LUDWIG BECK am Rathauseck -
Textilhaus Feldmeier Aktiengesellschaft

Declaration of Conformity 2021 with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)

The following declaration refers to the recommendations of the German Corporate Governance Code as amended on December 16, 2019, and published in the Federal Gazette on March 20, 2020 ("Code").

The Executive Board and Supervisory Board of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft declare pursuant to Section 161 AktG that the recommendations of the "Government Commission German Corporate Governance Code" published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette have been complied with and will be complied with in the future with the following exceptions:

1. Recommendation A.2 sentence 2 of the Code, according to which employees should be given the opportunity to provide protected information on legal violations in the company (establishment of a whistleblower hotline) is not complied with. The Executive Board and Supervisory Board are of the opinion that the company has a functioning compliance management system even without setting up a whistleblower hotline. In addition, it cannot be ruled out that establishing a whistleblower hotline would strain the excellent working atmosphere and encourage informing.

2. The Supervisory Board has not formed a Nomination Committee (recommendation D.5 of the Code). The Supervisory Board is of the opinion that the preparation of election proposals for Supervisory Board members to the Annual General Meeting should take place in the plenum, which has a manageable number of six members.

3. On March 24, 2021, the Supervisory Board adopted a system for the compensation of Executive Board members in accordance with the new section 87a of the German Stock Corporation Act (AktG) introduced by the ARUG II which does not fully comply with the recommendations of the Code. The company does not comply with recommendation G.3 sentence 1 of the Code, according to which the Supervisory Board should use a suitable peer group of other companies, the composition of which it discloses, to assess the customary nature of the specific total compensation of the Executive Board members in comparison with other companies. The compensation system resolved by the Supervisory Board on March 24, 2021, does not provide for such a peer group comparison. This is because there is currently an insufficient number of listed companies in Germany that are comparable with LUDWIG BECK in terms of size and sector.

4. Therefore, in the opinion of the Supervisory Board, the determination and disclosure of a representative peer group is currently out of the question. Nevertheless, the Supervisory Board that controls the Executive Board remuneration believes it is appropriate and customary by comparing it with non-listed companies in the fashion industry in a broader sense.

5. According to recommendations G.10 sentences 1 and 2 of the Code, the variable compensation amounts granted to the member of the Board of Management should be invested by them predominantly in shares of the company or granted accordingly on a share-based basis. The Executive Board member should not be able to dispose of the long-term variable grant amounts until after four years. The compensation system deviates from these recommendations. The Supervisory Board does not consider the share price to be the relevant yardstick for a compensation system geared to promoting the business strategy and the long-term development of the company. Instead, the Supervisory Board considers the financial and non-financial performance criteria set out in the compensation system for measuring variable compensation and the payment of all variable compensation components in cash to be more appropriate. The Executive Board members are paid the amounts of the long-term variable compensation (LTI) at their free disposal after three years. The Supervisory Board considers this period to be customary and appropriate.

6. The current employment contract of CEO Christian Greiner was already concluded on September 15, 2020, with effect from January 1, 2021, and is therefore essentially still based on the previous remuneration system, which has since been replaced by the remuneration system adopted by the Supervisory Board on March 24, 2021. Therefore, the employment contract does not fully comply with the recommendations of the Code. For example, in addition to recommendations G.3 sentence 1 and G.10 sentences 1 and 2 of the Code (see items 3. and 4.), recommendation G.2 (definition of a specific target total compensation) is not complied with. Similarly, there is no provision for the performance criteria for the variable compensation components, which are to be based primarily on strategic objectives, to be defined in each case for the upcoming financial year (G.7 sentence 1 of the Code). With regard to part of the variable compensation, the recommendation in G.9 of the Code is not fully complied with.

Munich, September 14, 2021

<u>The Board of Management:</u>

Christian Greiner

Jens Schott

<u>The Supervisory Board:</u>

Dr. Bruno Sälzer

Sandra Pabst

Clarissa Käfer

Josef Schmid

Michael Neumaier

Michael Eckhoff