

COMPENSATION SYSTEM FOR THE MEMBERS OF THE MANAGING BOARD OF HUGO BOSS AG

I. Preamble

The previous compensation system ("Compensation System 2021") of the Managing Board of HUGO BOSS AG (hereinafter also "HUGO BOSS") was submitted to the Annual General Meeting in 2021 for approval and received an approval rate of 93.83%. Pursuant to section 120a para. 1 of the German Stock Corporation Act (Aktiengesetz – AktG), the Annual General Meeting of a listed company passes a resolution on the approval of the compensation system for the members of the managing board, submitted by the supervisory board, whenever there is a significant change to the compensation system, but at least every four years ("say on pay").

Against this background, the Supervisory Board has reviewed the previous compensation system in consultation with its Personnel Committee under the aspects of strategic orientation and long-term sustainability. In the course of the analysis, the feedback provided by the shareholders of HUGO BOSS AG and the material requirements of investors and proxy advisors on the structure of the compensation system were taken into account.

The revised compensation system ("Compensation System 2025") will apply – subject to approval by the 2025 Annual General Meeting – to all new appointments starting from January 1, 2025. In addition, should the Annual General Meeting give its approval, there are also plans to adjust the service agreements of the current members of the HUGO BOSS Managing Board accordingly in the context of new appointments or contract extensions.

II. Revision of the compensation system

The Compensation System 2025 is geared towards the current corporate strategy of HUGO BOSS and, in compliance therewith, creates incentives for long-term, sustainable business success by means of a consistent "pay for performance" approach.

The Compensation System 2025 notably provides for adjustments regarding the structure of the variable compensation with a view to sustainability targets and the level of ambition of the performance criteria.

In order to promote the holistic corporate success even more than in the past and to ensure the sustainable development of HUGO BOSS, the non-financial performance criterion sustainability (ESG) has been added to the short-term variable compensation (STI) and assigned a weighting of 15%. At the same time, the Supervisory

Board has been granted, once a year, the possibility of selecting one or several sustainability targets from a criteria catalog, which encompasses the areas of "environment", "social" and "governance" and is derived from the sustainability strategy and the materiality analysis of HUGO BOSS. In this context the weightings of the previous financial performance criteria have been reduced correspondingly. In the future, the EBIT performance criterion will contribute a weighting of 35% to the overall target achievement of the STI, whereas the criteria sales and trade net working capital in relation to sales will each account for 25% of the STI.

Analogous to the short-term variable compensation, the adjustments of the long-term variable compensation relate to non-financial components, among others. In the past, sustainability performance has been linked to the Company's relative performance in the annual Dow Jones Sustainability Index (DJSI)/Corporate Sustainability Assessment (CSA). Going forward, analogous to the STI, the Supervisory Board will therefore now also define specific targets for the LTI from the areas of "environment", "social" and "governance" for each newly granted LTI tranche on the basis of a criteria catalog. This change is also in line with investors' requests for a stronger integration of more specific sustainability targets. The Supervisory Board will ensure that the ESG targets differ between the STI and LTI. In doing so, the Supervisory Board will ensure that the STI and the LTI have different ESG targets. This selection process provides flexibility for the Supervisory Board in setting targets and ensures a direct link to the sustainability strategy and materiality analysis of HUGO BOSS.

Moreover, in line with the "pay for performance" approach and with investor expectations, the ambition level of the financial performance criterion relative total shareholder return (RTSR) was raised. Whereas previously the median already resulted in a target achievement of 100%, in future a target achievement of 100% will only be achieved if the comparison group has been outperformed (55th percentile).

The Compensation System 2025 allows the Supervisory Board to pay the long-term variable compensation both in the form of cash and in shares, provided the Annual General Meeting approves the corresponding corporate action. This option increases the flexibility for the Company and is consistent with international market practice.

Alongside the revision of the variable compensation, the pension commitments were also reviewed. Taking market practice in Germany and the feedback from our investors into account, the contribution to pension commitments was lowered from 40% to 30% of the base salary.

To ensure that the compensation of the Managing Board will remain competitive in the future as well, the Compensation System 2025 provides for a moderate increase in maximum compensation in accordance with section 87a of the German Stock Corporation Act. When determining the maximum compensation, possible future adjustments of the compensation as well as fluctuations in fringe benefits were considered. The maximum compensation will amount to EUR 12 million for the Chairman of the Managing Board and EUR 6 million for the ordinary Managing Board members in the future. Furthermore, an additional differentiation was introduced for the role of the Deputy Chairman of the Managing Board. The maximum compensation of the Deputy Chairman of the Managing Board in accordance with section 87a of the German Stock Corporation Act is determined to be EUR 8 million. The increase in maximum compensation underscores the ambition of positioning HUGO BOSS as an attractive employer for top executives while at the same time ensuring the long-term retention of highly qualified talent. The maximum compensation is a merely theoretical number that can only be attained if performance is outstanding and combined with a substantial increase in the share price. The calculated maximum compensation of the members of the Managing Board of HUGO BOSS continues to be lower than this theoretical upper limit.

The following table gives an overview of the amendments to the compensation system:

Compensation System 2021	Compensation System 2025
Fixed compensation	
Base salary	
Annual fixed compensation paid as monthly salary	
Fringe benefits	
Benefits in kind which include the use of a company car, supplementary payments to insurances and, to a lesser extent, other equipment and benefits required for the performance of Managing Board duties	
Pension commitments	
<ul style="list-style-type: none"> • Defined contribution plan (contribution to a reinsurance policy) • Contribution: 40% of the base salary • Fixed age limit: 65 years 	<ul style="list-style-type: none"> • Defined contribution plan (contribution to a reinsurance policy) • Contribution: 30% of the base salary • Fixed age limit: 65 years
Performance-related (variable) compensation	
Short-term variable compensation (STI)	
Plan type: Target bonus system	Plan type: Target bonus system
Plan term: 1 year	Plan term: 1 year
Performance criteria (target achievement: 0%–150%): <ul style="list-style-type: none"> • 40% EBIT • 30% sales • 30% trade net working capital in relation to sales 	Performance criteria (target achievement: 0%–150%): <ul style="list-style-type: none"> • 35% EBIT • 25% sales • 25% trade net working capital in relation to sales • 15% Sustainability (ESG)
Payout: in cash at the end of the fiscal year (cap: 150% of the individual target amount)	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 type: Performance share plan
Plan term: 4 years (three-year performance period plus one-year waiting period)	Plan term: 4 years (three-year performance period plus one-year waiting period)
Performance criteria (target achievement: 0%–200%): <ul style="list-style-type: none"> • 1/3 relative total shareholder return (RTSR) (100% target achievement at the median) • 1/3 return on capital employed (ROCE) • 1/6 employee satisfaction • 1/6 Dow Jones Sustainability Index 	Performance criteria (target achievement: 0%–200%): <ul style="list-style-type: none"> • 1/3 relative total shareholder return (RTSR) (100% target achievement at the 55th percentile) • 1/3 return on capital employed (ROCE) • 1/3 Sustainability (ESG)
Payout: in cash at the end of the four-year plan term (cap: 250% of the individual target amount)	Payout: in cash or in shares at the end of the four-year plan term (cap: 250% of the individual target amount)
Special compensation (sign-on; allowance)	
No possibility of special compensation at the discretion of the Supervisory Board in the event of extraordinary performance Granting further, special compensation components on a temporary basis (allowances to new members of the Managing Board, e.g., to compensate for the loss of variable compensation from previous employers, or for taking on additional responsibility on an interim basis)	
Malus and clawback	
Withholding (compliance malus) or reclaiming (compliance clawback) part or all of variable compensation (STI and LTI) in the event of compliance violations or incorrect consolidated financial statements (performance clawback)	
Share ownership guidelines (SOG)	
200% of the annual gross base salary for the Chairman of the Managing Board 100% of the annual gross base salary for the ordinary Managing Board members	
Maximum compensation	
<ul style="list-style-type: none"> • EUR 11 million for the Chairman of the Managing Board • EUR 5.5 million for the ordinary Managing Board members 	<ul style="list-style-type: none"> • EUR 12 million for the Chairman of the Managing Board • EUR 8 million for the Deputy Chairman of the Managing Board • EUR 6 million for the ordinary Managing Board members

III. Main features of the compensation system

The compensation system for the members of the Managing Board of HUGO BOSS promotes the long-term and sustainably successful business development of HUGO BOSS and also provides incentives for the successful implementation of the corporate strategy.

To ensure that the members of the Managing Board are compensated in line with their performance and their contribution to the development of the business, the performance criteria for the variable compensation include essential indicators decisive for the Company's long-term success, including non-financial indicators, in addition to the key performance indicators used in Group planning. Ambitious internal targets and external comparisons with relevant competitors promote a clear "pay for performance" approach and ensure that compensation is based on performance. In addition, external comparisons warrant amply rewarding above-average performance and not paying any variable compensation in the event the performance is significantly below average.

Taking the interests of the shareholders of HUGO BOSS into account, the long-term variable compensation of the Managing Board also depends on the value enhancement of the Company, which is composed of the share price development and dividend payments (Total Shareholder Return).

Sustainability and responsible action are integral parts of the business activities of HUGO BOSS and are crucial for the lasting success of the Company. Therefore, sustainability targets are taken into account in addition to the financial performance criteria for both the short-term variable compensation and the long-term variable compensation.

The compensation system set out below complies with the regulatory requirements of section 87a of the German Stock Corporation Act (Aktiengesetz – AktG) and the principles, recommendations and suggestions of the German Corporate Governance Code (GCGC) in the version dated April 28, 2022.

Furthermore, the Supervisory Board largely followed national best practices for Managing Board compensation systems in order to ensure that the compensation of the Managing Board is comprehensible and as transparent as possible.

The compensation and employment conditions for the employees were also taken into account in several respects when structuring Managing Board compensation. In setting compensation, consideration has therefore also been given to the customary nature of compensation within the Company, i.e., the ratio of Managing Board compensation to that of senior management and the workforce of the HUGO BOSS Group as a whole, especially in terms of development over time. Moreover, the performance criteria and targets used in Managing Board compensation also apply to management and other employees of HUGO BOSS. This ensures the consistency of the compensation's incentive effect.

In summary, the Supervisory Board has taken the following guiding principles as an orientation when structuring the compensation system:

PRINCIPLES OF THE COMPENSATION SYSTEM

Guiding principles of the compensation system for the Managing Board of HUGO BOSS AG



Promote a long-term, sustainably successful business development



Compensate Managing Board members in line with their performance and their contribution to the advancement of business



Take regulatory requirements, the interests of shareholders and stakeholders, and national best practices into account



Ensure a comprehensible compensation system that meets the highest standards of transparency



Use sustainability targets for the compensation of the Managing Board



Consider the compensation and employment conditions of the workforce and make sure that compensation is consistent within the HUGO BOSS Group

IV. Overview of the compensation system

The compensation system for the Managing Board is an important element of the Group's orientation and is to contribute essentially to the Group's operational performance and the successful implementation of its strategy and therefore to the long-term success of HUGO BOSS. The system is to promote successful and sustainable corporate governance. As a result, the compensation of the members of the Managing Board is linked to the short- and long-term development of the Company.

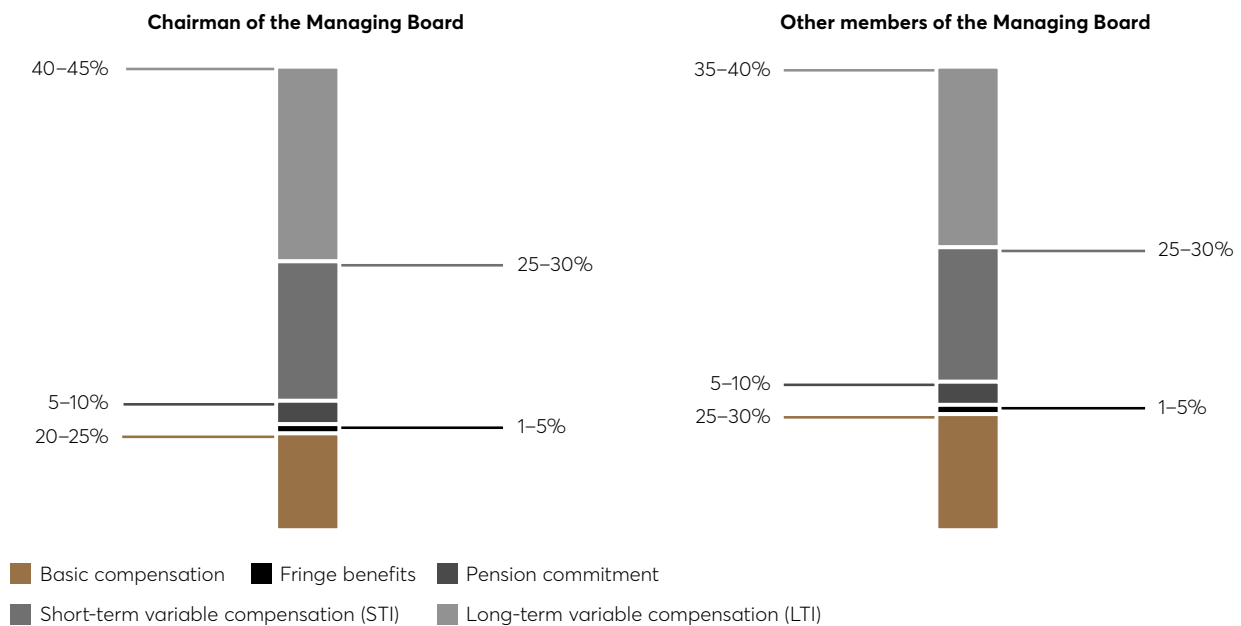
The compensation of the members of the Managing Board is made up of non-performance-related components (base salary, fringe benefits and pension commitment) and performance-related, variable components in the form of short-term variable compensation (STI) and long-term variable compensation (LTI). Variable compensation is subject to malus and clawback provisions. In addition, the total annual compensation of the members of the Managing Board is limited by a maximum compensation. Moreover, another essential component of the compensation system are the share ownership guidelines (SOG). The compensation system also governs further compensation related legal matters (e.g., contract terms and commitments upon termination of service on the Managing Board).

Compensation structure of the Managing Board

The compensation structure is geared toward the sustainable and long-term development of the Company by factoring in compensation components with multiple-year plan terms. The ratio of long-term variable compensation to short-term variable compensation is around 60:40. This ensures that the focus of Managing Board compensation is on long-term targets. In addition, recommendation G.6 of the GCGC is taken into consideration, according to which the share of variable compensation achieved as a result of reaching long-term targets is intended to exceed the share from short-term targets.

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

COMPENSATION STRUCTURE OF THE MANAGING BOARD



Non-performance-related (fixed) components

The fixed compensation components consist of a fixed base salary, fringe benefits and contributions to pension commitments.

Base salary

The fixed base salary is paid as a monthly salary. It takes into account the function assigned to the Managing Board member as well as the member’s associated duties and realm of responsibility.

Fringe benefits

Besides the base salary, the members of the Managing Board receive a small amount of fringe benefits, which they pay tax on individually in accordance with the applicable tax regulations to the extent that they derive a non-cash benefit from their private use. The fringe benefits primarily include the private use of a company car, supplementary payments to health and nursing care insurance contracts, the conclusion of and contributions to accident and directors’ and officers’ (D&O) liability insurance contracts (with deductibles in accordance with section 93 para. 2 sentence 3 of the German Stock Corporation Act), a clothing allowance with a minor amount that serves the purchase of BOSS and HUGO products for representative purposes, the reimbursement of reasonable tax consultancy costs and, to a small extent, other equipment and services

needed to fulfill their duties as members of the Managing Board. In addition, new Managing Board members are reimbursed for reasonable accommodation costs in Metzingen, Germany, for flights to and from their home, and for relocation costs in the event of a move to Metzingen (or the surrounding area).

Pension commitments

The **pension commitments** to the members of the Managing Board are part of a defined contribution plan. An annual pension contribution of 30% of their individual base salary is provided for the members of the Managing Board, which is paid into a pension liability insurance scheme. The level of the retirement benefits corresponds to the amount saved under the individual pension liability insurance scheme. The amount results from the aggregate pension contributions paid every year plus annual interest income depending on the respective insurance tariff. The members of the Managing Board are entitled to receive retirement benefits at or after a fixed age limit of 65 years of age, or if they become incapacitated for work due to illness or accident before reaching the age limit and leaves the Company. If a member of the Managing Board dies, their spouse or registered civil partner under the German Civil Partnership Act (Lebenspartnerschaftsgesetz – LPartG) and their surviving children are entitled to a surviving dependents' pension. If a member of the Managing Board leaves the Company before retiring, his or her entitlements to pension benefits is non-forfeitable if their service was longer than three years. If a member of the Managing Board leaves the Company before reaching the fixed retirement age, the amount of his or her entitlements corresponds to the benefits from the non-contributory reinsurance policy at the time of leaving the company. Current pension payments will be adjusted by a minimum of 1% annually by the pension liability insurance scheme.

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 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 payment upon death. The pension benefits are paid in monthly instalments, while surviving dependents' benefits can also be granted in the form of a lump-sum payment.

Currently, the service agreements concluded with the members of the Managing Board provide for a pension contribution of 40% of the individual base salary in accordance with the compensation system valid to date. The pension contributions will be adjusted when new appointments or contract extensions are agreed.

Performance-related (variable) components

The compensation system for the Managing Board includes two performance-related components: short-term variable compensation (STI) and long-term variable compensation (LTI). These components are linked to the Company's performance and are meant to provide incentives for the successful implementation of the Group strategy and to ensure the prosperous development of HUGO BOSS with value creation over the long term.

Short-Term Incentive (STI)

General functioning

The STI constitutes the short-term variable compensation component that has a term of one year. The STI is to support the successful implementation of the Company's operational targets, whose achievement is of vital importance to the successful development of HUGO BOSS in the long term. With a view to the Group strategy of HUGO BOSS, which aims at a sustainable increase in sales and operating result, sales and EBIT

number among the major performance criteria of the STI. Simultaneously, the TNWC is the most important indicator for managing the efficient use of capital and is therefore taken into consideration in the STI as the third financial performance criterion. The inclusion of a sustainability target emphasizes the environmental and social responsibility and the goal of sustainable business activities. As a result, the Managing Board compensation is closely aligned with the interests of the shareholders and other stakeholders.

The STI amount to be paid out is calculated by multiplying the target amount set out in the respective service agreement by the target achievement of the financial and non-financial performance criteria. In compliance with the Group's internal management system, the Supervisory Board has set the following **three financial performance criteria and one non-financial performance criterion** as the relevant targets:

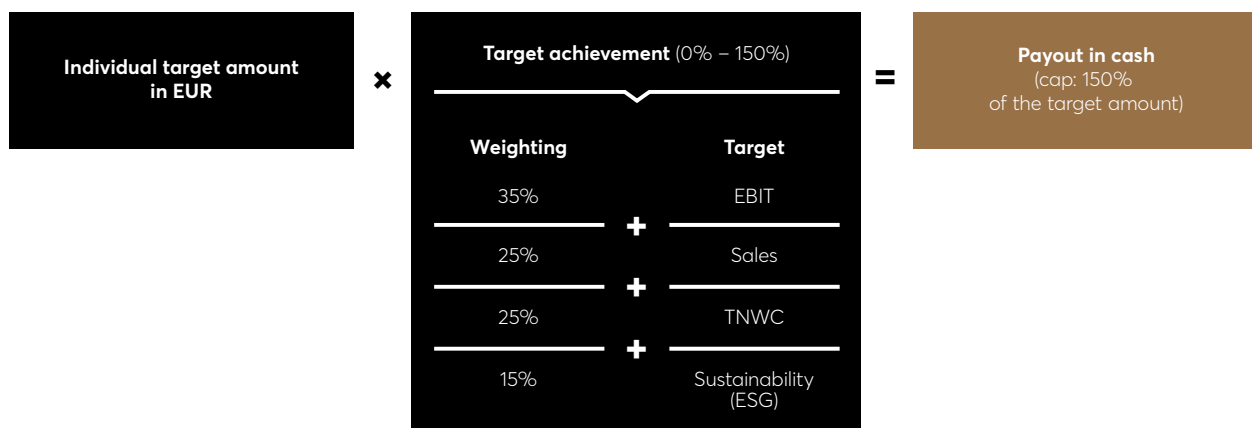
- EBIT (the Group's earnings before interest and taxes);
- Sales (the sales proceeds recognized in the consolidated financial statements using the exchange rates underlying the budget);
- Trade net working capital (TNWC; the total of raw and finished goods as well as trade receivables less trade payables) in relation to sales;
- Sustainability (ESG).

EBIT as a performance criterion contributes a **weighting** of 35% to the overall target achievement of the STI, while the sales and TNWC performance criteria each contribute 25% and the sustainability (ESG) criterion contributes 15% to the overall target achievement.

The overall target achievement of the STI is measured based on the total sum of the weighted target achievements per performance criterion and is limited to 150% of the individual target amount.

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

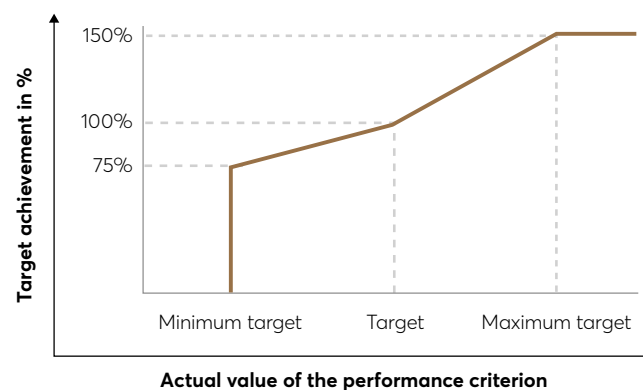
SHORT TERM INCENTIVE (STI)



Financial performance criteria

At the beginning of the fiscal year, the Supervisory Board determines a **target**, a **minimum target** and a **maximum target** for the three financial performance criteria EBIT, sales, 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, the target achievement is 100%. If the minimum target is reached, the target achievement is 75%. If the value of the performance criterion is below the minimum target, the target achievement is 0%. If the value of the performance criterion is greater than or equal to the maximum target, the target achievement is 150%. In this case, a further increase in the value of the performance criterion does not lead to a further increase in target achievement. Target achievement between the defined target achievement points (75%; 100%; 150%) is determined by linear interpolation.

TARGET ACHIEVEMENT CORRIDOR FINANCIAL PERFORMANCE CRITERION



Non-financial performance criterion

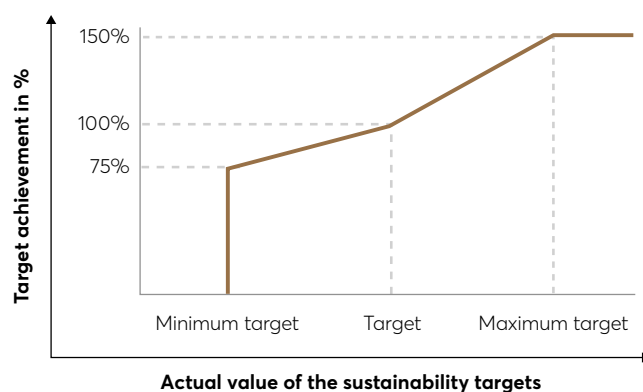
The sustainability (ESG) performance criterion contributes a weighting of 15% to the overall target achievement of the STI and is calculated on the basis of one or several sustainability targets. These are determined by the Supervisory Board at the beginning of every fiscal year, taking into account the catalog of criteria set out below. In doing so, attention is paid to the fact that the sustainability criteria selected are different from those from the LTI. Should several sustainability targets be selected, the Supervisory Board also determines their weightings in relation to one another. The topics of the catalog of criteria are directly related to the sustainability strategy pursued by HUGO BOSS and are derived from the materiality analysis.

Environment	Social	Governance
<ul style="list-style-type: none"> • CO₂ reduction • Use of sustainable materials • Circularity • Packaging • Reduced water consumption • Chemicals management 	<ul style="list-style-type: none"> • Employee satisfaction • Diversity • Social compliance (supply chain) • Succession planning • Fluctuation 	<ul style="list-style-type: none"> • Share of women in top management positions • Data protection and security

In order to ensure the compensation of the Managing Board is linked to the sustainable orientation of HUGO BOSS in the future as well, the Supervisory Board reserves the right to adjust the catalog of criteria in line with the sustainability strategy of HUGO BOSS and the materiality analysis.

Likewise, the Supervisory Board also determines a **target** as well as a **minimum target** and a **maximum target** for the selected sustainability targets of the non-financial performance criterion at the beginning of the fiscal year. If the target is fully met, the target achievement is 100%. If the minimum target is reached, the target achievement is 75%. If the value of the indicator is below the minimum target, the target achievement is 0%. If the value of the indicator is greater than or equal to the maximum target, the target achievement is 150%. In this case, a further increase in the indicator value does not lead to a further increase in target achievement above 150%. Target achievement between the defined target achievement points (75%; 100%; 150%) is determined by linear interpolation. The total target achievement for the performance criterion sustainability (ESG) therefore results from the weighted average of the target achievements of the individual ESG targets. The sustainability targets selected in the individual instance and their target achievement will be published in the compensation report for the respective fiscal year.

TARGET ACHIEVEMENT CORRIDOR NON-FINANCIAL PERFORMANCE CRITERION



Further regulations

Depending on the target achievement, the Supervisory Board will determine the amount of the short-term variable compensation (STI) to be paid out for the respective past fiscal year. The Supervisory Board reserves the right to take into account significant extraordinary developments – positive as well as negative – when determining target achievement for the STI. These are exclusively significant developments (e.g., as defined in section 87 para. 1 sentence 3 half-sentence 2 of the German Stock Corporation Act or in the recommendation G.11 sentence 1 of the GCGC) that were not yet known or foreseeable at the time the target was set and for which neither the Managing Board nor HUGO BOSS is responsible. This explicitly excludes general market developments.

To ensure the highest possible transparency and to make the "pay for performance" concept comprehensible, the respective targets, the minimum and maximum targets for EBIT, sales, TNWC and sustainability (ESG), the actual values attained as well as the resulting target achievements plus possible adjustments due to extraordinary developments are published in the compensation report for the respective fiscal year.

The current service agreements with the members of the Managing Board do not yet provide for a sustainability component associated with the STI. If approved by the Annual General Meeting, the required adjustments are to be made in the context of new appointments or contract extensions.

Long Term Incentive (LTI)

General functioning

The long-term variable compensation (LTI) takes the form of a **performance share plan** that considers both financial performance criteria relevant to the Group strategy and non-financial sustainability targets (from the area of environment, social, governance – ESG). The LTI is therefore meant to ensure that the business policy pursued by the members of the HUGO BOSS Managing Board has a long-term orientation geared to achieving the Company's corporate purpose.

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 Relative Total Shareholder Return (RTSR) therefore takes into account the relative total 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 return on capital employed (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 a non-financial performance criterion in the LTI emphasizes the environmental and social responsibility and the goal of sustainable business activities. As a result, the Managing Board compensation is closely aligned with the interests of the shareholders and other stakeholders.

Accordingly, the Supervisory Board has determined the following **three 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);
- Sustainability (ESG).

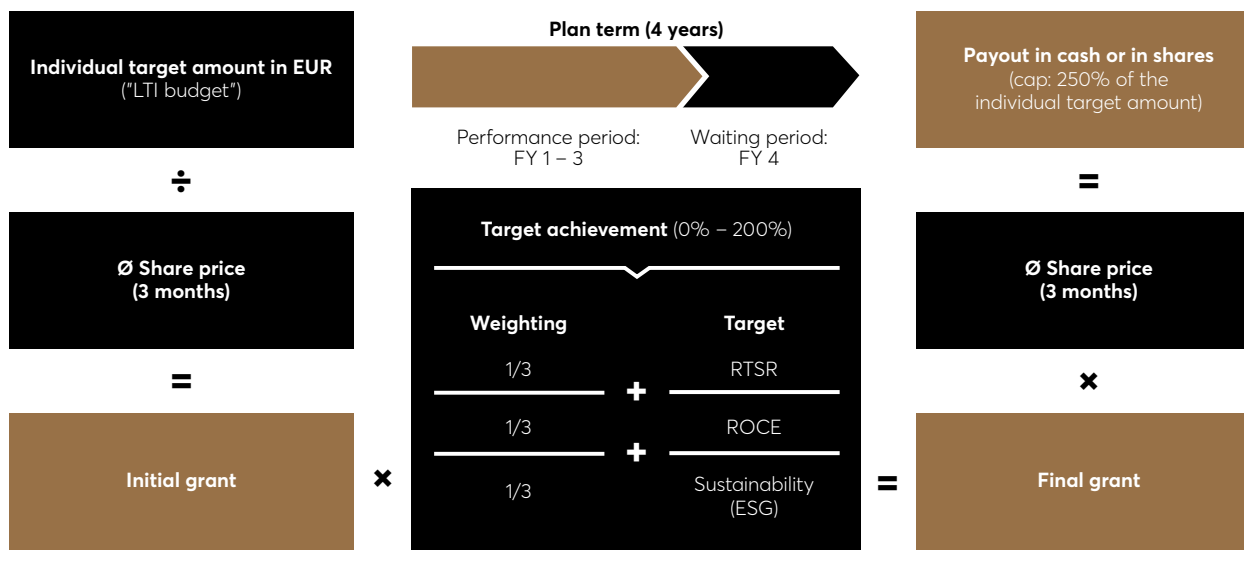
The target achievements for the RTSR, the ROCE and the sustainability (ESG) performance criteria each account for one third of the LTI.

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

The LTI provides that the members of the Managing Board receive a defined number ("initial grant") of virtual shares at the beginning of the plan or at the start of their activity. The initial grant is determined by the target amount ("LTI budget") defined in the respective service agreement divided by the average price of the HUGO BOSS share for the last three months prior to the beginning of the performance period. Following the expiration of the performance period, the final number of virtual shares ("final grant") is calculated based on the achievement of the financial and non-financial performance targets. The final payout entitlement is calculated by multiplying the final grant by the Company's average share price during the last three months of the waiting period. At the discretion of the Supervisory Board, the LTI is paid out in cash or in shares.

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

LONG TERM INCENTIVE (LTI)



Financial performance criteria

The **RTSR** contributes a weighting of one third of the overall target achievement of the LTI and is a benchmark for the sustainable increase in enterprise value. It is a performance metric that considers 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.	

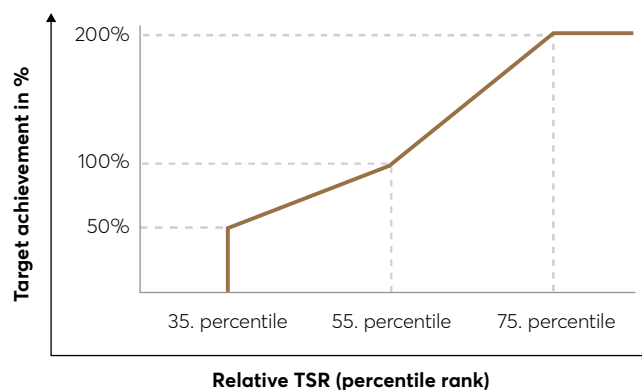
The Supervisory Board is convinced that the comparison with relevant competitors in the premium segment of the global apparel industry best reflects the strategic positioning of the two brands BOSS and HUGO.

To determine the target achievement of the RTSR, the companies listed from the beginning to the end of the performance period are taken into account. If a company included in the current peer group is no longer listed or its strategic focus changes significantly, the Supervisory Board reserves the right to remove this company from the peer group. To ensure that the peer group continues to include an appropriate number of competitors in the future as well, the Supervisory Board in this case may add new competitors for newly granted tranches. However, additional competitors must not be added to the peer group in the event of outstanding LTI tranches. The compensation report will transparently disclose and explain any amendments to the peer group that might have been made.

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 55th percentile is achieved, i.e., HUGO BOSS is slightly above the middle of the ranking of the peer companies, the 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 top 25% of the companies analyzed, the target achievement is 200%. Higher percentile ranks do not lead to any further increase in target achievement. If the 35th percentile is achieved, the target achievement corresponds to 50%. If the TSR of HUGO BOSS is below the 35th percentile, i.e., HUGO BOSS is among the bottom 35% of the companies, the target achievement is 0%. Target achievement levels between the defined target achievement points (50%; 100%; 200%) are determined by linear interpolation.

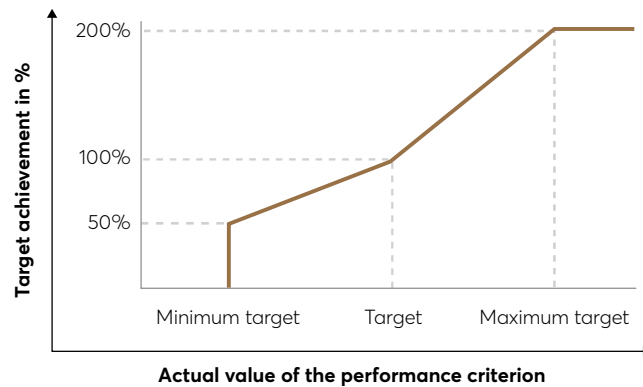
TARGET ACHIEVEMENT CORRIDOR RELATIVE TSR



The **return on capital employed (ROCE)** also contributes a weighting of one third to the overall target achievement of the LTI. It is determined by dividing the EBIT by average capital invested. The average of the annually reported ROCE over the performance period is considered. ROCE places the focus on increasing the profitability of HUGO BOSS and on an efficient use of capital.

At the beginning of each tranche the Supervisory Board sets a **target**, a **minimum target** and a **maximum target for ROCE**. 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 value of the performance criterion is below the minimum target, the target achievement is 0%. If the value of the performance criterion is greater than or equal to the maximum target, the target achievement is 200%. A further increase in the value of the performance criterion does not lead to a further increase in target achievement above 200%. Target achievement levels between the defined target achievement points (50%; 100%; 200%) are determined by linear interpolation.

TARGET ACHIEVEMENT CORRIDOR ROCE



Non-financial performance criterion

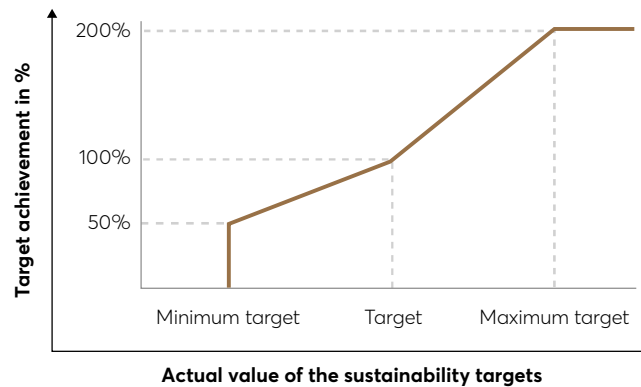
The **sustainability (ESG)** performance criterion contributes a weighting of one third to the overall target achievement of the LTI and is calculated on the basis of one or several sustainability targets. To this end, the Supervisory Board determines the sustainability targets of the respective tranche prior to the start of each tranche, taking into account the catalog of criteria set out below. In doing so, attention is paid to the fact that the indicators selected are different from those from the STI. Should several sustainability targets be selected, the Supervisory Board also determines their weightings in relation to one another. The topics of the catalog of criteria are directly related to the sustainability strategy pursued by HUGO BOSS and are derived from the materiality analysis.

Environment	Social	Governance
<ul style="list-style-type: none"> • CO₂ reduction • Use of sustainable materials • Circularity • Packaging • Reduced water consumption • Chemicals management 	<ul style="list-style-type: none"> • Employee satisfaction • Diversity • Social compliance (supply chain) • Succession planning • Fluctuation 	<ul style="list-style-type: none"> • Share of women in top management positions • Data protection and security

In order to ensure the compensation of the Managing Board is linked to the sustainable orientation of HUGO BOSS in the future as well, the Supervisory Board reserves the right to adjust the catalog of criteria in line with the sustainability strategy of HUGO BOSS and the materiality analysis.

At the beginning of each tranche the Supervisory Board sets ambitious **targets** as well as **minimum** and **maximum targets** for the sustainability targets selected. If the respective target is fully met, the target achievement is 100%. An achievement of the minimum target corresponds to a target achievement of 50%. If the value of the indicator is below the minimum target, the target achievement is 0%. If the value of the indicator is greater than or equal to the maximum target, the target achievement is 200%. In this case, a further increase in the indicator value does not lead to a further increase in target achievement above 200%. Target achievement between the defined target achievement points (50%; 100%; 200%) is determined by linear interpolation. The overall target achievement of the performance criterion sustainability (ESG) therefore results from the weighted average of the target achievements of the individual indicators. The sustainability targets selected in the individual instance will be published in the compensation report for the respective tranche.

TARGET ACHIEVEMENT CORRIDOR NON-FINANCIAL PERFORMANCE CRITERION



Further regulations

The Supervisory Board reserves the right to take into account significant extraordinary developments when determining target achievement for the LTI. These are exclusively significant developments (e.g., as defined in section 87 para. 1 sentence 3 half-sentence 2 of the German Stock Corporation Act or in the recommendation G.11 sentence 1 of the GCGC) that were not yet known or foreseeable at the time the target was set and for which neither the Managing Board nor HUGO BOSS is responsible. This explicitly excludes general market developments.

To ensure the highest possible transparency, the target, the minimum target, and the maximum target for RTSR, ROCE and sustainability (ESG), the actual values attained as well as the resulting target achievements plus possible adjustments due to extraordinary developments are published in the compensation report following expiration of the respective performance period.

The current service agreements with the members of the Managing Board deviate from the system presented above with regard to both the determination of the target achievement level of the RTSR and the composition of the sustainability criteria. The required adjustments are to be made in the context of new appointments or contract extensions.

Special compensation (sign-on, allowances)

The compensation system does not provide for the possibility of special compensation for extraordinary performance that could 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 previous employers (sign-on). In addition, the Supervisory Board is able to compensate a member of the Managing Board who takes on additional responsibility on an interim basis for these temporarily increased duties (bonus). The compensation report for the respective fiscal year will in each case disclose the special compensation in detail and transparently describe the reasons for this compensation. Any special compensation is limited in its amount, as it falls under the maximum compensation in accordance with section 87a para. 1 sentence 2 no. 1 of the German Stock Corporation Act.

Malus and clawback provisions

Under the current compensation system, the service agreements of the members of the HUGO BOSS Managing Board are to 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 care within the meaning of section 93 of the German Stock Corporation Act, 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 variable compensation already paid if it turns out after the payment that the audited and approved consolidated financial statements which served as a basis for calculating the amount paid were incorrect and therefore had to be corrected in accordance with the applicable accounting provisions (performance clawback).

Any claims for compensation of the Company, in particular those under section 93 para. 2 of the German Stock Corporation Act, the right of the Company to revoke the appointment pursuant to section 84 para. 3 of the German Stock Corporation Act, and the right of the Company to terminate the service agreement of the Managing Board member for good cause (section 626 para. 1 of the German Civil Code (Bürgerliches Gesetzbuch – BGB)) remain unaffected.

Share ownership guidelines

The share ownership guidelines (SOG) are an essential part of the compensation system for the Managing Board. In order to further align the interests of the Managing Board and shareholders, the SOG oblige the members of the Managing Board **to buy and hold shares of HUGO BOSS AG**. The amount of the shareholding obligation (SOG target) is measured based on the individual gross base salary of the respective member of the Managing Board. The Chairman of the Managing Board must invest twice the amount and all other members of the Managing Board must invest the equivalent of their annual gross base salary and hold the shares for the entire duration of their Managing Board activities.

SHARE OWNERSHIP GUIDELINES

Function within the Managing Board	Amount of the shareholding obligation
Chairman of the Managing Board	200 % of gross base salary
Other Managing Board members	100% of gross base salary

The **required number of shares** must be held within five years of the SOG taking effect 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. Both the purchase and the sale of the shares must comply with the rules and deadlines of the Market Abuse Directive.

In accordance with 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 most recent adjustment of the base salary of the Managing Board member. The members of the Managing Board are entitled to contribute any HUGO BOSS shares they may already hold.

Maximum compensation

In accordance with section 87a para. 1 sentence 2 no. 1 of the German Stock Corporation Act, the Supervisory Board is required to set a maximum compensation for the total of all compensation components, consisting of base salary, fringe benefits, expenses for pension commitments and special compensation, if any, as well as short-term variable and long-term variable compensation. This maximum amounts to EUR 12.0 million for the Chairman of the Managing Board, EUR 8.0 million for the Deputy Chairman of the Managing Board, and EUR 6.0 million for the ordinary Managing Board members of HUGO BOSS AG. This maximum amount comprises the total sum of all payments relating to the aforementioned compensation components resulting from one fiscal year for the respective fiscal year and merely represents the maximum permissible framework laid down in compensation system. The maximum amounts of compensation promised under individual agreements may in individual cases be significantly lower than the maximum compensation specified in accordance with section 87a para. 1 sentence 2 no. 1 of the German Stock Corporation Act.

V. Compensation-related legal matters

Terms of service agreements and termination options

The service agreements of the Managing Board members have a term that corresponds to the respective term of office adopted by resolution of the Supervisory Board. The term is usually three years but must in no event exceed the maximum possible term of office of five years. If the Managing Board member is reappointed, the service agreement may continue to apply.

As the service agreements are concluded for a fixed term, they do not include any ordinary termination clause. In accordance with the deadlines specified in section 622 para. 2 of the German Civil Code, termination of the service agreement in the event of premature revocation of the appointment for good cause is possible for both parties.

The right to extraordinary termination pursuant to section 626 of the German Civil Code remains unaffected in any case.

Provisions for the termination of Managing Board activities

In the event of premature termination of the service agreement (in the absence of good cause for terminating the service agreement on the part of 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 maximum period of 24 months; the period will not, under any circumstances, exceed the remaining term of the service agreement ("severance payment cap"). For these purposes, the total compensation is calculated on the basis of the total compensation received for the most recent full fiscal

year and, where appropriate, on the basis of the predicted total compensation for the then current fiscal year. In the event of termination of a Managing Board agreement, payment of any outstanding variable compensation components will be made in accordance with the originally agreed targets and comparison parameters and in accordance with 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 good cause for which the respective member of the Managing Board is responsible. The service agreements do not include any provisions for severance payments in the event the agreements end as agreed.

The service agreements do not provide an extraordinary right of 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 contract extensions. There are no agreements providing for indemnification in such an event.

Post-contractual non-compete clause

Managing Board members are subject to a **post-contractual non-compete clause**. For a period of twelve months after the end of the service agreement, the members of the Managing Board are not entitled to work for or to establish or hold a stake in, directly or indirectly, 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 section 15 et seq. of the German Stock Corporation Act are operating at the time the service agreement ends. HUGO BOSS is required to pay the member of the Managing Board in return 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. Any severance payments will be offset against the payment for the post-contractual non-compete clause (compensation for the period of restraint).

Compensation from other mandates

In principle, assuming any other function in the professional realm – whether paid or unpaid – requires the prior written approval of the Supervisory Board, which may be revoked within a reasonable period of time.

At the request of the Supervisory Board, the Managing Board member will, with his or her approval, accept supervisory board mandates and similar positions in companies in which HUGO BOSS holds a direct or indirect interest, as well as in associations and similar organizations of which HUGO BOSS is a member due to its business activities.

Compensation received by members of the Managing Board from a company in which HUGO BOSS holds a direct or indirect interest is assigned to HUGO BOSS. If supervisory board mandates from outside the Group are assumed, the Supervisory Board will decide whether and to what extent the compensation received is to be taken into account.

VI. Procedures for establishing, reviewing and implementing the compensation system

Establishing the compensation system

Putting the compensation system into practice, decisions on the compensation of Managing Board members, including the review of the appropriateness and customary nature of the specific Managing Board compensation, as well as the determination, regular deliberation on and review of the compensation system are the responsibility of the full Supervisory Board. However, the Personnel Committee is intended to submit proposals in preparation for decisions on these matters. If the Supervisory Board calls in external compensation experts for this purpose, it will make sure that the compensation experts are independent before commissioning them. In accordance with section 87a para. 1 of the German Stock Corporation Act, the full Supervisory Board resolves on a clear and understandable system for the compensation of the Managing Board members. Subsequently, in accordance with section 120a para. 1 of the German Stock Corporation Act, the Annual General Meeting passes a resolution on the approval of the compensation system for the members of the Managing Board, submitted by the Supervisory Board, whenever there is a significant change to the compensation system, but at least every four years. If the Annual General Meeting has not approved the compensation system, then a revised compensation system must be submitted for approval at the latest to the next following Ordinary Annual General Meeting in accordance with section 120a para. 3 of the German Stock Corporation Act.

Conflicts of interest

If a conflict of interest arises in connection with the establishment, review or implementation of the compensation system, the full Supervisory Board or the Personnel Committee will handle it in the same way as it deals with other conflicts of interest inherent in the person of a Supervisory Board member so that the Supervisory Board member concerned will not take part in the resolution and/or discussion or, in the case of a serious conflict of interest, will not take part in further meetings either. Early and transparent disclosure ensures that the decisions of the full Supervisory Board and the Personnel Committee are not influenced by improper considerations.

Review of the appropriateness of the compensation of the members of the Managing Board

The total target compensation of the individual members of the Managing Board is determined by the Supervisory Board for the respective upcoming fiscal year on the basis of the compensation system, taking into account payments made by Group companies, if any. Both in this context and in the context of determining the specific total compensation of the Managing Board members and during the regular review of the compensation system, the Supervisory Board takes into account the appropriateness of the compensation in relation to the duties of the individual Managing Board member, his or her personal performance, the financial situation, the success and the outlook of the Company. In addition, the Supervisory Board considers the level of compensation customarily paid, taking into account peer companies and the compensation structure of further employees of HUGO BOSS as well as the sustainable and long-term development of the Company.

A horizontal comparison is performed in order to assess the customary nature of the amount and structure of the compensation. To this end the Supervisory Board uses a suitable comparison group of relevant competitors in the premium and luxury goods sector. To reflect national market practice and in view of the financial situation of HUGO BOSS, the DAX and MDAX companies are also considered. To assess whether compensation is in line with customary levels within the Company itself, the ratio of the Managing Board compensation to that of senior management and the workforce of the HUGO BOSS Group as a whole is taken into account, notably also with regard to its development over time (vertical comparison), in accordance with the recommendation G.4 of the GCGC.

VII. Temporary deviations from the compensation system

Section 87a para. 2 sentence 2 of the German Stock Corporation Act allows the Supervisory Board to deviate temporarily from the compensation system, provided that the deviation is necessary in the interest of the Company's long-term success and that the compensation system specifies the procedure for deviation and the components of the compensation system from which deviation is possible. Such a necessity arises if the compensation system no longer has an adequate incentive effect due to extraordinary developments for which neither the Managing Board nor HUGO BOSS is responsible, and the functionality of the compensation system is severely impaired (e.g., owing to economic crises, natural disasters, or epidemics/pandemics). The special and extraordinary circumstances justifying a deviation are to be determined by a resolution of the Supervisory Board.

Following such a Supervisory Board resolution, the Supervisory Board may deviate from the following parts of the compensation system: Relative proportions of the compensation components (compensation structure), performance and waiting periods as well as payment dates, STI and LTI performance criteria and their weightings including target values. It is likewise possible for the Supervisory Board to temporarily grant additional variable or – for example in an economic crisis – exclusively fixed compensation components if the incentive effect of the compensation system cannot be restored by adjusting the compensation components.

In any case, the compensation system must continue to incentivize the long-term and sustainable development of HUGO BOSS and ensure that the compensation of the Managing Board members continues to be appropriate to the financial situation of HUGO BOSS and the duties and performance of the Managing Board members and does not exceed the usual compensation without special justification. The necessity for the deviation as well as the procedure to be followed in the event of a temporary deviation are explained in detail in the compensation report and the affected compensation components are designated in accordance with section 162 para. 1 no. 5 of the German Stock Corporation Act.