

## 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 hereby declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that, since the last declaration of compliance was issued on July 7, 2020, the company has complied with the recommendations of the German Corporate Governance Code in the version as of December 16, 2019 ("GCGC") and will continue to comply with the recommendations of the GCGC with the exception of the deviations set out below.

### **A.1: Diversity in staffing of management positions**

Appropriate internal company guidelines ensure that management positions are staffed without discrimination. When staffing management positions, however, no specific attention is paid to diversity.

### **B.1: Diversity in the constitution of the Executive Board**

With regard to the constitution of the Executive Board, the Supervisory Board pays attention to diversity in addition to the relevant professional qualifications. In the medium and long term, the Supervisory Board aims to appoint a woman to the Executive Board of the Company. In order to avoid setting a target which the Supervisory Board does not consider realistic and not in the Company's interest to achieve with the means at its disposal, the Supervisory Board has nevertheless limited itself to a target figure of 0 percent, which corresponds to the current status quo. Of course, this does not exclude the possibility that the Supervisory Board, in the event of an unexpected vacancy on the Executive Board, would take into account the goal of increasing the proportion of women on the Executive Board when appointing new members.

### **B.5: Age restriction for members of the Management Board**

The current service agreements of the members of the Executive Board do not yet provide for an age limit.

## **C.1: Constitution of the Supervisory Board**

The Supervisory Board has set concrete goals for its constitution and developed a competence profile for the entire Board. However, no specific attention is paid to diversity in the constitution of the Supervisory Board.

## **G.I: Remuneration of the Executive Board**

Section G.I. of the GCGC contains new recommendations on the remuneration of the Executive Board. The following of these recommendations do not fully comply with the remuneration system for the Executive Board approved by the Annual General Meeting of First Sensor AG on May 23, 2018: G.1 (determination of the remuneration system), G.3 (peer group of other companies), G.6 (relationship between short-term and long-term targets), G.10 (investment of remuneration components in shares), G.11 (possibility of withholding and reclaiming variable remuneration components), and G13 (determination of a severance cap and offsetting of severance payment against compensation for non-compliance). The Supervisory Board and the Executive Board will therefore propose to the Annual General Meeting, which will decide on the 2020 financial year, that the remuneration system be amended and adjusted in line with the amended recommendations of the GCGC.

## **G.13: Severance payment cap and offset against compensation for non-compete obligations**

Under the termination agreement entered into by the Company and Dr. Rothweiler, the severance payment cap is not limited in value to two years' compensation. Dr. Rothweiler will receive a severance payment. In addition, he will be paid out the stock options. These amounts together exceed the severance payment cap. In addition, the severance payment will not be offset against the compensation payable under the post-contractual non-competition clause. The service agreement with Mr. Resch concluded at the beginning of 2020 was concluded on the basis of the remuneration system for the Executive Board 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 compensation for non-compete obligations). The new remuneration system to be adopted will be taken into account in the next service agreement.

Berlin, August 11, 2020

Marcus Resch  
Member of the Executive Board

John Mitchell  
Chairman of the Supervisory Board