

## **(Corporate) Declaration on Corporate Governance**

*with integrated Corporate Governance Report*

Corporate governance at First Sensor AG ensures that the company is managed in a responsible and sustainable way. Based on the applicable statutory provisions, the German Corporate Governance Code and internal guidelines, these principles aim to render the management of the company by the Executive Board and the Supervisory Board transparent and comprehensible. They are the precondition for promoting the confidence of the stakeholders – investors, customers, employees and the public – in the management and supervision of First Sensor AG. The implementation of and compliance with these principles are understood to be key management tasks.

### **1. Foundations of corporate governance**

#### **1.1. General information about the company and its bodies**

First Sensor AG was founded as a technology start-up in Berlin in the early 1990s and is today a globally active sensor technology company. The company is entered in the commercial register at the District Court of Berlin-Charlottenburg under HRB 69326. Its address is Peter-Behrens-Strasse 15, 12459 Berlin, Germany.

Pursuant to its articles of incorporation, the object of the company is the development, production and sale in Germany and abroad of sensor systems of all kinds, as well as of electronic components and devices.

As a German stock corporation, the corporate governance of First Sensor AG is primarily determined by the German Stock Corporation Act (Aktiengesetz – AktG) and the further statutory provisions of commercial and company law as well as by the German Corporate Governance Code. The rights and obligations of the bodies (Executive Board, Supervisory Board, and Annual General Meeting) are defined by the law and the [articles of incorporation](#).

The functions of management and supervision are clearly separated in accordance with the law and the articles of incorporation. The Executive Board and Supervisory Board make up the dual management system of First Sensor AG. They are obliged to act in the interests of the shareholders and to promote the welfare of the company and work closely together with the aim of achieving a sustainable increase in the value of the company.

If there are several Executive Board members, the company is legally represented by two Executive Board members or by one Executive Board member and a

company officer with statutory authority. If only one Executive Board member is appointed, he or she manages the company alone.

The Supervisory Board may grant individual members of the Executive Board the right to represent the company alone.

The company is subject to the co-determination regulations of the German Act Concerning One-Third Employee Representation on the Supervisory Board (Drittelbeteiligungsgesetz – DrittelbG).

First Sensor has been listed on the Frankfurt Stock Exchange since 1999 and meets the transparency requirements of the Prime Standard Segment of Deutsche Börse AG (WKN: 720190 | ISIN: DE0007201907 | SIS).

## **1.2. Structure of the company/Group**

First Sensor AG is the parent company of three subsidiaries. These are listed in the notes to the consolidated financial statements (Basis of consolidation). First Sensor AG and TE Connectivity Sensors Germany Holding AG, an indirect subsidiary of TE Connectivity Ltd., concluded a control and profit transfer agreement on April 14, 2020, whereby First Sensor AG is the controlled company. The control and profit transfer agreement was entered in the commercial register at the District Court of Berlin-Charlottenburg on July 7, 2020. There is no segmentation in accordance with IAS 8, which is reflected in internal organizational and reporting structures and through which the Executive Board exerts control over the Group.

## **1.3. Declaration of conformity with the German Corporate Governance Code**

The Executive Board and Supervisory Board of First Sensor see responsible and transparent corporate governance as the basis for long-term economic success. The guiding principle for this is the German Corporate Governance Code (GCGC) as amended.

On December 16, 2019, the Government Commission on the German Corporate Governance Code passed a fundamentally revised version of the code. In accordance with the new GCGC, companies will report on their corporate governance in the Corporate Governance Declaration. From now on, the Executive Board and Supervisory Board will jointly submit this declaration, whereby they are responsible only for the parts of the report that concern themselves. The new GCGC was published in the German Federal Gazette (Bundesanzeiger) on March 20, 2020, and thereby entered into force.

On April 29, 2021, the Management Board and Supervisory Board of First Sensor AG issued the following declaration of compliance in accordance with Section 161 AktG following due examination:

The Management Board and Supervisory Board of First Sensor AG declare in accordance with Section 161 AktG that the company has complied with the recommendations of the German Corporate Governance Code in the version dated December 16, 2019 ("GCGC") since the last declaration of compliance was issued on February 1, 2021, and will continue to do so in the future with the exception of the deviations outlined below.

#### A.1: Diversity in filling management positions

Internal company guidelines ensure that management positions are filled without discrimination. However, no specific attention is paid to diversity when filling management positions.

#### B.5: Age limit for members of the Executive Board

The contracts of the Executive Board members did not originally provide for an age limit. The Supervisory Board corrected this in December 2020.

#### C.1: Composition of the Supervisory Board

The Supervisory Board has specified concrete objectives for its composition and drawn up a competence profile for the entire body. However, no specific attention is paid to diversity in the composition of the Supervisory Board.

F.2: The consolidated financial statements and the Group management report shall be publicly accessible within 90 days following the end of the financial year, and the mandatory interim financial information shall be publicly accessible within 45 days following the end of the reporting period.

The 2020 consolidated financial statements will be published within four months following the end of the financial year due to the ongoing integration work. In accordance with the Stock Exchange Rules and the German Securities Trading Act (WpHG), the half-year financial report will be made available within two months following the end of the reporting period at the latest.

#### G.1: Compensation system for the Executive Board

Each year, the Supervisory Board sets financial and non-financial performance criteria for the variable compensation of the members of the Executive Board, adjusted to the respective situation, so that the financial and non-financial performance criteria relevant for the respective financial year exactly match the situation of the Company at the time of setting. For this reason, the individual financial and non-financial performance criteria are not presented in the compensation system of the Company's Executive Board.

#### G.3: Comparison with other companies

In determining total compensation, the Supervisory Board primarily draws on the extensive experience of the individual Supervisory Board members in the

context of their work on the management and supervisory bodies of other comparable companies in the relevant sector. The Company's compensation system does not contain any details regarding the establishment of comparison criteria with regard to comparable companies for the assessment of the customary nature of the total compensation.

#### G.10: Share-based remuneration / holding period

The members of the Executive Board receive so-called "restricted stock units" as long-term variable remuneration, which can be converted into shares of TE Connectivity Ltd. The restricted stock units have a four-year vesting period, but vest in annual installments and can then be converted into shares of TE Connectivity Ltd. After conversion into shares, the members of the Executive Board can freely dispose of the shares. There is no four-year holding period, but the members of the Executive Board only receive the entire number of restricted stock units if they are members of the Executive Board for the entire four-year vesting period.

There is no contractual obligation for a member of the Executive Board to invest the variable compensation amounts granted to him in shares of the Company.

#### G.11: Clawback clauses

The withholding or repayment of variable compensation amounts despite the achievement of specified target values due to other exceptional circumstances is not contractually provided for.

#### G.13: Severance payment cap and offsetting against waiting allowance

The employment contract finalized with Mr. Resch at the beginning of 2020 was completed on the basis of the Executive Board remuneration system approved by the Annual General Meeting of First Sensor AG on May 23, 2018 and therefore does not fully comply with the recommendations of the GCGC: G.10 (investment of remuneration components in shares) and G.13 (offsetting of severance payment against waiting allowance). The new compensation system to be adopted will be taken into account in the context of the next service agreement.

Previous declarations of compliance from First Sensor can be found [here](#).

The Executive Board and Supervisory Board regularly address the topics involved in good corporate governance. As part of this, they examine the extent to which improvements make sense and are possible and the extent to which deviations from the recommendations of the German Corporate Governance Code continue to be utilized from the company's point of view.

## 2. Executive Board

### 2.1. Composition of the Executive Board

At the time this report is being prepared, First Sensor AG is being managed by three Executive Board members. The Supervisory Board of First Sensor AG appointed Marcus Resch to the Executive Board with effect from March 14, 2020, until December 31, 2022. Marcus Resch had worked for TE Connectivity since 2015, where he managed the integration of ABB's "Entrelec" business from Darmstadt and Lyon from 2018.

Effective April 20, 2021, the Supervisory Board also appointed Sibylle Büttner, Director Operations, Business Unit Sensors, TE Connectivity Germany GmbH, and Robin Maly, Director Business Transformation, Business Unit Sensors, TE Connectivity Ltd. to the Executive Board with immediate effect and for a term of three years. Ms. Büttner has been responsible for production at the First Sensor Solutions sites since 2021. Mr. Maly has been part of the TE Sensors Senior Leadership Team as Head of Business Transformation since 2021. The members of the Management Board do not hold any supervisory board mandates or perform any secondary activities.

The curricula vitae of all members of the Management Board are available on the company's [website](#).

According to the GCGC, the first-time appointment of Executive Board members shall be for a period of no more than three years and any re-appointment more than one year before the end of the appointment period at the same time as termination of the current appointment shall be possible only if special circumstances apply. First Sensor has complied with this in the past.

Based on the recommendations of the GCGC and in accordance with the statutory provisions, the Supervisory Board has adopted a requirement profile for Executive Board members that also takes into account the requirements concerning diversity in this body. Thus key suitability criteria when selecting candidates for long-term succession planning are professional qualification for the area of responsibility to be taken over, leadership skills, previous accomplishments and industry knowledge. When appointing Executive Board members, the Supervisory Board takes diversity into account as well as the relevant professional qualifications. In the medium and long term, the Supervisory Board aimed to appoint a woman to the Company's Executive Board and, in order to avoid setting a target whose achievement the Supervisory Board did not consider realistic with the resources at its disposal and not in the Company's interest, had limited to a target of 0 %. With the appointment of Sibylle Büttner, a woman is now a member of the Executive Board. When searching for the qualifications of new Executive Board members, the Supervisory Board takes diversity into account as well as the relevant professional qualifications. The age limit for Executive Board members is guided by the statutory retirement age.

The company's Executive Board has resolved a target figure for the proportion of women on the two management levels below the Executive Board in accordance with Section 76 (4) AktG By June 30, 2022, the proportion of women on the two management levels below the Executive Board shall have reached 20%. The first level below the Executive Board comprises 11 managers, of which three are female. Thus the target figure is more than met at 27.3%. The second management level below the Executive Board comprises five managers, of which one is female. Thus the target figure is met.

There are no further specifications for the purposes of a diversity concept.

As a basic principle, long-term succession planning for the members of the Executive Board is carried out through regular dialog between the chairpersons of the Executive Board and Supervisory Board as well as regular discussion of the topic within the Supervisory Board. During discussions within the Supervisory Board, the Supervisory Board also estimates the point in the future at which the positions on the Executive Board will need to be filled and which qualities and qualifications are required. At the same time, the structure of the Executive Board is also kept under ongoing review and the creation of further Executive Board roles is discussed. In particular, the contract terms and renewal options for current Executive Board members are discussed as well as possible successors.

## **2.2. Procedures of the Executive Board**

At the time this declaration was being drafted, the Executive Board consisted of three members. If multiple members of the Executive Board are appointed, they are jointly accountable for the entire management of the enterprise and run the company autonomously and cooperatively. The [rules of procedure](#) regulate which tasks the individual Executive Board members have, how decisions are to be made, and which majorities are required for making decisions in individual cases.

If multiple Executive Board members are appointed, as a rule the Executive Board makes decisions at meetings by simple majority unless the law prescribes a greater majority of votes. The Executive Board decides on all major measures collectively. It coordinates the business areas as well as compliance with reporting obligations.

The Executive Board manages and checks the course of operating business within the framework of monthly deviation analyses with the business units. Here, the expected accounting results are compared with the actual results. This ensures that the Executive Board can decide on measures at an early stage where necessary to ensure our business success is realized as planned.

## **2.3. Instruments of Corporate Governance**

First Sensor AG attaches great importance to environmental, social, and governance topics. The binding guideline is the [Code of Conduct](#), which is

applicable company-wide and is published on the website. It sets the parameters for ethical, labor, and social standards.

In addition to the Code of Conduct and the supplementary guidelines, the compliance management system of First Sensor AG comprises a clear structure for handling compliance-related information and on continuous improvement. The Executive Board, as the body responsible for setting up a compliance management system, is supported in this by the Compliance Committee, the Compliance Coordinator and an external ombudsman (legal counsel). Within this framework, whistleblowers are offered various ways to bring their information to the attention of First Sensor.

As a listed company, First Sensor is obliged to provide information on sustainability as part of a CSR report. This is a self-contained part of the annual report. It is updated every year and outlines the company's actions in respect of environmental, employee-related and social issues and reports on respect for human rights and the fight against corruption, which are also anchored in the Code of Conduct.

First Sensor AG and its subsidiaries are exposed to a range of risks in the course of their business activity that are inextricably linked to their business actions. This can have a negative impact on the assets, financial and earnings situation. Handling risks carefully is therefore a fundamental part of responsible corporate governance. Active risk awareness, an open risk culture and an effective risk management system are therefore necessary to ensure short and long-term success of the company.

The risk management system and compliance management are closely linked together and form an integral part of corporate governance at First Sensor. The Executive Board is responsible for the Enterprise Risk Management (ERM) system, which is used to analyze the risk and compliance situation regularly and assess, manage and control the risks identified. The ERM system includes all companies, locations, and business divisions. The Supervisory Board is kept regularly informed regarding the company's risk situation in a structured process and monitors the effectiveness of the ERM system within this framework. The ERM system at First Sensor AG supports both the effective identification and management of corporate risks as well as implementation of and compliance with the ethical principles of corporate governance (Code of Conduct) and statutory provisions that drive the Group's business. This also includes a supplier code that expresses the expectation that suppliers and business partners should also align their actions with the principles of the Code of Conduct.

Several of these corporate governance instruments are currently being harmonized with the Group guidelines of TE Connectivity as part of the business combination.

#### **2.4. Collaboration with the Supervisory Board**

The Executive Board and Supervisory Board collaborate closely for the benefit of the company. The Executive Board develops the corporate strategy, coordinates it with the Supervisory Board, ensures its implementation, and regularly discusses the status of its implementation with the Supervisory Board. Furthermore, it is responsible for the company's annual and multi-annual planning and the preparation of the annual and consolidated financial statements as well as the combined management report of First Sensor AG and of the Group, the semi-annual financial statements, and the quarterly reports. The Executive Board also ensures adequate risk management and risk controlling. The Executive Board informs the Supervisory Board regularly, without delay and comprehensively about all issues that are relevant to the Group regarding strategy, corporate planning, business development, the financial and earnings situation, the risk situation, risk and quality management, and observance of statutory provisions as well as the company's internal guidelines, and works to ensure that the Group companies comply with them. The Supervisory Board is immediately informed of any important events that may have a considerable impact on the company. Key measures require the approval of the Supervisory Board in accordance with the more detailed provisions of the rules of procedure, which the Supervisory Board enacted.

#### **2.5. Executive Board remuneration and transactions involving stocks**

The updated remuneration system for the Executive Board can be seen in the documents concerning this published on the company's website from the convocation of the Annual General Meeting on June 24, 2021.

In each case, the remuneration report is part of the Group management report, which is available on the company's [website](#) as part of the annual report. There, the remuneration report for the last fiscal year and the auditor's report as per Section 162 AktG, the applicable remuneration system as per Section 87a (1) and (2) sentence 1 AktG, and the last remuneration resolution as per Section 113 (3) AktG have been made publicly accessible.

Members of the Executive Board have not been granted any advances or loans. The company has not entered into any contingent liabilities on behalf of members of the Executive Board.

Transactions involving company stocks are published on the website under [Directors' Dealings](#). At the time this report is being prepared, the Executive Board does not hold any shares in the company.



### 3. Supervisory Board

#### 3.1. Composition of the Supervisory Board

Pursuant to the articles of incorporation, the Supervisory Board of First Sensor AG has six members, of which four are elected as representatives of the shareholders at the Annual General Meeting and two members are employee representatives.

Chair:

Michael Gerosa; regular occupation: Senior Director / Regional Controller EMEA, TE Connectivity Ltd. (Schaffhausen, Switzerland); age: 47; initial appointment 2021, appointed by the court until the next Annual General Meeting; other Supervisory Board mandates: Kissling Swiss Switches AG (Frauenfeld, Switzerland), TE Connectivity Poland Services sp. z o.o. (Krakow, Poland), TE Connectivity India Private Limited (Bangalore, India), Jaquet Technology Group AG (Pratteln, Switzerland), Tyco Electronics Finland Oy (Helsinki, Finland), TE Connectivity Svenska AB (Upplands-Vasby, Sweden), Tyco Electronics Saudi Arabia Limited (Riyadh, Saudi Arabia), TE Connectivity ApS (Glostrup, Denmark), Tyco Electronics Limited (Gibraltar)

Deputy Chairman:

Peter McCarthy; regular occupation: Senior Director Metals & IC, TE Medical, TE Connectivity Germany GmbH (Bensheim, Germany); Age: 52; initial appointment 2020, appointed until 2025; no other supervisory board or management mandates

Members of the Supervisory Board:

Stephan Itter; regular occupation: CFO, Lápplé AG (Heilbronn, Germany); Age: 53; initial appointment 2020, appointed until 2025; other supervisory board mandates: Lápplé Automotive GmbH (Teublitz, Germany), FIBRO GmbH (Weinsberg, Germany)

Dirk Schäfer; regular occupation: Senior Manager Commercial Finance, TE Connectivity Germany (Bensheim, Germany); Age: 51; Initial appointment 2020, appointed until 2025; no other supervisory board or management mandates

Tilo Vollprecht; regular occupation: Project Engineer, First Sensor Mobility GmbH (Dresden, Germany); Age: 45; initial appointment 2019, appointed until 2024; no other supervisory board or management mandates

Olga Wolfenberg; regular occupation: Quality Assurance, First Sensor AG (Berlin-Weißensee, Germany); Age: 56; initial appointment 2019, appointed until 2024; no other supervisory board or management mandates

The Supervisory Board of First Sensor AG has created a competence and requirement profile and regularly checks whether this needs to be amended. Bearing in mind the company-specific situation, the specific business activity, the size of the company and the regional distribution of activities as well as the shareholder structure, the composition of the Supervisory Board should take account of the following elements:

- All members of the Supervisory Board should not yet have reached the age of 70 at the time of their election (age limit) and sit on the Supervisory Board for less than ten years.
- At least one shareholder representative should be independent within the meaning of C.9 of the GCGC 2020.
- At least one Supervisory Board mandate should be held by a person who typifies the criterion of internationality to a special degree.

In addition, the Supervisory Board as a whole has determined that its members must possess the following essential knowledge and skills to enable them to fulfill their control function and assess and monitor the business that the company conducts:

- Business experience or experience in company management
- No previous service as a member of the Executive Board and no supervisory board mandates with competitors
- Internationality
- Knowledge or experience of the sensor technology industry
- Knowledge of the target markets automotive, medical technology and industrial technology
- Knowledge in the area of research and development
- Knowledge in the area of finance and accounting, controlling and auditing financial statements
- Knowledge in the areas of corporate governance / risk management / compliance
- Knowledge in the areas of M&A

The above criteria for the composition of the Supervisory Board were and are fulfilled. The members of the Supervisory Board therefore have, without exception, all of the necessary knowledge, skills and experience required to properly discharge their duties.

The independent member of the Supervisory Board is Stephan Itter, CFO of Läßle AG, Heilbronn, Germany. The indicators of a lack of independence listed in the GCGC do not apply to him. At the same time, he – as the independent member – has expertise in the areas of accounting and/or auditing financial statements and is Chairman of the Audit Committee. Three Supervisory Board members have a personal and commercial relationship with TE Connectivity Sensors Germany Holding AG, a major shareholder in First Sensor AG, that requires disclosure in accordance with the German Corporate Governance Code. However, this does not represent a conflict of interest.

A diversity concept for the composition of the Supervisory Board that takes into account characteristics such as age, gender, nationality, and educational or professional background, for example, had neither been devised nor followed until now. One member of the Supervisory Board is female, thus the proportion of women is 16.7%. The proportion shall also not fall below this level in future.

### **3.2 Procedures of the Supervisory Board**

The Supervisory Board appoints the Executive Board, monitors its actions in running the company and advises the Executive Board on its course of action. The framework for its activities is provided by the law and the articles of incorporation.

At regular intervals, the Supervisory Board discusses business development and planning as well as strategy and its implementation. It examines the annual and consolidated financial statements, the combined management report of First Sensor AG and of the Group and puts forward a proposal for the appropriation of retained earnings. It adopts the annual financial statement of First Sensor AG and approves the consolidated financial statements, whereby the findings of the audit reports from the auditor are taken into consideration. The Supervisory Board decides on the Executive Board's proposal for the appropriation of retained earnings and the Supervisory Board's report to the Annual General Meeting. In addition, the Supervisory Board concerns itself with monitoring compliance with legal provisions, official regulations and internal company guidelines by the company.

It is also part of the Supervisory Board's remit to appoint the members of the Executive Board and to define their areas of responsibility. Furthermore, the Supervisory Board decides upon the system for Executive Board remuneration and determines the actual remuneration for each Executive Board member in accordance with the system. It sets the targets for the variable remuneration and the relevant total remuneration for the individual members of the Executive Board. It also checks that the total remuneration is appropriate and regularly checks to ensure that the remuneration system is appropriate for the Executive Board. Major Executive Board decisions require the approval of the Supervisory Board.

The Supervisory Board convenes at least once every calendar quarter. Supervisory Board decisions are regularly made at meetings and, in accordance with the more detailed provisions of the rules of procedure, can also be made outside of a meeting. If an agenda item has not been properly announced, voting on this is permitted only if no members of the Supervisory Board objects before the decision is made. The Supervisory Board has a quorum if at least three members take part in decision-making and makes decisions by a simple majority unless otherwise required by law.

There are no advisory or other service agreements or contracts for work between members of the Supervisory Board and the company. There are no employment agreements between the employee representatives and the company.

The Chair of the Supervisory Board coordinates the body's work. Meetings of the Supervisory Board are convened and chaired by them or, if they are prevented from doing so, by their Deputy in accordance with the more detailed provisions of the articles of incorporation and the rules of procedure. The [rules of procedure](#) are published on the company's website.

The Chair is also responsible for recording the decisions. Outside of the regular meetings, they are in continual dialog with the Chair of the Executive Board concerning the topics of strategy, planning, business development, the risk situation, risk management and compliance in particular. Within reasonable limits, the Chair of the Supervisory Board is also available to discuss Supervisory Board-related issues with investors. The Executive Board and Supervisory Board have formulated guiding principles for this dialog. The Chair of the Supervisory Board decides whether or not to enter into specific dialog. They can call other members of the Supervisory Board or members of the Executive Board in for the conversation. Afterwards, they must inform the members of the Supervisory Board and the company of these conversations.

The Supervisory Board also meets on a regular basis without the Executive Board. It reviews how effectively it is discharging its tasks. The last extensive self-assessment took place in fiscal year 2020. The Supervisory Board issued a catalog of business transactions requiring approval. The Executive Board submits business transactions requiring approval to the Supervisory Board in the form of a draft proposal for discussion and authorization.

New members of the Supervisory Board can meet the members of the Executive Board and functional line managers to discuss fundamental and current topics and thus obtain an overview of the relevant issues at the company ("onboarding").

### **3.3. Activities of the Supervisory Board in the year under review**

The Supervisory Board provides the Annual General Meeting with a comprehensive report on its activities in the year under review. The report from the Supervisory Board is part of the annual report for the relevant fiscal year. It

contains information on the data and topics from Supervisory Board meetings as well as attendance at meetings including important decisions. It is also available to view and download on the company website from the convocation of each Annual General Meeting at the latest.

Although the members of the Executive Board attend the meetings of the Supervisory Board, the Supervisory Board also regularly met without the Executive Board. At such meetings, topics were discussed that related either to the Executive Board itself or to internal Supervisory Board matters. In the last fiscal year, no conflicts of interest concerning members of the Executive Board or the Supervisory Board arose that would have needed to be disclosed to the Supervisory Board immediately.

The Supervisory Board has established a catalog of approvable non-audit services from auditors and sets the budget for the provision of non-audit services for the relevant fiscal year. In fiscal year 2020, the members of the body did not report any conflicts of interest.

#### **3.4. Committees and their procedures**

At its meeting on August 11, 2020, the Supervisory Board resolved the establishment of an Audit Committee and a Human Resources and Nomination Committee and their rules of procedure. The committees each comprise two members of the Supervisory Board and are tasked with preparing the resolutions of the Supervisory Board. In fiscal year 2020, the members of the Human Resources and Nomination Committee were John Mitchell (Chairman) and Peter McCarthy. The members of the Audit Committee were Stephan Itter (Chairman) and Dirk Schäfer. The committees did not meet in fiscal year 2020.

#### **3.5. Supervisory Board remuneration and transactions involving stocks**

Remuneration for the members of the Supervisory Board is decided by the Annual General Meeting and established in the articles of incorporation. According to these, its members receive remuneration of €20,000 for each full year in which they have been a member. This remuneration increases to €50,000 for the Chair of the Supervisory Board and €30,000 for their deputy. The company provides the members of the Supervisory Board with insurance coverage in the amount reasonable for carrying out the work of the Supervisory Board. These premiums are paid by the company. The company reimburses each member of the Supervisory Board for any reasonable expenses incurred in the performance of their duties for which proof has been provided and for any value-added tax that applies to their remuneration. The details of remuneration (Sections 289f (2) No. 1a, 315d HGB) as well as the remuneration report for the last fiscal year and the auditor's report as per Section 162 AktG as well as the last remuneration resolution as per Section 113 (3) AktG are published in the annual report and on the website.

Those members of the Supervisory Board who have an employment contract with the principal shareholder forgo their remuneration as members of the Supervisory Board.

Transactions in which members of the Supervisory Board have engaged involving company stocks are published on the website under [Directors' Dealings](#). At the time this report is being prepared, the members do not hold any shares in the company.

## **4. Corporate reporting and audits of financial statements**

### **4.1. Corporate reporting**

First Sensor not only fulfills the disclosure obligations stipulated by law, but also meets the stringent transparency requirements of the Prime Standard stock exchange segment. The company regularly reports on the financial and operational success of the business as well as on current events and developments at the company and within the Group. It communicates proactively and deals with questions and suggestions from third parties in a constructive manner. All interested parties can also opt into an investor relations distribution list on the website that will keep them informed of the latest news from the Group at all times.

The annual financial statements and consolidated financial statements as well as the combined management report for the Group and company for each fiscal year are always prepared within the first four months of the following year. They are audited by the auditor selected by the Annual General Meeting and approved and adopted by the Supervisory Board. Thereafter, they are published in the form of an annual report in German and English.

First Sensor prepares and publishes an interim financial report on progress in the first six months of each fiscal year within two months of that half of the year ending. In addition, First Sensor publishes a quarterly report following the end of the first and third quarters in which the company gives an account of the business results from the first or third quarter. The report on the third quarter also includes an account of progress in the first nine months of the relevant fiscal year.

The [pay transparency report](#) in accordance with Section 21 (1) of the Transparency in Wage Structures Act (Entgelttransparenzgesetz – EntTranspG) can be found on the website.

For recurring appointments such as the date of the Annual General Meeting or the publication dates of the interim reports, refer to the financial calendar that is published in the annual report, in the interim reports and on the company's website.

## 4.2. Audits of financial statements

Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, was appointed as auditor by the Annual General Meeting on May 26, 2020, and has accordingly been commissioned by the Supervisory Board to audit the annual financial statements and consolidated financial statements. The Supervisory Board had requested the auditor's declaration of independence and received it on May 18, 2020. The auditing company Ebner Stolz GmbH & Co. KG, Hanover, has acted as the auditors for First Sensor AG and the Group since fiscal year 2013. Karsten Bender has been a signatory as an auditor and Thorsten Sommerfeld has been a signatory as the auditor responsible for the audit since fiscal year 2021.

The audit engagement and scope relate to the audit of the financial statements for First Sensor AG, First Sensor Lewicki GmbH and First Sensor Mobility GmbH pursuant to HGB. Furthermore, it includes the audit in accordance with IFRS of the German Group companies and desktop reviews of the foreign subsidiaries. The priorities for the audit are set based on risk and are, at the Group level, the recognition of revenue and the impairment of goodwill and, at the individual company level, the recognition of revenue and the merger with First Sensor Packaging GmbH.

Details of the fees can be found in the notes to the annual report.

## 5. Shareholders / Annual General Meeting

### 5.1. Details of share portfolios and their movements

The company's share capital amounts to €51,346,980.00 and is divided into 10,269,396 no-par value bearer shares each with a notional interest in the share capital of €5.00. According to the voting rights notification published on March 13, 2020, TE Connectivity holds 71.87% of the shares in First Sensor AG. The control and profit transfer agreement envisages a guaranteed dividend for fiscal year 2020 and an annual compensation payment of €0.56 gross or, at the current taxation rates, €0.47 net per share in First Sensor for the outstanding shareholders in the following fiscal years as per Section 304 AktG. No corporate actions were implemented in fiscal year 2020.

### 5.2. Takeover-related disclosures as per Sections 289a and 315a HGB

#### 1. Composition of subscribed capital

The composition of subscribed capital is presented in section [11] of the notes. All shares grant identical rights in accordance with the AktG (German Stock Corporation Act).

## 2. Restrictions affecting voting rights or the transfer of shares

The company's Executive Board is not aware of any restrictions affecting voting rights or the transfer of shares. Otherwise only the statutory provisions in accordance with section 136 (1) AktG and trading bans in accordance with Art. 19 (11) MAR apply, especially to members of the Executive Board.

## 3. Direct interests in the company's share capital of more than 10%

Disclosures on direct or indirect interests in the share capital exceeding 10% of the voting rights can be found in section [37] of the notes.

## 4. Holders of shares with special rights conferring control powers

There are no shares with special rights, in particular, no shares conferring control powers.

## 5. Type of voting right control when employees hold an interest in the share capital and do not exercise their controlling rights directly

Employees who hold an interest in the share capital exercise their voting rights directly.

## 6. Statutory provisions and Articles of Association concerning the nomination and dismissal of Executive Board members and amendments to the Articles of Association

Statutory provisions apply concerning the nomination and dismissal of Executive Board members (sections 84 and 85 AktG) and amendments to the Articles of Association (section 179 AktG).

## 7. Authorization of the Executive Board to issue shares and repurchase shares

The Executive Board is authorized to issue convertible or option bonds with a nominal value of up to €90.0 million up to May 23, 2022, and grant their bearers up to 3.8 million shares with an amount in the share capital of up to €19.0 million.

The capital is also conditionally increased for issuing stock options to the Executive Board and managers. Details of the share option plans can be found in section [19] of the notes.

The Executive Board is authorized to acquire treasury shares up to a maximum of 10% of the share capital. No use has been made of this authorization to date.

## 8. Agreements that are subject to the condition of a change of control and

## 9. Agreements on compensation in the event of a takeover bid



The change of control took place in 2020, TE Connectivity now holds the majority of the shares in First Sensor AG. No agreements to cover another change of control were concluded.

### **5.3. Rights of the shareholders at the Annual General Meeting**

The shareholders of First Sensor AG exercise their rights at the company's Annual General Meeting. The Annual General Meeting is chaired by the Chair of the Supervisory Board or by another Supervisory Board member appointed by them. If the Chair of the Supervisory Board does not take the chair at the Annual General Meeting and has not appointed another Supervisory Board member as their representative, then the Supervisory Board elects the Chair of the Annual General Meeting. Persons who are neither shareholders nor members of the Supervisory Board but are otherwise a part of the company are also eligible for election.

The Annual General Meeting takes place once a year. Each share grants one vote. The shareholders can exercise their voting rights at the Annual General Meeting either themselves or through a proxy of their choice or through a representative of the company who is bound by instructions. The Executive Board is also authorized to provide for shareholders to cast their votes in writing or via electronic communication even without participating in the Annual General Meeting (absentee voting). All documents and information concerning the Annual General Meeting are made available to shareholders on the company's website in good time. Shareholders also have the option of asking employees from Investor Relations questions about these documents.

In connection with the COVID-19 pandemic, the German Law on Measures under Corporate, Cooperative, Association, Foundation and Residential Property Law to Combat the Impact of the COVID-19 Pandemic (C-19 AuswBekG) created the option of holding annual general meetings for the year 2020 without physical attendance by the shareholders or their proxies (virtual annual general meetings). An appropriate change to the articles of incorporation has created the conditions to enable a flexible response to certain circumstances and to maintain the company's ability to act in the future as well.

The system for determining Executive Board remuneration will also be presented to the shareholders for approval for the first time at the Annual General Meeting addressing the financial statements for the fiscal year 2020. The corresponding remuneration report must then be presented to the 2022 Annual General Meeting for approval.

### **5.3. Related parties**

In the fiscal year 2020, no contracts were concluded between the members of the Supervisory Board and First Sensor AG. Where members of the Executive Board and Supervisory Board are also members of bodies at other companies and where

transactions are conducted with related parties, this is disclosed in the relevant annual report.

Berlin, April 29, 2021

On behalf of the Supervisory Board



Michael Gerosa  
Chairman of the Supervisory Board

On behalf of the Executive Board

  
Sibylle Büttner  
Robin Maly  
Marcus Resch