

Declaration
of the Management Board and Supervisory Board of
LEONI AG
in fiscal 2 0 1 3
pursuant to Article 161 of the German Public Companies Act
on the recommendations of the
Government Commission on the German Corporate Governance Code
in its version dated 13 May 2013
(most recently published in the Bundesanzeiger on 10 June 2013)

The Management Board and Supervisory Board of LEONI AG during their meetings on 2 December 2013 and 5 December 2013 approved the following Declaration of Conformity pursuant to Article 161 of the German Public Companies Act:

- I. With reference to both the version of the Code dated 15 May 2012, which was valid until 9 June 2013, and its current version dated 13 May 2013, which has been valid since 10 June 2013, the Management Board and the Supervisory Board declare that the deviation, as notified in the Declaration of Conformity released most recently in December 2012, from Section 5.4.6 (2) Sentence 2 has, since the Annual General Meeting on 30 April 2013, retroactively no longer existed throughout the 2013 financial year.

In Section 5.4.6 (2) Sentence 2, the Code recommends that any **performance-related compensation** paid to Supervisory Board members shall be **geared to long-term business growth**. Under Article 12 (2) of the Articles of Association valid until 30 April 2013, the members of the Company's Supervisory Board received variable performance-related compensation geared to the Company's distributable profit. On 30 April 2013 shareholders at the Annual General Meeting decided that, with effect from the 2013 financial year, members of the Supervisory Board should no longer receive any performance-related compensation. Article 12 of the Articles of Association was amended

accordingly. With effect from 1 January 2013, the option to deviate from this Code recommendation consequently no longer exists.

- ii. The Management Board and Supervisory Board also declare that, from 10 June 2013, they have been conforming to the recommendations valid from that date of the Government Commission on the German Corporate Governance Code in its version of 13 May 2013, **with the following exceptions:**

The Code recommends in Section 4.2.2 (2) Sentence 3 that the Supervisory Board should, when determining the compensation for Management Board members, consider the Management Board compensation level relative to that for senior management and the workforce as a whole also over time, with the Supervisory Board determining for this assessment where the demarcations for senior management and the relevant workforce are.

The Management Board and Supervisory Board declare in this respect that they have currently not fully applied this recommendation. There are, for the purpose of determining Management Board compensation, certain demarcation characteristics as well as compensation and comparison benchmarks, which also include the proportionality among various compensation groups within the Company. The Supervisory Board has, furthermore, clearly specified the individuals who belong to the senior management group. The Supervisory Board has over the past years also repeatedly considered such proportionality among the various salary groups. However, this consideration was neither structural nor was it in complete conformity with the criteria of the new Code recommendations.

Benchmarks for comparison only make sense when they are realistic, provide guidance and leave ample scope for consideration of individual cases. These conditions do not fulfil the Code recommendations under Section 4.2.2 (2) Sentence 3. The Supervisory Board does not regard a rigidly prescribed proportionality based on fixed reference amounts involving the workforce or parts of the workforce that can be manipulated at will as providing any help in

determining the compensation for members of the Management Board, which must be both fair in individual cases and always appropriate relative also to many other and more significant parameters. Nor does rigid comparison of the performance of the various compensation groups over time provide any assistance in this respect.

This applies especially to LEONI as a company with an overwhelming proportion of its workforce employed in countries outside Europe. Any form of comparison based on the wage groups of the part of the workforce outside Germany, which is de facto very relevant, would just lead to arbitrariness and therefore to comparison benchmarks that no longer make any sense. The Supervisory Board consequently does not consider it acceptable to draw on across-the-board parameters that make sense only in mathematical terms, but which beyond that are not meaningful.

- III. The Management Board and Supervisory Board furthermore declare that they intend, with the exception of the recommendations under Section 4.2.2 (2) Sentence 3, in the future to conform to **all the other recommendations** of the Government Commission on the German Corporate Governance Code in its version of 13 May 2013.

Nuremberg, December 2013.

LEONI AG

On behalf of the Management Board



Dr Klaus Probst

On behalf of the Supervisory Board



Dr Werner Rupp