

Commitment to transparency and value orientation

LPKF Laser & Electronics AG (LPKF) is firmly committed to good and transparent corporate governance and thereby makes a considerable contribution to building trust on the capital markets. The term “corporate governance” stands for modern corporate management and control that is focused on creating sustainable value. In this context, open and transparent communication with shareholders as well as employees, customers and suppliers is just as important as trust-based collaboration between the Company’s boards.

The Company therefore has implemented the guidelines defined by the [German Corporate Governance Code](#) and puts them into practice in its daily operations. However, in a few cases LPKF is deviating from the Government Commission’s recommendations.

Declaration of Compliance of LPKF Laser & Electronics AG for the 2018 financial year with the Corporate Governance Code in accordance with Section 161 German Stock Corporation Act (Aktiengesetz)

Since the last declaration of conformity was issued on 21 March 2017, LPKF Laser & Electronics AG has complied with the recommendations of the German Corporate Governance Code as amended on 5 May 2015, with the following exceptions.

LPKF Laser & Electronics AG complies with the recommendations of the German Corporate Governance Code as amended on 7 February 2017 (disclosed on 24 April 2017) and intends to continue complying with them in the future. The following exceptions apply:

1. No severance pay cap agreed for Directors' contracts in case of premature termination of a Director's contract (Section 4.2.3 (4) and (5) GCGC).

Because they only run for a maximum of three years, the Directors' contracts do not contain a cap on severance pay. If a Director's contract is terminated prematurely without cause, remuneration is limited to no more than the remaining contractual period. For this reason, the Supervisory Board did not see any need to agree on a severance payment limit of two years' remuneration when concluding the contract.

2. No formation of Supervisory Board committees (Section 5.3.1 and 5.3.2 GCGC)

In the case of four members, committees are not considered expedient in the context of optimum work efficiency. After consultation, members of the Supervisory Board are entrusted with special tasks on a topic-related basis and report to the entire Supervisory Board.

Garbsen, March 20, 2018

For the Supervisory Board

Dr. Markus Peters

For the Management Board

Kai Bentz