

Articles of Incorporation of LEONI AG, Nuremberg

Version of 11 May 2017



The Quality Connection

LEONI

I. General regulations

Article 1

Company and registered office

- (1) The business name of the company is LEONI AG.
- (2) Its registered office is in Nuremberg, Germany.

Article 2

Object of the company

- (1) The object of the company is the management of a corporate group that is operative in the following areas, in particular:

Development, production and sales of

- electrical and electronic systems, particularly of on-board electrical systems, as well as ready-to-install modules, primarily for the automobile industry
- connecting systems, particularly for cables, for the transmission of electrical power and signals
- wires and flexible conductors made of copper, precious metals and alloys
- Lyonese Wares

The activity in each case comprises trade with raw, auxiliary and operating materials, semi-finished and finished products and goods.

- (2) The company can also operate independently in the areas identified in Section 1. It is authorised to conduct all business and measures which are related to the object of the company or which are indirectly or directly appropriate for serving it. The company is also entitled to conduct banking transactions with its subsidiaries in accordance with Article 1, Paragraph 7, Sentence 1 of the German Banking Act and to provide financial services for its subsidiaries in accordance with Article 1, Paragraph 7, Sentence 1 of the Germany Banking Act. In particular, this includes business for interest and currency

hedging, leasing, factoring, project and corporate financing, as well as all related business and services, including the provision of collateral to third parties.

- (3) The company can establish representative offices, branch offices, production facilities and subsidiaries both domestically and abroad, as well as found, acquire and invest in other companies, particularly in such companies whose object partly or wholly extends to the areas identified in Section 1. It can consolidate companies in which it is invested under its sole management or limit its role to the management of the investment.

Article 3

Announcements, information

- (1) Announcements of the company take place by means of publication in the German Federal Gazette.
- (2) Information about the holders of authorised securities of the company can also be communicated by way of remote data transmission.

II. Equity capital and shares

Article 4

Share capital, registered shares

- (1) The equity capital is EUR 32,669,000.00 (in words: thirty two million six hundred sixty nine thousand euros). It is divided into 32,669,000 shares without a par value.
- (2) The claim of the shareholder to securitisation of his/her share is barred, insofar as a securitization is not required according to the regulations which apply on a stock exchange at which the shares are permitted.

- (3) The shares are registered. The shareholders must specify the following to the company for entry into the share register, insofar as they are natural persons: their name, date of birth and address, insofar as they are juristic persons, partnerships with legal capacity, sole trader or the like, their company, business address and its registered officer, as well as the number of shares held by them in each case, and their electronic mail address (email address), insofar as they have one. If, in the event of a capital increase, the increase resolution makes no provision as to whether new shares should be bearer shares or registered shares, they shall be registered shares.
- (4) In the event of a capital increase, a profit sharing of the new shares that differs from Article 60, Paragraph 2 of the German Stock Corporation Act can be defined.
- (5) The Board of Directors is authorised to increase the Company's share capital by in total up to Euro 16,334,500.00 until 10 May 2022 with the Supervisory Board's approval by issuing once or repeatedly in total up to 16,334,500 new registered no-par value shares, each with a pro-rated share of Euro 1.00 in the share capital, against contribution in cash and/or in kind (Authorised Capital 2017).

In principle, the new no-par value shares must be offered to shareholders for subscription. The new shares can also be taken on by one or several credit institutions or companies within the meaning of Section 186 (5) sentence 1 of the German Stock Corporation Act (AktG) that have been appointed by the Board of Directors with the obligation to offer them to shareholders for subscription (indirect subscription right).

The Board of Directors is, however, authorised, subject to approval by the Supervisory Board, to exclude the subscription right for shareholders in the cases of

- a capital increase against contribution in cash, if the issue price of the new shares is not materially – within the meaning of Section 203 (1) and (2), Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) – below the market price of already market-listed shares of the Company of the same class and with the same status at the time the issue price is set, which is to take place as soon as possible after the new no-par value shares are placed. This exclusion of the subscription rights shall in total not exceed 10% of the Company's existing share capital, with the lowest amount of the Company's existing share capital at the following three times being decisive: on 11 May 2017, at the time this authorisation comes into effect or at the

time this authorisation is exercised. Against this cap must be offset the share capital accounted for by the shares to be issued for servicing conversion or option rights or conversion or option obligations from bonds or participating rights issued in application mutatis mutandis of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) under exclusion of subscription rights during the term of this authorisation or which are issued or sold after buy-back during the term of this authorisation under simplified exclusion of subscription rights pursuant or according to Section 186 (3) sentence 4 German Stock Corporation Act (AktG);

- a capital increase against contribution in kind, especially to be able to offer new shares to third parties in the context of business combinations or furthermore for the purpose of acquiring (also indirectly) businesses, operations, parts of businesses or shares in businesses or other assets or rights to acquire assets including receivables against the company or its group subsidiaries;
- this being necessary to grant the holders or creditors of convertible and/or option bonds or participating rights that were or will be issued by the Company or by its direct or indirect group companies a conversion or subscription right to new shares to the extent of their entitlement after the exercise of the conversion or option right or after fulfilment of the conversion or option obligation;
- excluding fractional amounts from the right of subscription.

The pro-rated amount of the share capital accounted for by the shares issued while excluding the shareholders' subscription rights shall in total not exceed 10% of the Company's existing share capital at the time the resolution is passed at the Annual General Meeting. Against this 10% cap must be offset the share capital representing shares issued or sold with exclusion of subscription rights during the term of this authorisation, or to be issued for servicing conversion or option rights or conversion or option obligations from bonds or participating rights if these bonds or participating rights were issued during the term of this authorisation while excluding shareholders' subscription rights.

The Board of Directors is authorised to determine, with the approval of the Supervisory Board, the further details regarding the share rights and the terms of the share issue when executing the capital increase from Authorised Capital 2017, in particular the issue amount.

The Supervisory Board is authorised to amend the existing version of the Articles of Association after the exercise either in full or in part of an increase in share capital by the utilisation of the Authorised Capital 2017 and following expiry of the term of authorisation.

- (6) The company's share capital shall be the subject of a contingent increase by up to EUR 6,533,800.00 through the issue of up to 6,533,800 registered (no-par-value) shares (contingent capital 2015). The contingent capital increase can be carried out to the extent only that holders of option exercise or conversion rights or those with obligations exercise options or convert, profit-sharing rights or participating bonds (or combinations of these instruments) that are issued by the company or a group company as defined by Article 18 of the German Stock Corporation Act (AktG), in which the company directly or indirectly holds at least 90% of the votes and of the capital against cash payment on the basis of the authorisation granted at the Annual General Meeting on 7 May 2015, make use of the option exercise or conversion rights, or so far as they are obliged to exercise the option or convert, fulfil their obligation to exercise the option or convert, or to the extent that the company exercises its right subject to these instruments to grant shares in the company in whole or in part instead of payment of the cash amount due and to the extent that no other forms of fulfilment are used. The issue of the new shares shall, in accordance with the authorisation resolution described above, take place at the respective option exercise or conversion price to be determined.

The new shares participate in the profit from the beginning of the financial year in which they are created upon exercise of option or conversion rights or fulfilment of option exercise or conversion obligations; contrary to this the Management Board may, with the approval of the Supervisory Board, stipulate that new shares participate in the profit from the beginning of the financial year for which, at the time of exercise of option exercise or conversion rights or fulfilment of option exercise and/or conversion obligations, no resolution on the use of the distributable profit has yet been taken at the Annual General Meeting.

The Management Board is authorised, with the approval of the Supervisory Board, to establish further details of the implementation of the contingent capital increase.

III. The management board

Article 5 Composition

- (1) The management board shall consist of two members.
- (2) The supervisory board shall appoint the members of the board and determines the number of members. It can appoint deputy members of the board. The supervisory board can designate a member of the board as chair and a member as a deputy. The deputy represents the chair, if the chair is prevented from being present.
- (3) The decisions of the management board are enacted by a simple majority of votes of the members of the management board participating in the decision-making. In the event of a tie, the vote of the chair shall be decisive, insofar as the board is comprised of more than two members.

Article 6 Representation

- (1) The company is legally represented by two members of the board together or by one member of the board together with a company officer.
- (2) Deputy board members are equivalent to full board members in regard to the power of representation.
- (3) The supervisory board can release all or individual board members from the prohibition of multiple representation (Article 181 Alt. 2 of German Civil Code).

IV. The supervisory board

Article 7

Composition, selection, term of office

- (1) The supervisory board consists of 12 members, six of which are elected from the members from the shareholders' meeting (shareholder representatives) and six of which are members elected from the employees (employee representatives) according to the measure of the German Co-determination Act of 4 May 1976 (MitbestG). They are elected for the time until the end of the shareholders' meeting, which resolves on the discharge for the fourth fiscal year after the beginning of the term of office. In this connection, the fiscal year in which their term of office is begun is not included.
- (2) With the election of the shareholder representatives to the supervisory board and any alternate members, the chair of the shareholders' meeting is authorised to call a vote on the list with election proposals submitted by the administration or the shareholders. If alternate members in a list are selected, they shall take the place of the supervisory board member who leaves office prematurely in the order of their designation, insofar as nothing different is resolved during the voting. The election of alternate members for the employee representatives is determined by the German Co-determination Act.
- (3) If a supervisory board member is elected in place of a departing member, his/her office shall continue for the remainder of the duration of office of the departing member. The shareholders' meeting can define a different term of office for the shareholder representatives. If an alternate member takes the place of the departing member, the term of office of the alternative member shall elapse in the event that a new vote takes place for the departing member in the next shareholders' meeting following the replacement or the shareholders' meeting thereafter, with the end of this shareholders' meeting, or with the lapse of the remaining term of office of the departing member.
- (4) Departing members can be re-elected.
- (5) Each member of the supervisory board can, even without specifying important grounds, resign from their office in observance of a one-month cancellation period by means of written declaration to the management board.

- (6) If a member of the supervisory board is elected by an extraordinary shareholders' meeting, the member's first year of office ends with the end of the next ordinary shareholders' meeting. Section 3, Clauses 1 and 2 apply for the remainder.

Article 8

Chair

- (1) Following a shareholders' meeting in which all supervisory board members to be elected have been newly elected by the shareholders' meeting, a supervisory board meeting shall take place for which a special invitation is not required. At this meeting the supervisory board shall elect the oldest shareholder representative in terms of age from the supervisory board as the chair for the duration of his/her term of office and his/her deputy as detailed by Article 27 of the German Co-determination Act. The supervisory board can elect an additional deputy for the duration of his/her term of office; in this case Article 27 of the German Co-determination Act does not apply. If the chair of the supervisory board or his/her deputy departs during their term of office, the supervisory board must immediately elect a replacement.
- (2) A deputy of the chair of the supervisory board then only has the rights and duties of the chair according to law and the Articles of Incorporation, if the chair is impeded. Article 29, Paragraph 2, Sentence 3 and Article 31, Paragraph 4, Sentence 3 of the German Co-determination Act remain unaffected.

Article 9

Appointment, quorum, voting

- (1) The chair, or the deputy in the event that the chair is impeded, calls the meetings of the supervisory board in observance of a period of at least two weeks and determines the form of the meetings. The period can be shortened in urgent cases. A summons can take place in writing, by telex (telex, fax or email), verbally or by telephone. In regard to the calling of the supervisory board, the legal provisions and the regulations of the rules of procedure for the supervisory board shall apply for the remainder.

- (2) The meetings of the supervisory board normally take place as meetings by personal attendance, however they can also be held in the form of a video conference or teleconference, including the decision-making. The supervisory board is a quorum if at least half of the members of which it must be comprised after being summoned in accordance with the Articles of Incorporation participates in the voting in person or by written casting of votes. A member then also participates in the voting on the resolution by abstaining from voting. The chair of the supervisory board or his/her deputy shall assume the chair. The chair of the meeting shall determine the type of voting. Supervisory board members who are prevented from participating in a meeting of the supervisory meeting or its committees can submit a written vote through another supervisory board member.
- (3) Resolutions on matters which have not been disclosed with the calling of the meeting can only be made if no member of the supervisory board objects. In this situation, an absent member of the supervisory board must be given the opportunity to object to the voting on the resolution within a reasonable time period determined by the chair or to submit his/her vote in writing. The resolution shall take effect if the absent member of the supervisory has not objected within the period.
- (4) Resolutions can also be passed without calling a meeting by means of a written, telex (telex, fax or email) or telephone (telephone or video conference) vote, if the chair of the supervisory board or his/her deputy mandates this. The same applies for re-votes in accordance with Article 29, Paragraph 2, Sentence 1 and Article 31, Paragraph 4, Sentence 1 of the German Co-determination Act.
- (5) The resolutions of the supervisory board are passed by simple majority, insofar as nothing different is prescribed by law. In the process, abstention from voting does not apply as casting a vote. The proportional ratio suffices for election. In the event of a tie, the vote of the chair of the supervisory board is decisive in accordance with the measure of Article 29, Paragraph 2 and Article 31, Paragraph 4 of the German Co-determination Act; a re-vote in the sense of these regulations can be demanded by any member of the supervisory board.

- (6) If not all members of the supervisory board are present for the voting on the resolution and the absent supervisory board members are unable to submit written votes, the voting on the resolution must be postponed by motion of at least two present supervisory board members. In the event of a postponement, the renewed voting on the resolution shall take place at the next regular meeting, insofar as a special supervisory board meeting is not called first. A repeated minority request for postponement is not permitted at the time of the renewed voting on the resolution.
- (7) If the chair of the supervisory board participates in the meeting or a supervisory board member who is present has the written submission of the chair's vote, Section 6 shall not apply if the same number of shareholder and employee representatives are present in person or participate by means of a written submission of their vote on the resolution or if any inequality is eliminated as a result of individual supervisory board members not being present for the vote on the resolution.
- (8) The supervisory board can appoint a presiding committee and one or multiple other committees from amongst its members; Article 27, Paragraph 3 of the German Co-determination Act remains unaffected. The supervisory board shall determine the tasks, powers and procedures of the committees. The committee can, insofar as legally permissible, also transfer crucial powers of the supervisory board. For voting on resolutions in the committees, Article 9, Section 4 and 5 apply, insofar as no mandatory legal regulations contradict this; Article 9, Section 6 and 7 do not apply.
- (9) The members of the management board can participate in the meetings of the supervisory board in an advisory capacity, insofar as there is not exception based on the handling of personal matters of a member of the supervisory board of the management board, or the supervisory board decides to hold a meeting without participation of the management board members.
- (10) Declarations of intent of the supervisory board and its committees shall be issued on behalf of the supervisory board by the chair or deputy.

Article 10
Rules of procedure for the management board

The supervisory board can issue, amend or rescind rules of procedure for the management board. The supervisory board must dictate in the rules of procedure for the management board or by resolution that certain types of business may only be conducted with the approval of the supervisory board.

Article 11
Secrecy

- (1) The supervisory board members must maintain strict secrecy with regard to confidential reports and confidential advice, as well as company secrets, specifically operational and business secrets of which they become aware in the course of their activity in the supervisory board.
- (2) If a member of the supervisory board wants to disclose information to a third party, which the supervisory board member became aware of in his/her capacity as a member of the supervisory board, he/she must notify the chair of the supervisory board in advance, insofar as the disclosure is not obviously permissible.
- (3) Each member of the supervisory board is authorised to view inspection reports and reports of the management board to the supervisory board. A handout of the reports to the supervisory board members in accordance with Article 90, Paragraph 5, Sentence 2 and Article 170, Paragraph 3, Sentence 2 of the German Stock Corporation Act shall be disregarded insofar as nothing different is decided in the individual case by the supervisory board.

Article 12
Payment of the supervisory board

- (1) Each member of the supervisory board shall receive a fixed annual payment (basic remuneration) in the amount of EUR 85,000.00. The basic remuneration for the chair of the supervisory board shall be twice the amount and one and a half times the amount mentioned in Clause 1 for each deputy.

In addition to the basic remuneration, each member of the supervisory board who is: (1) the chair in a supervisory board committee, shall receive EUR 16,000.00 per annum for the activity in the respective committee, (ii) the deputy in a committee of the supervisory board, shall receive EUR 12,000.00 per annum for the activity in the respective committee and (iii) another member in a committee of the supervisory board, shall receive EUR 8,000.00 per annum for the activity in the respective committee, wherein the chair, the deputy chair and the membership in the conciliation committee formed in accordance with Article 27, Paragraph 3 of the German Co-determination Act shall not be taken into consideration in each case. In determining the additional payments for committee activities in accordance with the preceding clause, only committees which have held at least one meeting in the respective fiscal year are considered.

- (2) Supervisory board members who only belong to the supervisory board and/or a committee or perform a specific function in the supervisory board or a committee for part of the fiscal year shall receive the payment commensurate to the proportion of their respective membership and/or duration of commitment to the entire fiscal year.
- (3) For personal participation in a meeting by personal attendance of the supervisory board or the audit committee, each supervisory board member shall also receive an attendance fee in the amount of EUR 1,000.00 per meeting, wherein payment for a maximum of ten meetings per fiscal year and supervisory board member shall be paid. For multiple meetings which take place on the same day, attendance fees shall only be paid once.
- (4) The members of the supervisory board shall also receive compensation for the costs they have incurred in the fulfilment of the duties of their office. The members of the supervisory board shall be compensated by the company for turnover tax to be paid on their earnings.
- (5) The company shall compensate the supervisory board members to the appropriate extent for the costs and expenses which they have incurred as a result of continuing education measures they pursued on their own account which were necessary for their tasks.

- (6) The members of the supervisory board are included in third-party group liability insurance for organisational members and employees of the corporation, insofar as the company maintains such a policy; this can also require a reasonable self-contribution. The premiums for this insurance shall be paid by the company.
- (7) The basic remuneration is due for payment in four partial instalments, each of which is due at the end a calendar quarter. The additional payments for the committee activities are each due for payment at the end of the respective calendar quarter in which the first meeting of the respective committee has taken place. The attendance fee is due for payment at the end of each calendar quarter for which the meetings in the lapsed calendar quarter have taken place.

V. The shareholders' meeting

Article 13

Location and date

- (1) The shareholders' meeting shall take place either at the headquarters of the company or in a location within the district of the Nuremberg Appellate Court or in the headquarters of a German Stock Exchange in which the shares are authorised for trade.
- (2) The ordinary shareholders' meeting shall take place within the first eight months of each fiscal year.

Article 14

Summoning the shareholders' meeting, right to attendance

- (1) The shareholders' meeting must, insofar as no shorter periods are permitted by law, be called at least 36 days prior to the date of the meeting. The day of the meeting and the day of the summons are not to be included in the 36 days.

- (2) All shareholders who are registered in the share register and who have enrolled are entitled to attend the shareholders' meeting.
- (3) The enrolment must be received by the company in text format in the German or English language at the address indicated in the summons at least six days before the meeting. The day of the meeting and the day of receipt are not to be included in the six days.
- (4) The details about the enrolment, together with the summons of the shareholders' meeting, are announced in company newsletters.
- (5) The management board is authorised to make arrangements such that shareholders can participate in the shareholders' meeting without being present at its location and without a power of attorney and can exercise some or all of their rights either partly or wholly by means of electronic communication (online participation). The management board is also authorised to pass resolutions on the scope and the procedures of the online participation. This shall be communicated with the summons to the shareholders' meeting.
- (6) The management board is authorised to make arrangements such that shareholders may submit their votes, even without attending the shareholders' meeting, in writing or by way of electronic communication (absentee voting). The management board is also authorised to pass resolutions for the procedure for absentee voting. This shall be communicated with the summons to the shareholders' meeting.
- (7) The communication of the notifications about the calling of the shareholders' meeting is limited to electronic communication in accordance with Article 125, Paragraph 2 and Article 128, Paragraph 1 of the German Stock Companies Act. The management board is authorised, but not obligated to send this information by other means.

Article 15

Chair of the shareholders' meeting

- (1) The chair in the shareholders' meeting shall be held by the chair of the supervisory board or another member of the supervisory board as a shareholder representative. In the event that neither of these persons assumes the chair, the chair of the meeting shall be elected from the present shareholder representatives.
- (2) The chair of the shareholders' meeting shall lead the meeting. The chair shall determine the order in which the matters of the agenda are addressed, as well as the manner and sequence of the voting. The chair of the meeting can set reasonable time limits for shareholders' right to speak and ask questions and particularly the time frame of the meeting, the discussion of the individual items on the agenda, and the individual questions and contributions to the discussions.
- (3) The chair of the meeting is authorised to permit complete or partial video and audio transmission of the shareholders' meeting in a manner to be determined by the chair in closer detail. The transmission can also take place in a manner which enables unlimited public access.

Article 16

Voting on resolutions, electing

- (1) Each individual share guarantees one vote in the shareholders' meeting.
- (2) In particular, the shareholders' meeting resolves upon the use of net profit, the discharge of the management board and the supervisory board, the election of supervisory board members and the annual auditor, as well as the approval of the annual accounts and the acceptance of the corporate group financial statements, if applicable.
- (3) The resolutions of the shareholders' meeting are passed with a simple majority vote and, insofar as a capital majority is necessary, with a simple capital majority, insofar as nothing different is required by law or the Articles of Incorporation or Article 103, Paragraph 1, Sentence 2 of the German Stock Companies Act. In the process, abstention from voting does not apply as casting a vote. In the event of a tie vote a petition applies as rejected.

- (4) If, with election by the shareholders' meeting, a simple majority of votes is not reached in the initial voting, a more restricted vote takes place among those individuals who have received the most votes. The highest number of votes shall decide in the restricted vote. In the event of a tie, the chair of the meeting shall decide by drawing lots.

VI. Annual reports and utilisation of profits

Article 17

Fiscal year

The fiscal year for the company is the calendar year.

Article 18

Annual reports

- (1) In the first three months of each fiscal year, the management board must draw up the annual reports and the status report as well as the consolidated financial reports and consolidated status report and submit them to the supervisory board and the annual auditor.

At the same time, the management board must present the supervisory board with a proposal to the shareholders' meeting for how to utilise the net profit.

- (2) The supervisory board must review the annual reports, the status report and the proposal for utilisation of the net profit, as well as the consolidated financial reports and consolidated status report and to report the results of its review to the shareholders' meeting in writing. In the process, the supervisory board must also provide an opinion on the results of the review of the annual reports and the consolidated financial reports by the annual auditor. The supervisory board make its report available to the management board within one month of receiving the submissions. Article 171, Paragraph, Sentence 3 and 4 of the German Stock Companies Act remain unaffected.

- (3) If the supervisory board approves the annual reports, they are accepted, insofar as the management board and supervisory board do not decide to assign the acceptance of the annual reports to the shareholders' meeting. The resolutions of the management board and the supervisory board must be recorded in the report of the supervisory board to the shareholders' meeting.

VII. Authorisation for amendment of the Articles of Incorporation

Article 19

The supervisory board is authorised to resolve amendments and supplements which only pertain to the wording.

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