

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 in accordance with Section 161 German Stock Corporation Act (Aktiengesetz) of February 9th, 2021

The Management Board and the Supervisory Board declare that since the most recent declaration of conformity LPKF Laser & Electronics AG (hereinafter: LPKF) has complied with the recommendations of the German Corporate Governance Code as amended on February 7, 2017 with the following exception:

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.

The Board of Managing Directors and the Supervisory Board further declare that LPKF currently complies or will comply in the future with the recommendations of the German Corporate Governance Code as amended on December 16, 2019, with the following exception.

New recommendations on the remuneration of the Board of Managing Directors (Code items G.1 to G.16)

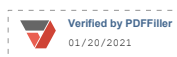
- The existing compensation system for the Management Board and the current Management Board contracts do not comply with all the recommendations of the Code in sections G.1 to G.16. In accordance with the explanatory memorandum to the Code, amendments to the Code do not have to be taken into account in current Management Board contracts, but - insofar as they are to be followed - only when current Management Board contracts are renewed after the new version of the Code comes into force. The Supervisory Board is currently reviewing the compensation system for the Management Board and intends to adopt a new compensation system in accordance with Section 87a of the German Stock Corporation Act (AktG) and submit it for approval at the 2021 Annual General Meeting. The Supervisory Board will only decide in the course of adopting the compensation system pursuant to Section 87a AktG to what extent the recommendations relating to Management Board compensation in sections G.1 to G.16 of the Code will be complied with in the future.

Garbsen, 9 February 2021


For the Supervisory Board



Jean-Michel Richard



For the Management Board



Dr. Götz M. Bendele