Declaration by the Management Board and Supervisory Board of
LEONI AG
on the recommendations of the
'Government Commission on the German Corporate Governance Code'
in accordance with Article 161 of the German Companies Act (AktG)

LEONI AG has complied with all the recommendations of the German Corporate Governance Code ('Code') in the version of 5 May 2015 as published by the Federal Ministry of Justice in the official part of the Federal Gazette with the following exceptions and will comply with the recommendations of the Code with the following exceptions in the future.

1. In accordance with its duties, the Supervisory Board of LEONI AG concerns itself with the appropriateness of the compensation of the Management Board, giving consideration to the periodic developments of the company-internal salary and wage structures, however, without application of the recommendation in section 4.2.2., para. 2, sentence 3 of the Code. It is the conviction of the Supervisory Board that earlier practice and statutory specifications in accordance with Article 87 of the German Companies Act (AktG) suffice for determining the compensation of the Management Board in consideration of normal compensation. Standards of comparison are only beneficial if they are realistic, provide a basis for orientation, and allow sufficient leeway for considerations to be made on a case-by-case basis. It is the opinion of the Supervisory Board that the recommendation in section 4.2.2., para. 2, sentence 3 of the Code does not satisfy these requirements in the case of a company 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 would, in the opinion of the Supervisory Board, be arbitrary and would not result in standards of comparison which are more comprehensible. Therefore, the recommendation does not serve as an efficient tool for determining the compensation of the Management Board.

2. The members of the Company's Management Board receive a variable remuneration. Prerequisite for the payment of such variable remuneration is the achievement of at least 50% of the planned annual profit during a three-year period. In particular due to the appointments of three new members of the Management Board, the currently applicable service agreements stipulate different three-year periods for every single member of the Management Board ending in 2017, 2018 or 2019, respectively. Today, the Supervisory Board agreed to terminate the current three-year periods consensually and to start a new, uniform three-year period for all members of the Management Board comprising the years 2017 up to 2019. The members of the Management Board will not receive any remuneration out of the medium term component for the elapsed period of the now prematurely terminated three-year period. In one case where a member of the Management Board received advance payments in accordance with the stipulations of his service contract, such advance payments will be repaid. At the beginning of the financial year 2017, the planned annual profit targets for the individual years of the three-year period will be newly determined. This could represent a change of the performance targets and the comparison parameters pursuant to section 4.2.3., para. 2, sentence 8 of the Code. Thus, the Company would not comply with this recommendation due to the adjustment.

From the Supervisory Board's point of view, the new beginning of the three-year period is required to harmonize the medium-term performance targets and to achieve a uniform target determination for all members of the Management Board, as until now, very different planned annual profit targets were applicable for the various three-year periods. Further, for some members of the Management Board, the agreed planned annual profit targets, in connection with the failure of achieving the planned annual profit targets in the financial years 2015 and 2016, seemed to render the achievement of the medium-term component targets for the current three-year period impossible. This demonstrates that the variable remuneration results in the desired decrease of the remuneration in case of low company results. However, if the targets are unachievable, the medium-term component will lose its incentivising effect. As a consequence, the remuneration system would no longer provide for sufficient long-term incentives.

Since issuance of the last declaration of conformity on 10 December 2015, LEONI AG has complied with the recommendations of the Code in the version of 5 May 2015, with the exception mentioned in no. 1.

Nuremberg, 8 December 2016

LEONI AG

For the Management Board

Dieter Bellé

For the Supervisory Board

Dr. Werner Rupp