

Remuneration system for members of the Executive Board of First Sensor AG

The determination of the remuneration of the members of the Executive Board of First Sensor AG is the responsibility of the full Supervisory Board and is regularly reviewed in accordance with the requirements for the Supervisory Board pursuant to sections 87 (1) and (2), 87a of the German Stock Corporation Act and the recommendations of the German Corporate Governance Code.

At the Annual General Meeting on May 23, 2018 under agenda item 7, the Executive Board and Supervisory Board presented the applicable system for the compensation of the members of the Executive Board. This was approved accordingly.

In view of the Act Implementing the Second Shareholders' Rights Directive (ARUG II), which came into force on January 1, 2020, and the new version of the German Corporate Governance Code (GCGC), which was adopted on December 16, 2019 and came into force by publication on March 20, 2020, the remuneration system for the Executive Board has been amended. The amended remuneration system for the Executive Board will be submitted to the 2021 General Meeting for approval.

The current compensation system for the Executive Board is therefore as follows and is taken into account by the Company when concluding new and renewing existing Executive Board service agreements with the Company. Currently, the members of the Executive Board are compensated through contracts with Group companies. Third-party compensation is also possible within the framework of the compensation system.

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

- The remuneration of the members of the Executive Board in its entirety makes a significant contribution to the sustainable development of the Company as well as to the promotion of the business strategy.

- The remuneration of the members of the Executive Board ensures that special performance is rewarded appropriately and that target failures lead to a noticeable reduction in remuneration.
- The remuneration of the members of the Executive Board is in line with the market in terms of both 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 member of the Executive Board, the personal performance of the individual members of the Executive Board and the performance of the Executive Board as a whole.

A. Structure of the remuneration

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

Non-performance-related components are

- a) Fixed annual salary (fixed salary);
- b) fringe benefits (such as company car, reimbursement of travel expenses, accident insurance, D&O insurance; retirement pension).

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 Ltd..

By combining non-performance-related and performance-related compensation components, the Company creates an attractive incentive for members of the Executive Board to contribute to the sustainable and long-term development of the Company. Variable remuneration is the main material incentive for pursuing business policy goals. They are 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 Executive Board receives fixed remuneration which is paid out in monthly installments. The amount of the fixed remuneration is determined on the basis of the principles outlined above.

b. Additional remunerations

In addition to the fixed salary, the members of the Executive Board may receive fringe benefits (additional remunerations) as follows:

- i. Provision of a company car or BahnCard 100 1st class;
- ii. Conclusion of an accident insurance policy and payment of the insurance premiums in this respect;
- iii. Allowance for health and long-term care insurance: The individual allowances correspond to half of the contributions paid by the member of the Executive Board, up to a maximum of the maximum amount of the employer's contribution to health and long-term care insurance owed by law in each case, taking into account the respective applicable contribution assessment limits;
- iv. Conclusion of a D&O insurance policy with deductible in accordance with the minimum amount required by law;
- v. Payment of an amount to be used for retirement benefits;
- vi. Rent subsidy (warm rent);
- vii. One-time allowance for relocation and brokerage costs; and/or
- viii. Reimbursement of travel expenses.

2. Variable performance-related remuneration

In addition to the fixed remuneration, the members of the Executive 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 targets of the business policy. They are 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. The achievement of the targets does not necessarily have to be precisely measurable, but it must in any case be verifiable. The relationship 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 according to the Annual Incentive Plan ("AIP") of the TE Connectivity Group. The AIP program is designed to reward executives for achieving financial or strategic performance goals.

aa) Determination of the Annual Incentive Target Amount

Under the AIP, an Annual Incentive Target Amount is initially determined for each member of the Executive Board. The Annual Incentive Target Amount is calculated by multiplying the fixed salary of the members of the Executive Board 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 performance measures. The measures for the performance level are:

- Revenue at the level of the TE Connectivity Group or one of its business units/segments: Revenue refers to the sale of goods and services.
- Operating Income of the TE Connectivity Group or one of its business units/segments: The Operating Income is calculated by deducting the

cost of sales, services, engineering and administration (including interest expense and taxes) from net income.

- Key performance indicators (KPI) of the TE Connectivity Group or one of its business units/segments: KPIs are determined on the basis of the current business requirements and are intended to be transformational in nature, meaning metrics that drive growth, operational improvements, and efficiencies.
- Earnings per share of TE Connectivity Ltd (TEL): Earnings per share is calculated by dividing the company's net income by the number of TEL shares outstanding for a given period of time.

In general, the weighting of Revenue and Operating Income depends on business-specific needs and varies within guiderails of 10% - 50%. The combined weighting must be 60%. The weighting of the Key Performance Indicator and Earnings Per Share is 20% each.

The table below shows the general performance range under the annual incentive program as well as the payouts to be awarded for performance at each level.

Metric	Threshold	Target	Maximum	Threshold Payout (% of Target Incentive)	Target Payout (% of Target Incentive)	Maximum Payout (% of Target Incentive)
EPS	90%	100%	110%	50%	100%	200%
Revenue	95%	100%	105%	50%	100%	200%
Operating Income	90%	100%	110%	50%	100%	200%
KPI	Varies			50%	100%	200%

- Threshold performance yields 50% of a measure's payout percentage. An incentive payout will not be earned for a measure if the performance is below the threshold.
- Target performance yields 100% of a measure's payout percentage.
- Maximum performance yields 200% of a measure's payout percentage.
 - **Financial Metrics:** For exceptional performance on an individual metric that exceeds the maximum goal, a result with a score of **up to 300%** may be awarded.
 - **KPI:** The key performance indicator is always capped at 200%, or at 100% if operating income results are less than target.
- The maximum bonus pool funding across all performance metrics is capped at 200%.

In addition to the financial performance of the organization, the Supervisory Board reserves the discretion to adjust individual payout amounts up or down, based on its evaluation of the individual performance and leadership behaviors during the fiscal year.

The multiplication of the Annual Incentive Target Amount with the company/business performance result (0-200%) and the individual performance factor (0-200%) determines the Annual Incentive Payout. In no case will the award exceed 300% of the individual Annual Incentive Target.

Example:

Performance Level Criteria	Weighting attributed to each measure (A)	Percentage of target achieved (B)	Funding Percentage (A x B)
Revenues	25 %	160 %	40 %
Operating Income	35 %	140 %	49 %
KPIs	20 %	100 %	20 %
Earnings per share	20 %	155 %	31 %
Total:			140 %

The weighted average funding percentage is 140% in the above example.

cc) Determination of the individual Annual Incentive Award

In a first step, the individual Annual Incentive Award is calculated by multiplying the Annual Incentive Target Amount by the weighted average funding percentage.

Example: With an Annual Incentive Target Amount of EUR 70,000.00, a weighted average funding percentage of 140% results in an Annual Incentive Award of EUR 98,000.00.

dd) Adjustment of the individual Annual Incentive Award based on individual performance factor

In a second step, the Supervisory Board determines an individual performance factor for each member of the Executive Board between 0% and 200%. The individual performance factor is multiplied with the Annual Incentive Award.

Example: An Annual Incentive Award of EUR 98,000.00 multiplied with an individual performance factor of 90% results in an individual Annual Incentive Payout of EUR 88,200.00.

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 program is determined by the Supervisory Board of the Company within six months of the end of a financial year and paid to the members of the Executive Board.

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

The members of the Executive Board of the Company receive Restricted Stock Unit ("RSU") awards of TE Connectivity Ltd. under the Long-Term Incentive ("LTI") Program. TE Connectivity Ltd. uses LTI awards to deliver competitive compensation that recognizes employees for their contributions and aligns their compensation with shareholders in focusing on long - term growth and stock performance. The costs for LTI awards and their administration are borne by TE Connectivity Ltd. with its registered office in Schaffhausen/Switzerland. The members of the Executive Board are allocated a number of RSUs at a specific point in time, called grant date.

RSU awards are denominated in US Dollars and are converted to a specific number of units using the TE Connectivity Ltd. stock price on grant date. Awards typically vest over four years in equal installments (25% per year). The stock price may fluctuate over the four-year vesting period and the total vesting value will be different than the value at grant. Income taxes are due on the share compensation on each vest date.

Example: 500 RSUs granted November 2020

- Year 1 (2021): 125 RSUs convert to TE Connectivity Ltd. stock
- Year 2 (2022): 125 RSUs convert to TE Connectivity Ltd. stock
- Year 3 (2023): 125 RSUs convert to TE Connectivity Ltd. stock
- Year 4 (2024): 125 RSUs convert to TE Connectivity Ltd. stock

In order for the Executive Board member to receive the shares on each vest date, the Board member must have actively a service agreement with the Company. After an RSU vests and is converted to shares of TE Connectivity Ltd. stock, the member of the Executive Board becomes the owner of those shares and can sell them during an open trade window period.

The pro-rata structure of the annual performance-related remuneration with a total four-year sustainability component provides considerable incentives for sustained positive corporate development, so that overall a balanced mix of short- and long-term remuneration components is achieved.

The value of the RSU awards is measured for the purposes of maximum compensation at the grant date, taking into account the conditions set out in the terms and conditions and the expected development until the end of the vesting period. This is based on a maximum increase by the end of the vesting period of 200% compared to the grant date.

3. Maximum remuneration

The Supervisory Board sets a target and maximum compensation for each member of the Executive Board. It is not important when the corresponding compensation element is paid out, but for which financial year it is granted. The target achievement corresponds to a Target achievement of 100%. The Supervisory Board reviews the appropriateness of the maximum compensation. This appropriateness review 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 amount determined on a lump-sum basis. The Supervisory Board also includes the compensation received by members of the Executive Board from Group companies in the calculation of the maximum compensation.

The maximum remuneration for a financial year - irrespective of whether it is paid in that financial year or at a later date and based on the respective maximum limits for short-term and long-term variable remuneration - is EUR 580,000.00 for each member of the Executive Board.

The maximum compensation does not represent the level of compensation targeted or deemed appropriate by the Supervisory Board, but merely an absolute maximum that can at best be achieved if the targets are optimally met.

The proportion of fixed remuneration in the maximum remuneration (fixed annual salary and additional remuneration) is approximately 35 % for the

members of the Executive Board in the period under review of the next four years, provided that the above-mentioned conditions are met.

The share of short-term variable remuneration (AIP) in the maximum remuneration amounts to around 30 % for the members of the Executive Board in the period under review of the next four years, provided that the above-mentioned requirements are met.

The share of long-term variable remuneration (LTI) in the maximum remuneration for the members of the Executive Board is around 35 % in the period under review of the next four years, provided the above-mentioned conditions are met.

The maximum remuneration for a member of the Executive Board may be increased in exceptional cases when the member of the Executive Board concerned takes up office in the year of appointment or in the second year after appointment as a member of the Executive Board, provided that the member of the Executive Board concerned is granted annual cash compensation for benefits from a previous employment relationship that ceased to apply when the member of the Executive Board concerned transferred to First Sensor AG.

4. Comparison based on a peer group

In order to assess customary practice within the Company, the Supervisory Board takes into account the ratio of the remuneration of the Board of Management to the remuneration of the top management circle, including the development over time. The top management circle is the "directors" of the various divisions. Furthermore, the Supervisory Board also takes into account the average remuneration of the total workforce of First Sensor AG over time.

B. Terms and termination options for Executive Board service agreements

The Executive Board service agreements each have a maximum term of three years. Ordinary termination of Executive Board service agreements is excluded. In the event of dismissal as a member of the Executive Board, the service agreement shall end on expiry of the (hypothetical) statutory period of notice under § 622 BGB. Extraordinary termination for good cause is possible, whereby a dismissal of the member of the Executive Board pursuant to Sec. 84 (3) German Stock Corporation Act shall be deemed good cause.

C. Severance pay for premature termination of service & offsets

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

Upon termination of an Executive Board agreement, the payment of any outstanding variable compensation components attributable to the period up to the termination of the agreement shall 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 agreement.

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

The remuneration system for members of the Executive Board of First Sensor AG is adopted by the full Supervisory Board, with the Supervisory Board's Nomination and Remuneration Committee playing a preparatory role. The Nomination and Remuneration Committee develops 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 Executive Board of First Sensor AG is used for new Executive Board service agreements or for any extensions or amendments to existing Executive Board service agreements. When negotiating and concluding new Executive Board service agreements or extensions and amendments, the specifications of this remuneration system must be observed by the Supervisory Board; this applies in particular to the Chairman of the Supervisory Board, who is authorized by the company to sign Executive Board service agreements if he has been authorized to do so by the Supervisory Board.

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

If there are any conflicts of interest on the part of members of the Supervisory Board or the Executive Board, these must be disclosed to the Supervisory Board in accordance with the Rules of Procedure for the Supervisory Board and the Executive 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.

Berlin, May 2021

The Supervisory Board