

2019

2019 Declaration of Conformity according to the German Corporate Governance Code pursuant to Section 161 of the German Joint Stock Corporation Act (AktG)

- simultaneously updating the 2018 Declaration of Conformity -

The following declaration refers to the recommendations of the German Corporate Governance Code ("Code") as amended on February 7, 2017, which was made public in the German Federal Gazette on April 24, 2017 and corrected on May 19, 2017.

The Executive Board and the Supervisory Board of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft declare in accordance with Section 161 Joint Stock Corporation Act (AktG) that they have conformed and will conform to the recommendations of the "Government Commission for the German Corporate Governance Code", published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette, with the following exceptions:

1. The recommendation in Clause 4.1.3 sentence 3 of the Code according to which employees shall be given an adequate opportunity to report, in a protected manner, suspected breaches of the law within the company (establishment of a whistleblower hotline) is not complied with. The Executive Board and the Supervisory Board are of the opinion that the company has a well-functioning compliance management system in place and see no need for setting up a whistleblower hotline. Furthermore, it cannot be excluded that the establishment of a whistleblower hotline might burden the excellent work atmosphere and encourage a culture of denunciation.
2. The Executive Board of the Company had no chairman or spokesman (Code Clause 4.2.1 sentence 1) until and including August 31, 2019. The Supervisory Board was of the opinion that this best reflected the cooperation of the two hitherto acting members of the Executive Board. Since the appointment of Christian Greiner as chairman of the Executive Board taking effect on September 1, 2019, the recommendation in Clause 4.2.1 sentence 1 has been followed.
3. The recommendation in Clause 4.2.3 par. 2, sentence 2, of the Code, according to which the monetary remuneration for members of the Executive Board should contain fixed and variable components, has partly not been complied with in regard to Jens Schott, the new member of the Executive Board appointed with effect as of September 1, 2019. In the period from September 1, 2019 to December 31, 2019, Mr. Schott will only receive a fixed remuneration. Since the assessment of the Executive Board members' variable remuneration is subject to criteria relating to complete fiscal years, the Supervisory Board considers a purely fixed remuneration for Mr. Schott appropriate and expedient. The recommendation in Clause 4.2.3 par. 2, sentence 2, of the Code will be fully complied with as of January 1, 2020.
4. In deviation from the recommendation in Clause 4.2.3 par. 2, sentence 3, of the Code the multiple-year assessment basis for determining the variable remuneration components to be granted to the members of the Executive Board which has been applied for many years is not generally future-oriented. In the view of the Supervisory Board the long-standing remuneration system has proven its worth.
5. The Supervisory Board has not formed a nomination committee (Code Clause 5.3.3). The Supervisory Board is of the opinion that election proposals to the General Meeting for members of the Supervisory Board should be worked out in a plenary sitting of the manageable six-member body.
6. The recommendation in Clause 5.4.1 par. 2 sentence 1, alt. 1 and sentence 2 of the Code providing for the Supervisory Board to specify concrete objectives regarding its composition, and in particular to set an appropriate limit for the regular length of service on the Supervisory Board is not complied

with. In the view of the Supervisory Board setting a general limit would not be conducive, as it is those members of the Supervisory Board concerned by a general limit in particular who possess profound insights in the company affairs and long-standing expertise benefitting the company. Consequently, decisions on further service periods shall be made on a case-by-case basis.

7. The Executive Board doesn't reason "interim financial information" with the Supervisory Board or its audit committee prior to their publication (Code Clause 7.1.2 sentence 2). The Supervisory Board and the Executive Board are in regular close contact on the basis of a monthly reporting system. Therefore, a separate discussion on semi-annual reports or other interim financial information prior to their publication is dispensable.

Munich, September 10, 2019

The Executive Board
Christian Greiner
Jens Schott

The Supervisory Board
Dr. Steffen Stremme
Clarissa Käfer
Sandra Pabst
Bruno Sälzer
Michael Neumaier
Michael Eckhoff