

# **First Sensor AG**

## **Berlin**

### **Rules of Procedure for the Executive Board**

#### **1. General duties**

The Executive Board manages the company's business operations as prescribed by law, the articles of incorporation and the following rules of procedure.

#### **2. Management**

The Executive Board has overall accountability for managing the company's business operations in accordance with uniform targets, budgets and guidelines. Notwithstanding the overall accountability of the Executive Board, Executive Board members are each independently responsible for the areas of responsibility they are assigned, but are required to place the overall wellbeing of the company above the interests of their own particular areas.

#### **3. Distribution of areas of responsibility**

The Executive Board organizes the distribution of responsibilities within the Executive Board in a business allocation plan, where it sees fit. If the Executive Board cannot agree on a business allocation plan, the Supervisory Board makes decisions in respect of the contentious points.

#### **4. Overall accountability**

Irrespective of their responsibility to their areas, all Executive Board members shall constantly keep track of all information that arises with respect to the company's business development so that they are in a position, at any time, to avert imminent threats, convene the whole board to respond to any desired changes or suitable changes, or take any other appropriate action.

## **5. Transactions requiring approval**

5.1 Irrespective of its management powers and duties, the Executive Board shall require the approval of the Supervisory Board (in writing or in an e-mail) for the following transactions involving the company and affiliated companies that are majority-owned by the company:

- a) decisions or measures taken by the Company or its affiliated companies in which the Company holds a majority interest that fundamentally change the net assets, financial position or results of operations or the risk exposure of the Company or the Group
- b) financial key points of the Company's budget for the following fiscal year
- c) establishment or termination of companies, enterprises, (partial) operations or branches, acquisition and disposal of shareholdings in other companies, conclusion, amendment and termination of related articles of association, if the value of the subject matter of the respective measure exceeds the amount of € 5,000,000 (five million euros);
- d) acquisition or disposal of real estate and rights equivalent to real estate exceeding a limit of EUR 5,000,000 (five million euros);
- e) allocation of loans to non-affiliated companies or third parties, except for granting of payment terms in the course of business and employee loans (with the exception of loans to executive bodies);
- f) utilization of loans and borrowings (with the exception of the existing cash pooling with TE Connectivity) exceeding an amount of EUR 1,000,000.00 (one million euros);
- g) conclusion, amendment or termination of any agreement or arrangement with Executive Board members, directors of subsidiaries, shareholders, their relatives (as defined by Section 15 of the German Tax Code) or companies in which one of the persons listed above, directly or indirectly, holds a shareholding of more than 5% with an individual volume of over €50,000.00 (fifty thousand euros) or a collective volume of over €200,000.00 (two hundred thousand euros) a year;
- h) creation, granting or approval of liens on real property or other encumbrances on the company's assets as a whole or on parts of the company's assets, outside the ordinary course of business in favor of third parties

- i) security deposits, granting of sureties and guarantees, and receipt of bills of exchange for a volume of more than €1,000,000.00 (one million euros); this excludes standard warranties for company products; the cap does not apply for mortgages or charges against company assets;
  - j) exceeding the approved investment budget by more than €5,000,000 (five million euros).
- 5.2 All measures and transactions that require Supervisory Board approval under these rules of procedure shall also require approval if they are taken or concluded by the management of a company in which First Sensor AG, directly or indirectly, holds a majority stake. The Executive Board shall ensure that such measures are made contingent upon Executive Board approval in the relevant partnership agreements or rules of procedure.
- 5.3 If the transactions listed under 5.1 are already set out in an annual budget to be approved by the Supervisory Board, the requirement to obtain Supervisory Board approval under 5.1 shall no longer apply.
- 5.4 Approval may also be granted in advance for individual groups or types of transactions or measures.
- 5.5 In exceptional cases, the Supervisory Board's prior approval does not have to be obtained for urgent transactions or measures, if a Supervisory Board resolution cannot be obtained in time and, after carefully examining the circumstances of the case and informing the Chairman of the Supervisory Board, the Executive Board has reason to believe that the Supervisory Board will approve the transaction or measure. In this case, the Supervisory Board resolution granting approval must be submitted after the fact without undue delay.

## **6. Granting of approval**

- 6.1 The Supervisory Board grants its approval by way of resolutions at regular Supervisory Board meetings.
- 6.2 In urgent cases, at the behest of the Executive Board the Supervisory Board will make a decision promptly. Resolutions may also be passed by way of written (e.g. by fax) or electronic (e.g. by e-mail) circular or over the telephone.

6.3 Approval of the transactions listed under 5 is granted by the Chairman of the Supervisory Board or, where he/she is indisposed, by the Deputy, if there is no time for delay in the matter in the interests of the company.

6.4 This does not affect the Executive Board's right and obligation to obtain approval from the Annual General Meeting if approval is rejected.

## **7. Coordination**

Members of the Executive Board shall keep other members regularly informed about all significant events and the course of business in their areas of responsibility. The Executive Board as a whole coordinates the operations of the individual areas of responsibility with the overall targets and plans of the company in the course of Executive Board meetings.

## **8. Provision of information to the Supervisory Board**

The Executive Board is obliged to keep the Supervisory Board regularly informed about the business situation and general developments and about all individual matters in accordance with the rules set out in these rules of procedure (Section 90 of the German Stock Corporation Act).

## **9. Supervisory Board members' right to information**

9.1 The Executive Board submits a business plan, including an annual budget for the next fiscal year, to the Supervisory Board for approval no later than 1 (one) month before the end of the respective fiscal year.

9.2 The Executive Board sends the Supervisory Board quarterly reports, by the end of the subsequent month in each case, with the following contents:

- Qualitative analysis of business activities
- Income statement and the current year-to-date status of each item compared with the annual planning
- Balance sheet

Any modifications to reporting shall be made after consulting the Chairman of the Supervisory Board.

9.3 In addition, the Executive Board informs the Supervisory Board members about all significant events that arise in connection with the company.

## **10. Executive Board meetings**

- 10.1 The Executive Board generally makes its decisions in the course of Executive Board meetings. These meetings usually take place on a monthly basis. Every member of the Executive Board is entitled to convene an Executive Board meeting. An Executive Board meeting must be convened immediately in case of urgency or where a request has been made by two Executive Board members. Executive Board meetings must be called as a matter of course where the good of the company so requires. The Executive Board can make a decision by means of a circulation procedure.
- 10.2 The setting of deadlines, convocation and agendas for Executive Board meetings, the chairs of these meetings and the minutes of the meetings are all matters to be arranged by the Executive Board member(s) calling the meeting.
- 10.3 All Executive Board members have the right to request that items put forward by them are added to the agenda.
- 10.4 The required documents detailing the items on the agenda shall be made available promptly by the Executive Board member calling the meeting so as to enable all members of the Executive Board to be sufficiently prepared for the meeting. The Executive Board member calling the meeting shall communicate the items on the agenda for an Executive Board meeting requiring a resolution to be passed to the other members of the Executive Board, attaching all the required documents, no later than three working days before the meeting. Exceptions to these timings shall be made in unforeseen individual circumstances only.
- 10.5 Where possible, the Executive Board shall take all decisions unanimously. If, in exceptional circumstances, it cannot reach an agreement on a matter pending a decision, the meeting chair shall have the casting vote as to whether the resolution should be passed or deferred. If it is deferred, a resolution on the agenda item must be passed at the next Executive Board meeting. Decisions that are not made unanimously shall be indicated in the minutes, specifying the voting ratios in each case.
- 10.6 The Executive Board is quorate only if two thirds of its members are present. They are not allowed to nominate representatives. Votes are taken by a simple majority of the votes cast. If a vote is tied, the proposed resolution shall be repealed.

10.7 Discussions and decisions on matters concerning the area of responsibility of an Executive Board member who is not present at the meeting should take place only if there is an expectation that the Executive Board member will not be available at short notice to pass the resolution by circulation and there is no time for delay in the matter. The Executive Board member in question must be informed immediately about the outcome of the decision.

10.8 Objections to minutes of the meeting shall be registered by no later than the next Executive Board meeting, and in the event of absence (e.g. business trip or vacation) within a week of being informed. The chair of meeting shall correct or amend the minutes, where required. The chair of the meeting may delegate his/her tasks to another Executive Board member, where this person has been consulted.

#### **11. Executive Board's decision-making authority**

The Executive Board makes decisions on all matters that are of particular significance and scope for the company or its subsidiaries and associates, specifically:

- a) matters on which the law, articles of incorporation or rules of procedure require a decision to be made by the Executive Board,
- b) the company's annual financial statements,
- c) the convocation of the Annual General Meeting, motions and Executive Board proposals for resolution by the Annual General Meeting,
- d) the Annual General Meeting itself, matters relating to the rules of procedure and the business allocation plan.

#### **12. Implementation of decisions**

The individual Executive Board members named in the resolution shall initiate implementation of the measures resolved by the Executive Board as a whole.

#### **13. Committees**

The Executive Board shall be entitled to form committees and define the duties entrusted to them. The committees shall report to the Executive Board as a whole.

#### **14. Absence**

The Executive Board consults all members to coordinate the holiday requests of individual Executive Board members and their stand-ins. The same applies if an Executive Board member is ill or otherwise indisposed.

## **15. Representation to the Supervisory Board**

15.1 The Executive Board elects one representative who represents the Executive Board in dealings with the Supervisory Board. This person obtains Supervisory Board approval in respect of the matters specified by law, the articles of incorporation, these rules of procedure or any Supervisory Board resolutions, and keeps the Supervisory Board apprised of the company's position and its course of business within the context of the mandatory reporting obligation.

15.2 In all matters that are of special importance for the company, the representative appointed under 15.1 shall provide the Supervisory Board promptly with an oral or written report. The representative appointed under 15.1 is assisted in performing their duties by all Executive Board members immediately bringing any issues to attention.

## **16. Entry into force**

These rules of procedure shall come into force as soon as they have been approved by the Supervisory Board and shall replace all former rules of procedure for the Executive Board of First Sensor AG.