

**2017**

**2017 Declaration of Conformity according to the German Corporate Governance Code pursuant to Section 161 of the German Joint Stock Corporation Act (AktG)**

The following declaration refers to the recommendations of the German Corporate Governance Code (“Code”) as amended on May 5, 2015, which was made public in the German Federal Gazette on June 12, 2015 in regard to the period from November 25, 2016, the date the 2016 Declaration of Conformity was made until the expiry of April 23, 2017. As regards the period as of April 2017, the Declaration refers to the recommendations of the Code in its version of February 7, 2017, published in the German Federal Gazette on April 24, 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 in the official section of the German Federal Gazette by the Federal Ministry of Justice, with the following exceptions:

1. The recommendation in Clause 4.1.3 sentence 3 of the Code, applicable as of April 24, 2017, according to which employees shall be given the 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 has no chairman or spokesman (Code Clause 4.2.1 sentence 1). The Supervisory Board is of the opinion that this best reflects the close cooperation of the two members of the Executive Board, which is based on equality and trust.
3. In deviation from the recommendation in Clause 4.2.3 par. 2 sentence 3 of the Code, applicable as of April 24, 2017, the multiple-year assessment basis for determining the variable remuneration components to be granted to the members of the Supervisory 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. Furthermore, in order to safeguard existing standards the existing contracts should not be interfered with, and the consistency of the employment contracts of the two members of the Executive Board should be preserved.
4. 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.
5. 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, November 24, 2017

**Executive Board:**

signed Dieter Muench

signed Christian Greiner

**Supervisory Board:**

signed Dr. Steffen Stremme

signed Edda Kraft

signed Hans Rudolf Woehrl

signed Clarissa Kaefer

signed Michael Neumaier

signed Philip Hassler