

Report on the tender process for the audit mandate

HUGO BOSS

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1 Background

1.1 Starting Position

In accordance with the applicable regulations of Article 17 para. 1 subpara. 2 of the EU Regulation No. 537/2014, Ernst & Young Wirtschaftsprüfungsgesellschaft, Stuttgart ("EY"), will reach the maximum term of 10 years with the audit of the financial statements for financial year ended 31 December 2021. EY is therefore no longer eligible to act as the external auditor for HUGO BOSS AG ("HB AG") and the HUGO BOSS Group ("HB Group") after the finalization of the statutory audit for the financial year ended 31 December 2021.

Therefore, in its meeting on 28 April 2021, the Audit Committee resolves to put the audit of the annual and consolidated financial statements of HB AG for fiscal year 2022 out to public tender. A project team was entrusted with the organization of the tender process by the Audit Committee.

1.2 Objective and communication within the HUGO BOSS Group

All subsidiaries in the HB Group ("HB Subsidiaries"), which are subject to either mandatory or voluntary financial statement audits, currently independently engage a local auditor from one global auditor network (the respective local member firms from the EY global network).

Where possible and permissible, it was intended that this approach is continued after the completion of the audit tender and rotation. From a HB Group perspective, the approach of engaging local auditors from one global audit network is favoured for the following reasons:

- Ensures overall audit quality and consistency in the application of audit methodology throughout the HB Subsidiaries.
- Clear definition of responsibility and focus with regards to audit topics to be covered centrally. For example, impairment testing and process audit. Furthermore, this approach also avoids unnecessary duplication of efforts by the local audit teams.
- Streamlined communication through the central audit team and reduced coordination efforts (compared to managing several different audit firms with different contact persons).
- Reduces the complexity of monitoring non-audit services provided by the auditor to the HB Subsidiaries, subsequently minimizing the risk of independence issues arising.

The HB subsidiaries were informed of the centrally managed audit tender and received periodic updates throughout the process. In addition, the HB subsidiaries were also required to complete an upfront questionnaire to document the non-audit services received or to be received between 2018 to 2022. The results were made available to the Project Team as part of the preparation for the tender process, particularly regarding the evaluation of the independence of the candidates.

2 Roles & Responsibilities for the centrally managed audit tender process

2.1 Overview of internal roles & responsibilities

- **Audit Committee:** The Audit Committee of the Supervisory Board of HB AG retained the ultimate responsibility and decision making. It was responsible for the selection process and was involved in all decision-making steps throughout the audit tender process.
- **Core Audit Tender Project Team ("Project Team"):** To ensure an efficient and well managed tender process, a cross-functional central Project Team was established. In addition, HB AG's CFO, Yves Müller, the Project Team was comprised of six representatives from the divisions Finance and Tax, Legal and Central Services.
- **Assessment team:** Furthermore, an assessment team was established for each phase of the tender process and comprised of members of the Project Team as well as further department representatives that worked closely with the selected auditor. The members of the assessment team were responsible for the scoring of the candidates based on the given selection criteria.
- **External Advisor:** In addition to the HUGO BOSS internal setup an independent advisor was engaged.

3 Tender process

3.1 General information

The tender process was structured based on fairness, transparency and in accordance with the criteria pursuant to Article 16 para. 3 EU Regulation No. 537/2014.

All candidates participating in the tender process have been given equal opportunities and were assessed based on a set of objective selection criteria.

3.2 Documentation and exchange of information via the HUGO BOSS E-Sourcing Platform

The HUGO BOSS E-Sourcing platform was used for the following activities:

- Publishing of tender documents, pricing grid and RFI and RFP questionnaire by the Project Team.

Through use of the HUGO BOSS E-Sourcing platform, it was possible to ensure that the information was made accessible to the candidates at the same time and for the same defined timeframe. Upon the documents being published, an automated e-mail was also generated and sent to the responsible user. For the audit tender process, the Project Team members from Strategic Procurement were identified as the responsible users for managing the HUGO BOSS E-Sourcing platform.

- Receiving comments and supporting documentation from the candidates.

All documents uploaded by the candidates are time stamped and archived in the platform. This ensured that all candidates had the same defined timeframe to provide responses. It also provided a clear overview for the Project Team in terms of monitoring the responses received.

- Receiving questions from the candidates and providing of responses.

3.3 Public Announcement

HB AG publicly announced the tender process in the German Federal Gazette (Bundesanzeiger). The publication was officially published on 27 May 2021. All interested candidates were invited to respond to the tender via email to the invitation by 7 June 2021.

A dedicated e-mail address was set up specifically for the tender process. This was to ensure transparency and fairness in the communication with all candidates. Access to the e-mail address was limited to members of the Project Team.

3.4 Pre-selection phase (Request for Information (RFI))

The intention of the pre-selection phase was to identify and short-list the candidates that fulfil the minimum requirements.

3.4.1 Pre-selection phase process

Prior to accessing the RFI the candidates were required to sign a non-disclosure agreement. As part of the pre-selection phase, a tender document as well as a request for information were published via the HUGO BOSS E-Sourcing Platform and made available to all candidates. The information request contained the pre-selection criteria (audit competence, organisation of the audit and formal criteria as well as reputation and quality of the audit). These criteria as well as the RFI documents had been previously approved by the Audit Committee.

In addition to answering the questionnaire, all candidates were asked to sign a declaration of independence as well as to state the non-audit services rendered to be able to guarantee a sufficient cooling-in period.

3.4.2 Pre-selection phase evaluation and scoring

The candidates were given a deadline to submit a final response to the RFI. All candidates responded within the given timeframe via upload to the HUGO BOSS E-Sourcing platform.

All responses submitted by the candidates were evaluated and scored based on the pre-selection criteria.

As part of the assessment, the findings, and conclusions from the published APAS inspection reports were also considered under the item "Reputation and quality of the audit".

Subsequently, the scoring results were presented to the Audit Committee. The Audit Committee approved the scoring and decided that four short-listed candidates fulfilling the minimum conditions should proceed to the final selection. Furthermore, the Audit Committee discussed the next steps in the audit tender process and approved the selection criteria as well as the tender documents for the final selection process. Only criteria that are non-discriminatory were applied.

3.5 Request for Proposal (RFP) phase

As part of the RFP phase, the tender documents were published via the HUGO BOSS E-Sourcing Platform and made accessible to the four short-listed candidates. The documents contained, among other things, additional details on the requirements, the profile of the HB Group and the accounting organisation. Standard industry selection criteria were queried within the framework of a comprehensive questionnaire. The following criteria, among others, were queried:

- Audit firm and network
- (Sector-specific) experience and references
- Expert knowledge
- Audit procedure
- Audit approach
- Determination of audit focus areas
- Use of technology
- Audit organisation and formal criteria
- Audit process
- Escalation process
- Communication process
- Handover process
- Audit reputation and quality
- Quality assurance mechanisms
- Fees

3.5.1 Opportunity to submit a supplementary written proposal

All short-listed candidates also had the opportunity to upload a written proposal with a fixed maximum total length.

3.5.2 Opportunity to submit questions

All short-listed candidates were given the opportunity to submit questions, such as relating to the business activities, preparation process of the statutory accounts or any other questions relevant to the tender process itself, if the information required was not already made available as part of the RFP documentation or publicly available information. The questions were submitted via upload to the HUGO BOSS E-Sourcing Platform.

All incoming questions were collected and answered by the Project Team. To ensure a level playing field in terms of information received, all questions and responses were anonymized and made available to all short-listed candidates simultaneously via the HUGO BOSS E-Sourcing platform.

3.5.3 RFP phase evaluation and scoring

The short-listed candidates were given a deadline to submit a final response to the RFP. All responses submitted by the short-listed candidates were evaluated and scored based on the final selection criteria.

3.6 On-site presentation

All short-listed candidates were invited to an on-site presentation held. Each candidate was allocated an agreed 90-minute time slot to present its proposal as well as response to a case study covering one of the key accounting and auditing topics. The agenda and case study were provided by the Project Team to all candidates.

3.6.1 Evaluation and scoring of the on-site presentation

A standardized scoring card was required to be completed by the assessment team for each short-listed candidate, which focused on the following objective criteria (a total of 19% was allocated for the weighted scoring):

- Audit team
- Audit approach and transition phase
- Presentation of the case study
- Commercials
- Overall impression

The use of a standardized scoring card was to ensure that the evaluation is carried out on a comparable basis, against objective criteria and to place focus on fact-based observations. The assessment team also had the opportunity to (optionally) include comments next to each score, which further promoted transparency in the evaluation.

The scoring cards were provided to the assessment team prior to the start of the on-site presentation. This allowed the team members an opportunity to familiarize themselves with the document, and thus reducing the risk of any human or handling errors during the scoring process.

3.7 Negotiations and preparation of a revised fee quote

Following the on-site presentation, all short-listed candidates had the opportunity to prepare and submit a revised fee quote.

4 Overall Results

The final evaluation was performed by the assessment team following the completion of the negotiations. The results are based on the aggregated scoring feedback from the RFI (pre-selection criteria), RFP (final-selection criteria), on-site presentation and revised fee quote following negotiations as well as ensuring a sufficient cooling-in period prior to appointment to ensure independence.

5 Recommendation by the Audit Committee

Considering the conclusions from the final evaluation and being closely informed on the process and the progress of the audit tender, the members of the Audit Committee independently considered on a fully informed basis and came to the following unanimous decision:

Considering the conclusions of the final evaluation and being closely informed on the process and the progress of the audit tender, the members of the Audit Committee conducted an independent and fully informed review and unanimously made a recommendation to the Supervisory Board on the selection of the future auditor. The Audit Committee declared that its recommendation is free of improper third-party influence and, in particular, that no clause within the meaning of Article 16 (6) of the Statutory Audit Regulation (EU) was imposed on it that limited its selection to specific auditors. Furthermore, the report on the tender process was validated by decision of the audit committee.

In accordance with the election process pursuant to Article 16 (2) of the EU Regulation 537/2014 and based on the reasons laid out in the presentation provided, the Audit Committee resolved to recommend to the Supervisory Board of HUGO BOSS AG to propose to the Annual General Meeting to elect either

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart or

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart

For the audit mandate of the separate and consolidated financial statements and the combined management report of HB AG and the Group as well as the annual financial statements of its subsidiaries included in the consolidated financial statements from the financial year 2022 onwards.

As part of this recommendation, the Audit Committee expressed a preference for Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart.