instance, we streamlined and sharpened our brand portfolio by integrating the previously independent luxury business in the BOSS core brand. Looking back, this was clearly the right decision. The move has allowed us to upgrade our complete offering, and it shows: within just a short period the luxury business accounted for a larger share of sales. Expanding our offering in the higher price brackets as well as focusing on the BOSS brand has placed us in a strong position to effectively present our product range in larger stores as well. Our new stores in Berlin, Hong Kong, New York and Tokyo are an impressive testament to this.
But these locations are just a few examples of the quantum leap we have made optimizing the size and quality of the store network in 2013. With the expansion of our flagship store portfolio, we have substantially raised our profile in key shopping districts worldwide. This is especially evident in Asia, where we have taken a major stride towards enhancing our market presence – previously dominated by franchise partners – by adding new locations in striking high-profile locations in major metropolitan areas. These stores will shape how HUGO BOSS is perceived in the years ahead.

In Europe too, the transformation of our business model towards own retail has gained momentum. The fact that we generated more sales in the retail business than in the wholesale business for the first time in the prior year clearly confirms this. At our stores we can give our brands the space they need to make their full impact. This is appreciated not only by local customers, but also by the fast growing number of visitors from other continents to whom HUGO BOSS today offers a highly appealing shopping experience with increasing consistency worldwide.

In the current year, our attention will remain firmly focused on presenting HUGO BOSS consistently and unmistakably across all regions and distribution channels. That is why we will continue to invest in the expansion of our network and the renovation of existing stores. In addition, we are working together with our partners in our wholesale business – traditionally a key segment for us – to shift our presentation away from the pure category business and increasingly towards select shop-in-shop spaces. Doing so will create an arena in which we can far more effectively showcase our broad product competence and stage the BOSS brand as we envision it. To achieve this, we are willing to redouble our efforts and assume greater responsibility.

This year, we are also paying particular attention to the womenswear collection – an area in which HUGO BOSS still has a lot of untapped potential. We are confident that our new Artistic Director Jason Wu will make an impact in the second half of the year. Jason was quick to understand the essence of HUGO BOSS. His sense for quality and his love of detail are an ideal fit for the brand’s values. This will be clearly evident in his inaugural fall collection. The fusion of clear lines and precise cuts with sophisticated, highly feminine
elements is an unmistakable signature that will appeal to our core target group of women who are successful in their professional and private lives. We will support the success of womenswear with extensive communication drives and high-profile placement in our stores.

I am confident that the leitmotif of our annual report – success – will also be a fitting headline for our Company’s development in 2014. We expect to grow our sales by a high single-digit figure, and thus more than last year – with contributions expected from all regions. And the recovering strength of our business in Europe gives us every reason to be confident. The operating result looks set to mirror the strong development of sales.

Aside from my confidence in the success of our Company’s strategy, it is particularly the performance and passion of our employees that makes me optimistic as I look ahead. Supported by them, our customers, business partners and shareholders, we will make 2014 another successful year for HUGO BOSS.

Sincerely yours,

Claus-Dietrich Lahrs
CEO and Chairman of the Managing Board
MANAGING BOARD

CLAUS-DIETRICH LAHRS
Stuttgart, Germany
Chairman of the Managing Board
Responsible for
Distribution,
Retail,
Royalties,
Communication and
Global Replenishment

MARK LANGER
Stuttgart, Germany
Responsible for
Controlling,
Investor Relations,
Finance,
Legal and Compliance,
Human Resources,
Logistics,
IT and Central Services
Director for Labor Relations

CHRISTOPH AUHAGEN
Stuttgart, Germany
Responsible for
Brand Management,
Creative Management,
Sourcing and
Manufacturing
(left to right) Mark Langer, Claus-Dietrich Lahrs, Christoph Auhagen
REPORT OF THE SUPERVISORY BOARD

Dear Readers,

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

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

If decisions or measures taken by the Managing Board required approval on the basis of law, the Articles of Association or the Bylaws, the proposed resolutions – prepared by the committees in some cases – were discussed, reviewed and resolved by the Supervisory Board at its meetings. If necessary, approvals were issued only after requesting clarification from the Managing Board and extensively discussing the matter with the members of the Managing Board. In urgent cases, the Supervisory Board passed resolutions by way of circulation. The Supervisory Board was directly involved at an early stage in all decisions of fundamental significance to the Company.

MAIN TOPICS OF THE SUPERVISORY BOARD MEETINGS IN 2013

In the 2013 reporting year, a total of four Supervisory Board meetings were held in March, May, September and December. The meeting in September was a two-day meeting. The Supervisory Board was in full attendance at most of the meetings. No member of the Supervisory Board attended less than half of the meetings held in fiscal year 2013.
The meeting of the Supervisory Board in March 2013 focused on the annual financial statements of HUGO BOSS AG and of the HUGO BOSS Group as of December 31, 2012, the audit report prepared by the auditors and the dependent company report. At this meeting, the annual financial statements of HUGO BOSS AG as of December 31, 2012 were approved and ratified, and the consolidated financial statements of the HUGO BOSS Group were also approved. Furthermore, the Supervisory Board’s report to the Annual Shareholders’ Meeting was discussed and adopted, as were – after reviewing the independence of the newly proposed auditor for fiscal year 2013 – the proposals for the adoption of resolutions at the Annual Shareholders’ Meeting of HUGO BOSS AG on May 16, 2013. The two-day meeting of the Supervisory Board in September 2013 served an extensive discussion of the development of current trading, a detailed presentation of retail expansion and strategic development of the e-commerce business and further development of womenswear activities. Furthermore, the meeting discussed the progress of the construction work on the new flat-packed goods distribution center and personnel development measures. The Supervisory Board meeting in December 2013 performed the review of the efficiency of the Supervisory Board, discussed and approved the declaration of compliance with the German Corporate Governance Code for 2013, discussed the reports by the committees of the Supervisory Board in detail and discussed and resolved both the budget and the internal audit planning for 2014.

The development of sales and earnings, investment planning, individual investment projects and the current risk situation of the Company were discussed regularly at the Supervisory Board meetings and approved where necessary. In addition, the Supervisory Board dealt in particular with the further internationalization of business, i.e., the expansion of retail activities and forthcoming investments, compliance issues and the Corporate Governance Code.

COMMITTEES OF THE SUPERVISORY BOARD AND THEIR WORK IN 2013

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

The Audit Committee met four times in fiscal year 2013. The main subjects of its meetings were the financial reporting of the Company and the Group with respect to the annual, half-yearly and quarterly financial statements and reports, the audit of the separate and consolidated financial statements, the risk monitoring system and the risk management system, the internal control systems and compliance issues. The Personnel Committee held five meetings, at which it focused on target agreements for the Managing Board and target achievement. The Working Committee held one meeting in the fiscal year at which it discussed the development of womenswear activities, the new PR, marketing and sponsorship concepts and preparations for the Annual Shareholders’ Meeting. The
Nomination Committee and the Mediation Committee set up in accordance with Sec. 27 (3) MitbestG ["Mitbestimmungsgesetz": German Co-determination Act] did not need to meet in the past fiscal year.

CORPORATE GOVERNANCE

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

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

AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements of HUGO BOSS AG and the consolidated financial statements for fiscal year 2013 and the combined management report for HUGO BOSS AG and the Group for fiscal year 2013 prepared by the Managing Board were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft, Stuttgart, together with the accounting records. The corresponding audit engagement had been awarded by the Audit Committee of the Supervisory Board in accordance with the resolution of the Annual Shareholders’ Meeting held on May 16, 2013. This included an agreement with the auditors to inform the chair of the Audit Committee without delay during the audit of any grounds for disqualification or partiality that could not be immediately rectified. There was also an agreement with the auditors to immediately report all findings and incidents of which they become aware during the course of the audit that are of significance to the duties of the Supervisory Board. The auditors were furthermore required to inform the Supervisory Board or note in the audit report if any facts were ascertained during the audit that would result in the declaration submitted by the Managing Board and the Supervisory Board in accordance with Sec. 161 (1) AktG not being correct. There was, however, no cause for any such report by the auditors. In addition, the Supervisory Board obtained the auditors’ declaration of independence in accordance with No. 7.2.1 of the German Corporate Governance Code and verified the auditor’s independence. The possibility of engaging the auditors to perform non-audit services was also discussed.
The consolidated financial statements of HUGO BOSS AG were prepared in accordance with Sec. 315a HGB [“Handelsgesetzbuch”: German Commercial Code] on the basis of the International Financial Reporting Standards (IFRSs) as adopted by the EU. The auditors rendered an unqualified audit opinion on both the separate and consolidated financial statements including the combined management report for HUGO BOSS AG and the Group.

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

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

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

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

At its financial review meeting on March 12, 2014, the Supervisory Board therefore approved the separate financial statements, the consolidated financial statements and the combined management report for HUGO BOSS AG and the Group for fiscal year 2013. The separate financial statements of HUGO BOSS AG for fiscal year 2013 have therefore been ratified in accordance with Sec. 172 AktG.
The dependent company report reviewed by the Audit Committee and the Supervisory Board and the audit report prepared by the auditors on this report were approved by the Supervisory Board. After its final review, no objections were raised on the Managing Board’s statement at the end of the dependent company report.

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

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

Metzingen, March 12, 2014

The Supervisory Board

Dr. Hellmut Albrecht
Chairman
SUPERVISORY BOARD

DR. HELLMUT ALBRECHT  
Munich, Germany  
Management Consultant  
Chairman of the Supervisory Board

DR. MARTIN WECKWERTH  
Frankfurt/Main, Germany  
Partner  
Permira Beteiligungsberatung GmbH,  
Frankfurt/Main, Germany

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

MONIKA LERSMACHER  
Kornwestheim, Germany  
Secretary of the German  
Metalworkers’ Union  
IG Metall Area Headquaters  
Baden-Württemberg,  
Stuttgart, Germany  
Employee representative

GERT BAUER  
Reutlingen, Germany  
First Authorized Representative  
of the German Metalworkers’  
Union (IG Metall),  
Reutlingen/Tübingen, Germany  
Employee representative

DAMON MARCUS BUFFINI  
Surrey, Great Britain  
Managing Director  
Permira Advisers LLP,  
London, Great Britain

HELmut BRUST  
Bad Urach, Germany  
Senior Head of Social Affairs  
HUGO BOSS AG,  
Metzingen, Germany  
Employee representative

LUCA MARZOTTO  
Venice, Italy  
Chief Executive Officer  
Zignago Holding S.p.A.,  
Fossalta di Portogruaro, Italy

BERND SIMBECK  
Metzingen, Germany  
Administrative employee  
HUGO BOSS AG,  
Metzingen, Germany  
Employee representative

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

Sinan Piskin  
Metzingen, Germany  
Administrative Employee  
HUGO BOSS AG,  
Metzingen, Germany  
Employee representative

DR. KLAUS MAIER  
Stuttgart, Germany  
Management Consultant
CORPORATE GOVERNANCE REPORT
PURSUANT TO SECTION 3.10 OF THE GERMAN CORPORATE GOVERNANCE CODE

HUGO BOSS has always been convinced that good and transparent corporate governance that adheres to German and international standards constitutes a significant determinant of the Company’s success in the long term. Good corporate governance is therefore a matter of course and a benchmark that is set for all activities of the Company and the Group. The Managing Board and Supervisory Board consider themselves duty-bound to secure the continuation of the Company as a going concern and sustainable value added through responsible corporate governance that is geared to the long term. HUGO BOSS wants to justify the trust placed in it by investors, financial markets, business partners, employees, and the public, and continue to enhance the Group’s corporate governance.

In fiscal year 2013, the Managing Board and the Supervisory Board dealt in detail with compliance with the requirements of the German Corporate Governance Code (GCGC). As a consequence, it was possible to issue the declaration of compliance dated December 2013, which is included at the end of this report and published on the website of HUGO BOSS AG together with past declarations of compliance. Apart from the exceptions discussed below, HUGO BOSS AG complies with the recommendations of the Code as amended June 15, 2012 – and, since its entering into effect, in the version dated May 13, 2013 – published in the Bundesanzeiger [German Federal Gazette] on June 10, 2013. Details are contained in the following report by the Managing Board and Supervisory Board.

COOPERATION, COMPOSITION AND ACTIVITIES OF THE MANAGING BOARD AND SUPERVISORY BOARD

The Managing Board and Supervisory Board cooperate closely for the benefit of the Company. Their shared objective is to increase the enterprise value in the long term. The Managing Board regularly informs the Supervisory Board in a timely manner and in detail on issues of importance for the Company concerning strategy, planning, the development of business, the risk position, risk management and compliance. Deviations from targets and budgets are explained to the Supervisory Board and its committees; the strategic alignment and further development of the Group are discussed and coordinated with the Supervisory Board.

HUGO BOSS has long required the independence of members of the Supervisory Board as emphasized by the German Corporate Governance Code. The members of the Supervisory Board of HUGO BOSS have the knowledge, skills, and professional experience necessary for the respective committees. None of the current members of the supervisory board member had 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 accordance with the recommendation of the German Corporate Governance Code, the Supervisory Board has also set specific targets for its composition and for the composition of the Managing Board, details of which were already provided in the Corporate Governance Report for 2011. No changes have been made to these targets. The Supervisory Board should have two non-German members, none of the members are permitted to have potential conflicts of interest and none of the Supervisory Board members can be older than 69 years of age when they are elected (one deviation in the past from this rule was justified upon election). As regards diversity, the aim is still to have at least two women on the Supervisory Board after the scheduled elections in 2015 (it currently has one). In addition, the Supervisory Board has set itself a specific target as regards the number of “independent” members of the Supervisory Board within the meaning of the German Corporate Governance Code. Accordingly, of the twelve members of the Supervisory Board, at least eight members, including the six employee representatives, will have to be independent in future. In view of the fact that HUGO BOSS AG is a majority owned company, the Supervisory Board considers this figure and the corresponding number of independent employer representatives (two) to be appropriate.

The German Corporate Governance Code also prescribes that the Managing Board is committed to diversity when filling management positions in the Company and specifically that women are given appropriate consideration. The Managing Board is committed to this objective. It had already paid attention in the past to diversity in the composition of employees and an adequate proportion of women and will continue to do so in the future.

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. In fiscal year 2013, there were no conflicts of interest of members of the Managing Board or Supervisory Board. The offices of the Managing Board and Supervisory Board are listed in the notes to the financial statements under “Supervisory Board and Management Board”. The offices held by the Managing Board and Supervisory Board members in statutory supervisory boards or comparable oversight committees of commercial organizations in Germany and abroad are presented on page 254. No member of the Managing Board sits on more than three supervisory boards of listed companies that are not members of the Group. The same applies to members of the Supervisory Board, who sit on the management boards of other listed companies. Related party disclosures are provided in the notes to the consolidated financial statements on page 222 et seq.

RISK MANAGEMENT AND RISK CONTROLLING

Responsible handling of risks by the Company constitutes a key element of good corporate governance. The systematic risk management anchored in value-based Group management permits the Company to identify and assess risks at an early stage and to optimize risk positions using appropriate measures. Ensuring appropriate risk management and controlling
in the Company is a key task. The Audit Committee set up by the Supervisory Board regularly deals with the financial reporting processes, the effectiveness of the systems of internal control, risk management and internal audit, partly in consultation with the external auditors. The systems in place are continually enhanced and adapted to changing circumstances. By their nature, however, they cannot provide complete protection from losses resulting from business transactions or fraud. More information on the topic of systems of internal control, risk management and internal audit are provided in the "Risk report" section on page 112 et seq.

FINANCIAL REPORTING AND AUDIT OF THE FINANCIAL STATEMENTS

Since fiscal year 2001, the financial reporting of HUGO BOSS AG has been prepared in accordance with International Financial Reporting Standards (IFRSs). The Audit Committee set up by the Supervisory Board regularly deals with oversight of the financial reporting process and the audit of the financial statements. It was agreed for the reporting year with the auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, that the chairman of the Audit Committee would be informed without delay of any grounds for disqualification or factors affecting impartiality that arise during the audit, unless they are remedied immediately. The external auditors are also obliged to report on any findings or events arising during the performance of the audit which are of importance to the duties of the Supervisory Board. It was also agreed that the external auditor would inform the Supervisory Board and indicate in its audit report if findings are made during the audit that are in contravention of the declaration of compliance made by the Managing Board and Supervisory Board pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act]. The Supervisory Board also obtained a declaration of independence from the external auditor in accordance with No. 7.2.1 of the German Corporate Governance Code and verified the independence of the external auditor; the declaration also encompassed the engagement of the external auditor for non-audit services.

CORPORATE COMPLIANCE

HUGO BOSS AG and the companies of the Group operate in different countries and regions, and, accordingly, different legal environments. At HUGO BOSS, corporate compliance in the sense of measures designed to ensure compliance of the Group and its companies with laws and regulations issued by public authorities, internal corporate guidelines and codes of conduct that the Group is committed to observing, is a key task of management. This includes antitrust and anti-corruption regulations. HUGO BOSS AG expects legally unobjectionable conduct from all employees in their daily work.
A compliance department that reports directly to the chief financial officer as chief compliance officer supports the Managing Board’s monitoring of an effective compliance management. The central compliance office and compliance officers in the Group companies ensure that the compliance program is implemented throughout the Group and that it has been continually enhanced since its introduction. The Audit Committee is regularly informed about the compliance office’s activities.

To ensure the legally unobjectionable conduct of employees and to establish a corresponding basis, HUGO BOSS has summarized principles of conduct applicable throughout the Group in a code of conduct and more in-depth corporate guidelines. The code of conduct and the corporate guidelines mainly focus on rules on conduct in competition, on avoiding conflicts of interest, on the appropriate handling of company information, on ensuring fair and respectful working conditions and on anti-corruption. HUGO BOSS does not tolerate conscious misconduct and persistent infringements of the code of conduct.

Employees are continually familiarized with the rules of the code of conduct and the corporate guidelines and thus sensitized to the observance of compliance rules. To this end, HUGO BOSS holds classroom training and has also set up a worldwide e-learning program that the employees concerned have to complete regularly. The e-learning program is being rolled out to all subsidiaries of HUGO BOSS.

Employees can obtain advice on issues concerning the correct conduct of employees from their supervisors and the compliance officer. As a supplementary reporting channel, HUGO BOSS also established a global ombudsman system. Employees, but also third parties (suppliers, customers), can confidentially notify an ombudsman if there are indications of fraud, infringements of antitrust law or breaches of compliance guidelines. If desired, it also possible to remain anonymous.

**CAPITAL MARKET COMMUNICATION**

In order to ensure utmost transparency and thereby strengthen the confidence of shareholders and investors as well as of the interested public, HUGO BOSS reports regularly and in a timely manner on the business development of the Company and on key strategic and operative initiatives. As part of investor relations activities, regular exchange with institutional investors, financial analysts and private shareholders must be ensured. Apart from an annual press briefing and an analysts conference on the annual results, conference calls are held with financial analysts when the first quarter, first half year and the nine months reports are published. At the annual Investor Day, the Group’s strategy and relevant developments are discussed in detail. Especially for private investors, the Annual Shareholders’ Meeting is an important and effective forum for obtaining comprehensive information on the development of the Company.
All key information and publications can be accessed on the Company’s website at group.hugoboss.com. Also posted on the website is the financial calendar, which provides an overview of the most important dates. This is always kept up to date and is also included in the annual and quarterly reports. Information on current developments and all press releases and ad hoc reports are also published on the website. As required by law, ad hoc reports within the meaning of Sec. 15 WpHG [“Wertpapierhandelsgesetz”: German Securities Trading Act] are published immediately by HUGO BOSS and can be accessed at the website’s “Investor relations” section under “News and releases”. In accordance with the principle of fair disclosure, this ensures that all shareholders and key target groups are treated equally and that new information is generally available to all shareholders and the interested public at the same time. Interested parties can also subscribe to an electronic newsletter to receive up-to-date information on news within the Group.

**PUBLICATIONS WITHIN THE MEANING OF SEC. 15a WpHG**

Translations conducted by parties within the meaning of Sec. 15a WpHG with shares of HUGO BOSS AG were published accordingly on the Company’s website.

The combined number of HUGO BOSS AG shares held by all members of the Managing Board and Supervisory Board as of December 31, 2013 account for less than 1% of the shares issued by the Company.

**COMPENSATION OF THE MANAGING BOARD AND SUPERVISORY BOARD**

The compensation report summarizes the principles underlying the total compensation of the members of the Managing Board and Supervisory Board of HUGO BOSS AG and explains the structure and amount of compensation paid to members of the Managing Board. In addition, it describes principles and the amount of compensation of the Supervisory Board members. The compensation report is part of the management report. [Compensation Report](#)

**CORPORATE GOVERNANCE STATEMENT**

The corporate governance statement (in accordance with Sec. 289a HGB [“Handelsgesetzbuch”: German Commercial Code]) contains the declaration of compliance, disclosures relating to corporate governance practices and a description of the way the Managing Board and Supervisory work. It can be accessed at [group.hugoboss.com/Investor Relations/Corporate Governance](#)
DECLARATION OF COMPLIANCE

In accordance with Sec. 161 (1) Sentence 1 AktG the Managing Board and Supervisory Board of HUGO BOSS AG have to issue an annual declaration of compliance stating whether the recommendations of the government commission for the German Corporate Governance Code as published in the Bundesanzeiger [German Federal Gazette] were complied with and whether they will be complied with in the future. The recommendations that were not complied or will not be complied with in the future also have to be indicated stating the reason for non-compliance. The German Corporate Governance Code as most recently revised on May 13, 2013 was published in the Bundesanzeiger on June 10, 2013. Accordingly, the Managing Board and Supervisory Board issued the following declaration of compliance in December 2013:

"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

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 December 2012 the recommendations of the Government Commission “German Corporate Governance Code” initially as amended on May 15, 2012 – officially published in the Federal Gazette on June 15, 2012 – and since its effectiveness in the version as amended on May 13, 2013 – officially published in the Federal Gazette on June 10, 2013 – have been and are complied with except for:

- Deviating from the recommendation in section 3.8 sentence 5 GCGC, the D&O- (Directors’ & Officers’) -insurance for members of the Supervisory Board does not contain a deductible. HUGO BOSS AG covers the D&O-risk via an appropriate liability insurance in which also members of the Supervisory Board are included. The members of the Supervisory Board hold their offices responsibly and in the interest of the Company. HUGO BOSS AG is of the opinion that a deductible is no appropriate means for further improving the sense of responsibility. Further, the introduction of a deductible would not lead to a significant reduction of premium payments.

- Deviating from the recommendation in section 4.2.2 sentence 6 GCGC the total compensation of the members of the Managing Board complies with the statutory criteria without specifically taking into consideration the compensation of senior management and the staff overall, particularly in terms of its development over time because the Supervisory Board is of the opinion that the statutory criteria, namely the appropriateness of the tasks and the performances, the situation of the Company and the common level of compensation in the industry, are more important.
• Deviating from the recommendation in section 4.2.3 sentence 7 GCGC a cap is indeed specified regarding the total compensation of the members of the Managing Board. Insofar as section 4.2.3 sentence 7 DCGK must be understood in a sense that it also requires an explicit cap for variable compensation components, HUGO BOSS AG deviates from the recommendation, as it does not comply with this formality. However, materially also a cap for the variable compensation components exists because it can be calculated by deducting the fixed compensation component from the cap of the total compensation.

• Deviating from the recommendation in section 4.2.3 sentence 13 GCGC, the calculation of the severance pay cap was based on the total compensation of the past full financial year or, if the member of the Managing Board has already served on the board for two full financial years, on the average of the past two full financial years because the Supervisory Board was of the opinion that this constituted a broader and therefore better basis for assessment. The new service agreement for a member of the management board effective as of August 1, 2013, provides for a severance pay cap calculated in line with the GCGC, thus HUGO BOSS AG does not deviate from section 4.2.3 sentence 13 GCGC from this time on.

• Deviating from section 5.4.6 sentence 4 GCGC the compensation for members of the Supervisory Board based on the success is not oriented toward sustainable growth. The compensation for members of the Supervisory Board was resolved by the general assembly of the shareholders, the compensation based on the success is contained in section 12 para. 2 of the articles of association of HUGO BOSS AG and in the opinion of HUGO BOSS AG appropriate.

• Deviating from section 5.4.6 sentence 7 GCGC the compensation of the members of the Supervisory Board is not reported individually in the notes nor in the management report. Also, payments made by the enterprise to the members of the Supervisory Board or advantages extended for services provided individually, in particular, advisory or agency services, are not listed on an individual basis. The compensation paid to the members of the Supervisory Board is demonstrated in total in the notes. In the view of HUGO BOSS AG, individual reporting of compensation does not provide information relevant to the capital market.

Metzingen, December 2013"
## HUGO BOSS – KEY SHARE DATA

<table>
<thead>
<tr>
<th>01</th>
<th>01 HUGO BOSS – KEY SHARE DATA</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of shares</strong></td>
<td>70,400,000</td>
<td>70,400,000</td>
<td></td>
</tr>
<tr>
<td>Thereof outstanding shares</td>
<td>69,016,167</td>
<td>69,016,167</td>
<td></td>
</tr>
<tr>
<td>Thereof own shares</td>
<td>1,383,833</td>
<td>1,383,833</td>
<td></td>
</tr>
<tr>
<td><strong>Share price in EUR</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Last (December 31)</td>
<td>103.50</td>
<td>79.80</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>103.50</td>
<td>89.35</td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>81.24</td>
<td>58.87</td>
<td></td>
</tr>
<tr>
<td><strong>Market capitalization in EUR million (December 31)</strong></td>
<td>7,286</td>
<td>5,618</td>
<td></td>
</tr>
<tr>
<td><strong>Earnings per share in EUR</strong></td>
<td>4.77</td>
<td>4.44</td>
<td></td>
</tr>
<tr>
<td><strong>Price-earnings ratio</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
<td>21.7</td>
<td>18.0</td>
<td></td>
</tr>
<tr>
<td><strong>Dividend per share in EUR</strong>&lt;sup&gt;3&lt;/sup&gt;</td>
<td>3.34</td>
<td>3.12</td>
<td></td>
</tr>
<tr>
<td>Dividend yield in %&lt;sup&gt;3&lt;/sup&gt;</td>
<td>3.2</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td><strong>Amount distributed in EUR million</strong>&lt;sup&gt;3&lt;/sup&gt;</td>
<td>230.5</td>
<td>215.3</td>
<td></td>
</tr>
<tr>
<td><strong>Payout ratio in %</strong>&lt;sup&gt;4&lt;/sup&gt;</td>
<td>70</td>
<td>70</td>
<td></td>
</tr>
</tbody>
</table>

<sup>1</sup>Xetra  
<sup>2</sup>Based on closing price (December 31).  
<sup>3</sup>2013: Dividend proposal.  
<sup>4</sup>Based on net income attributable to shareholders.

### 01|02 ISIN, WKN AND TICKER SYMBOL HUGO BOSS SHARE

<table>
<thead>
<tr>
<th>ISIN</th>
<th>DE000A1PHFF7</th>
</tr>
</thead>
<tbody>
<tr>
<td>WKN</td>
<td>A1PHFF</td>
</tr>
<tr>
<td>Ticker symbol</td>
<td>BOSS</td>
</tr>
</tbody>
</table>

Stock exchanges: Xetra, Frankfurt/Main, Stuttgart, Duesseldorf, Hamburg, Munich, Hanover, Berlin/Bremen.
HUGO BOSS ON THE CAPITAL MARKET

After a positive start to the year 2013, political and economic uncertainties in the United States, Europe and China led to share price corrections on the German stock markets towards the end of the first half of the year. In the course of the year, however, the brightening of economic indicators worldwide and central banks’ ongoing expansionary monetary policy provided a stimulus, leading to significant gains of DAX and MDAX by the end of the year. Over the twelve months period, the HUGO BOSS share also saw large gains and reached an all-time high at year end.

The ongoing expansionary monetary policy of the U.S., European and Japanese central banks and the positive economic newsflow from the United States brought about clear gains on the German share markets at the beginning of the year. Over the first half of the year, recurring uncertainties regarding the euro debt crisis, speculation about a potential reduction in the volume of bond purchases by the U.S. Federal Reserve and disappointing economic data from China led time and time again to price corrections, significant in some cases. As of the end of June, the German share markets were supported by brightening early indicators worldwide and the assurance by European and U.S. central banks that they intended to continue their expansionary monetary policy. In the meantime, the markets only came under pressure from the U.S. budget dispute arising again as well as political crises and economic setbacks in some Eurozone countries. Most of all the agreement between Republicans and Democrats on the passing of a new U.S. budget provided great stimulus on the markets, which meant that the DAX and MDAX reached new all-time highs of 9,589 and 16,626 points just before the end of the year.
The **HUGO BOSS share** initially started the year with significant gains, but lost some ground following the presentation of the Group’s full year 2012 figures in March, however. In the days prior to the publication of first quarter results and in reaction to the confirmation of the outlook for 2013, the share price significantly rallied up to the beginning of May. The subsequent share placement by the majority shareholder, the payout of the dividend for fiscal year 2012 and the general downwards movement on global stock markets led to a decline until the end of June. After this intermediate price correction, the share saw significant gains, picking up speed most of all following the publication of first half year results at the end of July, when the Company’s targets for 2013 were reconfirmed. The HUGO BOSS share was additionally lifted by the generally positive mood on the stock markets and the indications of economic recovery in Europe, the largest sales market for the Group. Following shorter phases characterized by price corrections in September and October, the share saw gains over the rest of the year. Details of various strategic initiatives presented at the Investor Day in Hong Kong at the end of November and the reinforcement of the sales target for 2015 provided a boost to the share’s development towards the end of the year in an overall positive overall market. All in all, the HUGO BOSS share ended the year at a new all-time high of EUR 103.50, up 30% on the closing price at the end of 2012.

**DAX** and **MDAX** also saw strong gains over the past year, up 25% and 39% respectively over the year. On average, the shares of companies in the fashion and luxury goods industry also saw price gains in the past year. For example, the **MSCI World Textiles, Apparel & Luxury Goods Index**, which reflects the share price performance of companies operating in the apparel and luxury goods segment, rose 25% in 2013.

This means the HUGO BOSS share developed better than the DAX, Germany’s leading share index. Furthermore, it exceeded the average share price development of companies operating in the fashion and luxury goods industry. It rose less strongly in comparison to the MDAX, the performance of which benefited from the comparatively high weighting of very cyclical shares.

| 01|04 HUGO BOSS SHARE IN COMPARISON (Change in %) |
|-----------------------------------------------|--------|--------|--------|--------|
|                                               | 1 year | 3 years | 5 years | 10 years |
| HUGO BOSS share                               | 30     | 110     | 498     | 551     |
| DAX                                           | 25     | 38      | 99      | 141     |
| MDAX                                          | 39     | 64      | 196     | 271     |
| MSCI World Textiles, Apparel & Luxury Goods   | 25     | 50      | 230     | 259     |

In accordance with Sec. 21 WpHG [“Wertpapierhandelsgesetz”: German Securities Trading Act], shareholders are obligated to report their share of voting rights if they exceed or fall short of particular reporting thresholds. The reporting thresholds are set at 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

**HUGO BOSS share closes the year at a new all-time high**

**Several notifications of shareholdings received**
On January 24, 2013, HUGO BOSS AG was informed pursuant to Sec. 25 a WpHG by Mediobanca – Banca di Credito Finanziario S.p.A., Milan, Italy that since January 21, 2013 it no longer holds any financial or other instruments that would enable it to acquire voting rights.

On November 29, 2013, The Capital Group Companies, Inc., Los Angeles, U.S.A. notified the Company pursuant to Sec. 21 (1) WpHG in conjunction with Sec. 22 (1) Sentence 1 No. 6 WpHG and Sec. 22 (1) Sentences 2 and 3 WpHG that they exceeded the reporting threshold of 3% of the voting rights in HUGO BOSS AG on November 26, 2013.

On November 29, 2013, Capital Research and Management Company, Los Angeles, U.S.A. notified the Company pursuant to Sec. 21 (1) WpHG in conjunction with Sec. 22 (1) Sentence 1 No. 6 WpHG that it exceeded the reporting threshold of 3% of the voting rights in HUGO BOSS AG on November 26, 2013.

The Company published the original wordings of these notifications under News and Releases in the Investor Relations section of its corporate website at group.hugoboss.com.

According to Sec. 15 a WpHG, members of the Managing Board and the Supervisory Board and persons who carry out managerial functions as defined by the WpHG are obliged to disclose any transactions to purchase or sell HUGO BOSS AG securities.

Over the reporting period from January 1 to December 31, 2013, the Managing Board and Supervisory Board reported to the Company pursuant to Sec. 15 a WpHG one reportable securities transaction with shares in the Company. In total, Members of the Managing Board and Supervisory Board hold less than 1% of the shares issued by HUGO BOSS AG.

Reportable securities transactions are published under News and Releases in the Investor Relations section of the corporate website at group.hugoboss.com.

The Annual Shareholders’ Meeting on June 21, 2010 authorized the Managing Board of HUGO BOSS AG to continue the share buyback program already in place at that time. Accordingly, the Managing Board is authorized until June 20, 2015 to buy shares in the Company up to an interest of no more than 10% of the share capital outstanding. No use of the authorization was made in the past fiscal year.

This means that the number of own shares held by HUGO BOSS AG remains unchanged at 1,383,833. This corresponds to a share of 1.97% or EUR 1,383,833 of the share capital.

Free float increases

On May 3, 2013, the majority shareholder Red & Black Holding GmbH, an entity in which Permira Funds holds a majority shareholding, placed seven million HUGO BOSS shares on the market. Effective as of July 1, 2013, Red & Black Holding GmbH was merged into Red & Black Lux S.à r.l. which meant that the shareholder structure of HUGO BOSS AG as of December 31, 2013 was as follows: 55.62% of the shares are held by Red & Black Lux S.à r.l. (December 31, 2012: 65.56%), at that time trading as Red & Black Holding GmbH, 1.97% of the capital was held by HUGO BOSS AG as own shares (December 31, 2012: 1.97%). The remaining 42.41% of the shares are in free float (December 31, 2012: 32.47%).
The ownership structure of the shares in free float was analyzed in 2013 with a view to addressing the institutional investors investing in HUGO BOSS in a more targeted manner. The result shows that HUGO BOSS’ investor base has become even more international. Indeed, the portion of shares held by German investors has decreased to 13% (2012: 20%). In contrast, the portion held by U.S. investors rose to 19% (2012: 13%). While the portion of shares held by institutional investors in Great Britain decreased to 19% (2012: 22%), the weighting of other European countries in the shareholder structure rose to 20% (2012: 16%). Private shareholders enlisted in the share register and institutional investors on which the Company does not have any further details make up 26% of the free float (2012: 28%).

At the end of December 2013, the HUGO BOSS share which is listed in the MDAX took 14th place in Deutsche Börse’s ranking calculated on the basis of market capitalization adjusted for free float (December 31, 2012: 15th place). Measured by trading volume, the HUGO BOSS share took 7th place (December 31, 2012: 8th place). This means that the weighting of the HUGO BOSS share in the MDAX at the end of December came to 2.6% (December 31, 2012: 2.1%). On average, 139,786 HUGO BOSS shares were traded on the Xetra trading platform daily in 2013. In 2012, the average number of ordinary and preferred shares traded daily came to 152,261 shares. The two share classes were merged on June 18, 2012 and now only ordinary shares are traded.
Neither HUGO BOSS AG nor any of its subsidiaries issued corporate bonds in 2013 and no bonds were outstanding as of year-end 2013. The Group is also not rated by any external rating agency.

HUGO BOSS pursues a profit-based distribution policy that allows the shareholders to participate appropriately in the Group’s earnings development. The policy is to distribute to shareholders between 60% and 80% of consolidated net income on a regular basis. On account of the rise in profits in the past fiscal year, the Company’s strong financial position and positive expectations for 2014, the Managing Board and Supervisory Board intend to propose to the Annual Shareholders’ Meeting to be held on May 13, 2014 a dividend of EUR 3.34 per share for fiscal year 2013 (2012: EUR 3.12). The proposal is equivalent to a payout ratio of 70% of the consolidated net income attributable to the shareholders of the parent company in 2013 (2012: 70%). Assuming that the shareholders approve the proposal, the dividend will be paid out on the day after the Annual Shareholders’ Meeting, May 14, 2014. On the basis of the number of shares outstanding at year-end, the amount distributed will come to EUR 231 million (2012: EUR 216 million).

For HUGO BOSS, good capital market and corporate communication means communicating current developments within the Company promptly and in a transparent manner, which strengthens the confidence placed in the Company by capital market participants and the general public. Once again in 2013, the Managing Board and the Investor Relations department took part in an ongoing individual dialog with national and international institutional and private shareholders. One valuable instrument used in keeping institutional investors, private shareholders and the interested public informed about the development of the Company is the Internet. HUGO BOSS AG’s Investor Relations website not only contains general information and key figures on the Company but also current financial reporting, company presentations, press releases as well as the financial calendar and the contact details of the Investor Relations department.

http://group.hugoboss.com/Investor Relations