

## Declaration by the Executive Board and the Supervisory Board of First Sensor AG on the recommendations of the Government Commission German Corporate Governance Code pursuant to Article 161 Aktiengesetz (German Stock Corporation Act)

The Executive Board and Supervisory Board of First Sensor AG declare that the recommendations of the German Corporate Governance Code in the version dated February 7, 2017 (published in the German Federal Gazette on April 24, 2017) have been met since the last declaration of compliance was issued on March 15, 2018 and will be met in the future, with the following exceptions:

- According to section 3.8 paragraph 3 of the Code, a deductible is to be agreed for the Supervisory Board in a D&O insurance policy.

No deductible is in place for the members of the Supervisory Board, as the company believes that it is easier to attract qualified members of the Supervisory Board if no deductible is agreed.

- According to section 4.2.3 paragraph 2 of the Code, the variable components of Executive Board remuneration should be capped with maximum levels; any subsequent amendments to the performance targets or comparison parameters should be excluded.

One component of variable Executive Board remuneration is granting share options. The corresponding share option plans resolved by the 2016 and 2017 Annual General Meetings are geared primarily towards the long-term positive performance of the share price and additionally require a substantial investment by the Executive Board members themselves. No cap is in place in the respective share option programs.

Another component of variable Executive Board remuneration at the company takes the form of a bonus. This bonus is dependent on the attainment of targets set by the Supervisory Board. Although there is no specific figure as a cap with a maximum level for this variable Executive Board remuneration, the bonus level is limited to 200% of the set target amount of variable Executive Board remuneration. The associated incentive not only to achieve but also to exceed targets in the interests of the company is in the interests of all stakeholders, especially shareholders. Furthermore, if a target is attained separately

from the performance of the Executive Board in specific instances, the Supervisory Board can set a limit of 125%.

- According to section 4.2.3 paragraph 4 of the Code, payments, including fringe benefits, made to an Executive Board member due to early termination of their activity should not exceed twice the annual remuneration (severance cap).

As the members of the Executive Board do not lose the right they have gained to their variable remuneration component arising from the share option programs - which may still increase after their departure - in the event of early termination of their activity, the level of the severance cap is not set at twice the annual remuneration. If the Executive Board member prefers to receive a severance package instead of a continuation of the share option program, the Supervisory Board decides at its free discretion.

- According to section 4.2.3 paragraph 5 of the Code, commitments made in connection with the early termination of an Executive Board member's activity due to a change of control should not exceed 150% of the severance cap.

Although the current employment contracts of the Executive Board members provide for a cap to commitments made in connection with the early termination of Executive Board activity due to a change of control, there is no provision for compensation for the share options allocated to them. Otherwise, the amounts arising from the granted share options that also reflect the success already achieved would not be remunerated in full or at all.

- According to section 5.1.2 paragraph 1 of the Code, the Supervisory Board should ensure long-term succession planning together with the Executive Board.

There are no provisions for long-term succession planning at present. Given the age structure of the members of the Executive Board, there is deemed to be no need for this.

- According to section 5.3 of the Code, the Supervisory Board should establish various committees.

The Supervisory Board has not formed any committees as this is not expedient or useful for a Supervisory Board with four members. An efficient and effective fulfillment of tasks is ensured in this case even without forming committees.

- According to section 5.4.1 paragraph 2 of the Code, the Supervisory Board should determine an age limit for its members and a regular limit to Supervisory Board members' term of office.

The Supervisory Board has not specified these limits so far, as such limits did not appear to be in the interests of the company given the age structure of the members and the length of their membership of the Supervisory Board.

Berlin, March 12, 2019

First Sensor AG

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