

COMPETENCE PROFILE AND SPECIFIC OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD OF LUDWIG BECK AM RATHAUSECK - TEXTILHAUS FELDMEIER AG

I. Preliminary remarks

1. Pursuant to the German Corporate Governance Code in the version adopted by the Government Commission on April 28, 2022 ("DCGK")
 - the Supervisory Board should specify concrete objectives for its composition and
 - develop a competence profile for the entire body (C.1 sentence 1 DCGK)

2. The Supervisory Board sets great importance on good corporate governance and is committed to the recommendations set forth in the DCGK. The Supervisory Board therefore intends to comply with the recommendations and makes the stipulations set out below in Section II for its composition.

II. Competence profile and objectives for the composition of the Supervisory Board

According to the articles of association and by law, the Supervisory Board of LUDWIG BECK AG is composed of six members, four of whom are elected by the shareholders and two by the employees. The company is mainly active at national level.

1. General requirements for Supervisory Board members

Each Supervisory Board member must fulfil the legal and statutory requirements for membership of the Supervisory Board (see in particular § 100 para. 1 to 4 AktG).

Each Supervisory Board member must have the knowledge and skills necessary for the proper performance of the duties required of him or her by law and by the Articles of Association.

The Supervisory Board has to comprise at least one member with expertise in accounting and another member with expertise in auditing. The members in their entirety must be familiar with the sector in which the company operates (§ 100 para. 5 AktG).

2. Specific objectives for the composition of the Supervisory Board

The Supervisory Board members in their entirety should meet the following qualifications and characteristics in addition to the requirements set forth in item 1, whereby an accumulation of several qualifications and characteristics in one person may be possible:

- a) According to the shareholders' representatives on the Supervisory Board, the Supervisory Board should include at least one to two independent Supervisory Board members within the meaning of C.1 sentence 6 DCGK.
- b) The Supervisory Board should include at least one member with expertise in business administration.
- c) The Supervisory Board should include at least one member with expertise in national retailing.
- d) The Supervisory Board should include at least one member with expertise in sustainability related issues relevant to the company.
- e) No Supervisory Board member should be older than 70 years unless the General Meeting, in electing a Supervisory Board member, decides otherwise by a majority of two-thirds of the votes cast.

No person should be elected as Supervisory Board member who is likely to be frequently or permanently subject to conflicts of interest in the exercise of his or her duties.

3. Competency profile for the Supervisory Board

The Supervisory Board defines the following competency profile for the entire Board, which must be complied with when submitting proposals to the Annual General Meeting

for the election of Supervisory Board members:

- The entire board should have expertise (through one or more members) in the above-mentioned areas 2 b) to d),
- At least one member of the Board must have accounting expertise and one member must have auditing expertise.

4. Rationale

The Supervisory Board used the following considerations to determine the competency profile and specific objectives for its composition as set out in Section II:

- The general requirements for Supervisory Board members set out in section II, para. 1 are mandatory requirements that either arise directly from law or are developed by case law through the interpretation of legal norms. The Supervisory Board is bound by these requirements when determining the competency profile and the specific objectives for its composition.
- When assessing the appropriate number of independent Supervisory Board members, the employee representatives on the Supervisory Board are not to be counted. The shareholders' representatives on the Supervisory Board consider that at least one to two independent Supervisory Board members is sufficient and appropriate to ensure the Supervisory Board's independence and decision-making uninfluenced by extraneous considerations. In this assessment, the Supervisory Board shareholder representatives have considered the current ownership structure.
- As the activities of LUDWIG BECK AG are mainly national, the Supervisory Board does not consider necessary to appoint a Supervisory Board member who has special international experience or expertise in international textiles or international retailing.
- The Supervisory Board considers that the objectives regarding the age of the Supervisory Board members set out in section II, item 2 e) ensure that a diverse range of life experience is represented on the Supervisory Board. To secure the special expertise of a senior Supervisory Board member, it may be appropriate in exceptions that the General Meeting, with a qualified majority of two-thirds of the votes cast, appoints a Supervisory Board member beyond the age of 70.
- For the Supervisory Board's composition, it is important that the members in their entirety have knowledge and experience in different subjects, especially in textile business, national retailing, business administration and sustainability.



- Frequent or permanent conflicts of interest in the person of a Supervisory Board member can restrict him or her in the exercise of his or her duties. Such persons who are likely to be subject to frequent or permanent conflicts of interest should therefore not be elected as Supervisory Board members.

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Dr. Bruno Sälzer

- Chairman of the Supervisory Board -