

Rules of procedure

of the Supervisory Board

of LEONI AG

Version of 10 December 2020

The Supervisory Board of **LEONI AG** adopts the following rules of procedure for itself:

§ 1 General provisions

- (1) The Supervisory Board performs its duties in accordance with applicable law, the Articles of Association and these rules of procedure. It works closely together with the Board of Directors for the good of the organization.
- (2) The members of the Supervisory Board have the same rights and obligations unless otherwise provided for by applicable law or the Articles of Association. They are not bound by orders and instructions. In the exercise of their office, they must apply the due care of a diligent and prudent supervisory board member and are under a duty of confidentiality with respect to all confidential information and secrets of the company pursuant to Article 11 of the Articles of Association.
- (3) Members of the Supervisory Board who fail to comply with their obligations are jointly and severally liable to the company for any damage caused by such failure pursuant to Section 116 of the German Stock Corporation Act (*Aktiengesetz*, "AktG") in conjunction with Section 93 AktG.

§ 2 Chairperson of the Supervisory Board and deputy chairperson

- (1) The Supervisory Board elects a chairperson and a deputy chairperson from among its members. A second deputy chairperson may also be elected.
- (2) Section 27 of the German Co-Determination Act (*Mitbestimmungsgesetz*, "MitBestG") applies to the election of the chairperson and the first deputy chairperson (deputy chairperson within the meaning of the MitBestG). The election of a second chairperson is governed by the general provisions relating to resolutions of the Supervisory Board (Article 9 of the Articles of Association).
- (3) The first deputy chairperson will only assume the rights and duties of the chairperson if the latter is not available. A second deputy chairperson will only assume the rights and duties of the chairperson if both the chairperson and the first deputy chairperson are not available. Where these rules of procedure stipulate that the first deputy chairperson is a member of any committees, this does not apply to a second deputy chairperson. Article 15 of the Articles of Association remains unaffected by this.
- (4) The chairperson of the Supervisory Board has regular contact with the Board of Directors, in particular with the chairperson of the Board of Directors, also referred to as the "Chief Executive Officer" or "CEO", and deliberates with the Board of Directors over the strategy, development of the business and the risk management of the business. The chairperson of the Supervisory Board informs the Supervisory Board about significant events that are materially important for assessing the organization's situation and development as well as for managing the business.

§ 3 Meetings and passing of resolutions

- (1) As a general rule, the meetings of the Supervisory Board are held in person at the registered office of the company or at another meeting place to be announced in the convening notice. Members may participate in a meeting also by telephone call or via video conference and in that respect are deemed present. The chairperson may also decide that a meeting of the Supervisory Board may exceptionally be conducted entirely as a conference call or video conference.
- (2) At least six Supervisory Board meetings take place every calendar year; at least one meeting should take place every calendar quarter. In any event, the Supervisory Board must hold two meetings in each half of the calendar year. Further meetings are to be convened if necessary, which may be the case in particular if significant events occur that are materially important for assessing the organization's situation and development as well as for managing the business. In at least one meeting every calendar year, the Supervisory Board deliberates over the strategy of the enterprise at length (referred to as the "strategy meeting"). In addition, in one meeting every year held without the Board of Directors, the Supervisory Board reflects on its work, its view of itself, its understanding of its role and the main foci of its future activities (referred to as the "**executive session**"). Furthermore, the Supervisory Board also convenes regularly without the Board of Directors in attendance.
- (3) Resolutions in respect of agenda items that have not been communicated in the convening notice may only be passed if no Supervisory Board member objects. In such a case, absent Supervisory Board members must be given the opportunity to object to the passing of the resolution within a reasonable period to be determined by the chairperson, or to cast their vote in writing. The resolution only becomes effective if the absent members of the Supervisory Board have not objected to the resolution within the above period.
- (4) The members of the Supervisory Board are to be sent the documents necessary for the passing of any resolutions as early as possible.
- (5) If a vote results in a tie, upon request by a Supervisory Board member or by the Board of Directors, the item for resolution is to be deliberated again. If a second vote is held on the item for resolution pursuant to Section 29 (2) MitBestG and if such vote again results in a tie, the chairperson of the Supervisory Board has the casting vote. If the chairperson of the Supervisory Board is not available to attend the meeting, the same also applies to the benefit of the individual who has been entrusted by the chairperson to submit his/her vote in writing. A deputy chairperson of the Supervisory Board does not have the casting vote even if no one submits a vote in writing for the unavailable chairperson.
- (6) The meetings of the Supervisory Board are chaired by the chairperson or his/her deputy. The chair of a meeting determines the order of the items on the agenda and the manner of voting.
- (7) A Supervisory Board member may not participate in the vote on an agenda item if the resolution deals with entering into a legal transaction with such member or deals with the opening or settling of a legal dispute between this member and the company.

- (8) Minutes are to be prepared of the Supervisory Board meetings. The chairperson designates the minute taker and determines the content of the minutes of the Supervisory Board meeting. An employee of the company who is not a member of the Supervisory Board may also be entrusted with the taking of the minutes. Each Supervisory Board member may demand that his/her vote be recorded in the minutes. The minutes are to be signed by the chair of the meeting and forwarded to all members of the Supervisory Board.
- (9) To the extent necessary, the Supervisory Board may also pass resolutions without a meeting by submitting votes orally, by telephone, in writing or in text form. The members of the Supervisory Board are not entitled to object to the manner of passing a resolution ordered by the chairperson. Resolutions that are not passed in meetings must be recorded in writing by the chairperson of the Supervisory Board. In all other respects, paragraph 8 applies accordingly to such record.
- (10) The chairperson of the Supervisory Board conducts all correspondence on behalf of the Supervisory Board. In the event that he/she is unavailable for a prolonged period of time or permanently, he/she must entrust his/her deputy with conducting the correspondence. When a chairperson of the Supervisory Board ceases to hold the office, he/she must hand over the correspondence to his/her successor in that office. Correspondence also includes personal records kept and letters sent to and by the chairperson of the Supervisory Board in his/her capacity as such.

§ 4 Duties of the Supervisory Board

The Supervisory Board has the following duties:

- (1) regularly advise and monitor the Board of Directors with regard to the management of the business;
- (2) appoint the members of the Board of Directors, reappoint members and, as applicable, extend their term of office;
- (3) appoint a member of the Board of Directors chairperson of the Board of Directors;
- (4) revoke the appointment of a member of the Board of Directors for good cause;
- (5) revoke the appointment of the chairperson of the Board of Directors for good cause;
- (6) adopt and amend the rules of procedure for the Board of Directors;
- (7) elect the chairperson of the Supervisory Board and his/her deputy/deputies;
- (8) convene the general meeting if it is required for the good of the company;
- (9) elect the members of the committees of the Supervisory Board pursuant to § 5 of these rules of procedure;

- (10) review the financial statements, the management report and the proposal on the appropriation of distributable profit as well as the consolidated financial statements and the consolidated management report; report on the results of its review to the general meeting in writing; approve the financial statements;
- (11) monitor the liquidators following the dissolution of the company;
- (12) represent the company vis-à-vis the Board of Directors, specifically when entering into service agreements with the members of the Board of Directors and when amending and rescinding such agreements;
- (13) perform other duties that applicable law or the Articles of Association assign to the Supervisory Board.

§ 5 Committees

I. General provisions

- (1) The Supervisory Board forms a mediation committee pursuant to Section 27 (3) MitBestG. In addition, the Supervisory Board forms a personnel committee, an audit committee, a strategy committee and, in line with recommendation D.5 of the German Corporate Governance Code, a nomination committee.
- (2) A Supervisory Board committee has a quorum if half of the committee members, but no less than three members, participate in the passing of a resolution either personally or by submitting written votes unless otherwise provided for by mandatory applicable law. A member is also deemed to be participating in the passing of a resolution if such member abstains from voting.
- (3) Committee members are appointed for the term corresponding to their term of office as members of the Supervisory Board.
- (4) The committee chairpersons must make regular reports on the committees' work to the Supervisory Board.

II. Mediation committee

- (1) Immediately after the election of the chairperson of the Supervisory Board and his/her first deputy, the Supervisory Board forms a committee to perform the tasks set out in Section 31 (3) sentence 1 MitBestG (mediation committee), which will consist of the chairperson of the Supervisory Board and his/her first deputy as well as one member elected by the Supervisory Board members representing the employees and one member elected by the Supervisory Board members representing the shareholders, in each case elected by the majority of votes cast.

- (2) The chairperson of the Supervisory Board is simultaneously the chairperson of the mediation committee. The mediation committee pursuant to Section 27 (3) MitBestG has a quorum if at least three of its members, including the chairperson of the Supervisory Board, participate in the meeting.

III. Personnel committee

- (1) Alongside the chairperson of the Supervisory Board as the committee chairperson, the personnel committee comprises his/her first deputy, one Supervisory Board member elected based on a nomination by the shareholder representatives on the Supervisory Board and one Supervisory Board member elected based on a nomination by the employee representatives on the Supervisory Board.
- (2) In a deliberating, preparatory, executing and – in accordance with the following provisions – deciding capacity, this committee deals with providing for the legal relationships between the company, the individual members of the Board of Directors and the members of the Supervisory Board. The committee convenes at least twice a calendar year.
- (3) The committee
- a) deliberates in particular over
 - aa) the appointment and removal of members of the Board of Directors; in this regard, the committee must observe that only individuals are to be appointed members of the Board of Directors who are not older than 65 years of age at the time of their appointment;
 - bb) the remuneration system for the Board of Directors and
 - cc) the material terms of the service agreements of the members of the Board of Directors, including the material provisions relating to their amendment, rescission, renewal and termination.

As regards this provision (3) a), for the avoidance of doubt, the decisions on the subject matters set forth herein are taken in each case by the entire Supervisory Board. The committee prepares in this regard the bases for the decisions in each case;

- b) negotiates the contractual terms pursuant to provision 3 a) aa) to cc) with the members of the Board of Directors.
- (4) Pursuant to provision 3 a) aa) to cc), the chairperson of the committee executes on behalf of the Supervisory Board the entering into of the service agreements with the individual members of the Board of Directors as well as the implementation of the contractual provisions, in particular those relating to their rescission, renewal and termination.
- (5) In lieu of the Supervisory Board, the committee decides on

- a) defining the provisions for the legal relationships between the company and the former members of its Board of Directors;
- b) approving loans to members of the company's Board of Directors and members of the company's Supervisory Board pursuant to Sections 89 and 115 AktG;
- c) approving contracts with members of the Supervisory Board pursuant to Section 114 AktG;
- d) appointing and removing employees of the group subsidiaries on level 1 of the group-wide grading system;
- e) postponing notifications pursuant to Article 17 of the Market Abuse Regulation, provided that the Supervisory Board is competent and
- f) approving sideline activities of members of LEONI AG's Board of Directors, in particular as regards serving as a member on non-group-related supervisory boards, and deciding on the crediting of remuneration resulting therefrom, if any, against the existing total remuneration of the relevant member of the Board of Directors.

IV. Audit committee

- (1) The audit committee comprises two (2) members elected by the Supervisory Board from among the shareholder representatives and two (2) members elected by the Supervisory Board from among the employee representatives. The Supervisory Board appoints one committee member as the committee chairperson. The audit committee convenes at least four times a calendar year and has in particular the following duties:
 - a) discuss and conduct the initial review of the financial statements, the consolidated financial statements, the management report, the consolidated management report, the report of the Board of Directors on the relations with affiliated companies (dependency report) and the Board of Directors' proposal on the appropriation of distributable profit;
 - b) discuss the half-year report and any quarterly financial reports with the Board of Directors;
 - c) deal with matters concerning accounting;
 - d) deal with matters concerning compliance, risk management, internal auditing and the Internal Control System, including testing the effectiveness of the respective systems and measures that are in place;
 - e) verify the required independence of the auditor, in particular by obtaining a corresponding declaration of independence;
 - f) commission the auditor within the meaning of Section 111 AktG;

- g) determine the focal areas of the audit;
- h) conclude the fee agreement with the auditor;
- i) deal with verifying compliance with certain duties set forth in Regulation (EU) No 648/2012 and Regulation (EU) No 600/2014 pursuant to Section 32 of the German Securities Trading Act (*Wertpapierhandelsgesetz*).

Where the audit committee deals with conducting the initial review of the financial statements, a representative of the auditor must participate in the committee meeting. The legal audit obligation of all other Supervisory Board members as regards the audit of the financial statements remains unaffected despite the preliminary work of the audit committee.

V. Special committee

When the business faces exceptional situations, the Supervisory Board may form another committee the term of which is limited in time and that is not established on a permanent basis (special committee). The special committee comprises three (3) members elected by the Supervisory Board from among the shareholder representatives and three (3) members elected by the Supervisory Board from among the employee representatives. The Supervisory Board appoints one committee member as the committee chairperson. As a general rule, the special committee convenes at least once a month, is in close contact with the Board of Directors and has in particular the following duties:

- a) advise the Board of Directors with regard to the ongoing work in connection with the refinancing of LEONI AG and its group and monitor the asset, financial and earnings situation, which includes monitoring the measures initiated by the Board of Directors in that respect;
- b) perform plausibility checks of the reporting by the Board of Directors on the current financial, asset and earnings situation regarding LEONI AG and the group;
- c) continuously monitor the liquidity and debt situation of LEONI AG and of the entire group.

VI. Nomination committee

- (1) In addition to the chairperson of the Supervisory Board, who also chairs the committee, the nomination committee has two (2) further members from among the shareholders representatives.
- (2) It is the committee's task to make recommendations to the Supervisory Board for the Supervisory Board's nominations regarding suitable candidates for election by the general meeting to the Supervisory Board as shareholder representatives. The suitability of a candidate is assessed essentially based on the specific targets for the Supervisory Board's composition defined by the Board and on the

competence profile for the entire Board, which also takes into account the Board's diversity concept. In this respect, the committee may examine a candidate's suitability in any manner that appears expedient, but must use in any case the current version of a questionnaire approved by the entire Supervisory Board for the purpose of such examination.

- (3) When selecting suitable candidates to represent the shareholders, the committee must also ensure that only individuals are to be nominated for election to the Supervisory Board who are not older than 70 years of age at the time of their election. In addition, nominations are to take into account the regular limit for the length of membership on the Supervisory Board of 15 years.
- (4) Furthermore, the committee must verify that each candidate can devote the expected amount of time required.

VII. Strategy committee

- (1) The strategy committee comprises three (3) members elected by the Supervisory Board from among the shareholder representatives and three (3) members elected by the Supervisory Board from among the employee representatives. The Supervisory Board elects one committee member to committee chairperson.
- (2) The committee deals in an advisory and preparatory capacity with the corporate strategy. The committee convenes at least twice each calendar year in addition to the Supervisory Board's annual strategy meeting.
- (3) The strategy committee is competent for
 - a) advising the Board of Directors on, and reviewing of, the strategic development of the business and reporting thereon to the Supervisory Board;
 - b) preparing strategy meetings pursuant to § 3 (3) sentence 4 and decisions of the Supervisory Board on matters requiring consent concerning acquisitions, divestments, capital expenditure, organisational changes and restructuring;
 - c) advising the Board of Directors on matters involving the corporate strategy and on projects of strategic relevance.

§ 6

Independence and conflicts of interest

- (1) All of the members of the Supervisory Board elected by the shareholders at the general meeting must ensure that they satisfy the criteria for independently exercising their office of Supervisory Board

member within the meaning of section C.II. of the German Corporate Governance Code and within the meaning of the recommendations C.1, C.13 and C.14 thereof.

- (2) Each Supervisory Board member must disclose any conflicts of interest, in particular any conflicts that may arise due to advice given to or a function exercised in a corporate body at customers, suppliers, lenders or other business associates, initially to the chairperson of the Supervisory Board and then to the entire Supervisory Board.

§ 7 **Efficiency audit**

The Supervisory Board audits the efficiency of its work at least once a calendar year. As the basis for conducting this audit, the Supervisory Board uses a list of questions drafted for this purpose and updated as needed. The purpose of this regular audit is to achieve and maintain as high an efficiency as possible in the work performed by the Supervisory Board and to recognise and remove any possible gaps in this efficiency.

§ 8 **Date of effectiveness**

These rules of procedure take effect as of 10 December 2020 and supersede all rules of procedure of the Supervisory Board heretofore in effect entirely.

Nuremberg, 10 December 2020
On behalf of the Supervisory Board



Dr Klaus Probst
Chairperson of the Supervisory Board