

REMUNERATION SYSTEM FOR THE MANAGEMENT BOARD OF FIRST SENSOR AG

The determination of the remuneration of the members of the Management Board of First Sensor AG is the responsibility of the full Supervisory Board and is regularly reviewed taking into account the requirements for the Supervisory Board in accordance with sections 87 (1) and (2) and 87a AktG and the recommendations of the German Corporate Governance Code.

At the Annual General Meeting on June 24, 2021 under agenda item 8, the Executive Board and Supervisory Board presented the current remuneration system for members of the Executive Board. This was approved accordingly.

This submission for approval is made in view of the obligation pursuant to Section 120a AktG to submit the remuneration system to the Annual General Meeting of listed companies whenever a material change is made, but at least every four years.

The remuneration system presented for the Management Board is as follows and is taken into account by the company when concluding and renewing Management Board service contracts with the company.

The company has not concluded any service contracts with the currently appointed members of the Executive Board. All currently appointed members of the Executive Board already worked for TE Connectivity Group companies before joining First Sensor and are remunerated by these companies.

Remuneration Dirk Schäfer

Due to a new position in the TE Connectivity Group, Dirk Schäfer's employer, TE Connectivity Sensors Germany Holding AG, Bensheim, invoiced First Sensor a lump sum for the first time in the 2023 financial year for the activities of Executive Board member Dirk Schäfer.

Remuneration Robin Maly

With effect from February 1, 2024, the employment contract of Executive Board member Robin Maly with his employer, TE Connectivity Solutions GmbH, Schaffhausen, Switzerland, was amended to the effect that Executive Board member Robin Maly will spend 30% of his working hours on First Sensor AG and 20% of his working hours on First Sensor Lewicki GmbH. As a result of this change, Management Board member Robin Maly receives half of his remuneration for his work for companies of the First Sensor Group. TE Connectivity Solutions GmbH, Schaffhausen, Switzerland, invoiced First Sensor AG for this part of the remuneration for these activities for the first time in the 2024 financial year.

None of the members of the Executive Board of First Sensor AG has concluded an employment contract with First Sensor AG. The remuneration of all members of the Executive Board is not determined by the Supervisory Board of First Sensor. Consequently, First Sensor's remuneration system does not apply to the remuneration of all members of the Executive Board, although this does not constitute a deviation from the remuneration system.

The Supervisory Board takes the following principles into account when designing the remuneration system and the amount and structure of the remuneration of the Management Board:

- The remuneration of the members of the Management Board as a whole makes a significant contribution to the sustainable development of the company and the promotion of the business strategy.
- The remuneration of the members of the Management Board ensures that special performance is appropriately rewarded and that failure to meet targets leads to a noticeable reduction in remuneration.
- The remuneration of the members of the Management Board is in line with the market, both in terms of amount and structure, and takes into account the size, complexity and economic situation of the company.

- The remuneration takes into account the respective area of responsibility of each Executive Board member, the personal performance of the individual Executive Board members and the performance of the Executive Board as a whole.

A. Composition of the remuneration

The remuneration of the members of the Management Board is made up of non-performance-related and performance-related components.

Non-performance-related components are

- a) Annual fixed salary (fixed salary);
- b) Fringe benefits (e.g. company car, reimbursement of travel expenses, accident insurance, D&O insurance; pension scheme).

Performance-related components are

- a) Short-term variable remuneration (Annual Incentive Plan);
- b) Long-term variable remuneration (long-term incentive).

The remuneration of the members of the Executive Board is paid by First Sensor AG with the exception of the long-term variable remuneration (long-term incentive), which is paid by TE Connectivity plc.

By combining non-performance-related and performance-related remuneration components, the company creates an attractive incentive for members of the Management Board to contribute to the sustainable and long-term development of the company. Variable remuneration is the main material incentive for pursuing the objectives of business policy. They are a motivation and reward for concrete action, for operational performance, for a strategic orientation that promotes the long-term development of the company and for responsible behavior.

1. Fixed remuneration

a. Fixed salary

Each member of the Management Board receives fixed remuneration that is not performance-related and is paid out in monthly installments. The amount of the fixed remuneration is determined on the basis of the principles outlined above.

b. Other references

In addition to the fixed salary, the members of the Executive Board may be granted fringe benefits (other remuneration) as follows:

- i. Provision of a company car or BahnCard 100 1st class;
- ii. Taking out accident insurance and paying the relevant insurance premiums;
- iii. Allowance for health and long-term care insurance: The individual allowances correspond to half of the contributions paid by the Executive Board member, but no more than the maximum amount of the employer's contribution to health and long-term care insurance owed by law, taking into account the applicable contribution assessment limits;
- iv. Conclusion of a D&O insurance policy with a deductible in accordance with the legally prescribed minimum amount;
- v. Payment of an amount to be used for retirement benefits;
- vi. Rent subsidy (warm rent; temporary);
- vii. One-off subsidy for relocation and brokerage costs; and/or
- viii. Reimbursement of the costs of business trips;
- ix. Start-up bonus;

- x. Continued payment of salary in the event of illness for the first month and 6 further months.

2. Variable performance-related remuneration

In addition to the fixed remuneration, the members of the Management Board are entitled to variable remuneration depending on the achievement of several performance targets set in advance by the Supervisory Board.

Variable remuneration is the main material incentive for pursuing the objectives of business policy. They are a motivation and reward for specific actions, for operational performance, for a strategic orientation that promotes the long-term development of the company and for responsible behavior. The achievement of objectives does not necessarily have to be precisely measurable, but it certainly has to be verifiable. The link between the achievement of the targets and the variable remuneration must be defined in advance and may not be changed retrospectively.

a) Short-term variable remuneration (short-term bonus)

The short-term variable bonus is calculated in accordance with the TE Connectivity Group's Annual Incentive Plan ("AIP"). The purpose of the AIP is to reward managers for achieving financial or strategic performance targets.

aa) Determination of the annual incentive target amount

As part of the AIP, an annual incentive target amount is initially set for each Executive Board member. The annual incentive target amount is calculated by multiplying the fixed salary of the Executive Board members by the individual incentive target set by the Supervisory Board as a percentage.

Example: With a fixed salary of EUR 200,000.00 and an incentive target of 35%, the annual incentive target amount would be EUR 70,000.00.

bb) Determination of performance levels/weighted target achievement:

The performance level is then determined on the basis of various key performance indicators. The key performance indicators for the performance level are

- Revenue at the level of the TE Connectivity Group or one of its business units/segments: Revenue relates to the sale of goods and services.
- Operating result of the TE Connectivity Group or one of its business units/segments: The operating result is calculated by deducting the costs of sales, services, engineering and administration (including interest expenses and taxes) from net sales.
- Key performance indicators (KPIs) of the TE Connectivity Group or one of its business units/segments: KPIs are defined based on current business needs and are intended to be transformative in nature, i.e. metrics that drive growth, operational improvements and efficiencies.
- Earnings per share of TE Connectivity plc (formerly TE Connectivity Ltd.): Earnings per share are calculated by dividing the company's net profit by the number of TE Connectivity plc shares in issue in a given period

In general, the weighting of sales and operating profit depends on the business-specific requirements and varies within guideline values of 10 % - 50 %. The combined weighting must be . The weighting of the key performance indicator and earnings per share is 20% each.

The table below shows the overall performance range under the annual incentive program and the payouts awarded for performance at each level.

Metrics	Threshold value	Goal	Maximum	Payout (threshold value; in %)	Payout (target; in %)	Payout (max; in %)
Earnings per share	90 %	100 %	110 %	50 %	100 %	200 %
Sales revenue	95 %	100 %	105 %	50 %	100 %	200 %
Operating result	90 %	100 %	110 %	50 %	100 %	200 %
KPI	Varies			50 %	100 %	200 %

- A performance above the threshold results in a payout of 50% for a key figure. No payment is made for a key figure whose performance is below the threshold value.
- The target performance results in a 100% payout for a key figure.
- The maximum target achievement results in a 200% payout for a key figure.
 - Financial ratios: A payout of up to 300% may be granted for exceptional performance in a single key figure that exceeds the maximum target.
 - The key figure operating result contains a modifier for quality of results (an annually selected key figure such as inventory turnover rate). Depending on target achievement, the operating result is multiplied by a factor of between 0.5 and 1.5.
 - KPI: The performance indicator is always limited to 200%, or to 100% if the operating result is below the target value.
- The maximum payout across all performance indicators is limited to 200%.
- Targets are set and target achievement is determined every six months for the key figures of sales, operating result and earnings per share (EPS). The annual performance assessment represents the average target achievement for both half-years. In contrast, the key performance indicator (KPI) is measured on an annual basis. All payments are calculated once a year and settled after the end of the financial year.

In addition to the achievement of the key performance indicators, the Supervisory Board reserves the discretion to adjust the individual payout amounts upwards or downwards based on its assessment of individual performance and management behavior during the financial year.

Multiplying the annual incentive target amount by the weighted target achievement (0-200%) and the personal performance factor (0-200%) determines the annual incentive payout. In no case does the payout exceed 300% of the individual annual incentive target amount.

Example:

Performance level criteria	Weighting of the areas (A)	Percentage performance rate (B)	Total weighted performance ratio (A x B)
Sales revenue	25 %	160 %	40 %
Operating result	35 %	140 %	49 %
KPIs	20 %	100 %	20 %
Earnings per share	20 %	155 %	31 %
Total:			140 %

The weighted benefit ratio in the above example would be 140%.

cc) Determination of the annual incentive award

In a first step, the individual annual incentive award is calculated by multiplying the annual incentive target amount by the weighted performance quota.

Example: With a target annual incentive amount of EUR 70,000.00 and a weighted performance rate of 140%, this results in an annual incentive award of EUR 98,000.00.

dd) Adjustment of the annual incentive award based on the individual performance factor

In a second step, the Supervisory Board determines an individual performance factor of between 0% and 200% for each member of the Management Board. The individual performance factor is multiplied by the annual incentive award.

Example: With an annual incentive award of EUR 98,000.00 and an individual performance factor of , a short-term variable bonus of EUR 88,200.00 is payable to the Executive Board member.

The short-term bonus under the AIP is capped at several levels ("**short-term bonus cap**").

The amount of the short-term bonus under the AIP is determined by the company's Supervisory Board within six months of the end of a financial year and paid to the members of the Management Board.

b) Long-term variable remuneration (Long Term Incentive Program)

The members of the company's Executive Board participate in the Long-Term Incentive Program ("**LTI**") of TE Connectivity plc. A total of three programs are available: **Restricted Stock Units (RSU)**, **Performance Stock Units (PSU)** and **Stock Options**. These programs are designed to tie executives to the company's objectives over the long term, offer competitive remuneration and align the interests of executives with those of shareholders.

Restricted Stock Units (RSU):

- **Definition:** RSUs are share-based awards that include the promise to receive a certain number of TE Connectivity shares at a future date.
- **Performance period:** 4 years
- **Vesting:** The RSUs vest over a period of four years in equal installments of 25% per year.
- **Dividends:** During the vesting period, RSUs earn dividend credits, called Dividend Equivalent Units (DEUs), which vest in proportion to the RSUs earned at the end of the four-year performance period.
- **Purpose:** RSUs serve as a long-term incentive for Executive Board members, as they allow them to participate directly in the company's development. The gradual vesting rate over four years strengthens loyalty to the company and promotes a continuous focus on long-term corporate goals. RSUs motivate managers to base their decisions on the long-term performance of the company, as the allocation of shares is linked to remaining with the company and future share price performance

Performance Stock Units (PSU):

- **Definition:** PSUs include the promise to grant one share in TE Connectivity plc after a specified period of time if certain performance indicators are achieved.
- **Performance period:** 3 years
- **Performance measure:** Three-year average growth in relative earnings per share (EPS) of TE Connectivity plc compared to the S&P 500 Non-Financial Index
- **Target achievement and payout (% of target):** Performance stock units (PSUs) are paid out depending on the relative performance compared to the defined peer group. If the threshold value is reached, i.e. the relative performance corresponds to the 25th percentile of the peer group, 50% of the PSUs are paid out. If the performance reaches the target value - i.e. the 50th percentile - 100% of the PSUs are paid out. In the event of outstanding performance that reaches the maximum target, i.e. the 75th percentile or above, 200 % of the PSUs are paid out. The target achievement and thus the payout is calculated linearly between these points, so that, for example, a performance in the 37.5th percentile corresponds to a payout of 75%.
- **Vesting:** One-off vesting after a three-year period
- **Dividends:** During the vesting period, PSUs accumulate dividend equivalent units (DEUs), which are payable in proportion to the PSUs earned at the end of the four-year performance period.
- **Purpose:** PSUs focus on motivating the members of the Management Board to achieve clearly defined, strategic targets that are key to the company's long-term success. The three-year performance period with targets for relative earnings per share (EPS) compared to the market ensures that remuneration is directly linked to the company's financial performance and competitiveness. PSUs reward strong company performance compared to the market and thus promote a strategic direction that ensures long-term growth and operational efficiency.

Stock options (SO):

- **Definition:** Share options give the right to purchase one TE Connectivity plc share at a fixed price on a future date.
- **Performance period:** 4 years
- **Vesting:** The share options vest over a period of four years in equal installments of 25% per year.
- **Exercise price (strike price):** The exercise price corresponds to the closing price of the TE share on the grant date. This price, also known as the "strike price", is the fixed amount that must be paid for each share, irrespective of the current market price at the time of exercise.
- **Term:** 10 years
- **Purpose:** Share options offer Executive Board members a performance-related incentive, as their value depends entirely on the increase in the share price after the grant date. As the strike price is fixed, Executive Board members only benefit if the share price rises above this price, which motivates them to support measures to promote share performance. Share options are a strong incentive for long-term value creation and promote corporate governance that maximizes shareholder value.

3. Maximum remuneration

The Supervisory Board sets a target total and maximum remuneration for each member of the Management Board. It does not matter when the corresponding remuneration element is paid out, but for which financial year it is granted. The total target achievement corresponds to a target achievement of . The Supervisory Board reviews the appropriateness of the maximum remuneration amount. This appropriateness check is carried out in connection with the horizontal and vertical comparison and includes both the fringe benefits and the pension expense in the respective maximum, flat-rate amount. The Supervisory Board also includes the remuneration that members of the Management Board receive from Group companies in the calculation of the maximum remuneration.

The maximum remuneration for a financial year for all members of the Management Board is EUR 1,500,000.00.

This amount is an absolute maximum limit that can only be reached if all ambitious performance criteria for variable remuneration are achieved and/or the TE Connectivity plc share price increases significantly.

The relevant remuneration benefits for the purposes of inclusion in the maximum remuneration are all actual inflows to the Management Board member for a specific financial year, based on the respective maximum limits for short-term and long-term variable remuneration, irrespective of the date on which they were granted.

If the maximum remuneration would be exceeded in a financial year due to an increase in the TE Connectivity plc share price, the short-term variable remuneration (AIP) must be reduced accordingly. If the reduction is not sufficient, the Supervisory Board may, at its discretion, reduce other remuneration components or reclaim remuneration paid out.

The maximum remuneration does not represent the remuneration level targeted or deemed appropriate by the Supervisory Board, but merely an absolute maximum limit that can only be reached if the targets are optimally achieved.

The share of fixed remuneration in the maximum remuneration (fixed annual salary and other remuneration) amounts to around 30% for the members of the Management Board over the next four years if the above-mentioned conditions are met.

The share of short-term variable remuneration (AIP) in the maximum remuneration amounts to around 35% for the members of the Management Board over the next four years if the above-mentioned conditions are met.

The share of long-term variable remuneration (LTI) in the maximum remuneration amounts to around 35% for the members of the Management Board over the next four years if the above-mentioned conditions are met.

The maximum remuneration for a member of the Management Board may increase in exceptional cases when the Management Board member in question takes up office in the year of appointment or in the second year after appointment to the Management Board, provided that the Management Board member in question is granted compensation payments for benefits from a previous employment relationship that were forfeited when the Management Board member in question moved to First Sensor AG.

4. Comparison based on a peer group

In order to assess what is customary within the company, the Supervisory Board takes into account the ratio of Management Board remuneration to the remuneration of senior management, including its development over time. The top management circle comprises the directors of the various divisions. The Supervisory Board also takes into account the average remuneration of First Sensor AG's entire workforce over time.

In the event of significant shifts in the relationship between the remuneration of the members of the Management Board of First Sensor AG and the remuneration of the vertical peer groups, the Supervisory Board examines the reasons for the shift.

B. Terms and termination options for Management Board service contracts

The Management Board service contracts each have a maximum term of three years. Ordinary termination of Management Board service contracts is excluded. In the event of dismissal as a member of the Management Board, the employment contract ends at the end of the (hypothetical) statutory notice period under Section 622 BGB. Extraordinary termination for good cause is possible, whereby the dismissal of a Management Board member is considered good cause in accordance with Section 84 (3) AktG.

C. Severance pay in the event of premature termination of employment & credits

If the employment of the Executive Board members ends without good cause, the respective Executive Board member is entitled to a severance payment in the amount of the annual fixed salary for the remaining term of the contract, up to a maximum of EUR 500,000.00. In the event of a post-contractual non-competition clause, the severance payment is not offset against the compensation for non-competition. The severance payment and the compensation for non-competition are limited to a total of two fixed annual salaries (severance payment cap).

When a Management Board contract is terminated, the payment of outstanding variable remuneration components attributable to the period up to the termination of the contract should be made in accordance with the originally agreed targets and comparison parameters and in accordance with the due dates or holding periods specified in the contract.

D. Procedure for determining, implementing and reviewing the remuneration system

The remuneration system for members of the Management Board of First Sensor AG is approved by the entire Supervisory Board, with the Personnel and Nomination Committee of the Supervisory Board taking on a preparatory role. The Personnel and Nomination Committee draws up the details of the remuneration system and submits a proposal to the full Supervisory Board as a draft resolution.

The remuneration system for members of the Management Board of First Sensor AG is used for new Management Board service contracts to be concluded or for any extensions or amendments to existing Management Board service contracts. When negotiating and concluding new Management Board service contracts or extensions and amendments, the Supervisory Board must observe the requirements of this remuneration system; this applies in particular to the Chairman of the Supervisory Board, who is authorized by the company to sign Management Board service contracts if he has been authorized to do so by the Supervisory Board.

The remuneration system for members of the Management Board of First Sensor AG is reviewed by the Personnel and Nomination Committee of the Supervisory Board on an ongoing basis, in particular as part of contract negotiations with existing or future members of the Management Board. However, a formal and regular review does not take place.

If members of the Supervisory Board or members of the Management Board are suspected of having or have conflicts of interest, these must be disclosed to the Supervisory Board in accordance with the rules of procedure for the Supervisory Board and the Management Board. The Supervisory Board as a whole will then decide on a case-by-case basis how to deal with a specific conflict of interest.

This translation is provided for convenience only. In case of doubt the German version shall prevail.
