

2015

Declaration of Conformity according to § 161 of the German Stock Corporation Act (AktG)

For the time from November 27, 2014 until the expiry of November 27, 2015, the following declaration refers to the recommendations of the German Corporate Governance Code (“Code”) as amended on June 24, 2014, which was made public in the German Federal Gazette on September 30, 2014.

Starting November 28, 2015, the declaration refers to the recommendations of the Code in its version of May 5, 2015, made public on June 12, 2015 in the German Federal Gazette.

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 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.
2. The contracts for the acting Executive Board members limit the amounts of the fixed salary and most components of the variable compensation. However, the contracts do not limit the amounts of some of the variable compensation components and the ”overall compensation”. Hence, the recommendation of Clause 4.2.3, paragraph 2, sentence 6 of the Code is not fully complied with. The reason for this deviation being that, in order to safeguard existing standards, the Supervisory Board and the Executive Board want to refrain from interfering with the current contractual relationship. Apart from that, the compensation for the Executive Board members will not exceed reasonable margins because of the lack of limits for certain compensation components.
3. 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.
4. The performance-related compensation component, for the last time promised to the members of the Supervisory Board for the 2015 fiscal year, is not geared to a sustainable business development (Clause 5.4.6, par. 2, sentence 2), as it is linked to the dividend distributed for the relevant fiscal year. The Executive Board and the Supervisory Board have so far shared the view that the existing compensation regulation provides sufficient incentive for the Supervisory Board members to execute their office with the company’s long-term, successful development in mind. The company now takes the view that clear-cut, fixed compensation is better suited to accommodate the control activities to be performed by the Supervisory Board, beyond

focusing on short-term company success. Acting on a proposal by the management, the 2015 General Meeting therefore adopted the respective change of the Supervisory Board's compensation. For the first time for the fiscal year commencing on January 1, 2016, the members of the Supervisory Board will be paid fixed compensation only. As of that date, the recommendation in Clause 5.4.6, par. 2, sentence 2 will be fully complied with.

5. Neither the Supervisory Board nor its audit committee discusses any semi-annual or quarterly financial reports with the Executive Board prior to 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, an additional discussion on semi-annual or quarterly reports prior to publication is dispensable.

Munich, November 27, 2015

The Executive Board:

Dieter Münch

Christian Greiner

The Supervisory Board:

signed Dr. Steffen Stremme

signed Edda Kraft

signed Hans Rudolf Wöhrl

signed Clarissa Käfer

signed Michael Neumaier

signed Philip Hassler