

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

The Management Board and Supervisory Board of First Sensor AG declare that since the last declaration of compliance on March 21, 2016, updated on July 8, 2016, the recommendations of the Government Commission of the German Corporate Governance Code – each with the following deviations – in the version dated May 5, 2015 (published in the Federal Gazette on June 12, 2015) were complied with and will be complied:

- In line with Article 3.8 (3) of the Code, a deductible in accordance with the guidelines shall be agreed in any D&O policy for the Supervisory Board.

There is no deductible for members of the Supervisory Board because in the company's view, it is easier to recruit qualified members for the Supervisory Board if there is no deductible.

- According to Article 4.2.1 sentence 1 of the Code, the Board of Management should be comprised of several persons and have a Chairman or Spokesman.

Up to June 16, 2016, the Board of Management was comprised of two persons. The term of office of the previous Chairman, Dr. Martin U. Schefter, expired on June 16, 2016. Until Dr. Dirk Rothweiler was appointed as his successor on January 1, 2017, the Board of Management will consist of only one person, with no Chairman or Spokesman.

- Section 4.2.3 (2) of the Code states that the variable components of Executive Board remuneration must be capped and that the performance targets or comparison parameters may not be changed retrospectively.

One component of variable Executive Board remuneration at the company is granting share options. The corresponding share option plans, which were resolved by the 2016 Annual General Meeting or are expected to be resolved by the 2017 Annual General Meeting, are primarily designed to ensure the successful long-term development of the share price and also require a substantial personal investment by the Executive Board members. No cap is defined in the respective share option programs. This is also in the interests of the shareholders, as the Executive Board thus always has an interest in a continuously high share price.

Another component of variable Executive Board remuneration at the company is included in the current Executive Board employment contracts, in some cases supplemented or to be supplemented with addenda, in the form of a bonus. This bonus depends on the achievement of targets that are set by the Supervisory Board in each case. The bonus agreements within Executive Board remuneration are capped at 200% of the target amount. There is no fixed, mandatory maximum amount. If a target is achieved, the bonus also increases accordingly. The associated incentive not only to achieve targets in the interests of the company, but also to exceed them, is in the interests of all stakeholders, particularly the shareholders. Furthermore, the Supervisory Board can set a cap of 125% for targets achieved independently of the Executive Board member's performance in exceptional cases.

- According to Article 4.2.3 paragraph 4 sentence 1 of the Code, care should be taken when concluding Board of Management contracts to ensure that payments made to a Board of Management member on premature termination of his/her contract without good cause, including fringe benefits, do not exceed the value of two years' compensation (severance pay cap) and compensate no more than the remaining term of the employment contract. According to Section 4.2.3 paragraph 4 sentence 4 of the Code, care must be taken when concluding Board of Management contracts to ensure that payments promised in the event of premature termination of Board of Management activity due to a change of control shall not exceed 150% of the severance payment cap.

Since June 30, 2016 (Dr. Gollwitzer) and since March 16, 2017 (Dr. Rothweiler), the respective employment contracts with the Executive Board members do not set a cap for payments to settle share options granted to the Executive Board members in the event of early termination of the Executive Board mandate due to a change of control. In the event of a change of control, Executive Board members are often replaced. The removal of the cap thus serves to safeguard the Executive Board members in the event of such a change of control. Otherwise, the values from the share options granted, which also reflect the successes already achieved, would not be remunerated or not fully remunerated in the event of a change of control.

- In accordance with Article 5.1.2 (1) of the Code, the Supervisory Board together with the Management Board shall ensure there is long-term succession planning.

The company has no long-term succession planning. There has been no requirement for one to date. Long-term succession planning shall be drawn up for the future.

- In accordance with Articles 5.3.1, 5.3.2 and 5.3.3 of the Code, the Supervisory Board shall form relevant committees.

The Supervisory Board of First Sensor AG does not form committees. In the light of a Supervisory Board comprising just three members, the company sees no advantages in forming committees.

- In accordance with item 5.4.1 of the Code, the Supervisory Board is required to set an age limit and a regulatory limit on the duration of memberships.

The Supervisory Board has yet to define any such limits, as this did not appear to be in the interests of the company in light of the age structure of the employees and the length of their Supervisory Board membership.

- Section 7.1.2 states that interim reports must be publicly accessible within 45 days of the end of the re-orting period.

These deadlines have always been observed to date with the sole exception of the interim report for the first quarter of 2017, which is expected to be published slightly after the deadline.

Berlin, March 16, 2017

First Sensor AG

Dr. Dirk Rothweiler
CEO

Dr. Mathias Gollwitzer
CFO

Prof. Dr. Alfred Gossner
Chairman of the Supervisory Board