

Corporate Governance Declaration and Corporate Governance Report

Corporate Governance Report

LEONI aims to ensure responsible and transparent management and control of the company (Corporate Governance) based on statutory requirements, the provisions of the Articles of Association of LEONI AG, the rules of procedure of the Board of Directors and the Supervisory Board and the German Corporate Governance Code in its version of 7 February 2017 ("Code"), which are considered in all decision-making processes.

In accordance with the statutory provisions applicable to German stock corporations (Aktiengesellschaft), LEONI AG has a dual board system under which staff serving as members of the Board of Directors as the executive and management body are not allowed to serve as members of the Supervisory Board as the monitoring body and vice versa. For information on the work of the Board of Directors and of the Supervisory Board including its Committees during the past financial year, on the procedures of these bodies and on the objectives or competence profiles for their composition, please refer to the Corporate Governance statement and the Supervisory Board report.

Shareholders and Annual General Meeting

Each share in LEONI AG grants, in principle, one vote. At the Annual General Meeting, all shareholders are equally entitled to exercise voting rights in person or have them exercised by an authorised representative of their choice and may enter a dialogue with the members of the Board of Directors and the Supervisory Board on any agenda items. The convening to the Annual General Meeting and the legally required reports and documents, including the Annual Report, are readily accessible for the shareholders on the Company's website together with the agenda, in German and for the most part also in English. All other relevant information is published on LEONI's website or will be sent upon request. After the Annual General Meeting, both the attendance list and the voting results will be published on the Internet.

In order to make it easier for shareholders who are not able to attend to exercise their rights, proxies who are bound by the voting instructions issued to them (weisungsgebunden) are available during the Annual General Meeting to exercise voting rights. On the day of the Annual General Meeting, the internet service will be available – subject to the website's technical availability – until the end of the general debate. This service also enables the shareholders to grant powers of attorney to the proxies appointed by the Company and to amend or revoke same, or to issue instructions to these proxies or to change or revoke the instructions issued.

The CEO's speech and a presentation shown during that speech can be followed online. This presentation will be available on our website www.leoni.com until the next Annual General Meeting.

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Ethics, risk and compliance management

During the year under report, the Board of Directors decided to combine the functions risk management, Internal Control System and compliance management under a single management effective as from 1 January 2020, and has adopted an initiative aimed at integrating the processes. Furthermore, additional subject areas (Group regulations management, customs compliance, data protection, information security, insurance management and sustainability reporting) were allocated to the newly created "Ethics, Risk & Compliance" department. By organisationally and procedurally combining the activities, the effectiveness of the individual systems and programmes is increased. At the same time, efficiency gains are to be achieved by coordinating activities in the context of the risk management processes, by using concepts, systems, processes and resources in a uniform manner and by integrating the reporting. For details regarding the risk management system, the Internal Control System and the Compliance Management System reference is made to the section headed risk and opportunity report in the Group management report.

As part of the compliance management, during the year under report, the Board of Directors dealt with the organisation and the further development of all compliance matters and ensured implementation of the necessary measures. Recommendations for actions that resulted from the external audit of two subsections of the Compliance Management System were translated into improvement projects and the Company began implementing the recommendations. The conclusions drawn from the findings of the external effectiveness test, from the compliance activities that were carried out and from the measures taken with regard to compliance monitoring will be included in the assessment of the effectiveness of the compliance programme and therefore in the compliance risk analysis and assessment. The compliance risk assessment is included in the risk evaluation of the Group as part of the risk management system and also forms the basis for planning the compliance activities in the following year. Moreover, the compliance activity areas of conflicts of interest, money laundering and export control have been further developed and the corresponding measures (e.g. guidelines, processes and trainings) have been implemented.

The Board of Directors regularly informed the Audit Committee and the Supervisory Board on the latest status and on the content, organisation and further development of the risk management system, the Internal Control System and the Compliance Management System. The Audit Committee monitored the corresponding activities and received reports on a case by case basis by the directly responsible persons.

During the year under report, D&O insurance was in place for the members of the Board of Directors and of the Supervisory Board that provides for a deductible per occurrence of at least 10% and a maximum of one and a half times the amount of the individual member's fixed annual compensation.

Transparency

LEONI AG informs its shareholders, the associations of shareholders, financial analysts, the media and the interested public promptly on an equal and comprehensive basis about the Company's development and significant events, for which the Company makes use of a wide variety of media. All mandatory publications and detailed supplementary information are made readily available in each case on LEONI's website. The publications, such as ad hoc announcements, media releases, interim and annual reports, are issued in both German

and English. LEONI AG also broadcasts conference calls and the annual balance sheet press conference and the analyst conference live on the internet, where audio and video recordings are easily accessible for a limited period of time. The latest financial calendar with information on the dates of all key publications and events can also be accessed on the website. » www.leoni.com

Accounting and audit of the financial statements

The 2019 consolidated financial statements and the condensed consolidated interim financial statement included in the half-year report of LEONI AG are prepared in accordance with the International Financial Reporting Standards. The individual financial statements of LEONI AG are consistent with the requirements of the German Commercial Code (Handelsgesetzbuch, "HGB") and the German Stock Corporation Act (Aktien-gesetz, "AktG") and any supplementary provisions of the Articles of Association. Further information on the preparation of annual financial statements and on the audit of the financial statements is provided in the Supervisory Board report that is included in the Annual Report.

The auditor is given only limited mandate to provide non-auditing services. Where necessary, certain non-auditing services are identified using an itemised catalogue of services the provision of which is permissible to a limited degree subject to prior approval by the Audit Committee. The content and scope of the non-auditing services provided are monitored.

Managers' transactions and shareholdings

All members of the Board of Directors and of the Supervisory Board and the persons closely associated with them are obliged pursuant to Article 19 of the European Market Abuse Regulation (Regulation (EU) No 596/2014) to promptly disclose, under certain conditions, any transactions in shares of LEONI AG or in any derivatives or any other financial instruments linked thereto. A process has been established to duly publish any such reported transactions. A list of the transactions that were reported can be found on the website of LEONI AG at » <https://www.leoni.com/de/investor-relations/corporate-governance/directors-dealings>.

Corporate Governance Declaration pursuant to Sections 289f and 315d HGB

Declaration of the Board of Directors and the Supervisory Board of LEONI AG regarding the recommendations of the “Government Commission on the German Corporate Governance Code” pursuant to Section 161 AktG

On 13 December 2019, the Board of Directors and the Supervisory Board issued the declaration regarding the German Corporate Governance Code pursuant to Section 161 AktG shown below:

With the exception stated below, LEONI AG fully complies with the recommendations of the German Corporate Governance Code in its version of 7 February 2017 as published by the German Federal Ministry of Justice and Consumer Protection in the official part of the electronic Federal Gazette on 24 April 2017 (“Code”) and will continue to comply with the recommendations also in the future with the stated exception. Since issuing its last Declaration of Conformity on 13 December 2018, LEONI AG has complied with all the recommendations of the Code with the exception stated below.

In accordance with its duties, the Supervisory Board of LEONI AG concerns itself with the appropriateness of the compensation of the members of the Board of Directors, taking into account on a regular basis the developments of the company-internal salary and wage structures, however, without applying the recommendation in section 4.2.2 (2) sentence 3 of the Code in a targeted and structured manner. The Supervisory Board is convinced that the current practice and the statutory requirements pursuant to Section 87 AktG suffice for determining the compensation of the members of the Board of Directors in consideration of the compensation customarily paid. Standards of comparison are only beneficial if they are realistic, provide a basis for orientation, and allow sufficient leeway for assessments on a case-by-case basis. In the Supervisory Board’s opinion, the Code’s recommendation in Section 4.2.2. (2) sentence 3 does not satisfy these requirements, in particular with regard to an enterprise such as LEONI where the majority of the workforce is employed in non-European countries. A delineation of the upper management and the relevant workforce could, in the view of the Supervisory Board, be manipulated at will, and would result in standards of comparison that are no longer comprehensible. Therefore, the aforesaid recommendation does not serve as an efficient tool for determining the compensation of the members of the Board of Directors.

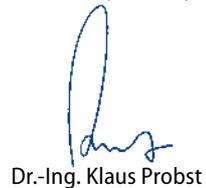
Nuremberg, 13 December 2019
LEONI AG

For the Board of Directors



Aldo Kamper

For the Supervisory Board



Dr.-Ing. Klaus Probst

¹ The Corporate Governance statement pursuant to Sections 289f and 315d HGB is part of the Group management report. Pursuant to Section 317 (2) sentence 6 HGB, the auditor must limit its audit of the information provided pursuant to Sections 289f (2) and (5) and Section 315d HGB to considering only whether or not the information has been provided.

Suggestions of the Code

LEONI AG voluntarily complies with the non-obligatory suggestions of the Code with the following exception.

In deviation from Section 4.2.3 (2) last sentence of the Code, the compensation system for the members of the Board of Directors of LEONI AG provides that the Board members receive annual down-payments on account of the multi-year bonus on the compensation of the members of the Board of Directors equalling 50% of the annual amount. Down-payments made must be repaid at the end of the relevant three-year period if no corresponding multi-year bonus is achieved. Further information on the system for the compensation of the members of the Board of Directors applicable since 1 January 2015 is contained in the compensation report.

Further Corporate Governance practices

In addition to the legal requirements and the Code, LEONI's Corporate Governance is aligned with recognised external standards and various internal sets of rules. These include the UN Global Compact, the LEONI Social Charter and the Diversity Charter, and internal guidelines like the LEONI Code of Conduct and the occupational safety, health protection, and environmental protection policies for LEONI's company divisions that had been transferred to the divisional level in 2019. Further details are provided in the non-financial Group information statement (prepared pursuant to Section 315 HGB) and can be viewed on the website of LEONI AG.

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Description of the procedures of the Board of Directors and Supervisory Board and of the composition and procedures of the Supervisory Board Committees

In 2019, the Board of Directors and Supervisory Board of LEONI AG collaborated closely and in mutual trust for the benefit of the Company. The Supervisory Board actively assists and monitors the Board of Directors' work. In the Supervisory Board meetings, the Board of Directors and the Supervisory Board members discuss all key strategic decisions and transactions requiring consent thoroughly and openly while ensuring strict confidentiality. The Board of Directors informs the Supervisory Board regularly, promptly and comprehensively about all relevant matters and about the planning, the business performance, the risk situation and the compliance measures.

Leadership and management

The Board of Directors is responsible for leading and managing LEONI AG. The Board acts in the interests of the Company with the aim of increasing the enterprise value in a sustainable way. For this purpose, it develops a suitable strategy, discusses and agrees on it with the Supervisory Board, and ensures its implementation. The Board of Directors' duties also include effective opportunity and risk management, risk controlling and ensuring compliance (observance of statutory requirements and Company-internal policies) throughout the Group.

On 17 March 2019, Karl Gadesmann left the Board of Directors with immediate effect and by mutual agreement with the Company. His successor as Chief Financial Officer is Ingrid Jägering, who has been a member of the Board of Directors since 1 August 2019. Until Ms Jägering took office, Aldo Kamper assumed the duties of Karl Gadesmann on a temporary basis.

In 2019, the Board of Directors was, thus, composed as follows:

Bruno Fankhauser , business economist (Betriebsökonom) (licentiatus rerum politicarum), 48	
First appointed: 1 February 2016	Appointed until: 31 December 2023
Areas of responsibility:	Head of the Wire & Cable Solutions Division and of the Corporate Digitalization department
Karl Gadesmann , degree in business administration (Diplom-Kaufmann), 57	
First appointed: 1 October 2016	Appointed until: 17 March 2019
Areas of responsibility:	Chief Financial Officer (CFO); head of the Corporate Accounting, Corporate Controlling, Corporate Data Protection, Corporate Finance & Treasury, Corporate Information Management, Corporate Information Security and Corporate Internal Audit departments and head of Purchasing & Facility Management of LEONI AG
Aldo Kamper , MBA, 49	
First appointed: 1 September 2018	Appointed until: 31 December 2021
Areas of responsibility:	Chief Executive Officer (CEO) and Labour Director; head of the Corporate Communications & Marketing (new designation due to the combination of the former Corporate Communications and Corporate Marketing departments), Corporate Compliance, Corporate Human Resources Management (together with Human Resources regarding matters of LEONI AG in Nuremberg, i.e. at holding-level), Corporate Legal and Corporate Strategy and Corporate Investor Relations departments; since 1 April 2019 CEO of the Wiring Systems Division; in the period between 17 March 2019 and 31 July 2019 also Chief Financial Officer (CFO) and head of the Corporate Accounting, Corporate Controlling, Corporate Data Protection, Corporate Finance & Treasury, Corporate Taxes, Corporate Risk & Insurance, Corporate Information Management, Corporate Information Security and Corporate Internal Audit departments and head of Purchasing & Facility Management of LEONI AG; in the period between 17 March 2019 and 10 April 2019 also CFO of the Wiring Systems Division
Ingrid Maria Jägering , industrial business management assistant (Industriekauffrau), 53	
First appointed: 1 August 2019	Appointed until: 31 December 2022
Areas of responsibility:	Chief Financial Officer (CFO); head of the Corporate Accounting, Corporate Controlling, Corporate Data Protection, Corporate Finance & Treasury, Corporate Taxes, Corporate Risk & Insurance, Corporate Information Management, Corporate Information Security and Corporate Internal Audit departments and head of Purchasing & Facility Management of LEONI AG in Nuremberg, i.e. at holding-level
Martin Stüttem , degree in engineering (Diplom-Ingenieur), 53	
First appointed: 1 April 2017	Appointed until: 31 December 2020
Areas of responsibility:	Chief Operating Officer (COO) of the Wiring Systems Division (since 1 April 2019, before that head of the division as CEO) and head of the Corporate Sustainability, Corporate Process Management, Corporate Quality & SHE Management (together with Quality & Knowledge Management regarding matters of LEONI AG in Nuremberg, i.e. at holding-level)

All information about the compensation system for the members of the Board of Directors is contained in the compensation report.

In addition to the Supervisory Board meetings in which the members of the Board of Directors are present, the chairpersons of both Boards consult regularly, also at short notice and as required by specific circumstances, on all relevant current matters. The Supervisory Board report contains additional information on the collaboration between the Board of Directors and the Supervisory Board. Further information on the tasks and procedures of the Board of Directors and Supervisory Board and on their members and on the composition of the Supervisory Board Committees can also be found on the website of LEONI AG. » www.leoni.com

The law and the rules of procedure govern the collaboration and the allocation of duties among the members of the Board of Directors. The allocation of responsibilities was updated due to the changes in the composition of the Board of Directors and adjusted accordingly. Moreover, in the 2019 financial year, LEONI AG appointed a representative authorised by a general power of attorney (Generalbevollmächtigter), whose competences mainly result from the general power of attorney granted to him/her and from the corresponding contractual arrangements.

Work of the Supervisory Board

The Supervisory Board of LEONI AG monitors and advises the Board of Directors on the management of the Company. Its work is governed by the law, the Articles of Association, the Code and the rules of procedure.

In accordance with the German Co-determination Act (Mitbestimmungsgesetz, "MitbestG"), the Supervisory Board is subject to the principle of equal representation and consists of six members representing the employees and of six members representing the shareholders. Its composition is guided by the latest Code provisions concerning diversity and appropriate participation of women and by other criteria that ensure qualified supervision and advice of the Board of Directors of LEONI AG.

The Supervisory Board prepared a competence profile that includes targets concerning its composition and that forms part of the Board's rules of procedure. In accordance with this competence profile, the members are to successfully perform the duties of a supervisory board member of an industrial group that operates internationally based on their experience, professional expertise, independence, commitment, integrity and personality. Furthermore, it prepared a diversity concept for the composition of the Board of Directors and the Supervisory Board. In addition to these general criteria, the following requirements for the entire Supervisory Board with regard to specific professional expertise are also fulfilled: At least one member has experience in the global corporate environment and knowledge of the regions and markets of importance to LEONI. At least one member has expertise in the automotive (supply) industry and experience with disruptive market developments. At least one independent member of the Supervisory Board furthermore has specialist expertise in the fields of accounting and auditing (financial expert) and advanced knowledge in the areas of international company law, compliance, risk management, antitrust law, the capital market and M&A. The Supervisory Board members are collectively familiar with the sector in which the Company operates. Information regarding the achievement of the gender quota and further information with respect to the composition of the Supervisory Board can be found in the section [Information regarding the achievement of the quota set forth in Section 96 \(2\) sentence 1 AktG, as well as the status of the achievement regarding competence profile, diversity and independence of the members of the Supervisory Board](#).

All members of the Supervisory Board comply with the limitation of the total number of supervisory board mandates they may accept in accordance with the recommendation in section 5.4.5 of the Code. The members of the Supervisory Board of LEONI AG, with the exception of one member, each hold a maximum of three other supervisory board mandates at other companies or on supervisory bodies of companies that impose comparable requirements. One member holds a total of four comparable mandates. A precise overview of the mandates held by all Supervisory Board members is provided in the section headed Supervisory Board and Board of Directors in the Annual Report.

To increase the efficiency of the Supervisory Board's work, the following Committees have been established which, except for the Nomination Committee and the Arbitration Committee, met regularly during the year under report: the Audit Committee, the Personnel Committee, the Nomination Committee, the Arbitration Committee and the Strategy Committee. The Committee chairpersons report during the Supervisory Board meetings on the Committees' work. In May 2019, a Special Committee was established to advise the Board of Directors on the refinancing of the Company, including the monitoring of the measures initiated by the Board of Directors in that respect.

The composition of the Committees is described below and they assume the following tasks:

The **AUDIT COMMITTEE** consists of four members – two shareholder representatives and two employee representatives – to be elected by the Supervisory Board and one of whom the Supervisory Board appoints as chair. The Committee meets at least four times a year. The Audit Committee's chairman, Prof. Dr Christian Rödl, is independent and is not also the chairman of the Supervisory Board; as a financial expert, he has professional knowledge in the fields of accounting and auditing. He has not been a member of the Board of Directors of LEONI AG in recent years. The Audit Committee's task is to discuss and review in advance the annual financial statements, the consolidated financial statements, the management report and the Group management report, the report of the Board of Directors on the relations with affiliated companies (dependency report) as well as the Board of Director's dividend proposal. The Audit Committee furthermore discusses the half-year and any quarterly financial reports with the Board of Directors. The Audit Committee deals with matters concerning accounting and compliance, risk management and internal auditing and with the Internal Control System including testing the effectiveness of the systems and measures that are respectively in place. It prepares the Supervisory Board's proposal to the shareholders at the Annual General Meeting regarding the nomination of the auditor and submits its reasoned recommendation on this nomination to the Supervisory Board. The Audit Committee furthermore verifies the independence of the auditor and obtains the corresponding declaration of independence. It instructs the auditor to perform the audit and agrees the fees with said auditor, determines the focal areas of the audit and monitors the auditing.

Alongside the chairperson of the Supervisory Board as Committee chair, the **PERSONNEL COMMITTEE** comprises his/her first deputy and one Supervisory Board member to be elected by the shareholder representatives and one Supervisory Board member to be elected by the employee representatives. The Committee meets at least twice a year. Its main tasks are to advise on the appointment and removal of the members of the Board of Directors, the compensation system for the members of the Board of Directors, the principal elements of the service contracts of the members of the Board of Directors as well as to approve contracts with Supervisory Board members in accordance with Section 114 AktG. In the year under report, the Personnel Committee has dealt, in particular, with the replacement of the CFO position and the restructuring of the compensation system for the members of the Board of Directors.

In addition to the Supervisory Board chairperson, who also chairs the Committee, the **NOMINATION COMMITTEE** has two further members, who are elected by the shareholder representatives. When appointing members to the Committee, the Supervisory Board furthermore ensures that both women and men are represented. It is the Committee's task to make recommendations to the Supervisory Board for its proposals to the shareholders at the Annual General Meeting of suitable candidates to be elected to the Board to represent the

shareholders. The judgement on a candidate is made based on the competence profile prepared by the entire Supervisory Board, the targets concerning the Board's composition taking into account the applicable statutory requirements, the diversity concept and a questionnaire.

To perform the duties set out in Section 31 (3) sentence 1 MitbestG, the Supervisory Board has formed an **ARBITRATION COMMITTEE** pursuant to Section 27 (3) MitbestG, which consists of the chairperson of the Supervisory Board, his/her deputy and one member elected by the members representing the employees and one member elected by the members representing the shareholders, in each case, by the majority of the votes cast.

The **STRATEGY COMMITTEE** consists of three members of each the shareholder representatives and the employee representatives all of which to be elected by the Supervisory Board. The chairman of the Committee is Wolfgang Dehen, who – as a former managing board member of an internationally active group of companies – has the necessary expertise in the field of strategic decisions. The Committee convenes at least twice each year, in addition to the whole Committee's annual strategy meeting. The Strategy Committee deals in an advisory and preparatory capacity with the corporate strategy. Its principal tasks comprise advising the Board of Directors on the Company's strategic development and its review, preparing strategy meetings and decisions of the Supervisory Board on matters requiring consent concerning acquisitions, divestments, capital expenditure, organisational changes and restructuring as well as advising the Board of Directors on matters involving the corporate strategy and on projects of strategic relevance.

The **SPECIAL COMMITTEE** consists of six members with equal representation of both employee and shareholder representatives. Based on his experience and expertise, Wolfgang Dehen was also appointed as chairman of this Committee. The Special Committee's task is to advise the Board of Directors with regard to the ongoing work in connection with the refinancing of LEONI AG and of its Group and monitoring the asset and earnings situation, including the monitoring of the measures initiated by the Board of Directors in that respect. The Special Committee works closely with the Board of Directors. The Board of Directors reports regularly to the Special Committee on the current financial, asset and earnings situation. As a rule, the Special Committee's meetings are held together with the Board of Directors every two weeks.

More information about the composition of the Committees is contained in the section headed Supervisory Board and Board of Directors in the Annual Report.

The Supervisory Board regularly reviews the efficiency of its work. In the 2019 financial year, the Supervisory Board held an executive session on 5 November 2019 in which no members of the Board of Directors were present. At that meeting, the Supervisory Board also discussed the findings of the efficiency audit which had been conducted in the form of a self-evaluation by questionnaire. Based on the findings of that efficiency audit, the Supervisory Board resolved to implement specific recommended actions to raise efficiency. These recommendations included, among others, measures to promote in-house junior managers, to effectively prepare and hold meetings as well as the objective to hold one of the annual Supervisory Board meetings at a production facility in the future.

Further details of the Supervisory Board's procedures and of the number and key topics of the Committee meetings in 2019 are comprehensively presented in the Supervisory Board report. Information about the structure and the amount of the compensation is provided in the Compensation report in the Annual Report.

The Supervisory Board's composition changed during the year under report such that the member of the Supervisory Board representing the shareholders, Dr Ulrike Friese-Dormann, had resigned from her office as member of the Supervisory Board representing the shareholders with effect as of 8 November 2019. The Local Court (Amtsgericht) of Nuremberg appointed Regine Stachelhaus pursuant to Section 104 AktG as substitute member of the Supervisory Board with effect as of 12 November 2019 and limited in time until the 2020 Annual General Meeting. Moreover, Carmen Schwarz resigned from her office as member of the Supervisory Board representing the employees with effect as at the end of 13 January 2019. Janine Heide was appointed as substitute member of the Supervisory Board as an employee representative by a resolution of 15 January 2019 to succeed Carmen Schwarz.

Diversity concept for the Board of Directors and Supervisory Board

LEONI considers diversity a key factor of success for the Company's future viability. Living diversity is a strategic factor to success. Different career and educational backgrounds facilitate the fulfilment of duties and obligations in accordance with statutory requirements, the provisions of the Company's Articles of Association and the rules of procedure. The Company's increasing internationalisation requires leadership of diversely composed teams. Without this capability and experience, it is not possible to take appropriate account of cultural backgrounds within the Group. A balanced age structure ensures a regular regeneration, and simultaneously ensures that knowledge as well as career and life experience are retained for as long as possible in the Company's interest. Gender diversity is, in turn, the consistent continuation of the initiatives launched by the Board of Directors to increase the number of women in management positions. LEONI's activities aim at raising awareness of gender diversity, in particular, among managers but also among the staff, inter alia, by mentoring programmes, e-learning courses and targeted training activities.

Diversity concept for the composition of the Board of Directors

LEONI pursues the objective of appointing a number of women to the Board of Directors that equals a percentage of 15%. This objective is currently achieved with Ingrid Jägering having been appointed as Chief Financial Officer.

With regard to the composition of the Board of Directors, a competence profile and a diversity concept were prepared that are intended to serve as a guideline for future appointments.

Further criteria of the competence profile are:

- diversity in terms of cultural and regional origins as well as religion
- experience in the global corporate environment and knowledge of the regions and markets of importance to LEONI
- experience with disruptive market developments
- variety of career backgrounds, experience and mindset
- equal consideration of external and internal candidates in the selection of potential members
- age: balanced age structure within set parameters for standard retirement age at the time of appointment (currently 65th year)

Manner of implementation with respect to the competence profile and diversity

The implementation of the concept is ensured to a material extent by involving the Supervisory Board in the strategic, financial and current situation of the Company and of its organisation, as provided for by statutory requirements, the provisions of the Articles of Association and the rules of procedure. The allocation of responsibilities, the appointment of members and the succession planning for the Board of Directors are part of the Supervisory Board's duties. The Board of Directors reports regularly during the Supervisory Board meetings on diversity issues and on the development and the potential of the managers within the Group. The afore-mentioned criteria are furthermore taken into account by the Personnel Committee and the Supervisory Board when making decisions regarding internal or external candidates to be appointed to the Board of Directors, but also by the first management level below the Board of Directors as the latter is subject to the Personnel Committee's consent. The implementation of the above-mentioned aspects is ensured in the following way, among others:

- reporting on the personnel and succession planning for the Board of Directors and the first management level including step-in solutions (emergency plan) and personnel planning geared to the Group's strategy
- scanning of the market for suitable candidates for the Board of Directors and the first and second management level with the involvement of experienced recruitment consultants conducting targeted searches for managers who meet the above criteria
- promoting own employees for the first and second management level while considering knowledge, experience and diversity aspects to establish the foundations needed in house for future appointments to Board of Directors positions

In the opinion of the Supervisory Board and the Board of Directors, the measures initiated are suitable for appropriately accounting for the diversity aspect at an early stage of the staff selection and promotion process in the future and for embedding an appropriate structure as regards experience and age on the Board of Directors.

Status of the implementation of the objectives with respect to the competence profile and diversity on the Board of Directors

The new appointment to the position of the Board of Directors' department of finance in the 2019 financial year was based on a widespread external and internal search process during which all of the above-mentioned criteria had been taken into account in the selection decision. Information on Ingrid Jägering and all other members of the Board of Directors can be obtained from their resumes available on the website of LEONI AG.

Diversity concept for the composition of the Supervisory Board

The Supervisory Board is to be composed in such a way that it ensures qualified supervision and advice of the Board of Directors. For this purpose, the Supervisory Board has established a competence profile, a diversity concept and independence criteria in which integrity, commitment and professionalism play a key role.

Competence profile of the Supervisory Board

The candidates who are proposed to be elected as Supervisory Board members should be able, based on their knowledge, capabilities and experience, to perform the duties of a supervisory board member of a group that operates internationally and also to represent the group well in dealings with third parties.

The objective pursued is that the Supervisory Board as a whole combines all the knowledge and experience needed to execute its tasks – this applies, in particular, to knowledge and experience that is important to LEONI with regard to

- general corporate governance
- industries, markets, regions, business areas and models
- new technologies (also, in particular, information technology and digitalisation)
- production and distribution
- procurement, logistics and finance
- law (including compliance)
- human resources
- leadership in a company that operates internationally

At least one member of the Supervisory Board is to have expertise in the fields of accounting or auditing and particular knowledge as well as experience with regard to internal control procedures.

In the event of an impending new appointment to the Board, it must be reviewed which of the listed knowledge criteria are to be enhanced on the Supervisory Board.

Diversity on the Supervisory Board

The aim is to have a sufficient degree of diversity on the Supervisory Board in order to be able to successfully perform tasks in an international setting in mixed-gender teams and thereby to be a role model for the Company as a whole. Where consistency and regeneration are taken into account with respect to (impending) appointments this will contribute to sustainability and new impetus.

The criteria are

- appropriate consideration of women as members of the Supervisory Board and its Committees
- diversity in terms of cultural and regional origins as well as religion
- experience in the global corporate environment and knowledge of the regions and markets of importance to LEONI
- experience with disruptive market developments
- variety of career backgrounds, experience and mindset
- age: balanced age structure within set parameters for standard retirement age (70th year) at the time of election
- standard 15-year limit for service as Supervisory Board members

It is intended to appropriately consider the diversity aspect at an early state of the selection process and to embed an appropriate structure as regards experience and age on the Supervisory Board.

Independence

All shareholder representatives shall be independent within the meaning of Sections 5.4.1 and 5.4.2 of the Code. In particular, they are not to have any personal or business relation with LEONI AG, its corporate bodies, a controlling shareholder or an affiliated company of the latter, which may cause a substantial and not merely temporary conflict of interest.

Conflicts of interest are to be avoided, for example, by ensuring that no directorships or similar positions or advisory tasks are exercised for important competitors of LEONI.

The Supervisory Board members must be able to devote sufficient time to performing the duties associated with their mandate so that they are able to do so with due regularity and care.

The number of former members of the Board of Directors of LEONI AG to serve as members of the Supervisory Board is limited to two.

In the Supervisory Board's view, the aforementioned aspects are suitable tools for achieving the above-mentioned aim. The election of the employee representatives in accordance with the provisions of the German Co-Determination Act also contributes to having a diversity of career backgrounds.

Manner of implementation with respect to the competence profile, diversity and independence

Statutory requirements, the Company's rules of procedure and the Declaration of Conformity pursuant to Section 161 AktG ensure that the objectives are implemented. The Nomination Committee also supports the implementation of the objectives with its work on the appointment of shareholder representatives and regular efficiency audits.

The implementation of the above-mentioned aspects is further ensured in the following way:

- regular efficiency audits within the framework of a self-evaluation and external evaluation
- scanning of the market for suitable candidates for supervisory board mandates with the involvement of experienced recruitment consultants
- exchange of information with the Board of Directors and management levels with respect to diversity (regular reporting in the Supervisory Board)
- onboarding programme for new members of the Supervisory Board

Information on meeting the minimum percentage pursuant to Section 96 (2) sentence 1 AktG and status of the implementation of the objectives with respect to the competence profile, diversity and independence of the members of the Supervisory Board

The members of the Supervisory Board of LEONI AG currently fulfil the abovementioned qualifications. The objectives for the composition of the Supervisory Board such as the sufficient diversity with regard to different professional backgrounds, expertise and experience is fulfilled as well.

The Supervisory Board members have the professional and personal qualifications deemed necessary and the knowledge, capabilities and experience important to LEONI as set out in the competence profile, as well as internationality.

The targeted degree of diversity on the Supervisory Board is appropriately accounted for by, for example, the fact that the Supervisory Board had four female members in the 2019 financial year, two of whom were shareholder representatives and two of whom were employee representatives. The minimum percentage requirement pursuant to Section 96 (2) sentence 1 AktG is thereby fulfilled. The Supervisory Board members' curriculum vitae that are published on the website of LEONI AG and updated annually also show the diversity of the professional and educational backgrounds of the individual Board members.

Furthermore, none of the members of the Supervisory Board was older than 70 years or has been a member of the Board for more than 15 years by the time of their respective election.

The Supervisory Board also has an appropriate number of independent members. In the assessment of the Supervisory Board, all shareholder representatives are independent within the meaning of Section 5.4.1. and Section 5.4.2. of the Code. In particular, they have no business or personal relationship with LEONI AG or their institutions, to a controlling shareholder or to an affiliated company that could constitute a material conflict of interest that is not merely temporary. In the assessment of the Supervisory Board, the position of Dr Werner Lang as managing director of Lang Verwaltungsgesellschaft mbH, the general partner of MERKA Lang GmbH & Co. KG, a client of LEONI AG, does not constitute such a conflict of interest. The Supervisory Board report provides for further information on possible conflicts of interest in individual cases. The members of the Supervisory Board also do not exercise any directorships or advisory functions for important competitors of LEONI AG.

Stipulations pursuant to Sections 76 (4) and 111 (5) AktG

Section 111 (5) AktG provides for the supervisory board of a listed stock corporation to stipulate target values for the percentage of women sitting on the board of directors. Pursuant to Section 76 (4) AktG, the board of directors furthermore stipulates target values for the percentage of women working in positions at the first and second management levels below the board of directors. In addition, pursuant to Section 96 (2) AktG, the Supervisory Board of LEONI must comprise at least 30 percent women and at least 30 percent men.

On the Supervisory Board, the mandatory statutory quota is fulfilled both for the members representing the shareholders and the members representing the employees as both sides have two female members.

In setting its target quotas for the Board of Directors and the two management levels below the Board of Directors, LEONI AG, as a technically oriented company, has taken into account industry-specific circumstances and the current percentage of women in the workforce. The Supervisory Board has targeted a quota for the Board of Directors of 15 percent to be reached by 30 June 2022. This targeted quota is currently met as the Board of Directors currently consists of three male and one female members.

For the next two management levels below the Board of Directors, the Board of Directors had set target quotas of 15 percent for both levels to be met by 30 June 2022. In the past financial year, there was no personnel change on the first management level below the Board of Directors. As of 31 December 2019, no women were employed on the first management level; the target quota is not reached. On the second management level, the percentage of women is 21 percent (as of 31 December 2019). The target quota on the second management level below the Board of Directors has thereby been exceeded.