

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 2019 financial year with the Corporate Governance Code in accordance with
Section 161 German Stock Corporation Act (Aktiengesetz)**

LPKF implements the recommendations and suggestions of the German Corporate Governance Code with a few exceptions. On 20 March 2019, the Management Board and the Supervisory Board jointly issued the Declaration of Compliance 2019 pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz). The declaration has been made permanently available to the public on the LPKF AG website. The following declaration of conformity refers to the current version of the German Corporate Governance Code (GCGC) dated February 7, 2017, which was published in the Federal Gazette on April 24, 2017. The Management Board and the Supervisory Board declare that LPKF Laser & Electronics AG has complied and will comply with the recommendations of the GCGC since issuing its last declaration of conformity. The following exceptions were or are valid:

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, 5.3.2 and 5.3.3 GCGC)

In the case of three members, committees are not considered expedient. 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, 2019

For the Supervisory Board



Dr. Markus Peters

For the Management Board



Dr. Goetz M. Bendele