

DECLARATION ON CORPORATE GOVERNANCE ACCORDING TO SECTIONS 289f AND 315d COMMERCIAL CODE (HGB)

The management of LUDWIG BECK AG, a public Company listed on the German stock exchange, and the LUDWIG BECK Group (hereinafter collectively referred to as “LUDWIG BECK”) is primarily governed by the German Stock Corporation Act (AktG), and, in addition thereto, the rules set forth in the German Corporate Governance Code in its current version.

I. Executive Board and Supervisory Board procedures

In accordance with the legal regulations, LUDWIG BECK AG is subject to the so-called "dual management system", which is characterized by a strict separation of personnel and delimitation of competencies between the Management Board as the management body and the Supervisory Board as the monitoring body. The Management Board and the Supervisory Board work closely together in the interests of the Company.

1. Executive Board

The Executive Board of LUDWIG BECK is committed to serve the interests of the Company. It coordinates the principles of business policy and corporate strategy, sets the budgets, and distributes resources. The Executive Board prepares and publishes the quarterly and the semi-annual reports as well as annual financial statements for the Group and the Company.

In addition, the Management Board regularly, promptly, and comprehensively informs the Supervisory Board about all relevant aspects of planning, business development, the risk situation, and risk management. Deviations in the course of business from established plans and goals are explained in detail and justified.

a) Members of the Executive Board

The Board of LUDWIG BECK AG consists of two members. Mr. Dieter Münch left the Management Board on August 31, 2019. With effect from September 1, 2019, the Supervisory Board appointed Christian Greiner as Chairman of the Management Board and appointed Jens Schott as a member of the Management Board.

b) Mode of Operations

The Executive Board carries out its activities in compliance with statutory provisions, the German Corporate Governance Code (unless deviations from its recommendations have been explicitly set forth as evident from the declaration pursuant to Section 161 of the

German Stock Corporation Act (AktG)), the Articles of Association, its Rules of Procedure, and the relevant employment contracts.

The principles of cooperation between the members of the Executive Board as well as with the Supervisory Board are summarized in the Rules of Procedure for the Executive Board. The members of the Executive Board cooperate on a peer basis and keep each other constantly informed about their activities and material business transactions. Generally, the members of the Executive Board conduct the Company's business together and coordinate management measures. Where prior coordination is not possible, the respective other member of the Executive Board is to be notified of the relevant management measure forthwith. Significant management measures require a consenting prior resolution of the Executive Board. Furthermore, the Rules of Procedure specify certain transactions and measures of the Executive Board, which are subject to the prior consent of the Supervisory Board.

The Executive Board informs the Supervisory Board of all relevant aspects of strategy, planning, and business development as well as all transactions which may be of considerable importance for the profitability or liquidity of the Company in a regular, timely, and comprehensive manner. Regarding certain important measures, the Executive Board is obligated to report to the Supervisory Board's Management and Personnel Committee in advance. The Supervisory Board may at any time request the Executive Board to submit additional reports on the Company's affairs and the Company's legal and business relationships with affiliated companies as well as on business transactions relating to these companies that could have a material effect on the Company's position.

Each member of the Executive Board is entitled and, upon the Supervisory Board's request, obligated to attend meetings of the Supervisory Board, save where personal matters of any of the Executive Board members are dealt with. Together with the Supervisory Board, the Executive Board is to ensure long-term succession planning for the Executive Board. The Management Board advises the Supervisory Board. When appointing a member of the Board of Directors, outstanding technical qualifications, many years of management experience, and previous achievements of the candidates are particularly important. The Supervisory Board ensures that the appointment of a Management Board member does not go beyond the calendar year in which the Management Board member reaches the age of 65.

Each member of the Executive Board shall disclose conflicts of interest to the Supervisory Board and shall also inform the Executive Board accordingly. In the reporting year, the

members of the Executive Board of LUDWIG BECK AG were not involved in any conflicts of interest.

2. Supervisory Board

The Supervisory Board advises the Executive Board in managing the Company and monitors its activities.

a) Composition of the Supervisory Board

In accordance with the One-Third Participation Act (“Drittelbeteiligungsgesetz”), the Supervisory Board of LUDWIG BECK is composed of Supervisory Board members representing the shareholders and members representing the employees whereas one third of the members of the Supervisory Board are recruited from the workforce. The Board consists of six members: Dr. Steffen Stremme (Chairman), Sandra Pabst (Vice Chairwoman), Clarissa Käfer and Dr. Bruno Sälzer as shareholder representatives, and Michael Neumaier and, until April 30, 2019, Jochen Vöcker as employee representatives. As a result of the sale of the WORMLAND group segment, Mr. Vöcker left the Supervisory Board on April 30, 2019. The Munich Local Court then appointed Michael Eckhoff as a member of the Supervisory Board by order of the Executive Board on August 8, 2019. Dr. Moritz Frhr. v. Hutten z. Stolzenberg was elected to replace the shareholder representatives on the Supervisory Board.

b) Mode of Operation

The Supervisory Board carries out its activities in compliance with statutory provisions, the German Corporate Governance Code (unless deviations from its recommendations have been explicitly set forth as evident from the declaration pursuant to Section 161 of the German Stock Corporation Act (AktG)), the Articles of Association, and its Rules of Procedure.

The Articles of Association and the Rules of Procedure for the Supervisory Board govern the internal organization and the resolution procedure to be followed by the Supervisory Board. The Supervisory Board elects a Chairman and a Vice Chairman from among its midst. The Chairman of the Supervisory Board coordinates the Supervisory Board’s activities and chairs its meetings. The Chairman keeps in contact with the Executive Board on a regular basis and deliberates the Company’s strategy, business development, and risk management with the Executive Board. The Chairman is responsible for representing the Supervisory Board vis-à-vis third parties.

The Supervisory Board is to meet at least twice every half calendar year. The meetings of

the Supervisory Board are convened by the Chairman of the Supervisory Board observing a notice period of two weeks, which may be shortened in urgent cases. The items on the agenda shall be communicated simultaneously with the invitation to the meeting. The Supervisory Board has a quorum if all members have been duly invited and at least two thirds of the members participate in the passing of resolutions. Resolutions of the Supervisory Board are passed with a simple majority of the votes cast unless mandatory provisions of law or the Articles of Association provide otherwise. If any vote results in a tie, the Chairman's vote, or, in absence of the Chairman, the Vice Chairman's vote shall be decisive. Resolutions of the Supervisory Board may also be passed outside the meetings by circulation procedure if so proposed by the Chairman.

The Supervisory Board appoints the members of the Company's Executive Board. It monitors and advises the Executive Board in conducting the Company's business in compliance with statutory provisions and the Articles of Association. The Supervisory Board is involved in all decisions of fundamental importance to LUDWIG BECK AG and the Group. According to the Executive Board's Rules of Procedure, significant management measures require the Supervisory Board's consent. The members of the Supervisory Board protect the confidentiality of the information disclosed to them in connection with the performance of their duties.

Each member of the Supervisory Board is obligated to disclose conflicts of interest to the Supervisory Board, in particular, conflicts arising in connection with consultations or executive functions with customers, suppliers, creditors, or other business partners. In case of major conflicts of interest of a not only temporary nature, the member of the Supervisory Board concerned has to resign from the Board. In the reporting year, the members of the Supervisory Board of LUDWIG BECK AG were not involved in any conflicts of interest.

Ms. Clarissa Käfer has the required expertise in the areas of financial reporting and auditing and, therefore, qualifies as financial expert within the meaning of Section 100 par. 5 of the German Joint Stock Corporation Act (AktG). All members of the Supervisory Board are familiar with the sector the Company operates in.

The Supervisory Board regularly assesses how effectively the Supervisory Board as a whole and its committees perform their duties. The Supervisory Board did not carry out such a self-assessment in the 2019 financial year.

c) Supervisory Board Committees

The principles of cooperation of the members of the Supervisory Board are set forth in the Rules of Procedure for the Supervisory Board in particular. Among others, they provide for the formation of committees. The Supervisory Board has two committees at present, the Audit Committee and the Personnel and Management Committee:

aa) The Audit Committee

Tasks of the Audit Committee primarily concern financial reporting and audit issues as well as the monitoring of accounting, the financial reporting process, the efficiency of the internal control system, risk management, and the internal revision and audit system.

The Audit Board includes Ms. Käfer (Chair), Dr. Stremme, and Dr. Sälzer. The Audit Committee met in March 2019 for a meeting on March 28, 2019. The Audit Committee includes a financial expert within the meaning of Section 100 Para 5 AktG, and all of its members are familiar with the sector in which the Company operates.

bb) The Personnel and Management Committee

The Personnel and Management Committee consists of Dr. Stremme (Chairman), Ms. Käfer, and Ms. Pabst. The committee deals in particular with personnel matters of the Management Board. The Committee met by phone on August 1, 2019.

d) Further details

Committee chairmen regularly report to the Supervisory Board on the committees' work. The majority of committee members are independent. More detailed information on committee members and the specifics of the work performed by the Supervisory Board and its committees can be found in the latest Supervisory Board Report on page 9 et seq. of the Annual Report.

With a view to the recommendation in C.1 sentence 1 of the German Corporate Governance Code, the Supervisory Board has decided on specific goals for its composition and has developed a competence profile for the entire committee. The goals and the competency profile are available at the following link:

<https://kaufhaus.ludwigbeck.de/unternehmen/investor-relations/corporate-governance/weiter-informationen>.

The goals set by the Supervisory Board for its composition and the requirements of the competence profile are currently fulfilled. The Supervisory Board believes that the

Supervisory Board should include at least one or two independent, the shareholders' interests representing Supervisory Board members. With Ms. Clarissa Käfer and Dr. Bruno Sälzer, the Supervisory Board currently includes two independent shareholder representatives.

The goals set by the Supervisory Board for its composition and the requirements of the competence profile have currently been met. The Supervisory Board believes that the Supervisory Board should include at least one or two independent shareholders' Supervisory Board members. The Supervisory Board which currently includes Ms. Clarissa Käfer and Dr. Bruno Sälzer, has at least two independent shareholder representatives.

With regard to an age limit for members of the Supervisory Board, Section 10 (3) sentence 4 of the Articles of Association stipulates that members of the Supervisory Board should not be older than 70 years. The term of office of a member of the Supervisory Board ends at the latest at the end of the general meeting following the member's 70th birthday. Deviations from the aforementioned regulations are possible if the general meeting decides otherwise with a majority of two-thirds of the votes cast in the election of one or more of the members to be elected by it.

II. Gender quota and determination of target figures for the proportion of women in Supervisory Board, Executive Board, and leadership positions

Gender quota

The "Law for the Equal Participation of Women and Men in Management Positions in the Private and Public Sectors" of April 24, 2015, has obligated listed and co-determined companies to specify certain targets for the proportion of women in the two executive tiers below the Executive Board level and on the Supervisory Board.

In order to meet these legal requirements, the Supervisory Board and the Executive Board of LUDWIG BECK AG made the following decisions:

a) Target figure for the Supervisory Board

For the period from July 1, 2017, the Supervisory Board has set a target of 25% for the proportion of women on the part of the shareholder representatives in view of the fact that it has no influence on the election of employee representatives. A deadline was set by June 30, 2022, to achieve the target. At the time the target was set, the proportion of

women on the entire Supervisory Board was 33.33% and that of the shareholder representatives was 50%.

b) Target figure for the Executive Board

For the period from July 1, 2017, the Supervisory Board set a target of 0% for the proportion of women on the Executive Board and a deadline for achieving it by June 30, 2022. When the target size was set, the proportion of women on the Board was 0%. The Supervisory Board continues to believe that it is not necessary to expand the Executive Board. The Supervisory Board currently sees no reason for the Management Board to be reorganized. Against this background, the Supervisory Board does not consider the definition of a higher quota for women on the Management Board to be expedient and attaches importance to the fact that in the future only the professional qualifications and expertise will be decisive for the selection as a member of the Management Board of the Company.

c) Target figure for the first and second executive level below the Executive Board

At its meeting on May 24, 2017, the Executive Board set a target of 28% for the proportion of women in the first management level below the Executive Board and a period of five years for achieving it. When the target size was set, the proportion of women in the first management level below the Executive Board was 38%.

For the proportion of women on the second management level below the Executive Board, the Executive Board set a target of 50% in its meeting on May 24, 2017 and a period of five years to achieve it. When the target size was set, the proportion of women in the second management level below the Executive Board was 67%.

III. Declaration regarding the Corporate Governance Codex according to Section 161 German Joint Stock Corporation Act (AktG)

The term corporate governance stands for responsible corporate management and control, the aim of which is sustainable value creation. LUDWIG BECK feels committed to these values and has been fulfilling the recommendations of the German Corporate Governance Code, which was first adopted in 2002, without significant restrictions since April 2003. The Board of Management and the Supervisory Board of LUDWIG BECK, therefore, after due diligence, last issued the following declaration of conformity according to Section 161 German Joint Stock Corporation Act (AktG) on September 10, 2019:

Declaration of compliance 2019 for the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act

- At the same time update the declaration of compliance 2018 -

The following declaration refers to the recommendations of the German Corporate Governance Code ("Code") in its version of February 7, 2017, which was published in the Federal Gazette on April 24, 2017, and corrected on May 19, 2017.

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

1. The recommendation in Code Item 4.1.3 Sentence 3 of the Code, according to which employees should be given the opportunity in an appropriate manner to provide protected information on legal violations in the Company (establishment of a whistle-blower hotline), is not complied with. The Management Board and the Supervisory Board are of the opinion that the Company has a functioning compliance management system without the establishment of a whistle-blower hotline. On top of that, it cannot be ruled out that the establishment of a whistle-blower hotline would adversely affect the excellent working atmosphere and encourage inaccuracy.
2. Until the end of August 31, 2019, the Company's Management Board had no chairman or spokesman (Code Item 4.2.1 Sentence 1). In the opinion of the Supervisory Board, this best suited the cooperation between the two previous members of the Management Board. Since Mr. Christian Greiner was appointed Chairman of the Management Board with effect from September 1, 2019, the recommendation in Section 4.2.1 Sentence 1 of the Code has been complied with.
3. The recommendation in Code Item 4.2.3 Para 2 of the Code, according to which the monetary parts of the Management Board remuneration should include fixed and variable components, is not partially complied with in view of the newly appointed Management Board member Jens Schott with effect from September 1, 2019. Mr. Schott only receives fixed remuneration in the period from September 1, 2019, to December 31, 2019. Since the measurement of the variable remuneration of the Management Board is based on criteria that relate to full financial years, the Supervisory Board considers it expedient and appropriate to grant Mr. Schott a pure fixed remuneration for the fiscal year 2019 when he was appointed to the Management Board. As of January 1, 2020, the recommendation in Code Item 4.2.3 Para 2

Sentence 2 of the Code will be fully complied with again.

4. In deviation from the recommendation in Code Item 4.2.3 Para 2 Sentence 3 of the Code, the multi-year assessment basis, which has been used for years and on the basis of which the variable remuneration components to be granted to the Executive Board members are to be determined, is not essentially future-oriented. The Supervisory Board believes that the remuneration system that has been in place for years has proven itself.
5. The Supervisory Board has not formed a nomination committee (Code Item 5.3.3). The Supervisory Board is of the opinion that electoral proposals for Supervisory Board members should be drawn up at the Annual General Meeting in a manageable six-person plenary session.
6. The recommendation in Code Item 5.4.1, Para 2, Sentence 1, old 1 and Sentence 2 of the Code, according to which the Supervisory Board, among other things, a regulation limit to be determined for the length of membership of the Supervisory Board is to be considered appropriately, is not complied with. The Supervisory Board does not consider the setting of such a limit to be expedient. The Supervisory Board members affected by a regular limit have in-depth knowledge of the Company and many years of experience from which the Company benefits. A possible further term of office should, therefore, always be decided on a case-by-case basis.
7. "Financial information during the year" will not be discussed by the Management Board with the Supervisory Board or its Audit Committee before publication (Code Item 7.1.2 Sentence 2). The Supervisory Board and the Management Board are in close contact on the basis of monthly reports. A separate discussion of half-yearly financial reports or other financial information during the year is, therefore, not necessary.

Munich, September 10, 2019

Previous, no longer up-to-date declarations of conformity from LUDWIG BECK can be found here:

<https://kaufhaus.ludwigbeck.de/unternehmen/investor-relations/corporate-governance/entsprechenserklaerungen>).

IV. Information on Corporate Governance practices

As part of its activities in the sales markets, LUDWIG BECK is exposed to a wide variety of risks associated with entrepreneurial activity. These can affect the net assets, financial position, and results of operations. The Company has established modern controlling instruments for risk detection, risk monitoring, and risk communication. Their use ensures that decision-makers are regularly and promptly informed about their development in order to initiate suitable countermeasures with the aim of steadily and sustainably increasing the value of the Company. The respective responsibilities are defined within the organization. The instruments are constantly being optimized to take sufficient account of structural changes.

More information on risk management at LUDWIG BECK can be found here: <https://kaufhaus.ludwigbeck.de/unternehmen/investor-relations/corporate-governance/weitere-informationen>.

V. Diversity concept

LUDWIG BECK does not pursue a diversity concept within the meaning of Section 289 Para 2 No. 6 HGB and Section 315d HGB. In the composition of the Supervisory Board, diversity aspects are already taken into account through the competency profile for the entire body developed by the Supervisory Board, the specific goals for the composition of the Supervisory Board, and the defined targets for the proportion of women on the Supervisory Board. The Supervisory Board believes that there is, therefore, no need for a diversity concept for the composition of the Supervisory Board.

The same applies to the composition of the Executive Board and the management of the subsidiaries. From the point of view of the Supervisory Board, the composition of the Executive Board has proven to be extremely effective. Therefore, neither an expansion of the Executive Board nor personnel changes are planned. Against this background, LUDWIG BECK is currently not pursuing a diversity concept for the composition of the Executive Board of LUDWIG BECK AG and the management of the subsidiaries.

Active, committed action is the basis of business success and at the same time the aspiration of employees in the context of an efficient organization that reacts quickly and flexibly to changes in the market. The Company should be a sustainably attractive investment for the shareholders. Trust in the reliability and performance of LUDWIG BECK is an essential prerequisite for business success and long-term competitiveness.

LUDWIG BECK customers are the focus of long-term, trust-based work. A high degree of

initiative and the willingness for changes as well as commitment and competence of the employees are essential prerequisites for the success of the Company. Managers are role models. They pay attention to the employees, make high demands, give impulses, and convey trust. In the cooperation, individuality is respected, and diversity of opinion is encouraged. Decisions are implemented consistently and goal oriented.

This is done in a manner characterized by mutual acceptance and appreciation of the atmosphere. The best proof of this lived mission statement culture is the extraordinary loyalty of the employees. The Company confirms that its employees have been with the Company for a long time in its efforts to continue pursuing a personnel policy of promoting. Because without satisfied and loyal employees, there are no satisfied and loyal customers.

Munich, March 26, 2020

LUDWIG BECK AG

The Executive Board

sgd. Christian Greiner (Chairman)

sgd. Jens Schott

The Supervisory Board

sgd. Dr. Steffen Stremme (Chairman)

sgd. Sandra Pabst (Vice Chairwoman)

sgd. Clarissa Käfer

sgd. Dr. Bruno Sälzer

sgd. Michael Neumaier

sgd. Michael Eckhoff