



**COMPETENCE PROFILE AND CONCRETE OBJECTIVES REGARDING
THE COMPOSITION OF THE SUPERVISORY BOARD OF
LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG**

I. Preliminary remarks

1. According to the German Corporate Governance Code in the version adopted by the Government Commission on February 7, 2017 ("GCGC")
 - the Supervisory Board is supposed to specify concrete objectives regarding its composition (Clause 5.4.1 par. 2, sentence 1 GCGC);
 - the Supervisory Board is supposed to prepare a competence profile for the plenary board (Clause 5.4.1 par. 2, sentence 1 GCGC), and
 - the Supervisory Board shall include what it considers an appropriate number of independent members, thereby taking into account the shareholder structure (Clause 5.4.2, sentence 1 GCGC).
2. The Supervisory Board attaches great importance to good corporate governance and feels obligated to the recommendations set forth in the GCGC. Hence, the Supervisory Board intends to comply with the new recommendations mentioned in clause 1 from the date of their entry into force, and therefore determines the following specifications regarding its composition as laid down in section II hereof.

II. Competence profile and concrete objectives regarding the composition of the Supervisory Board

In line with the articles of association and the relevant provisions of law, the Supervisory Board of LUDWIG BECK AG is composed of six board members. Four members are elected by the shareholders, and two members are elected by the employees. The company conducts its business mainly at a national level.



1. General requirements regarding the members of the Supervisory Board

Each member of the Supervisory Board shall comply with the requirements for membership of the Supervisory Board set forth by law and the articles of association (cf. in particular section 100 par. 1 - 4 Joint Stock Corporation Act (AktG)).

Each member of the Supervisory Board must have the knowledge and skills required to properly perform all duties incumbent on him/her under the provisions of law and the articles of association.

The Supervisory Board shall have at least one member with expertise knowledge in accounting or auditing. The members in their entirety shall be familiar with the sector the company operates in (section 100 par. 5 Joint Stock Corporation Act (AktG)).

2. Concrete objectives regarding the composition of the Supervisory Board

The members of the Supervisory Board in their entirety shall have the following qualifications and attributes, whereas several qualifications and attributes may be combined in one person:

- a) In accordance with the assessment of the Supervisory Board, the Supervisory Board shall comprise at least one or two independent board members within the meaning of Clause 5.4.2, sentence 2 GCGC. The Supervisory Board took the current shareholder structure into account when considering the appropriate number of independent members.
- b) The Supervisory Board shall have at least one member with expertise knowledge in business administration.
- c) The Supervisory Board shall have at least one member with expertise knowledge in national retail trade.
- d) No member of the Supervisory Board shall be more than 70 years old, unless the Annual General Meeting decides otherwise when electing a member with a majority of two thirds of the votes cast.
- e) A person may not become a member of the Supervisory Board if he/she is expected to be subject to conflicts of interest frequently or permanently.



3. Competence profile regarding the Supervisory Board

The Supervisory Board has defined the following competence profile for the plenary board which shall be taken into consideration when proposals regarding the election of members of the Supervisory Board are submitted to the Annual General Meeting:

- The plenary board shall have (through one or several members) expertise knowledge in the areas mentioned in clause 2 lit. b) and c) above;
- The plenary board shall have (through one or several members) expertise knowledge in the areas of accounting and auditing.

III. Reasons

In defining the competence profile and setting the concrete objectives described in section II above, the Supervisory Board was guided by the following considerations:

- The general requirements applying to members of the Supervisory Board as set forth in section II, clause 1, are mandatory requirements which directly ensue from law or have been developed by jurisdiction by way of interpretation of legal provisions. The Supervisory Board is bound by these requirements when preparing the competence profile and setting the concrete objectives for its composition.
- The Supervisory Board shall not take employee representatives into consideration when deliberating upon the appropriate number of independent Supervisory Board members. The Supervisory Board is of the opinion that a number of at least one or two independent Supervisory Board members will be sufficient and appropriate to ensure the supervisory body's independence and decision-making free of extraneous considerations. The Supervisory Board shall take the current shareholder structure into account in its assessment.
- As LUDWIG BECK AG primarily operates at a national level, the Supervisory Board does not deem it necessary to appoint a Supervisory Board member having special expertise knowledge in the areas of international textile economy or international retail trade.
- In the opinion of the Supervisory Board, the objectives relating to the age of Supervisory Board members as set forth in section II, clause 2 lit. d), ensure that a multifaceted range of life experiences will be represented on the Supervisory Board. In



order to benefit from the special expertise of an older Supervisory Board member it may in exceptional cases be advisable for the Annual General Meeting to appoint a Supervisory Board member of more than 70 years of age with a qualified two-third majority of the votes cast.

- It is important for the composition of the Supervisory Board that its members in their entirety have expertise knowledge and experience in a variety of areas, in particular in the areas of textile economy, national retail trade and business administration.
- Frequent or permanent conflicts of interest in the person of one of the Supervisory Board members may impair the performance of his/her duties. Consequently, persons who are expected to be frequently or permanently subject to conflicts of interest should not be elected as members to the Supervisory Board.

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Dr. Steffen Stremme

- Chairman of the Supervisory Board -