

# Management

2

» In short «

Jenoptik took

# 1st PLACE

in the SDax in the “Investors' Darling” capital market competition in 2020, and was named the best capital market communicator of all 70 SDax companies.

Points assessed in this competition of German financial market communication were financial reporting, investor relations work including digital communication, presentation on the internet, and communication relating to corporate social responsibility (CSR).



This photo was taken in 2019, before COVID-19 began.

---

**17.6%**

adjusted

**EBITDA margin**

including TRIOPTICS and before PPA impacts is impressive in 2020, the year of the coronavirus

---

In 2020, Jenoptik consistently continued its development into a leading photonics group with the acquisition of TRIOPTICS, the ongoing internationalization and a large number of cutting-edge innovations being key milestones. The subject of sustainability too has become considerably more important. The very robust financial situation will allow further investment in organic growth, innovations and suitable acquisitions in the future. Jenoptik successfully completed the 2020 reporting year despite the difficult conditions caused by the COVID-19 pandemic. With an adjusted EBITDA margin including TRIOPTICS and before PPA impacts of 17.6 percent, profitability was significantly above even the company's own targets. In this light, the two members of Jenoptik's Executive Board, Dr. Stefan Traeger and Hans-Dieter Schumacher, have given an interview in which they express their confidence that the Group is on the right track for further sustainable and profitable growth with its strategy.

16 Interview with the Executive Board

20 Report by the Supervisory Board

28 Highlights 2020

30 The Jenoptik Share

The COVID-19 pandemic had a major impact on all aspects of life around the world.

What is the conclusion for Jenoptik for the 2020 reporting year?

**Stefan Traeger:** First and foremost, I would like to thank all of our employees. Without their great commitment, the successes achieved in 2020 would not have been possible. For us, the focus is on the well-being of the entire team, our entire workforce. We implemented all the necessary hygiene and safety standards at a very early stage, and we also pushed forward digitization so that business operations could continue as best as possible. We had to secure liquidity, the operating business including the supply chains and profitability. Our comparatively good operating performance shows that we succeeded in doing this. Thanks also to a strong final quarter, we even exceeded expectations with respect to profitability in 2020. Jenoptik has performed well in this challenging environment. Although, as expected, our revenue of 767.2 million euros was down on the prior year, the quality of our earnings is really impressive, with an adjusted EBITDA margin including TRIOPTICS and before PPA impacts of 17.6 percent. The Light & Optics and Light & Safety divisions particularly contributed to this. However, we saw a different business performance in the units.

What does this mean specifically? Where did things go well and where did you see the biggest challenges?

**Stefan Traeger:** Business with public-sector customers and with the semiconductor equipment industry was good. Development in the automotive industry with the trend away from combustion engines towards electrified drives, exacerbated by the coronavirus pandemic, significantly impacted on our business. However, even here, we recorded exciting new orders thanks to our innovative power and new sales approaches. In addition, the COVID-19 pandemic had a clear impact on our biophotonics and aviation business. It is important to add that we have done our homework with regard to our cost efficiency and in terms of structural adjustments, and have been able to further expand our technology leadership with the acquisition of TRIOPTICS. At the beginning of 2021, Jenoptik stands for growth, innovation and profitability even more than it did a year ago.

What were and are the greatest drivers of growth for Jenoptik?

**Stefan Traeger:** In 2020, Light & Optics, our largest division, benefited from very good demand for semiconductor equipment. The reason for this was the continuing increase in digitization in many areas of application. It is no longer just computers and smart phones that require chips, but also increasingly other sectors such as the automotive industry. It is our view that this trend will continue and even strengthen. There are also good prospects in Light & Production with orders in the areas of automation and electric mobility due to increasing demand. Consequently, we also see future growth potential here. With respect to the conventional metrology field, we do not see demand from the automotive sector in this part of our business returning to precrisis levels in the foreseeable future. Therefore, we have started to adapt both the structures and our sales approach. This is already paying off. The Light & Safety division also benefited from very

---

“Thanks to a very healthy balance sheet and a sustainably good free cash flow, we have sufficient reserves for further investments and acquisitions, even after the purchase of TRIOPTICS.”

Hans-Dieter Schumacher

---

robust demand from the public sector in 2020. With our systems and the associated software, we are following the trend toward increased safety on the roads and in public places. VINCORION has a broad range of services. While there was a significant decline in orders from the aviation sector, we were able to achieve further growth in energy systems.

**TRIOPTICS has been the largest acquisition in recent years. What is special about this company and why is this acquisition so important for Jenoptik?**

**Stefan Traeger:** TRIOPTICS is a great example of how we are strategically developing the entire Group. We want the Jenoptik Group to focus even more strongly on photonics, to put the business on a more international footing, and to accelerate profitable growth. TRIOPTICS, an international leader in measurement and production systems for optical components and sensors in the digital world, represents dynamic growth in the photonics sector, has a strong presence in Asia and a very high profitability. Due to our complementary portfolios we can make additional offerings of measuring systems as well as production systems for sensor solutions and optical microcomponents, which will translate into significant revenue synergies of around 50 million euros in the long term. We also see great opportunities in megatrends such as artificial intelligence and augmented reality.

**Was the financing of such an acquisition not an issue in such a special year as 2020?**

**Hans-Dieter Schumacher:** The fact that we had a healthy balance sheet and financing structure at the start of the pandemic definitely paid off here. This has, of course, helped us to finance TRIOPTICS on the capital market at very favorable terms. At the end of 2021, we will acquire the remaining 25 percent as planned, yet we will still have financial reserves for further acquisitions.

**Sustainability is becoming increasingly important, how do you see Jenoptik's position in this respect?**

**Stefan Traeger:** At Jenoptik, sustainability is firmly embedded in the organization and is practiced by all of our approximately 4,500 employees. As a so-called "enabler", we make an important contribution to the conservation and efficient use of resources with our innovative products and solutions, enabling our customers to achieve greater sustainability and efficiency. Accordingly, sustainability has also gained a prominent position in our corporate strategy. And we want to get better every day. This is demonstrated by numerous actions we have taken to improve resource and energy efficiency, in the area of diversity, in our social commitment and, of course, also in corporate governance issues, and an increasing transparency within our supply chain. This is already acknowledged by various ESG ratings. We are also breaking new ground in the area of "green finance", placing a debenture bond with a "green component".

We have taken a major step forward in the area of diversity in particular: The diversity rate, which is calculated from the average percentage of managers with an international background as well as female managers, is to increase to 30 percent by 2022 and to 33 percent by 2025. We signed the Diversity Charter in August 2020 and will join the UN Global Compact by the end of 2021.

---

"At the beginning of 2021, Jenoptik stands for growth, innovation and profitability even more than it did a year ago."

Dr. Stefan Traeger

---

16 Interview with the Executive Board  
20 Report by the Supervisory Board  
28 Highlights 2020  
30 The Jenoptik Share

### Where is the road heading in 2021?

**Stefan Traeger:** We are optimistic. Based on the positive order intake development in Q4 2020, a well-filled project pipeline and the continuing promising development in the semiconductor equipment business, we expect to be able to grow in the low double-digit percentage range in revenue in the current fiscal year. In addition to organic growth in the divisions, TRIOPTICS, which is consolidated for the full year for the first time, will also contribute to the positive development. However, uncertainties arise from the COVID-19-related renewed lockdown currently in force and the risk of a third wave of the pandemic. We expect a significant increase in EBITDA, the EBITDA margin is forecast to reach between 16.0 and 17.0 percent. Due to the uncertainty caused by COVID-19, a more precise forecast is not possible at this time, but we intend to specify it as the year progresses.

### Will this mean that shareholders may hope for a higher dividend again?

**Hans-Dieter Schumacher:** We want our shareholders to participate appropriately in our success, on the one hand through the targeted increase in the enterprise value, and on the other hand through a dividend. Accordingly, the Executive and Supervisory Boards will propose a dividend of 0.25 euros per share to the next Annual General Meeting.

### Let's look a little further into the future. What are your medium to long-term goals?

**Stefan Traeger:** We will continue to pursue our strategy, and systematically develop Jenoptik into a focused, high-growth and very profitable high-tech group in the photonics sector. Innovation will remain the driving force behind our future success. Accordingly, we will continue to invest heavily in this area, and want to spend around 10 percent of revenue on research and development in 2022. Our high level of innovation enables us to identify good opportunities for further sustainable organic growth in revenue. We will also continue to examine opportunities for acquisitions to strengthen our photonics business. This and greater cost efficiency should also facilitate continuously increasing profitability. Although, in 2020 we have already exceeded on an adjusted basis our original EBITDA margin target of 16 percent for 2022 despite the COVID-19 pandemic, we still see room to grow in the medium to long term. Our incentive is to create added value for all stakeholders by means of sustainable profitable growth.

Stefan Traeger, Hans-Dieter Schumacher, thank you for the interview!

---

“We want our shareholders to participate appropriately in the success of the company.”

Hans-Dieter Schumacher

---

## Supervisory Board Report

*Honored Shareholders,*

With the COVID-19 pandemic raging throughout the world, 2020 was a challenging fiscal year for all of us. Jenoptik too reported declines in key indicators in several areas of its business. At the same time, our purchase of the TRIOPTICS Group represented the biggest acquisition in the company's recent history, one that will be a key driver in Jenoptik's ongoing strategic focus on the high-growth cutting-edge industries in the photonics sector. The TRIOPTICS acquisition allows us to complement our existing portfolio with new products and services, in the process expanding our leading market position in the field of optical measurement and testing technology. The Supervisory Board provided significant support to the Executive Board throughout the fiscal year. In its view, the Executive Board responded promptly to the COVID-19 pandemic, rapidly putting effective measures in place to counter it. This helped us to meet the challenges we faced together. We are confident that we will emerge stronger from this crisis.

In the past fiscal year, the Supervisory Board diligently performed the duties imposed on it by law, by the Articles of Association and by the Rules of Procedure, regularly provided advice to the Executive Board on the management of the company and continuously monitored its work. The Executive Board directly involved the Supervisory Board in all decisions of fundamental importance to Jenoptik and notified it regularly, in good time and in full, both verbally and in written form, of the current status of business, the course of business and the economic situation, the risk position, risk management, and issues relating to compliance, strategy, and corporate planning. The Executive Board also set out in detail to the Supervisory Board the reasons for discrepancies between the planned and actual course of business, in particular as a result of the economic impact of the coronavirus pandemic. The members of the Supervisory Board dealt comprehensively with the reports submitted by the Executive Board and reviewed them for plausibility at committee and Supervisory Board meetings. It further maintained full compliance with the professional duties set out in § 90 of the Stock Corporation Act (AktG) and the German Corporate Governance Code ("Code"). The Supervisory Board signed off on business transactions requiring approval following due deliberation and discussion.

Over the course of the 2020 fiscal year, the Supervisory Board met for five ordinary meetings and one extraordinary meeting. Even though the Code suggests that videoconferencing and conference calls should not predominate, the Supervisory Board felt compelled to hold almost all the meetings by telephone or online due to the COVID-19 pandemic. One meeting was held as both a face-to-face meeting and online. In addition, resolutions were adopted by unanimous written consent. Over the past fiscal year, the Supervisory Board saw a consistently high participation rate: all members of the Supervisory Board attended considerably more than half of the meetings convened by the board and the committees on which they sit. On average, participation in Supervisory Board meetings was 97 percent. There were also five meetings of the Audit Committee, four meetings of the Personnel Committee, and six meetings of the Investment Committee, all of which were also held exclusively by telephone or virtually using electronic communications. Attendance at Investment Committee meetings was also 97 percent, at the other committee meetings 100 percent. Detailed information on individual attendance at meetings can be found in table T01.

The members of the Executive Board attended the meetings of the Supervisory Board and the committees. The Supervisory Board, however, also met regularly without the Executive Board, for example to discuss personnel matters relating to the Executive Board or with regard to adjustments to the remuneration system for Executive Board members arising from new legal requirements.

The Executive Board and the Supervisory Board worked together in an atmosphere of mutual trust and understanding at all times. The Chairman of the Supervisory Board and the Chairmen of the committees maintained ongoing contact with the Executive Board between the meetings of the Supervisory Board and the committees. Monthly reports on the company’s position were sent to all members of the Supervisory Board between meetings.

## Particular Subjects discussed by the Supervisory Board

**At all its regular meetings**, the Supervisory Board dealt with the Executive Board’s detailed reports on the impact of the COVID-19 pandemic on the business outlook, in particular the Group’s current revenue and earnings performance and its financial and asset position. This included a comprehensive examination and discussion of the monthly and quarterly reports. Recurring issues at several meetings further included in-depth explanations and discussions on a range of acquisition and divestiture projects, in particular the acquisition of the TRIOPTICS Group in July and the Spanish company INTEROB at the beginning of the 2020 fiscal year.

The members of the Supervisory Board adopted their report for the 2020 Annual General Meeting and approved the Corporate Governance Statement and the Corporate Governance Report for the 2019 Annual Report **by written consent in February 2020**. In addition, the CVs of Supervisory Board members were compared against the competency profile adopted by the Supervisory Board, updated, and published on the Jenoptik website.

At its **meeting on March 24, 2020**, the Supervisory Board discussed the audit of JENOPTIK AG’s Annual Financial Statements, the Consolidated Financial Statements, the Consolidated Management Report, the Non-Financial Report, and the appropriation of accumulated profits at length in the presence of the auditor. Following extensive discussion, the Supervisory Board approved the Annual Financial Statements of JENOPTIK AG as well as the Consolidated Financial Statements for the 2019 fiscal year. The Annual Financial Statements were thus adopted. Due to impacts of the COVID-19 pandemic Executive Board and the Supervisory Board had to make the Forecast Report contained in the Consolidated Financial Statements’ Management Report and its proposal for the appropriation of profits subject to reservations due to the impacts of the COVID-19 pandemic. The members of the Supervisory Board resolved to approve the Executive Board’s proposal for the appropriation of profits, but also to review it at a later date based on business performance in the following weeks and then adjust it if necessary. The Executive Board informed the Supervisory Board about the company’s Coronavirus Task Force, which dealt with the novel challenges and impacts of the COVID-19 pandemic in the company on a daily basis. Another matter discussed at the meeting was the settlement of the target agreements for Executive Board members in the 2019 fiscal year and the conclusion of new target agreements for both Executive Board members for 2020. The Supervisory Board also dealt with a group project to establish efficient administrative structures and various potential

acquisition projects. The resolution on the agenda for the Annual General Meeting was postponed because, due to the pandemic, it was not yet clear at this meeting in what form and at what time the 2020 Annual General Meeting could be held.

The **meeting on June 8, 2020** focused on the company's current business outlook and financial situation following the end of the first quarter and as of April 30, 2020. Due to the impacts of the COVID-19 pandemic on business performance, the Executive Board and Supervisory Board together reviewed the proposal for the appropriation of accumulated profits for 2019 and decided to propose a dividend payment of 0.13 euros per dividend-bearing share to the 2020 Annual General Meeting. The Supervisory Board then approved the Executive Board's proposal to hold the 2020 Annual General Meeting virtually, without the physical presence of shareholders, and approved the agenda for the Annual General Meeting. The Supervisory Board dealt with a project on the future strategic trajectory of a business unit in the Group and set a new target for the proportion of women on the Executive Board to be achieved by June 30, 2023. It approved in principle the use of a bridge financing to finance a potential acquisition. Revised Rules of Procedure for the Supervisory Board were adopted and subsequently made available to the public on the company's website. Expressing their solidarity in the coronavirus crisis, the members of the Supervisory Board agreed to waive 10 percent of their fixed annual remuneration in the 2020 fiscal year. Employee representatives and the Jenoptik Executive Board have since resolved to use the money saved to help pay the healthcare costs of Jenoptik employees in the US who have been severely affected financially by the pandemic. The Chairman of the Executive Board, Dr. Traeger, also agreed to waive his fixed salary increase of 25,000 euros for 2020, which was due to take effect on July 1, 2020.

At an **extraordinary meeting on July 1, 2020**, we approved the scheduled acquisition of TRIOPTICS by JENOPTIK Optical Systems GmbH in two stages, as well as the bridge financing required for this transaction.

At its **meeting on September 16, 2020**, the Executive Board reported on the current business outlook and financial situation following the end of the second quarter and as of July 31, 2020, in particular its actions to manage the enduring impacts of the coronavirus pandemic on business performance. The meeting also dealt with a restructuring project in the Group. The Supervisory Board

## T01 Participation of the individual Supervisory Board members in meetings

	Astrid Biesterfeldt	Evert Dudok	Michael Ebenau (until 15.10.2020)	Elke Eckstein	Thomas Klippstein	Dörthe Knips
6 Supervisory Board Meetings	●●●●●●	●●●●●● ○	●●●●	●●●●●●	●●●●●●	●●●●●●
5 meetings of the Audit Committee	●●●●●	–	–	–	●●●●●	–
4 meetings of the Personnel Committee	–	–	●●	–	●●●●	–
6 meetings of the Investment Committee	–	–	●●●●●	●●●●●●	–	●●●●●●

● Participation ○ No participation



examined the planning assumptions for the 2021 fiscal year, a range of acquisition and divestiture projects, and the Group’s Risk and Opportunity Report as of June 30, 2020. Due to the departure of our Deputy Chairman of the Supervisory Board, Mr. Michael Ebenau, effective October 15, 2020, we elected Mr. Stefan Schaumburg as the new Deputy Chairman of the Supervisory Board with effect from October 16, 2020. Other items on the agenda included information on potential structural alterations at the Jena site and the resolution on an investment in a new electron-beam lithography facility at the Dresden site. The Supervisory Board also agreed to appoint an independent external expert to evaluate processes and collaboration within the Supervisory Board and its committees.

During the **two-day strategy meeting in November**, the Supervisory Board was joined by the Executive Board and other members of the Executive Management Committee to discuss a range of group initiatives, potential portfolio transformations, and the strategic positions of the separate divisions from the perspective of the market, the competition, and customers.

At its last **meeting** of the year **on December 15, 2020**, the Supervisory Board again dealt in detail with the impacts of the COVID-19 pandemic on the business performance of JENOPTIK AG and the Group following the end of the third quarter and as of October 31, 2020. We were provided with information on the medium-term planning and approved the corporate planning for the 2021 fiscal year. On successful completion of the TRIOPTICS Group acquisition on September 24, 2020, the Executive Board set out to us the current status of post-merger integration. The Executive Board presented the Group’s future financing strategy, following which the Supervisory Board agreed to start negotiations with banks regarding a range of financing instruments. After reviewing a corporate governance checklist, we also, together with the Executive Board, approved the declaration of conformity in accordance with § 161(1) of the Stock Corporation Act (AktG) for the 2020 fiscal year. We looked at potential adjustments to the existing Executive Board remuneration system in view of the new regulatory requirements of the Act Implementing the Second Shareholder Rights Directive (ARUG II) and the German Corporate Governance Code. The revised remuneration system is due to be agreed at the beginning of the new fiscal year and then submitted to the 2021 Annual General Meeting for approval. Further matters dealt with at the meeting included a sustainability management update and the independent expert’s report on the results of their efficiency review.

Dieter Kröhn	Doreen Nowotne	Heinrich Reimitz	Stefan Schaumburg	Frank-Dirk Steininger (since 16.10.2020)	Prof. Dr. Andreas Tünnermann	Matthias Wierlacher	Total attendance in percent
●●●●●●	●●●●●●	●●●●●●	●●●●●● ○	●●	●●●●●●	●●●●●●	97%
-	●●●●●●	●●●●●●	-	-	-	-	100%
-	-	●●●●●●	●●●●●●	●	●●●●●●	●●●●●●	100%
●●●●●●	●●●●●● ○	-	-	-	-	●●●●●●	97%

## Work in the Committees

The Supervisory Board has established five committees to help perform its tasks with greater efficiency. To the extent permissible by law, these committees make one-off decisions in place of the Supervisory Board and prepare topics that are then addressed by the Supervisory Board. The chairmen on the committees provided in-depth information on the content and outcomes of each committee meeting at the following meetings of the Supervisory Board. Information on the individual members of each committee can be found in the Group Notes appended to the Annual Report, from page 228 on, or in the Corporate Governance Statement, on page 36.

The **Audit Committee** headed by Mr. Heinrich Reimitz convened four meetings and one conference call in the period covered by the report. Both members of the Executive Board, the Head of Group Controlling, and the Head of Group Accounting and Taxes were present at all meetings; the heads of relevant departments attended as required for individual topics. In addition to the Monthly, Quarterly, and Half-Year Financial Statements, and the Annual and Consolidated Financial Statements, the Audit Committee paid particular attention to the effectiveness and ongoing development of the risk management, internal control, and compliance management systems. The Audit Committee also dealt regularly with current analyst assessments and the performance of the Jenoptik share.

During a **conference call** in February 2020 prior to publication of the preliminary figures, the Audit Committee together with the Executive Board discussed the key indicators in the 2019 fiscal year as well as the progress made in preparing the Annual and Consolidated Financial Statements.

The **balance sheet meeting in early March** focused on the audit of the Consolidated Management Report, JENOPTIK AG's Annual Financial Statements, the Consolidated Financial Statements, and the Executive Board's proposal for the appropriation of profits. Two auditor representatives attended this meeting. The Non-Financial Report and the results of the review were also discussed with a representative from auditing firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("PWC") in the form of a limited assurance engagement. The Audit Committee was provided with updates on sustainability reporting in the Group, on current analyst and investor assessments, and with detailed information on the Group Risk and Opportunity Report as of December 31, 2019. Another issue at the meeting was the recommendation by the Audit Committee to the Supervisory Board that Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart ("EY"), again be proposed to the Annual General Meeting as the auditor for the 2020 fiscal year. EY confirmed that there are no circumstances that might compromise its independence as auditor.

At its **meeting in May**, the Audit Committee dealt in detail with the Quarterly Statement for the first quarter of 2020, in particular the impacts of the corona pandemic on business performance. The committee looked at audits completed by Internal Audit, at sustainability management, and share price performance, and assessed the quality of the audit carried out by EY for the past fiscal year.

In addition to the Half-year Financial Statements and the simulation as of December 31, 2020, the committee's **discussions in August** focused on determining the audit priorities and reviewing EY's fee agreement. The committee also addressed the issue of monitoring the independence of the auditor. To this end, it reviewed the services provided in the past year in addition to the audit and updated its approved catalog of permissible non-audit services. The Audit Committee then appointed EY as auditor for the 2020 fiscal year. The committee was also notified of issues in sustainability management and current analyst assessments.

At its last **meeting** of the year in **November**, the Audit Committee examined the Financial Statements for the third quarter and the current simulation as of December 31, 2020. The Head of Internal Audit reported on audit procedures and his main findings, scheduled optimization of the internal control system, and audit planning for the following year. The Head of Investor Relations provided updates on sustainability management and the performance of the Jenoptik share.

The **Personnel Committee** headed by the Chairman of the Supervisory Board, Mr. Matthias Wierlacher, convened four times in the past fiscal year. Its meetings focused on the settlement of the Executive Board’s target agreements for 2019 and the agreement of new targets for the 2020 fiscal year. The committee also dealt with long-term succession planning for the Executive Board and the review and revision of the Executive Board remuneration system with regard to the new requirements of ARUG II and the German Corporate Governance Code.

The **Investment Committee** is also headed by the Chairman of the Supervisory Board, Mr. Matthias Wierlacher. It met six times in the past fiscal year to deal with various acquisition and divestiture projects, in particular the acquisition of the TRIOPTICS Group, which was successfully completed in September 2020.

The **Nomination Committee** and the **Mediation Committee** did not meet in the past fiscal year. These two committees are also headed by Mr. Wierlacher.

## Corporate Governance

Over the past fiscal year, the Supervisory Board engaged with corporate governance issues, and in December, following examination of a corporate governance checklist and in conjunction with the Executive Board, adopted the declaration of conformity according to § 161(1) of the Stock Corporation Act (AktG). The current declaration of conformity, together with declarations of prior years, are permanently available to shareholders on the company’s website. The latest declaration of conformity can also be found in the Corporate Governance Statement, on page 36.

Following the most recent external efficiency review in 2017 and internal self-evaluations in both 2018 and 2019, the Supervisory Board appointed an independent external expert in September 2020 to evaluate its work and processes with regard to its composition, culture and leadership, and general aspects of good corporate governance. At its December meeting, the external consultant presented his findings to the full Supervisory Board. The review gave a positive picture – also in benchmarking – of the work of the Supervisory Board and its committee.

Within the Supervisory Board, there were no conflicts of interest subject to reporting requirements in the past fiscal year. Individual members of the Supervisory Board of JENOPTIK AG exercise an executive role at companies with which Jenoptik has a business relationship. Jenoptik does not consider any of these business transactions to be of significance, especially as they are conducted under the same conditions as would have been maintained with third-party companies. Furthermore, neither the Executive Board nor the Supervisory Board effected any transactions that would have required approval or are subject to disclosure under the new provisions of ARUG II (“related party transactions”). More information on business transactions by the Executive Board or Supervisory Board with related parties can be found in chapter 8.5 of the Notes on page 224.

Members of the Supervisory Board are independently responsible for undergoing the training and professional development measures necessary for their tasks. They are given targeted support by the company in the form of invitations to selected events. All members are regularly notified of new regulatory requirements. New members are also supported by the company during their inductions. In the course of a virtual meeting, the Chairman of the Executive Board personally presented the Jenoptik business model to our new Supervisory Board member, Mr. Frank-Dirk Steininger.

Detailed information on corporate governance at Jenoptik can be found in the Corporate Governance Statement beginning on page 36 of the Annual Report.

## Annual Financial Statements and Consolidated Financial Statements

In accordance with the resolution of the Annual General Meeting on August 7, 2020, EY was appointed to audit the Annual Financial Statements of JENOPTIK AG and the Consolidated Financial Statements. EY has acted as the JENOPTIK AG and Group auditor since the 2016 fiscal year. For the second time, the lead audit partner is Mr. Steffen Maurer. EY audited the Annual Financial Statements prepared by the Executive Board according to the provisions of the German Commercial Code (HGB), the Consolidated Financial Statements prepared according to § 315e HGB and on the basis of International Financial Reporting Standards (IFRS) as applicable in the EU, and the Consolidated Management Report, and issued its unqualified approval. Within the scope of its duties, EY also checked whether the Executive Board had adopted suitable measures to ensure that developments that may endanger the continued existence of the company are identified in good time. The EY audit was conducted according to § 317 HGB, giving consideration to the generally accepted German audit principles defined by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer [IDW]).

On completion, the auditor's reports, the Annual Financial Statements, the Consolidated Financial Statements, the Executive Board's proposal for the appropriation of profits, the Consolidated Management Report, and the Non-Financial Report were dispatched to all members without delay and, together with the documents submitted by the Executive Board, discussed in great detail by the Audit Committee and the Supervisory Board at their March meetings. Both also dealt extensively with the key audit matters. Whereas the Non-Financial Report had been audited by PWC in prior years, the Supervisory Board and the Audit Committee conducted the audit of the Non-Financial Report for the 2020 fiscal year themselves. PWC remained available in an advisory capacity, and Internal Audit provided significant support in the audit of the Non-Financial Report.

Representatives from EY reported personally on the scope, main focus, and key findings of their audit at the meetings, and were also available to respond to any further queries. EY also provided information on services rendered in addition to the financial statement audit services. Detailed information can be found in the Notes in chapter 10.3. According to the auditor, there were no circumstances that gave rise to a concern of partiality. No major weaknesses in the risk early warning system or the accounting-related internal control system were reported. The Chairman of the Audit Committee also reported in detail on the audits of the Annual Financial Statements and the Consolidated Financial Statements prepared by the Audit Committee.

Following the final outcomes of the preliminary audit by the Audit Committee and its own review and discussion, the Supervisory Board raised no objections to the outcomes of the audit at its meeting on March 24, 2021 and approved the Annual Financial Statements and Consolidated Financial Statements prepared by the Executive Board. The Annual Financial Statements for 2020 are thus adopted according to § 172(1) of the Stock Corporation Act (AktG). The Supervisory Board discussed in detail the Executive Board's resolution on the appropriation of profits, which provides for a dividend payment of 0.25 euros per dividend-bearing share, and approved it following an internal review.

## Changes on the Supervisory Board and Executive Board

Our Deputy Chairman of the Supervisory Board, Mr. Michael Ebenau, left his position to enter retirement with effect from October 15, 2020. We thank him for his valuable assistance and years of service on the Supervisory Board of JENOPTIK AG. Mr. Stefan Schaumburg, who has been a member of the Supervisory Board since 2012, was appointed the new Deputy Chairman of the Supervisory Board. As successor to Mr. Ebenau, Mr. Frank-Dirk Steininger, Regional Secretary of IG Metall Mitte, was appointed to the Supervisory Board by court order with effect from October 16, 2020, for a limited period until the expiry of Mr. Ebenau's remaining term of office, i.e., until the end of the Annual General Meeting in 2022. Mr. Steininger was also elected a member of the Personnel Committee, Mr. Schaumburg a member of the Investment Committee. Over the past fiscal year, there were no personnel changes on the Executive Board.

On behalf of the Supervisory Board, I would like to express my particular thanks to all employees, employee representatives, and the members of the Executive Board for their extraordinary commitment and great personal dedication in the past year, which has been a very challenging time in the light of the COVID-19 pandemic. I would also like to thank our shareholders, who have continued to place their trust in us throughout this time.

Jena, March 2021

On behalf of the Supervisory Board



Matthias Wierlacher  
Chairman

## Jenoptik Highlights 2020

### Acquisition of INTEROB

The acquisition of the Spanish INTEROB Group boosts Jenoptik's position as a turnkey provider of automated production solutions and gives the company an opportunity to tap into further potential for regional and technological growth in the automotive industry.

### Investment in Japan

Jenoptik acquires all remaining shares in JENOPTIK Japan Co. Ltd., providing a further boost to its business and sales structures for diode laser, laser machines, optics, and instrumentation.

### Better traffic safety in North America

In March the photonics Group announces new orders for traffic safety technology worth over 21 million US dollars. Speed measuring instruments and a new VECTOR camera platform featuring artificial intelligence will help to increase safety on roads and in communities in North America.

### Diverse coronavirus prevention measures

In the light of the global coronavirus pandemic, Jenoptik is adopting a range of measures within the company to provide maximum protection for its employees in addition to safeguarding its business and financial liquidity. An internal Coronavirus Task Force is responsible for communicating and coordinating the measures.

### Long-term order for infrared optics

Jenoptik is contracted by Rheinmetall to supply custom infrared optics of high quality and precision over the period from 2020 to 2025. The order value is in the high seven figures.

### Laser technology for car manufacturing in China

Chinese automotive supplier Xinquan Automotive orders a further laser machine for airbag perforation, thus investing in an efficient form of material processing for automotive interiors.

### Demand for infrared cameras

Jenoptik and InfraTec extend their longstanding successful partnership in the field of non-contact temperature measurement. Jenoptik is supplying the Dresden-based company with handheld and stationary high-end infrared cameras and lenses worth several million euros.





### Patriot order for VINCORION

Through its mechatronics business VINCORION, Jenoptik will supply spare parts for the Patriot air and missile defense system's power supply into 2021. The order is worth around 10 million euros.

### Acquisition of TRIOPTICS

In early July, Jenoptik reports its biggest acquisition in recent years: TRIOPTICS supplies measuring and testing equipment for optical components and sensors. The Wedel-based company's portfolio of mobility, connectivity, virtual reality, and digital imaging strengthens Jenoptik's position as an expert for photonics.

### Donation for better home schooling

Together with the "Jenaer Bündnis für Familie" (Jena Family Alliance), Jenoptik launches an appeal for donations for schools in the city. The money, including 10,000 euros from Jenoptik, will be used to buy tablets and laptops to help support socially disadvantaged families with children currently being schooled at home.

### One of the best communicators

Jenoptik is again one of the best communicators on the German capital market. This was confirmed by its first place in the SDax in the renowned "Investors' Darling" capital market competition.

### Major order for automotive production

Jenoptik receives a major automotive order from Gestamp. It comprises three automated production cells, including laser machines, for cutting and welding car body components produced at a Gestamp plant for electric vehicles in Germany.

### Investment in lithography equipment

The Group is investing in a state-of-the-art electron-beam lithography tool at its Dresden site. It is used to manufacture ultra-precise micro-optics, which represent the functional core of sensors required in the semiconductor equipment industry.

### Gesture of solidarity

In a gesture of solidarity in the COVID-19 crisis, the members of the JENOPTIK AG Supervisory Board waive part of their fixed remuneration in 2020. Employee representatives and the Jenoptik Executive Board together resolve to use the 60,000 US dollars saved to help support Jenoptik employees in the US who have been severely affected financially by the pandemic.

# The Jenoptik Share

## Stock Markets

The 2020 stock market year was dominated by the coronavirus pandemic and its impact, and saw strong fluctuations in the markets. In mid-February, the spread of the virus and lockdowns in many countries caused stock markets to plunge. Hopes that economic activity would soon return to normal, together with aid programs initiated by governments and central banks to mitigate the effects of the crisis on the economy – which flooded the markets with money –, and the anticipation of effective coming vaccines all resulted in a relatively quick recovery of the stock markets. Brexit and the elections in the US also influenced the capital markets in 2020, albeit to a lesser extent than the pandemic.



The latest information on the Jenoptik share and the development of the Jenoptik Group can be found at [www.jenoptik.com/investors](http://www.jenoptik.com/investors) or on Twitter

At the end of the year, Germany's benchmark index, the Dax, rose to 13,718.78 points, an increase of 2.5 percent. The TecDax, Germany's technology index climbed to 3,212.77 points by the end of December, up 4.8 percent for the year. On the last day of trading in 2020, the SDax was up 16.8 percent, at 14,764.89 points.

## Jenoptik Share Trends

Over the period covered by the report, the Jenoptik share was unable to escape the drop in the overall market. Starting the first day of trading in 2020 with a closing price of 26.18 euros, the share increased to its high for the year of 27.44 euros on February 12, before slumping dramatically, like the overall German capital market, in mid-February, and reached its lowest value of 13.82 euros on March 19. Following announcement of a first outlook for 2020, the share slowly recovered from May on. In the second half-year of 2020, the share price showed a volatile trend. It benefited, for example, from the acquisition

of TRIOPTICS in early July, but fell when the revenue forecast was adjusted in October. The share ended trading on December 30 at 25.12 euros, a fall of 4.0 percent. Jenoptik's total shareholder return, i.e., share price performance accounting for dividends paid in the fiscal year, came to minus 3.1 percent in 2020 (prior year: 7.9 percent). At 57,238,115 shares issued, market capitalization amounted to 1,437.82 million euros at the end of the year (prior year: 1,458.42 million euros).

The mood on the international capital markets was mixed in January and February 2021. The leading German index, the Dax, showed a very stable sideways movement, while the TecDax and SDax rose slightly. Supported by an announcement on higher profitability, the Jenoptik share price rose noticeably in the first two months, and ended trading at 26.56 euros on February 26. This equated to a market capitalization of 1,520.24 million euros. G01 G02

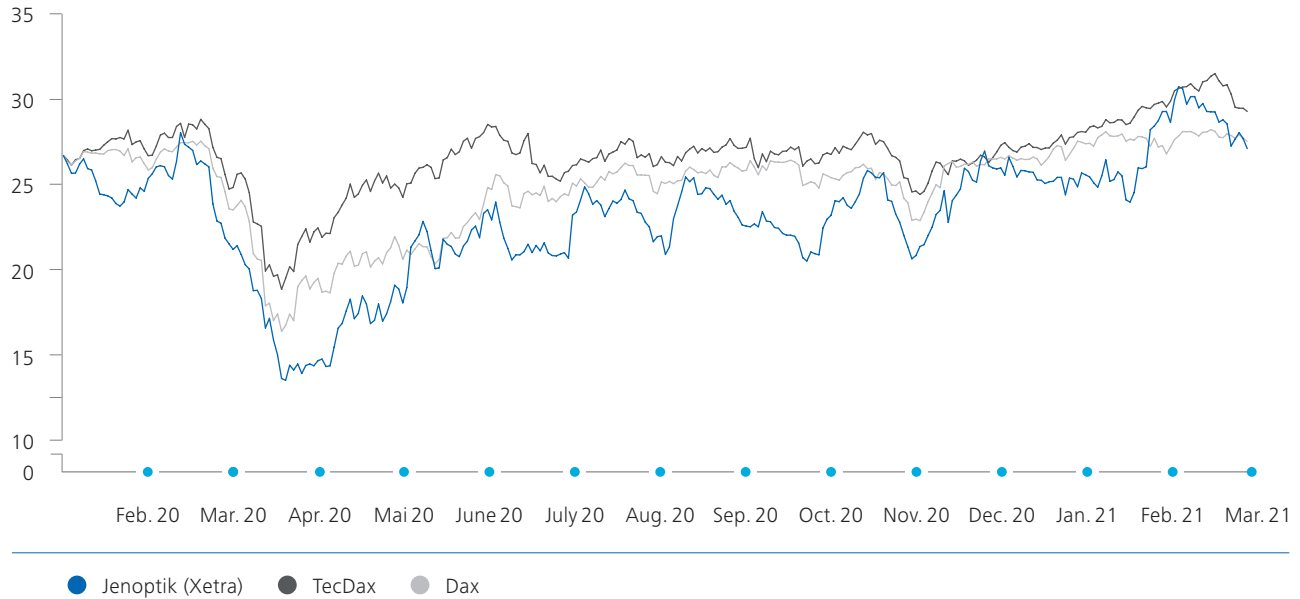
Compared to the prior year, investor trading saw a considerable upturn. In 2020, the average number of Jenoptik shares traded per day on the Xetra, in floor trading, and on Tradegate was 190,855 (prior year: 152,355). Trading volumes thus rose significantly, by 25.3 percent.

In the TecDax ranking compiled by Deutsche Börse, the Jenoptik share was 29th in terms of stock turnover (prior year: 28th). In terms of free float market capitalization, the company held 23rd place (prior year: 23rd).

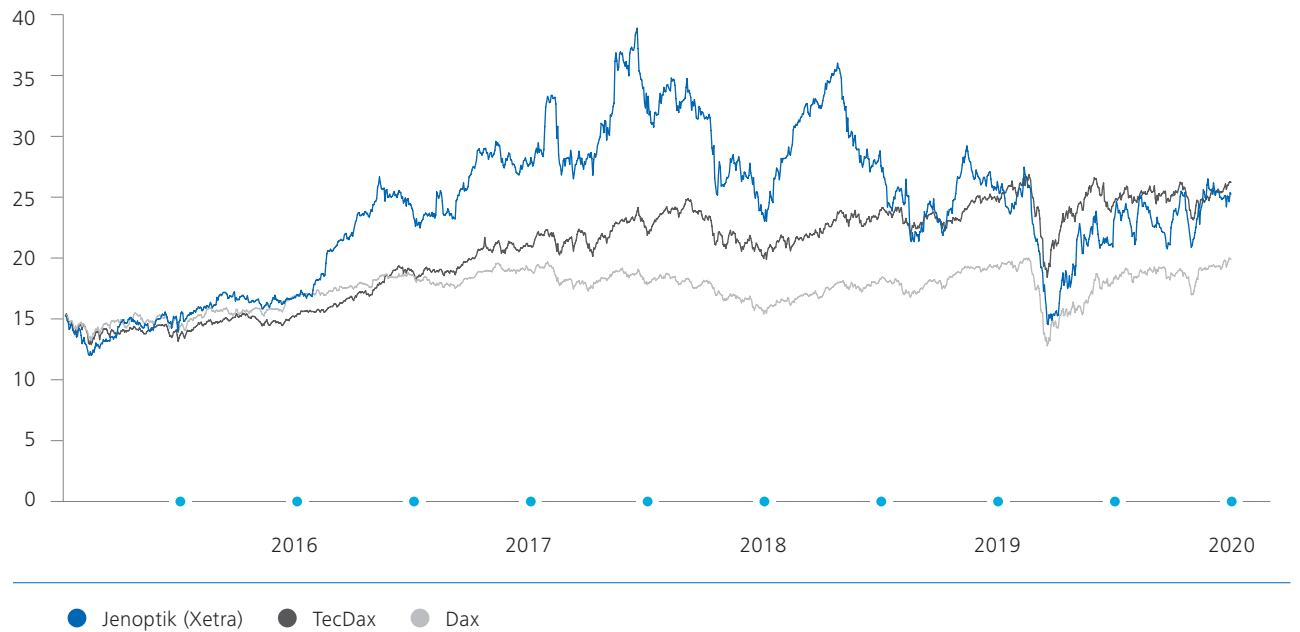
Of the 70 stocks on the SDax, JENOPTIK AG occupied 11th place in market capitalization (prior year: 7th) and 25th in trading volumes (prior year: 23th) at the end of the year.



## G01 Share performance January 2, 2020 through February 26, 2021 (indexed in euros)




## G02 Share performance 2016 to 2020 (indexed in euros)



## Shareholder Structure

At the end of the fiscal year, the company's free float was unchanged at 89 percent.



Throughout 2020, we received several voting right notifications from institutional investors to buy or sell larger long stock positions; these were published by the company. 

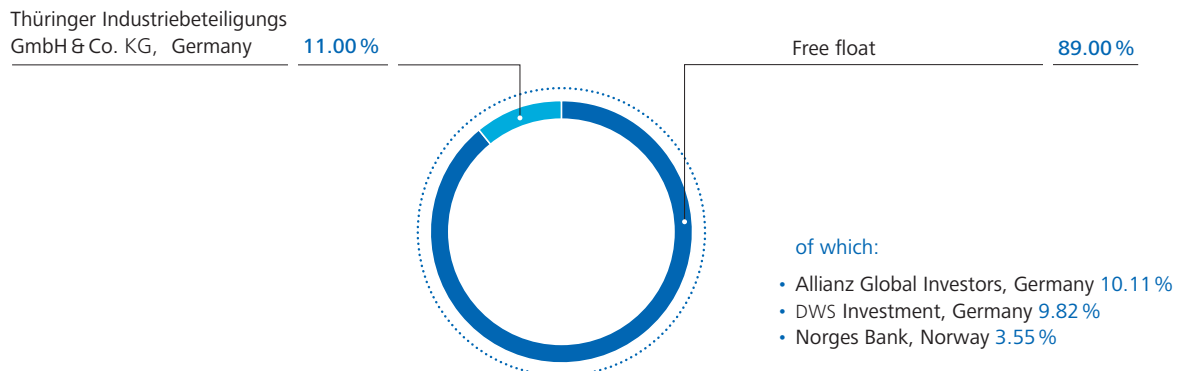
For more information on this, see the Notes in the Equity chapter and the Investors/Share/Voting rights announcements section on [www.jenoptik.com](http://www.jenoptik.com)

## Dividend

The Jenoptik management aims to pursue to a policy of dividend reliability and continuity in which shareholders receive a dividend in line with the company's success. At the same time, sufficient cash and cash equivalents to finance Jenoptik's operating business, strategic investment to assist its transformation into a streamlined technology company for optics and photonics, and the use of acquisition opportunities to secure the lasting growth of the company are also in the interests of the shareholders. The Executive and Supervisory Boards of JENOPTIK AG therefore review their dividend proposal with considerable prudence every year. In the light of the coronavirus crises and the associated economic impacts, Jenoptik paid its shareholders a 2019 dividend of 0.13 euros per share (prior year: 0.35 euros) in the past fiscal year.

For fiscal year 2020, the Executive Board and Supervisory Board of JENOPTIK AG will propose to the 2021 Annual General Meeting a dividend of 0.25 euros per share (prior year 0.13 euros). With this recommendation, the boards are continuing their consistent dividend policy. Despite the effects of the COVID-19 pandemic, the acquisition of two companies and investments at a high level, the shareholders of JENOPTIK AG are to participate appropriately in the company's success. With earnings per share of 0.73 euros (prior year 1.18 euros), the payout ratio amounts to 34.2 percent, subject to the approval of the Annual General Meeting, (prior year 11.0 percent) and thus significantly exceeds the value of previous years.

## G03 Shareholder structure (as of February 26, 2021)\*



\* based on received voting right notifications

## Capital Market Communications

We are committed to making sure our communication with shareholders, analysts, and institutional investors is open, transparent, and reliable. This includes reporting comprehensive and up-to-date information on the development of our business, while also seeking an active exchange with others. We believe it is important to achieve a high level of transparency and boost trust in Jenoptik by engaging in ongoing dialog.

At the end of the year 2020, a total of 45,173 shareholders (prior year: 42,526) were entered in the share register, of which 478 were institutional investors (prior year: 477) and 44,695 private investors (prior year: 42,049). Institutional investors held 78.99 percent of the company's share capital, virtually unchanged on the prior year (prior year: 79.80 percent), private investors 21.01 percent (prior year: 20.20 percent).

### T02 Jenoptik share key figures

	2020	2019	2018	2017	2016
Closing price (Xetra end-year) in euros	25.12	25.48	22.78	27.55	16.43
Highest/lowest price (Xetra) in euros	27.44/13.82	36.45/21.00	39.48/22.78	29.68/16.11	16.65/11.14
Absolute performance in euros/relative in percent	-1.06/-4.05	1.74/7.33	-5.02/-18.1	10.78/64.28	1.84/12.6
Issued no-par value shares (31/12) in millions	57.24	57.24	57.24	57.24	57.24
Market capitalization (Xetra end-year) in million euros	1,437.8	1,458.4	1,303.9	1,576.9	940.1
Average daily trading volume (in shares) <sup>1</sup>	190,855	152,355	167,748	152,928	107,183
P/E ratio (based on highest price/based on lowest price)	37.6/18.9	30.9/17.8	25.8/14.9	23.4/12.7	16.7/11.1
Operating cash flow per share in euros	1.79	2.12	2.61	1.84	1.91
Group earnings per share in euros	0.73	1.18	1.53	1.27	1.00

<sup>1</sup> Source: Deutsche Börse; includes trading on the Xetra, in Frankfurt, Munich, Berlin, Düsseldorf, Hamburg, Hannover, Stuttgart and on Tradegate

### T03 Dividend key figures

	2020	2019	2018	2017	2016
Dividend per share in euros	0.25	0.13	0.35	0.30	0.25
Payout amount in million euros	14.3	7.4	20.0	17.2	14.3
Dividend yield <sup>1</sup> in %	1.0	0.5	1.5	1.1	1.5
Payout ratio <sup>2</sup> in %	34.2	11.0	22.9	23.7	24.9
Total shareholder return in %	-3.1	7.9	-17.0	65.8	14.1

<sup>1</sup> based on year-end closing price

<sup>2</sup> based on earnings attributable to shareholders

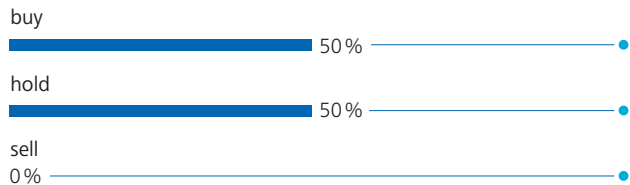
In the annual “Investors’ Darling” competition run jointly by HHL Leipzig Graduate School of Management and the business journal “manager magazin”, Jenoptik took first place in the SDax index for the second time and was thus named the best capital market communicator of all 70 SDax companies. Points assessed were financial reporting, investor relations work and presentation, including digital communication, and communications relating to corporate social responsibility (CSR). A high level of transparency in relation to the business model, the competitive environment, the capital market, and the excellent forecast presentation were the key factors cited by the jury contributing to its top ranking. Added to this was a detailed equity story and extensive information on M+A impacts. In terms of digital communication, the investor relations website of Jenoptik boasts a high level of functionality and very good content coverage.

The 22nd Annual General Meeting of JENOPTIK AG was for the first time held in purely virtual form on August 7, 2020 due to the coronavirus pandemic. At around 65 percent, the proportion of capital represented was virtually unchanged. By a large majority, the shareholders formally approved the actions of the Executive Board and Supervisory Board, elected the auditor, and agreed to payment of the proposed dividend.

The company attended numerous investor conferences and roadshows, almost all of which were held virtually, in the 2020 fiscal year. During conference calls on the publication of the annual and quarterly financial statements and in numerous individual conversations, the Executive Board and the investor relations team explained the development of business, key figures and strategy to institutional investors, analysts and journalists.

Over the course of 2020, 12 (prior year: 11) analysts published recommendations on the Jenoptik share: Baader Helvea, Bankhaus Lampe, Bankhaus Metzler, Deutsche Bank, DZ Bank, Hauck & Aufhäuser, HSBC, Independent Research, Kepler Cheuvreux, LBBW, Warburg Research, and, since the beginning of 2020, Commerzbank. On December 31, 2020, the average target price of the Jenoptik share as assessed by analysts was 26.88 euros (prior year: 28.95 euros). G04

## G04 Analyst recommendations (as of December 31, 2020)



# Corporate Governance

» In short «

The current declaration of conformity  
in accordance with

## § 161


Stock Corporation Act was issued jointly by  
the Executive Board and the Supervisory Board  
in December 2020.

Information and Notes relating to Takeover Law,  
the Corporate Governance Statement, and the Remuneration Report  
are part of the Combined Management Report.

## Corporate Governance Statement

The Corporate Governance Statement is in accordance with §§ 289 f, 315 d of the German Commercial Code (HGB). It is an unaudited part of the Combined Management Report. In the Corporate Governance Statement, the Executive Board and Supervisory Board also report on the company's corporate governance. The JENOPTIK AG Executive Board and Supervisory Board affirm their commitment to responsible corporate governance and control, geared towards lasting value creation. They see good corporate governance as the foundation for sustained corporate success and, at the same time, an important contribution to strengthening the trust in Jenoptik on the part of shareholders, business partners, employees, and the general public.

### Corporate Governance

In the reporting year, the Executive Board and Supervisory Board again dealt in detail with corporate governance issues, in particular the new version of the German Corporate Governance Code ("Code"), which came into force in March 2020. The Executive and Supervisory Boards issued the current Declaration of Conformity in adherence with § 161 of the German Stock Corporation Act (AktG) in December 2020. It is permanently available to shareholders on the company's website. If, in the future, changes arise at Jenoptik which have an impact on compliance, the Declaration of Conformity will be updated during the year. 

### Declaration of Conformity by the Executive Board and Supervisory Board of JENOPTIK AG in the 2020 Fiscal Year

According to § 161, Para. 1, Sent. 1 of the German Stock Corporation Act (AktG), the Executive and Supervisory Boards of a listed company are required to issue a declaration once a year that the recommendations of the "Government Commission on the German Corporate Governance Code" as published by the Federal Ministry of Justice in the official section of the Federal Gazette [Bundesanzeiger] have been and are complied with, or to indicate which recommendations have not been or are not applied and why not.

The Executive and Supervisory Boards of JENOPTIK AG support the recommendations of the "Government Commission on the German Corporate Governance Code," and state that pursuant to § 161, Para. 1, Sent. 1 of the German Stock Corporation Act (AktG):

- I. Since the last Declaration of Conformity as of December 2019, the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated February 7, 2017 ("Code 2017") have been complied with with the following exception:

*In accordance with Point 5.4.1 Para. 2 Sent. 2 of the Code 2017 the Supervisory Board shall specify a regular limit to the Supervisory Board members' term of office when naming concrete objectives regarding its composition.*

This recommendation has not been complied with. The Supervisory Board has decided not to specify a regular limit regarding the Supervisory Board members' term of office. It is not consistently compatible with the procedure for elections of employee representatives to the Supervisory Board as stipulated in the German Co-Determination Act. The recommendation is no longer included in the current version of the Code dated December 16, 2019.

- II. JENOPTIK AG has complied with the recommendations of the Code in the version dated December 16, 2019, published in the Federal Gazette on March 20, 2020 ("Code 2019") and will comply with them with the following exception which is declared purely as a precautionary measure:

*In accordance with recommendation C.4 of the Code a Supervisory Board member who is not a member of any Executive Board of a listed company shall not accept more than five Supervisory Board mandates at non-group listed companies or comparable functions, with an appointment as Chair of the Supervisory Board being counted twice.*

Our Supervisory Board member, Ms. Doreen Nowotne, is also Chairwoman of the Supervisory Board of Franz Haniel & Cie. GmbH as well as of Brenntag AG and Supervisory Board



The Corporate Governance Statement as well as the current Declaration of Conformity, and those of previous years, are permanently accessible on our website at [www.jenoptik.com](http://www.jenoptik.com) under the category Investors/Corporate Governance

## 36 Corporate Governance Statement

47 Information and Notes relating to Takeover Law

51 Remuneration Report

member of Lufthansa Technik AG. If the mandate at Jenoptik, which from Jenoptik's point of view is an internal mandate, is counted in the addition of the mandates according to C.4 Ms. Nowotne has in total six mandates. Therefore, a deviation has been declared purely as a precautionary measure. The Supervisory Board has made sure that Ms. Nowotne has sufficient time available to discharge her duties.

According to the reasons stated in the Code 2019, the recommendations on Executive Board compensation need not to be taken into account in current Executive Board contracts until their next renewal or amendment, therefore, JENOPTIK AG does not deviate from the Code 2019 in this respect. In connection with the resolution on the remuneration system to be submitted to the 2021 Annual General Meeting for approval pursuant to §§ 87a, 120a of the German Stock Corporation Act (Aktien-gesetz) for the first time, the Supervisory Board will decide whether the recommendations of Chapter G of the Code 2019 should be fully complied with for Executive Board contracts to be concluded or amended in the future.

In the interest of transparent communication, we would like to inform that in the current compensation system for the Executive Board, approved by the Annual General Meeting 2018, no maximum compensation in the sense of recommendation G1 of the Code 2019 has been determined as there were no such requirements included in the Code 2017. In addition, although a peer group comparison was made with regard to market conformity of the Executive Board remuneration, the peer group was not disclosed as recommended in recommendation G3 of the Code 2019 – also due to the lack of corresponding requirements in the Code 2017.

December 15, 2020 | JENOPTIK AG

For the Executive Board

For the Supervisory Board


*Stefan Traeger* *Matthias Wierlacher*


Dr. Stefan Traeger  
President & CEO

Matthias Wierlacher  
Chairman of the  
Supervisory Board

## Information on Corporate Governance Practices

### Code of Conduct, Opportunity and Risk Management, Compliance

We see success in business and responsibility for our actions as being two inseparable goals. For us, essential factors for responsible conduct with all stakeholders include respect, fairness, and openness. Jenoptik also considers compliance with statutory provisions and internal rules and regulations to be part of responsible corporate management. In order to guarantee the high level of integrity as well as ethical and legal standards within the Jenoptik Group, the most important principles of conduct have been compiled in a Code of Conduct which is equally binding on all employees of the Jenoptik Group. It sets out minimum standards and serves as a reference framework to establish maximum integrity as well as ethical and legal standards at Jenoptik. In the event of questions regarding the Code of Conduct or suspected illegal or unlawful matters, all Jenoptik employees may speak in confidence to the respective executive or the contact persons named in the Code of Conduct. All employees may also use the reporting system (whistleblowing system) on the Jenoptik intranet, by telephone or via email to report significant violations that must be handled confidentially. 

For Jenoptik, good corporate governance also involves continuously and responsibly evaluating opportunities and risks which may result from entrepreneurial activity. The goal of our risk and opportunity management is to support the implementation of the group strategy and to define actions which create an optimum balance between growth and return targets on the one side and the associated risks on the other. 




The Code of Conduct can be found at [www.jenoptik.com](http://www.jenoptik.com), under the category Investors/Corporate Governance/Code of Conduct



Detailed information on risk and opportunity management can be found in the Risk and Opportunity Report from page 133

Observing nationally and internationally recognized compliance requirements is an integral part of our risk prevention and the processes of the Jenoptik Compliance Management System (CMS). The CMS is based on the Jenoptik values, the Code of Conduct, and various group guidelines and process descriptions from Jenoptik, compliance with which is a fundamental requirement for maintaining the trust of our business partners, shareholders, and the public in the performance and integrity of Jenoptik. The CMS is continuously developed and adapted to changing conditions. On the Executive Board, Dr. Stefan Traeger is responsible for the central Compliance & Risk Management department. Global compliance activities are coordinated by the Center of excellence in Germany and supported by local colleagues in the North America and Asia/Pacific regions.

The Jenoptik Group has a globally uniform framework with the group guidelines for key business processes. With this system of processes and controls any possible deficits in the company can be identified at an early stage and appropriate actions taken to minimize or eliminate them. Central departments, divisions, and regions can reinforce this set of rules with more detailed regulations in accordance with their respective requirements. The guidelines are regularly reviewed, and extended or updated as necessary.

In order to familiarize employees with these topics and to improve employee awareness, regular online training courses and classroom events on subjects relevant to compliance, such as anti-corruption, anti-trust law as well as data protection, are regularly held at both the German and foreign business units. The aim of this is to create company-wide uniform understanding of our compliance standards. In addition to the main training courses offered as part of onboarding training for new employees, everyone is also required to participate in mandatory e-learning refresher courses. The aim is to provide them with the content of important compliance topics on a continuous basis, but at least once a year, and to then verify this with a test. In addition, employees can contact the central Compliance & Risk Management department with any questions relating to compliance or risk issues at Jenoptik as well as use a help desk on the intranet or an app on their smartphones. 

**Holding company:** As the holding company and corporate center of the Group, JENOPTIK AG performs top-level functions: Jenoptik's operating business is divided into divisions and business units which are supported by the Corporate Center. The strategic decisions of the Executive Board are prepared by the central Corporate Development department. The Executive Board is also supported by the Executive Management Committee (EMC), which as of December 31, 2020 alongside the members of the Executive Board also included the head of Personnel, the head of Corporate Development, the heads of the North America and Asia/Pacific regions as well as the heads of the divisions. At comprehensive monthly meetings, this committee provides the Executive Board with information on all relevant events for the company and the economic situation of the divisions. The Jenoptik Management Days conference takes place once a year. It is attended by numerous group managers from within Germany and around the world along with the Executive Board and the other EMC members.

### Sustainability

Jenoptik's understanding of sustainability is based on the conviction that the economic goals of the company and thus lasting profitable growth can only be achieved by behaving responsibly towards the environment and society. Together with our customers, we create forward-looking trends in the fields of energy efficiency, healthcare, the environment, mobility, and safety. The separate Non-financial Report from page 60 of the Annual Report contains detailed information on Jenoptik sustainability management in the areas of employee and environmental matters, human rights, anti-corruption and the supply chain, quality as well as social commitment of the Group.



Further information on compliance and supplier management can also be found in the chapter "Non-financial Report"



## Composition and Mode of Operations of the Executive Board, Supervisory Board and its Committees

JENOPTIK AG is a stock corporation under German law with a dual management and monitoring system. The Executive Board runs the company on its own responsibility and in the interests of the company and with the goal of sustainably increasing the value of the company. It takes into account the concerns of all stakeholders, in particular shareholders and the Group's employees. The Supervisory Board advises and monitors the Executive Board in its management of the company and is involved in decisions of fundamental importance to the company. The Executive Board consults with the Supervisory Board about the strategic orientation of the company and discusses the status of strategy implementation with it at regular intervals. The Executive and Supervisory Boards work closely together for the good of the company.


### Executive Board

The members of the JENOPTIK AG Executive Board are appointed by the Supervisory Board. In accordance with the Articles of Association, the Executive Board shall comprise at least two persons. The Board currently has two members. They share common responsibility for the overall management of the Group, work cooperatively and confidently together, and decide on primary matters of group corporate policy, its management, corporate strategy as well as annual and longer-term planning. The Executive Board ensures compliance with statutory provisions and internal corporate guidelines and is responsible for establishing a control and risk management system tailored to the Company's risk situation. The specific allocation of responsibilities and departmental tasks (including the responsibility for sustainability topics (environment, social, governance)) is regulated in a schedule of responsibilities. Detailed information on the allocation of responsibilities can be found in the section "Further Information on Corporate Governance" on page 45 of the 2020 Annual Report.

The members of the Executive Board continually update one another on important activities and events within their assigned areas. Executive Board meetings take place at least once a month. The Executive Board's rules of procedure regulate which actions are of major importance for the Jenoptik Group and thus require the approval of the entire Executive Board or the Supervisory Board. In addition, the rules of procedure also set out in greater detail the internal working procedures of the Executive Board and the methods of reporting to and coordinating with the Supervisory Board.

The Executive Board continually informs the Supervisory Board in a timely and comprehensive manner, and in both written and spoken communication, on all matters relevant to the current development of the Group's net assets, financial position and results of operations, corporate planning including financial, capital expenditure and human resource planning, the profitability of the company, essential strategic issues, the risk situation, risk management and compliance. The Chairman of the Executive Board coordinates the cooperation of the Executive Board with the Supervisory Board. The Supervisory Board is required to give its approval on decisions or actions which may involve considerable changes to the company's assets, finances or earnings. Members of the Executive Board are required to disclose conflicts of interest to the Supervisory Board without delay and to inform the other members of the Executive Board of this.

### Supervisory Board

With equal representation in accordance with the German Codetermination Act, the Supervisory Board of JENOPTIK AG consists of twelve members, six of whom are elected by the shareholders at the Annual General Meeting and six of whom are nominated by employees in accordance with the Codetermination Act. The Supervisory Board is composed in such a way that, as a whole, it is endowed with the knowledge, abilities, and professional experience necessary to carry out its tasks in an orderly manner. Each member shall ensure that they have sufficient time available to perform their duties. In accordance with the requirement of § 96 (2) (1) of the German Stock Corporation Act, four of its twelve members, two of the shareholder representatives and two employee representatives, are female. The shareholder representatives were individually elected at the 2017 Annual General Meeting to serve until the conclusion of the 2022 Annual General Meeting. The diversity policy pursued with respect to the composition of the Supervisory Board is described in the "Diversity Policy" section of this declaration. 

The Chairman of the Supervisory Board is elected by its members and coordinates the work of the Supervisory Board, presides over its meetings and represents the body externally. The Chairman maintains regular contact with the Executive Board, which provides the Supervisory Board Chairman with immediate information on important events which are of crucial importance to the position and development of the company. In the event of a tied vote by the Supervisory Board, a second round of voting is conducted in which the Chairman casts two votes, insofar as this is permitted by law. The Chairman of the Supervisory Board also chairs the Personnel, Mediation, Investment and Nomination Committees, but not the Audit Committee.



Further details on the composition of the Supervisory Board and its committees can be found in § 11 of the Articles of Association of JENOPTIK AG, in the Report of the Supervisory Board from page 20 and in the Group Notes appended to the 2020 Annual Report from page 228.

The Supervisory Board meets at least four times a year, but as a rule meets five times a year because of the Supervisory Board's strategy meeting which takes place in the fall. Extraordinary meetings are called for major events that cannot be delayed or a resolution is adopted by written consent. Taking into account the results of the audit and the recommendations of the Audit Committee, the Supervisory Board examines and approves the Financial Statements and Consolidated Financial Statements, the Non-financial Report, the Combined Management Report for JENOPTIK AG and the Group and adopts the Annual Financial Statements. Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, was appointed to audit the Annual and Consolidated Financial Statements for the 2020 fiscal year. The Supervisory Board also resolves on the Executive Board's proposal for the appropriation of accumulated profits. 



Further information on this can be found in the "Accounting and Auditing" section on page 46 and in the Supervisory Board Report (pages 20 ff) of the 2020 Annual Report.


The Supervisory Board carries out a review of the efficiency of its activities at regular intervals. The Supervisory Board has decided to have the efficiency externally evaluated every three years. In the intervening period, efficiency will be discussed and reviewed internally on an annual basis. Following the most recent external efficiency review in 2017 and internal self-evaluations in both 2018 and 2019, the Supervisory Board again commissioned an independent external expert in September 2020 to evaluate its work and processes with regard to its composition, culture and leadership as well as overarching aspects of good corporate governance. The external consultant subsequently presented the anonymized results of his findings to the full Supervisory Board. The review presented a positive picture – also in benchmarking – of the work of the Supervisory



The Rules of Procedure (only German) of the Supervisory Board can be found at [www.jenoptik.de](http://www.jenoptik.de) under the heading "About Jenoptik"

Board and its committee. As a result of the audit, the Supervisory Board has resolved to evaluate and, if necessary, adjust the tasks and functioning of the Investment Committee.

Supervisory Board members are to disclose any conflicts of interest to the Supervisory Board without delay. No conflicts of interest arose for Supervisory Board members in the 2020 fiscal year.

The Supervisory Board has adopted rules of procedure which govern important aspects of its internal cooperation and collaboration with the Executive Board. The rules also mandate the creation of committees as a means of improving efficiency when it comes to Supervisory Board work on complex topics. 

The Supervisory Board currently has five committees that, with the exception of the Nomination Committee, which is composed only of shareholder representatives, are made up of equal numbers of shareholder and employee representatives. The candidates' professional and personal expertise is taken into account in the formation of committees.

The committees prepare decisions for the Supervisory Board and may, in individual cases, make decisions in place of the Supervisory Board insofar as this is permitted by law. The respective committee chairmen report to the Board on the content discussed and the resolutions and recommendations approved no later than at the next Supervisory Board meeting.

## T04 Committee memberships of the Supervisory Board members

	<b>Astrid Biesterfeldt</b> (since 2014)	<b>Evert Dudok</b> (since 2015)	<b>Michael Ebenau</b> (since 2007 until 15/10/2020)	<b>Elke Eckstein</b> (since 2017)	<b>Thomas Klippstein</b> (since 1996)	<b>Dörthe Knips</b> (since 2017)
<b>Member of</b>	• Audit Committee		• Personnel Committee (until 15/10/2020) • Investment Committee (until 15/10/2020) • Mediation Committee (until 15/10/2020)	• Investment Committee	• Personnel Committee • Audit Committee	• Investment Committee

The **Audit Committee** meets at least four times each year. Its discussions involve, in particular, the monitoring of accounting, the accounting process and auditing, with particular reference to the independence of the auditor, the non-audit services provided by the auditor and the determination of the focus of the audit. It also grants the audit assignment. On the basis of the auditor's reports, and following its own review, the Audit Committee submits proposals for the adoption of the Annual Financial Statements of JENOPTIK AG and for the approval of the Consolidated Financial Statements by the Supervisory Board. The Audit Committee's responsibilities also include monitoring ESG issues, therefore it also prepares the Supervisory Board's decision on the Combined Non-financial Report. The Audit Committee's responsibilities also include monitoring ESG issues, therefore it also reviews the effectiveness and further development of the compliance and risk management systems as well as the internal control and internal auditing system. In accordance with the regulations of the German Stock Corporation Act and the German Corporate Governance Code, the Audit Committee must have at least one independent member who possesses expertise in accounting or auditing. Both the Chairman of the Audit Committee, Heinrich Reimitz, and his deputy Doreen Nowotne, possess expert knowledge and experience of accounting principles and internal control procedures, are independent (more information can be found in the diversity policy for the Supervisory Board) and not former members of the Executive Board of JENOPTIK AG.

The **Personnel Committee** convenes at least once a year. It deals with the long-term succession planning for the members of the Executive Board and prepares their appointment by the Supervisory Board. The Personnel Committee regularly reviews the remuneration system for the Executive Board members, which is then approved by the Supervisory Board and submitted to the Annual General Meeting for approval whenever significant changes are made. It also prepares the conclusion and settlement of the annual targets for the variable remuneration for the Executive Board members. If necessary, the Personnel Committee is supported by external, independent consultants.

The **Nomination Committee** proposes to the Supervisory Board suitable candidates for election to the Supervisory Board at the Annual General Meeting and meets only when required.

The **Investment Committee** supports the Supervisory Board in investment and divestment decisions requiring approval in accordance in the Executive Board's rules of procedure, in particular in the preparation and operational implementation of resolutions on the acquisition or sale of equity interests in companies or parts of companies.

The **Mediation Committee**, which deals with matters relating to § 31 (3) (1) of the Codetermination Act, only meets when necessary.

Further details on the activities of the Supervisory Board and its committees in the 2020 fiscal year (as well as the individual attendance at meetings) can be found in the Supervisory Board Report on page 20.

Dieter Kröhn (since 2010)	Doreen Nowotne (since 2015)	Heinrich Reimitz (since 2008)	Stefan Schaumburg (since 2012)	Frank-Dirk Steininger (since 16/10/2020)	Prof. Dr. Andreas Tünnermann (since 2007)	Matthias Wierlacher (since 2012)
<ul style="list-style-type: none"> <li>• Investment Committee</li> <li>• Mediation Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Committee (Vice Chairman)</li> <li>• Investment Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Committee (Chairman)</li> <li>• Personnel Committee</li> <li>• Nomination Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Personnel Committee</li> <li>• Investment Committee (since 12/11/2020)</li> <li>• Mediation Committee (since 16/10/2020)</li> </ul>	<ul style="list-style-type: none"> <li>• Personnel Committee (since 12/11/2020)</li> </ul>	<ul style="list-style-type: none"> <li>• Personnel Committee</li> <li>• Mediation Committee</li> <li>• Nomination Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Personnel Committee (Chairman)</li> <li>• Investment Committee (Chairman)</li> <li>• Nomination Committee (Chairman)</li> <li>• Mediation Committee (Chairman)</li> </ul>

## Remuneration of the Executive Board and Supervisory Board

The remuneration for the members of the Executive and Supervisory Boards is described in the Remuneration Report from page 51, which is part of the Combined Management report. The Remuneration Report can be found on our website at [www.jenoptik.com](http://www.jenoptik.com) in the category Investors/Corporate Governance. The last vote on the remuneration system for members of the Executive Board was made by the 2018 Annual General Meeting. In 2021, the remuneration system for the Executive Board and Supervisory Board members will be submitted to the Annual General Meeting for a vote again and for the first time in accordance with the new requirements of sections § 87a, § 120a, and 113 (3) of the German Stock Corporation Act.

## Specifications for Promoting the Participation of Women in Management Positions/Targets for the Proportion of Women

In accordance with § 111 (5) and § 96 (2) of the German Stock Corporation Act, the Supervisory Board at Jenoptik must be comprised of at least 30 percent women and 30 percent men. A total of four women are represented on the Supervisory Board – Doreen Nowotne and Elke Eckstein on the shareholder side and Astrid Biesterfeldt and Dörthe Knips on the employee side. This equates to 33 percent.

According to § 76 (4) of the German Stock Corporation Act, Jenoptik is also required to determine targets for the proportion of women on the Executive Board as well as at both management levels below the Executive Board and to report on whether the targets have been achieved during the reference period. As the Jenoptik Executive Board consists of only two persons, the Supervisory Board resolved at its meeting on June 8, 2020 to again set a quota of zero percent until June 30, 2023 and to decide on the quota again as soon as the Executive Board is

composed of more than two persons. Due to the extension of the appointment of Dr. Stefan Traeger until June 30, 2025, and the appointment of Hans-Dieter Schumacher until March 31, 2023, no short-term change in the composition of the Executive Board is to be expected. Therefore the quota – as specified – is currently zero percent. In the case of Jenoptik's two-member board, the determination of a higher quota would also have the mandatory consequence that, in the event of a vacancy, a woman would always have to be appointed. The Supervisory Board would, however, like to be able to make appointments giving due consideration to the professional expertise and personal integrity of who is, in its opinion, the most suitable candidate, irrespective of their gender. This would no longer be possible if the Supervisory Board were to set a target of more than zero percent for a two-person Executive Board.

For the first management level below the Executive Board, the JENOPTIK AG Executive Board has decided on a target of 16.7 percent with a deadline of June 30, 2022. The Executive Board has expressly reserved, in due course, to decide once again whether this quota can be raised. As of December 31, 2020, the proportion of women in the first management level below the Executive Board was 23.1 percent. As of January 1, 2021, the proportion increased to 25 percent, which is why the target is currently significantly exceeded. A target for the second management level has not been set because JENOPTIK AG as a Corporate Center has flat management structures and therefore has no continuous second management level. At the end of 2020, women made up 52.0 percent of all employees in the Corporate Center. The diversity rate, which is calculated from the average proportion of executives with an international background and female executives, is to increase to 30 percent by 2022 and 33 percent by 2025. To further accelerate this change in corporate culture, Jenoptik launched numerous new measures within the Group in 2020. For example, there are internal and external recruitment campaigns, women's networks, and regular (online) events for the exchange of ideas. In the fall of 2020, a "Jenoptik Diversity Council" was also established as an internal contact for questions relating to diversity within the company.

## Description, Goals, and Implementation of Diversity Policy with Results Achieved

### 1. Diversity Policy for the Executive Board

The diversity policy for the Executive Board should facilitate an orderly selection process for the appointment of new Executive Board members. The aim is to fill the Executive Board in such a way that it has the knowledge, skills, and professional experience which, when taking into account the statutory framework, are necessary for the proper performance of the Executive Board's duties, and essential for the activities of the Jenoptik Group.

For this purpose, the Supervisory Board has developed a requirements and skills profile with the support of the Personnel Committee and an external, independent personnel consultant. This is an integral element of the diversity policy and defines various criteria which must be fulfilled, such as age, education, professional background, current position as well as the personality requirements of the candidate. When developing this requirements profile, the specifications of the Supervisory Board's rules of procedure with regard to the appointment of Executive Board members were also observed. For example, a maximum age limit for the appointment of Executive Board members is 65 years at the time of the appointment.

The diversity policy is implemented as part of the procedure for appointing a member of the Executive Board. With the appointment of Dr. Traeger by the Supervisory Board on May 1, 2017, the approved requirements and skills profile is fully completed by the current members of the Executive Board. There were no changes to the existing diversity policy in the 2020 fiscal year. Information on the CVs of the members of the Executive Board can be found on our website at [www.jenoptik.com/about-jenoptik/management](http://www.jenoptik.com/about-jenoptik/management).

The Personnel Committee of the Supervisory Board also deals with the long-term succession planning for the Executive Board, partially in conjunction with the Executive Board. When doing so, the Personnel Committee and Supervisory Board are supported by independent external experts as required. The basis of the Personnel Committee's work is the requirements and skills profile which has been developed and is continuously being refined. It ensures that the abilities, knowledge and experience of the members of the Executive Board are balanced.

### 2. Diversity Policy for the Supervisory Board


The diversity policy for the Supervisory Board should ensure an orderly selection process for the appointment of new Supervisory Board members for JENOPTIK AG. The aim here is also to fill the Supervisory Board in such a way that, as a whole, it has the knowledge, skills and professional experience necessary to properly undertake its tasks. This ensures qualified control by the Supervisory Board, in accordance with the German Stock Corporation Act, the German Corporate Governance Code, the Articles of Association and the Rules of Procedure of the Supervisory Board of JENOPTIK AG.

The diversity policy is implemented in the election of shareholder representatives. In its search for candidates, the Nomination Committee of the Supervisory Board takes into account the objectives for the composition of the Supervisory Board, which follow the Diversity Statement, the requirements of the German Stock Corporation Act (AktG) and the German Corporate Governance Code. In doing so, it also takes into account the existing skills and abilities of the elected employee representatives. The Nomination Committee then submits suitable candidate proposals for the Supervisory Board for the election of shareholder representatives to the Supervisory Board to the Annual General Meeting. The Supervisory Board ensures that the respective candidates have the necessary time to perform their duties.

With the support of an external consultant, the Supervisory Board also developed a requirements profile detailing the abilities and skills necessary for the full Supervisory Board, which has been continually developed and used by the Nomination Committee and Supervisory Board when seeking new candidates. According to this, competencies in the three categories listed in the table 05 are essentially considered necessary.

Most recently, the Supervisory Board has taken into account its aims for composition as well as the skills and requirements profile it has developed when considering the appointment of shareholder representatives at the 2017 Annual General Meeting. The periods of office for the shareholder representatives elected by the 2017 Annual General Meeting taking into account these requirements will end at the conclusion of the 2022 Annual General Meeting. There were no changes to the diversity policy in the 2020 fiscal year. However, the requirements and skills profile is to be revised again with the help of an independent expert in preparation for the next election at the end of 2021.

The Deputy Chairman of the Supervisory Board, Michael Ebenau, has resigned his seat with effect from October 15, 2020, as he has retired. Frank-Dirk Steininger, District Secretary of IG Metall Mitte, was appointed by the court to the Supervisory Board as Mr. Ebenau's successor with effect from October 16, 2020. This appointment is for a limited period until the end of Mr. Ebenau's remaining term of office, i.e. until the end of the Annual General Meeting in 2022. As a lawyer and honorary judge at the Federal Labor Court, Mr. Steininger will be able to support the Supervisory Board in the future, particularly with his expertise in labor law and collective bargaining.

It is the opinion of the Supervisory Board that, with the current composition, the above-mentioned abilities, experience and skills fulfilled for the most part. Details can be found in the CVs of the individual Supervisory Board members. 

In accordance with its [Diversity Statement](#), the Supervisory Board includes at least four members with extensive international experience.

Furthermore, the Supervisory Board should include at least four women. With two women on the shareholder side and two women on the employee side, the quota of at least 30 percent required by the German Stock Corporation Act is exceeded with a current figure of 33.3 percent.

With regard to the length of service, the Supervisory Board has decided not to establish a regular limit applicable to all members because there is no compelling link between the length of service and the independence of the member concerned. It is the view of the Supervisory Board that an across-the-board regular limit does not take into account individual factors that may jus-

tify a longer length of service for individual Supervisory Board members with continued independence. The Supervisory Board can benefit significantly from individual members with a long length of service, in particular from their experience and in-depth knowledge of the company, which promotes the quality of the work of the entire board.

No member of the Supervisory Board has either an advisory or an executive role with customers, suppliers, creditors or other business partners of JENOPTIK AG, which will lead to a significant and not merely temporary conflict of interest.

In accordance with the specifications of the rules of procedure, all members are under 70 years of age not only at the time of their respective election but also at the end of 2020. Two members are between 61 and 69 years of age, eight members between 50 and 60 years of age and two members between 40 and 50 years of age, which is why different age groups are adequately represented on the Supervisory Board.

It is the view of the Supervisory Board that all shareholder representatives are independent. These are Matthias Wierlacher, Elke Eckstein, Doreen Nowotne, Evert Dudok, Heinrich Reimitz and Professor Andreas Tünnermann (PhD). In the opinion of the Supervisory Board, both Mr. Reimitz and Prof. Tünnermann, who have been members of the Supervisory Board for 12 and 13 years respectively, continue to be independent, despite the recommendation of point C.7 of the Code, as is Mr. Dudok despite Jenoptik's business relationships with companies of the Airbus Group.



The CVs of the Supervisory Board members can be found at [www.jenoptik.com/about-jenoptik/management](http://www.jenoptik.com/about-jenoptik/management)

## T05 Requirements and skills profile in the Supervisory Board

General skills	Functional skills	Strategic and company-related skills
<ul style="list-style-type: none"> <li>• Independence</li> <li>• Availability, number of positions held</li> <li>• Corporate governance experience</li> <li>• (Supervisory Board or CEO) experience in listed companies</li> <li>• CFO experience in comparable companies</li> </ul>	<ul style="list-style-type: none"> <li>• Financial and business skills</li> <li>• Personnel skills</li> <li>• Sales and marketing skills</li> </ul>	In the following areas: <ul style="list-style-type: none"> <li>• Digitization</li> <li>• Technology</li> <li>• Strategy and growth/M&amp;A</li> <li>• Markets and internationality</li> <li>• Entrepreneurship/management</li> <li>• Capital markets</li> </ul>

## 36 Corporate Governance Statement

47 Information and Notes relating to Takeover Law

51 Remuneration Report

Mr. Reimitz is the financial expert on the Audit Committee and has special knowledge and experience of the application of accounting principles and internal control processes. As a result of his many years of service, he is particularly familiar with the processes of preparing and reviewing Jenoptik's financial information and monitoring the independence of the auditor. The quality of the work of the Audit Committee and the Supervisory Board as a whole is particularly enhanced by this expertise. This in no way detrimental to his independence from the company.

Professor Tünnermann is the technology expert on the Supervisory Board and complements the expertise of the entire board, particularly in the key areas of expertise for Jenoptik of optical technologies, digitization, strategy and growth planning. As head of the Fraunhofer Institute for Applied Optics and Precision Mechanics, Jena, founder and member of the optics cluster Optonet e.V. and stakeholder in the European platform Photonics 21, Professor Tünnermann possesses outstanding experience and knowledge in the field of photonics. The Supervisory Board is therefore of the opinion that Professor Tünnermann's many years of knowledge of the Jenoptik Group and its products and technologies significantly contributes to the work of the entire Board in these areas, nevertheless this does not call into question his independence from the company.

The Supervisory Board is also of the opinion that Mr. Dudok's activity as Executive Vice President of Connected Intelligence at Airbus Defense & Space is not detrimental to his independence. It is true that Jenoptik's VINORION division maintains business relationships with the Airbus Group. However, none of these transactions between Jenoptik and Airbus relate to the Defense & Space division for which Mr. Dudok is responsible. Revenue with the Airbus Group amounted to 15.1 million euros in the 2020 fiscal year, amounting to less than 2 percent of Jenoptik Group revenue. All transactions with Airbus are therefore not material for the Jenoptik Group. Should a transaction with Airbus require the approval of the Supervisory Board, Mr. Dudok would abstain from voting.

Further information on the Executive Board and Supervisory Board, in particular on their working methods, including work in the committees, participation in meetings, and other mandates held by members, can be found in the Supervisory Board Report from page 20 and in the Notes from page 227.

## Further Information on Corporate Governance


### Annual General Meeting

JENOPTIK AG shareholders exercise their rights at the Annual General Meeting which takes place at least once a year. Each share is accorded one vote – there are no special voting rights. Since September 2018, the shares of JENOPTIK AG have been registered shares. The holders of the shares must be entered in the share register of JENOPTIK AG and disclose the information required by law and the Articles of Association. Only shareholders recorded in the share register are entitled to vote at the Annual General Meeting. They may either participate directly in the Annual General Meeting, or exercise their voting rights via a company-nominated proxy who is bound by the shareholder's instructions, via postal voting, or by authorizing a person of their choice. The shareholders are adequately supported by the company in this process. The reports as well as other documents and information required by law for the Annual General Meeting are available for inspection on our website [www.jenoptik.com](http://www.jenoptik.com) in the category Investors/Annual General Meeting. Following the Annual General Meeting, the attendance figures, voting results and the speech by a representative of the Executive Board will also be published on the Internet.

As a result of the coronavirus pandemic and the associated restrictions on meetings, the Executive Board, with the approval of the Supervisory Board, decided to hold the Annual General Meeting in the 2020 fiscal year as a virtual AGM, i.e. without the physical presence of shareholders or their proxies. Consequently, the shareholders were given the opportunity to vote electronically and to follow the Annual General Meeting remotely by picture and sound via the Internet-based shareholder portal.

### Transparent information

As part of our investor relations work, we report comprehensively on the position and development of the company. In doing so, we follow the principle of providing the participants in the capital market as well as the general public with equal, continual, and current information in order to guarantee as much transparency as possible. We also use the Internet intensively for this purpose and information is made available at [www.jenoptik.com](http://www.jenoptik.com) in the Investors category. Together with the Executive Board, the investor relations team maintains a regular and intensive exchange with participants in the capital market at roadshows, capital market conferences, and other events.

We use the financial reports and releases to provide extensive information about the Group's earnings, assets, and finances four times a year. In addition, important events and current developments are reported in press releases and, where necessary, ad-hoc announcements. These documents, presentations, the financial calendar, the Articles of Association and further information are also available in German and English on the Jenoptik website at [www.jenoptik.com](http://www.jenoptik.com). 




For further information on investor relations activities, please refer to the section "The Jenoptik share"

In accordance with the statutory requirements of the Regulation on Market Abuse, insider information is published immediately and simultaneously worldwide in German and English, insofar as JENOPTIK AG is not, in individual cases, exempt from this publication.

Jenoptik immediately publishes major changes to its shareholder structure when it is informed that reportable voting rights targets have been achieved, missed or exceeded. All publications are available on the JENOPTIK AG website at [www.jenoptik.com](http://www.jenoptik.com) under the category Investors/Share/Voting rights announcements. Further information can also be found in the Notes in the section on Equity.

## Directors' Dealings

In the 2020 fiscal year, none of the members of the Executive Board or the Supervisory Board or persons closely related to them disclosed any reportable securities transactions pursuant to Article 19 of the EU Market Abuse Regulation. 



Directors' Dealings reports from prior years can be found at [www.jenoptik.com](http://www.jenoptik.com) under the category Investors/Corporate Governance/Directors' Dealings

## Accounting and Auditing

Jenoptik prepares the Consolidated Financial Statements as well as Consolidated Interim Financial Statements in accordance with the International Financial Reporting Standards (IFRS) and the additional requirements of commercial law according to § 315e (1) of the German Commercial Code (HGB), as they are to be used in the European Union. JENOPTIK AG's Financial Statements, which are decisive for the dividend payment, are compiled in accordance with the requirements of the German Commercial Code (HGB) and the German Stock Corporation Act. The Consolidated Financial Statements and the Annual Financial Statements, including the Combined Management Report, are examined by the auditor. On August 7, 2020, the Annual General Meeting selected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart ("EY") as the auditor for the 2020 fiscal year on the recommendation of the Supervisory Board. EY was initially appointed in the 2016 fiscal year following an external tender. The position of responsible auditor for the auditing of the Consolidated Financial Statements and the Financial Statements as well as the Combined Management Report was taken on for the second time by Steffen Maurer. Michael Blesch has signed the audit opinion since the 2016 fiscal year and Steffen Mauer since the 2019 fiscal year.

The Supervisory Board has agreed with the auditor that it shall inform the Supervisory Board Chairman of any grounds for bias or disqualification, as well as of all important events and findings that emerge during the audit. This includes inaccuracies that are ascertained during the audit in the Declaration of Conformity submitted by the Executive Board and Supervisory Board in accordance with § 161 of the German Stock Corporation Act (AktG).

Before submitting the proposal for the election of the firm to the Annual General Meeting, the Supervisory Board received a declaration of independence from the auditing firm, stating that there were no employment, financial, personal or other links between EY, its board members and audit managers on the one side and the company and its board members on the other, that could give rise to doubts about the independence of the auditor. EY also reported in its declaration on the degree to which non-audit services have been provided for Jenoptik over the past fiscal year or which have been contractually agreed for the current year. In the summer of 2020, the Audit Committee reviewed EY's non-audit services provided in the past year and updated the catalog of approved, predefined non-audit services.



## Information and Notes Relating to Takeover Law

### Explanatory Report in accordance with § 176 (1) (1) of the German Stock Corporation Act (AktG) and Reporting on § 289 a and § 315 a of the German Commercial Code (HGB) in accordance with the German Takeover Directive Implementation Act

This information is part of the Combined Management Report.

#### 1. Composition of the share capital

As of the balance sheet date on December 31, 2020, the subscribed capital totaled 148,819 thousand euros (prior year: 148,819 thousand euros). It is divided into 57,238,115 no-par value registered shares (prior year 57,238,115). Each share is therefore worth 2.60 euros of the nominal capital.

The same rights and obligations apply to all the shares of the company. Each share represents one vote in the Annual General Meeting and is the determining factor for the shareholders' proportion of company profits (§ 58, § 60 of the German Stock Corporation Act). The shareholders' rights also include the subscription right to shares in the event of increases in capital (§ 186 of the German Stock Corporation Act). In addition, the shareholders are entitled to administrative rights, e.g. the right to participate in the Annual General Meeting and the authority to put forward questions and motions and to exercise their right to vote. The shareholders' additional rights and duties are defined in the German Stock Corporation Act, in particular in § 12, 53a ff., § 118 ff., and § 186. Under § 4 (3) of the Articles of Association, any claim by a shareholder to the securitization of their shares is excluded.

#### 2. Restrictions relating to voting rights or the transfer of shares

In accordance with § 136 (1) of the German Stock Corporation Act, legal restrictions affecting voting rights exist with respect to votes for approval of the actions regarding shares which are

held directly or indirectly by members of the Executive and/or Supervisory Boards. Violations of reporting obligations as specified in § 33 (1) or (2) and § 38 (1) or § 39 (1) of the German Securities Trading Act may nullify voting rights, at least temporarily, in accordance with § 44 of this Act.

Pursuant to § 67 (2) of the German Stock Corporation Act, rights and obligations arising from shares shall exist in relation to JENOPTIK AG only for and against those persons entered in the share register. To be recorded in the share register, shareholders must provide JENOPTIK AG with the information required by law (name or company name, address, registered office if applicable, email address, date of birth and number of shares they hold). Also to be disclosed in accordance with the Articles of Association is the extent to which the shares belong to the person who is recorded as the holder in the share register. Shareholders who do not comply with these disclosure obligations may not exercise their voting rights pursuant to § 67 (2) (2) and (3) of the German Stock Corporation Act.

In connection with Article 19 (11) of the EU Market Abuse Regulation (EU 596/2014) and due to internal Group requirements, certain restraints of trade shall apply to members of the Executive and Supervisory Boards and to certain employees in connection with the publication of quarterly statements and reports, preliminary figures as well as the Annual and Consolidated Financial Statements.

#### 3. Direct or indirect participations in the capital exceeding 10 percent of the voting rights

Information on direct or indirect investments in capital which exceed ten percent of the voting rights can be found in the Group Notes under item 5.16, "Equity", from page 198.

#### 4. Holders of shares with special rights conferring controlling powers

There are no shares in JENOPTIK AG that entail special rights.

## 5. Form of controlling voting rights if employees own shares and do not directly exercise their control rights

There are no employee shareholdings and therefore no resultant control of voting rights.

## 6. Statutory regulations and provisions of the Articles of Association relating to the appointment and dismissal of Executive Board members and changes to the Articles of Association

The appointment and dismissal of Executive Board members is carried out exclusively in accordance with the statutory regulations of § 84 and § 85 of the Stock Corporation Act and § 31 of the Codetermination Act (MitbestG). In accordance with this, the Articles of Association stipulate in § 6 (2) that the appointment of members to the Executive Board, the revocation of their appointment and the conclusion, modification and termination of contracts for services with members of the Executive Board shall be carried out by the Supervisory Board. In accordance with § 31 (2) of the Codetermination Act, a majority of at least two thirds of the members of the Supervisory Board is required for the appointment of Executive Board members. Revocation of appointment as a member of the Executive Board is only possible for serious due cause (§ 84 (3) of the Stock Corporation Act).

§ 6 (1) (1) of the Articles of Association stipulates that the Executive Board of JENOPTIK AG must comprise at least two members. In the absence of a required Executive Board member, in urgent cases the court must appoint the member on the application of a stakeholder (§ 85 (1) (1) of the Stock Corporation Act). The Supervisory Board can appoint a Chairman of or Spokesperson for the Executive Board (§ 84 (2) of the Stock Corporation Act, § 6 (2) (2) of the Articles of Association).

In accordance with § 119 (1) (5), § 179 (1) (1) of the Stock Corporation Act, changes to the content of the Articles of Association are passed by the Annual General Meeting. However, changes relating purely to the wording of the Articles of Association may be passed by the Supervisory Board in accordance with § 179 (1) (2) of the Stock Corporation Act in conjunction with § 13 (3) of the Articles of Association. This also includes the corresponding adaptation to the Articles of Association following the utilization of the Authorized Capital in 2019 and of the Conditional Capital in 2017. According to § 24 (1) of the Articles of Association, resolutions by the Annual General Meeting require a simple majority of the votes cast unless stipulated otherwise by law. In those cases in which the law requires a majority of the nominal capital represented

for a resolution to be passed, a simple majority of the nominal capital represented is sufficient, unless specified otherwise by the law.

## 7. Authority of the Executive Board to issue and buy back shares

In accordance with § 4 (5) of the Articles of Association, the Executive Board is authorized until June 11, 2024, with the consent of the Supervisory Board, to increase the nominal capital of the company by up to 44.0 million euros through one or multiple issues of new, no-par value registered shares against cash and/or contribution in kind ("Authorized Capital 2019"). With the consent of the Supervisory Board, the Executive Board is authorized to preclude subscription rights for shareholders in certain cases: a) fractional amounts; b) capital increases against contributions in-kind in particular also within the framework of business combinations or the acquisition of companies, units of companies or investments in companies (including increasing existing investments) or other contributable assets in conjunction with such an intended acquisition as well as claims against the entity; c) capital increases against cash contributions, under the condition that the percentage of any new shares in the share capital does not in total exceed 10 percent of the share capital at the time the authorized capital is registered or in total 10 percent of the share capital at the time the new shares are issued, taking into consideration resolutions of the AGM or the use of other authorizations to preclude subscription rights in a direct or corresponding application of § 186 (3) (4) of the German Stock Corporation Act since the effective date of this authorization, and the issuance price of the new shares is not to be significantly lower than the stock market price; d) issuances of new shares to employees of the entity and to associates in which the entity holds a majority interest.

All aforementioned authorizations to exclude subscription rights are limited to a total of 10 percent of the share capital available at the time this authorization becomes effective – or, if this value is lower, to 10 percent of the share capital at the time this authorization is exercised. This limit of 10 percent includes shares that (i) are sold for the purpose of servicing options and/or convertibles that were or could still be issued during the period of validity of the authorized capital to the exclusion of subscription rights or (ii) are sold by the entity as treasury shares during the period of validity of the authorized capital to the exclusion of subscription rights. Decisions on the details of the issuance of new shares, in particular their conditions and the content of rights of the new shares, are taken by the Executive Board, with the consent of the Supervisory Board. The Authorized Capital 2019 has not yet been utilized.

A shareholder resolution passed at the Annual General Meeting on June 7, 2017 empowered the Executive Board, with the consent of the Supervisory Board, to issue option and/or convertible bonds with a maximum total nominal value of 250 million euros. In order to grant shares to the holders/creditors of such option and/or convertible bonds, the company's nominal capital is conditionally increased by up to 28.6 million euros through the issue of up to 11 million new shares ("Conditional Capital 2017") in accordance with § 4 (6) of the Articles of Association. The conditional capital increase will be implemented only to the extent that

- creditors or holders of option and/or conversion rights arising from option and/or convertible bonds issued by the entity, or by a domestic and/or foreign corporation in which the entity either directly or indirectly holds a majority interest, make use of their option or conversion rights by June 6, 2022 as resolved by the shareholders in their Annual General Meeting resolution dated June 7, 2017, and/or
- the creditors of the issued convertible bonds obliged to exercise their conversion rights issued by the company or a domestic or foreign company in which the company has a direct or indirect majority stake, on the basis of the resolution of the Annual General Meeting on June 7, 2017, fulfill their conversion rights by June 6, 2022 and/or the shares are tendered

and neither treasury shares are used nor payment is made in cash. The new shares participate in profits from the start of the fiscal year for which, on the date of their issue, no resolution has yet been passed by the Annual General Meeting in respect of the appropriation of profits.

The Executive Board is authorized, with the consent of the Supervisory Board, to exclude the subscription rights of shareholders to the bonds under certain circumstances. Authorization to exclude subscription rights is, however, limited in the sense that the pro rata amount of nominal capital corresponding to those shares that must be issued after exercising conversion and/or option rights/obligations may not account for more than 20 percent of existing nominal capital existing at the time this authorization takes effect or – if the figure is lower – at the time use is made of the authorization. This 20-percent limit also applies to the sale of treasury shares that are excluded from subscription rights during the period of this authorization, and to shares excluded from subscription rights that are issued under authorized capital during the period of this authorization.

The Executive Board is authorized to set out the further details relating to the increase in conditional capital (e.g. terms of the bonds, interest rate, form of interest, specific period, denomination, issue price, option/conversion price, option/conversion period) in the bond terms and conditions.

Further details regarding the resolved authorization can be found in agenda item 8 in the invitation to the 2017 Annual General Meeting, accessible on our website at [www.jenoptik.com](http://www.jenoptik.com) in the category Investors/Annual General Meeting. The authorization to issue option and/or convertible bonds has not yet been utilized.

According to a resolution passed by the Annual General Meeting on June 5, 2018, the Executive Board is authorized up to June 4, 2023 to purchase treasury no-par value shares not exceeding a proportion of ten percent of the nominal capital existing at the time the resolution is adopted or – if this amount is lower – at the time of exercising the resolution for purposes other than trading in its own shares. The purchased treasury shares together with treasury shares that the entity had already purchased and still holds (including the attributable shares in accordance with §§ 71a ff. of the German Stock Corporation Act) may not exceed 10 percent of the share capital of the entity. The authorization may be exercised in whole or in part, on a one-off or repeat basis and for one or more authorized purposes. The purchase and sales of treasury shares may be exercised by the company or, for specific authorized purposes, by dependent companies, by companies in which the company holds a majority interest, or by third parties for its or their account. At the decision of the Executive Board, acquisition is, subject to compliance with the principle of equal treatment (§ 53a of the Stock Corporation Act), by purchase via the stock exchange or by means of a public offering or a public invitation to the shareholders to submit an offer for sale. For the purpose of protecting shareholders against a dilution of their shares, the proposed resolution expressly provides for a restriction of the use of acquired treasury shares in such a way that the total of the acquired shares together with shares issued or sold by the Company during the term of this authorization under another authorization to the exclusion of shareholders' subscription rights or which enable or oblige the subscription of shares is limited to a total of 20 percent of the nominal capital at the time the authorization becomes effective or – if the following value is lower – at the time this authorization is exercised. Further details regarding the buyback of shares are described in agenda item 9 in the invitation to the 2018 Annual General Meeting, accessible on our website at [www.jenoptik.com](http://www.jenoptik.com) in the category Investors/Annual General Meeting. As of December 31, 2020, the company had no treasury shares.

## 8. Key agreements in the event of a change of control resulting from a takeover bid

Clauses in contracts concluded by JENOPTIK AG, which apply in the event of a change in control within the ownership structure of JENOPTIK AG following a change of control, exist for the financing agreements described below with a total utilized volume as of December 31, 2020 of approximately 190.5 million euros (prior year: 104.4 million euros).

The conditions for accepting a change in control are different in each of the loan agreements. For the debenture bond with a total utilized volume of 69.0 million euros, a change in control gives the lenders the right to special termination of the loan in the amount corresponding to their share of the total volume and to demand the immediate repayment of this sum plus the interest accumulated up to the repayment date. A change of control applies if one or more persons acting in concert, with the exception of the existing main shareholders on the date the contract is concluded, acquire more than 50 percent of the outstanding nominal capital or more than 50 percent of the voting rights, directly or indirectly at any time.

Under the revolving syndicated loan, every change in the current shareholder base of JENOPTIK AG, under which at least 50 percent of the shares or voting rights are held by one or several persons acting in concert as described in § 2 (5) of the Securities Acquisition and Takeover Act (WpÜG), results in the possibility of refusing further disbursements and immediate termination of loan commitments in full or in part within up to 15 banking days following notification of the change of control and any disbursements executed becoming due, in full or in part, with an execution period of 16 banking days, including subsidiary credit lines and accrued interest. The syndicated loan has a total volume of 230 million euros, of which 121.5 million euros had been utilized by December 31, 2020 (prior year: 13.9 million euros).

In the case of the bridge facility with a total volume of 300 million euros, which has not yet been utilized, the lender has the right to terminate the loan without notice in the event of a change of control among the current shareholder base. Accordingly, a change of control applies if at least 50 percent of the shares or voting rights in JENOPTIK AG are held by one or several persons acting in concert as described in § 2 (5) of the Securities Acquisition and Takeover Act (WpÜG).

## 9. Compensation agreements by the company with Executive Board members or employees in the event of a change of control

No right to give notice of termination in the event of a change of control, i.e. the acquisition of at least 30 percent of voting rights by a third party, has been agreed with the members of the Executive Board. In such cases, they also have no claim to any severance payment. If the premature termination of an Executive Board role is agreed with an Executive Board member due to a change of control, the amount of a severance payment is limited to a maximum of two years' annual compensation in accordance with the respective recommendations of the German Corporate Governance Code as amended on December 16, 2019. Under no circumstances, however, may the severance payment be greater than the compensation due for the remaining term of the service contract.

# Remuneration Report

## Remuneration for the Executive Board

The Remuneration Report below sets out the basic principles of the remuneration system for the members of the Executive Board and Supervisory Board and gives details of the total remuneration for the individual members. This information is part of the Combined Management Report.

## Executive Board Remuneration System

Following preparation by the Personnel Committee, the Supervisory Board is responsible for specifying the remuneration system and determining the total remuneration for the individual Executive Board members. The criteria for defining the appropriateness of the individual total remuneration are primarily the respective tasks and areas of responsibility of the members of the Executive Board, their personal performance, as well as the economic situation, the success of the company and its future prospects. Standard practice within the comparative environment and in relation to established comparative groups within the company is another factor in the remuneration.

The remuneration for the Executive Board of Jenoptik consists of non-performance-related and performance-related components.

The system of performance-related remuneration of the Executive Board applicable in the 2020 fiscal year was decided in 2016/2017 by the Supervisory Board with the assistance of an independent external remuneration advisor, approved by a majority at the 2018 Annual General Meeting and slightly modified with effect from January 1, 2020.

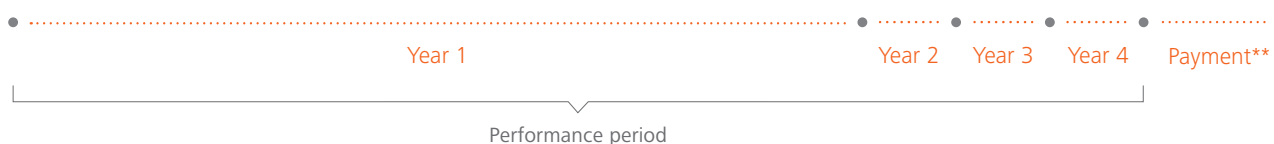
For Hans-Dieter Schumacher, the remuneration system applicable until 2017 will continue to have an effect, as the virtual shares allocated to him from 2015 to 2017 will be paid out in the years 2020 to 2022. Further details can be found on page 46 of the 2017 Annual Report. In 2020, the virtual shares from the old remuneration system were paid out for the first time; the amount can be found in table T11 on page 57.

### I. Non-performance-related remuneration

**Fixed remuneration.** The non-performance-related basic salary is paid on a pro rata basis each month. In 2020, it totaled 600 thousand euros for Dr. Stefan Traeger and 450 thousand euros for Hans-Dieter Schumacher. As part of the first extension of his appointment, it was agreed with Dr. Stefan Traeger in July 2019 that the level of remuneration would be adjusted as described in table T06. In May 2020, due to the impact of the corona pandemic, Dr. Stefan Traeger waived his contractually agreed adjustment to his fixed remuneration for 2020, with effect from July 1, 2020.

## G05 The new remuneration system of the Executive Board members

Total remuneration		
Basic salary approx. 47 %*	Performance-related remuneration	
	One-year variable remuneration approx. 22 % (with 100 % target attainment)	Multi-year variable remuneration approx. 31 % (with 100 % target attainment)***



\* without fringe benefits  
 \*\* payment of multi-year variable remuneration  
 \*\*\* at constant share price

## T06 Remuneration of Dr. Stefan Traeger

	Fixed remuneration	Bonus (with 100 % target attainment and multiplier of 1.0)	Initial value of performance shares
in thousand euros			
Since May 2017	600.0	300.0	400.0
2020*	600.0	310.0	415.0
from 2021	650.0	320.0	430.0
from July 2023	700.0	340.0	460.0

The pension contribution of 200.0 thousand euros p.a. applicable since May 2017 remains unchanged.

\* Increase as of July 1, 2020, therefore half of the increase amount; in the case of fixed salary, waiver of increase for 2020

**Retirement benefits and fringe benefits.** Agreements relating to occupational retirement benefits were concluded with the members of the Executive Board. The pension commitment is based on a pension fund reinsured by a life insurance policy. This is a defined contribution scheme within the framework of a provident fund. The annual and the long-term costs for Jenoptik are clearly defined. On reaching retirement age, the payments will no longer affect Jenoptik – with the exception of a possible subsidiary liability. The contributions for the provident fund totaled 200 thousand euros for Dr. Stefan Traeger and 160 thousand euros for Hans-Dieter Schumacher in 2020.

There is an accident insurance and third-party loss liability insurance for the members of the Executive Board. The latter comprises the contractual obligation to pay a deductible amounting to 10 percent of the loss per claim, however up to a maximum sum of 150 percent of the fixed remuneration of the Executive Board member in question for all claims. Executive Board members are also entitled to the private use of a company vehicle.

**Non-competition clause.** A post-contractual non-competition clause was agreed with Dr. Stefan Traeger for a period of one year following the end of his contract of employment. An amount equaling 50 percent of the annual remuneration including variable compensation (with a target attainment of 100 percent) and pension contributions is agreed as compensation for the non-competition clause. Any severance payment shall be offset against the compensation. Prior to the termination of the employment relationship, Jenoptik may also waive the post-contractual non-competition clause by means of a written declaration.

## II. Performance-rated remuneration components

The **variable remuneration** of the Executive Board is based on personal target agreements concluded with the respective member of the Executive Board in the first quarter of each calendar year. The objectives are oriented towards the company's sustainable and long-term business development.

The performance-related variable remuneration comprises two components:

The (one-year) **bonus** (approx. 40 percent of the variable remuneration) is based on the achievement of certain targets within the fiscal year and is paid in the subsequent year.

The second part of the performance-related variable remuneration (approx. 60 percent of the variable remuneration) is granted in the form of so-called **performance shares**. To this end, virtual shares are allocated to the members of the Executive Board on an annual basis. For each installment of performance shares granted, the target attainment is determined at the end of the four-year performance period and the amount resulting from a predefined calculation method is paid out.

The performance-related variable remuneration can be between 0 euros and a maximum of 1,450 thousand euros for Dr. Stefan Traeger and between 0 euros and a maximum of 1,000 thousand euros for Hans-Dieter Schumacher. The value is 0 euros when less than 50 percent of all targets are achieved. For the respective maximum amount, 200 percent of all targets for the one-year bonus and 150 percent of the targets for the multi-year variable remuneration must be achieved.

**Bonus.** After the end of the fiscal year, the Supervisory Board determines the degree to which the financial targets for this component have been reached.

With effect from January 1, 2020, the target metric for the bonus was adjusted. Accordingly, 30 percent of the bonus is reached at 100 percent if the revenue growth from the annual plan adopted by the Supervisory Board for the Jenoptik Group is achieved for the corresponding year. 10 percent of the bonus is reached at 100 percent if a certain level of revenue attributable to new acquisitions (irrespective of the acquisition date in relation to the entire fiscal year) is achieved. 40 percent of the bonus is calculated on the basis of the EBITDA margin contained in the annual plan (adjusted for 2020). The previous free cash flow target, with a share of 20 percent of the bonus, will be replaced by a target that is achieved at 100 percent if the ratio of free cash flow to EBITDA for the year in question (the

so-called “cash conversion rate”) reaches the value from the annual plan adopted by the Supervisory Board. With the exception of the acquisition target, unplanned amounts from acquisitions or divestments of companies or parts of companies shall not be taken into account in the target settlement.

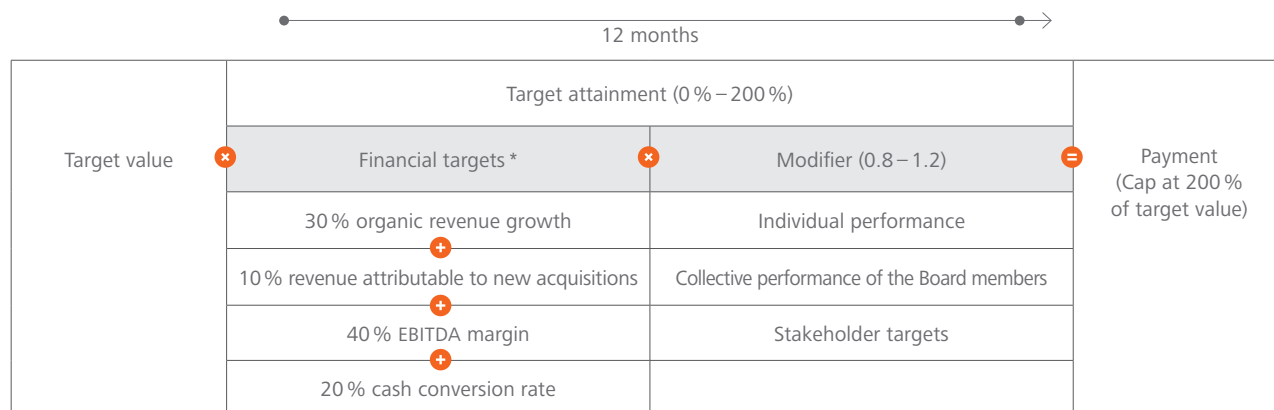
The financial targets for 2020 and their weighting are shown in the chart below. G06

The yardstick for determining the degree of target attainment need not be linear. This means that a target attainment of 200 percent does not necessarily require a doubling of the initial value of the financial key indicator. In the same way, a 50 percent target attainment does not necessarily have to be achieved at half of the originally defined financial baseline for 100 percent. The precise calibration of the targets is based on historical experience and future expectations, as well as the adopted budget of the respective year.

The financial targets agreed for 2020 are shown in table T07.

To take account of non-financial aspects, the bonus amount for the respective Board member resulting from the target attainment is then multiplied by a performance factor, the so-called multiplier. The value for this can be between 0.8 and 1.2. The multiplier is determined on the basis of the individual performance of the Executive Board member, the collective performance of the entire Executive Board, and certain stakeholder targets such as sustainability/corporate social responsibility, employee satisfaction or diversity. The Supervisory Board can use this multiplier to reduce the variable bonus in the sense of a malus system by up to 20 percent even if the financial targets are met or exceeded, if, for example, the behavior of the Executive Board member strongly warrants it, but is not serious enough to justify termination or liability due to breach of duty or a reduction in remuneration in accordance with § 87 (2) of the German Stock Corporation Act (AktG) is not possible.

## G06 One-year variable remuneration (bonus)



\* for 2020 adjusted EBITDA margin

## T07 The financial targets agreed for 2020

Target	Target attainment in %		
	100	50 (lower cap)	200 (upper cap)
Organic revenue growth in %	2.8	1.4	4.2
Inorganic revenue growth in million euros (with regard to the complete calendar year)	80.0	40.0	120.0
EBITDA margin in % (adjusted without PPA impacts)	15.7	10.0	20.0
Cash conversion rate in %	52.0	26.0	80.0

With 100 percent target attainment and a multiplier of 1.0, Dr. Stefan Traeger receives a one-year bonus of 310 thousand euros (figure for 2020) and Hans-Dieter Schumacher 200 thousand euros. In each case, the bonus for 2020 for Dr. Stefan Traeger is limited to a maximum of 620 thousand euros and for Hans-Dieter Schumacher to 400 thousand euros. This part of the performance-related variable remuneration is paid in cash after the target settlement and adoption of the annual financial statements.

On the basis of its assessment, and taking into account all relevant aspects for the 2020 fiscal year, the Personnel Committee of the Supervisory Board has decided to propose to the Supervisory Board that a multiplier of 1.0 be used for both members of

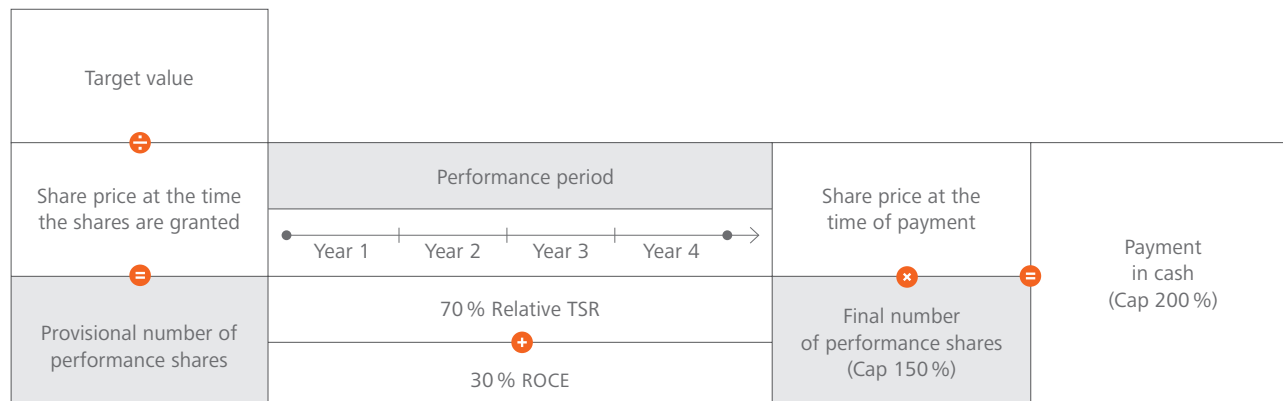
the Executive Board. When doing so, in particular the fulfillment of certain sustainability targets from the areas of diversity, innovative strength, supply chain and the environment was also taken into account. T08

**Performance Shares.** Based on a value of 415 thousand euros for Dr. Stefan Traeger and 300 thousand euros for Hans-Dieter Schumacher ("initial value" for 2020), performance shares are allocated to the member of the Executive Board in the first quarter of each fiscal year, usually at the balance sheet meeting of the Supervisory Board in the second half of March. In order to calculate the provisional number of performance shares to be allocated, the initial value is divided by the volume-weighted average price (VWAP) of the Jenoptik share on the twenty trad-

## T08 Actual target attainment of the one-year variable remuneration for 2020 and payment in thousand euros

Indicator	Fiscal year 2020 Actually attained	Target attainment	Payment to Dr. Stefan Traeger	Payment to Hans-Dieter Schumacher
Organic revenue growth in %	-13.9%	<50%	0	0
Inorganic revenue growth in million euros (with regard to the complete calendar year)	95.9	139.75%	43.32	27.95
EBITDA margin in % (adjusted without PPA impacts)	17.6%	144.19%	178.79	115.35
Cash conversion rate in %	59.9%	128.21%	79.49	51.29
Multiplier	1.0	/	/	/
<b>Total</b>	/		<b>301.6</b>	<b>194.6</b>

## G07 Multi-year variable remuneration





ing days following the announcement of the preliminary annual figures. The VWAP for the specified 2020 period was 21.92 euros. Consequently, Dr. Stefan Traeger was provisionally allocated a total of 18,933 performance shares and Hans-Dieter Schumacher 13,687 (2020 installment). Long-term performance targets are agreed for each installment, the achievement of which is measured at the end of each four-year “performance period”. For the performance shares provisionally allocated in 2020, the performance targets will be measured at the beginning of 2024. G07

The ROCE and relative TSR are calculated using the method described in the glossary on page 246. Again, the yardstick for determining the degree of target attainment need not be linear here. T09

Depending on the level of target achievement, the number of performance shares to be finally allocated is determined at the end of the four-year performance period. It is limited to one and a half times the number of provisionally allocated performance shares (“allocation cap”). If the level of target attainment is less than 50 percent, the entitlement to final allocation of performance shares shall no longer apply.

The number of finally allocated performance shares is multiplied by the VWAP of the Jenoptik share on the twenty trading days following the announcement of the preliminary annual figures for the last fiscal year of the performance period (“payout rate”). The resulting amount shall be paid after the adoption of the annual financial statements. The payout amount is limited to a maximum of 200 percent of the initial value: for Dr. Stefan Traeger for the 2020 installment to 830 thousand euros and Hans-Dieter Schumacher to 600 thousand euros (“payout cap”).

The system of remuneration with performance shares is summarized as follows:

- Year 1: Agreement of a performance target for the year 1 installment (“Installment 1”) with the member of the Executive Board; provisional allocation of performance shares for Installment 1; calculation of the provisional number by dividing the initial value by a VWAP determined in year 1.
- Years 1–4: Performance period for Installment 1.
- Year 5: Measurement of target attainment, from which determination of the number of final performance shares to be allocated for Installment 1, taking into account the allocation cap; multiplication of this final number by a VWAP determined in year 5. Payment of this amount to the member of the Executive Board, taking into account the payout cap.

In the event of termination of the Executive Board mandate, performance shares which have not yet been allocated finally, but only provisionally, shall not be prematurely finally allocated and paid out, but evaluated, allocated and then paid out in accordance with the regular procedure at the end of the respective performance period. Should JENOPTIK AG terminate the employment relationship for a good reason for which the member of the Executive Board is responsible, all provisionally allocated performance shares for which the performance period has not yet expired shall be forfeited without substitution or compensation.

The Executive Board service agreements contain provisions for capital and conversion measures and in the event of a delisting, which are aimed at ensuring that the performance shares are economically equivalent to real shares.

## T09 Performance targets and their weighting for the 2017 to 2020 installments of the performance shares

Target	100% target attainment	50% target attainment	150% target attainment	Weighting
Return on Capital Employed – ROCE	16% average over the performance period	11% average over the performance period	21% average over the performance period	30%
Relative total shareholder return – TSR	Outperformance of the Jenoptik share against the TecDax 5%	Underperformance of the Jenoptik share against the TecDax in the amount of minus 20%	Outperformance of the Jenoptik share against the TecDax 30%	70%


## T10 Remuneration of the Executive Board – Benefits granted

Dr. Stefan Traeger  
President & CEO

in euros	2020				2019
	Actual	Min	100 %	Max.	
Fixed remuneration	600,000	600,000	600,000	600,000	600,000
Fringe benefits	18,517	18,517	18,517	18,517	18,034
<b>Total</b>	<b>618,517</b>	<b>618,517</b>	<b>618,517</b>	<b>618,517</b>	<b>618,034</b>
One-year variable remuneration	301,600	0	310,000	620,000	185,752
Multi-year variable remuneration	199,705 *	0	415,000	830,000	376,248
thereof performance shares 2020 (term until 2023)	199,705 *	0	415,000	830,000	0
thereof performance shares 2019 (term until 2022)	0	0	0	0	376,248 *
thereof LTI dividends on outstanding LTI tranches	n. a.	n. a.	n. a.	n. a.	n. a.
<b>Total</b>	<b>1,119,822</b>	<b>618,517</b>	<b>1,343,517</b>	<b>2,068,517</b>	<b>1,180,034</b>
Pension contribution	200,000	200,000	200,000	200,000	200,000
<b>Total remuneration</b>	<b>1,319,822</b>	<b>818,517</b>	<b>1,543,517</b>	<b>2,268,517</b>	<b>1,380,034</b>

\* fair value at the time of provisional allocation

**Clawback.** The company has a right to repayment of the multi-year variable remuneration (so-called clawback) if, within three years of payment of the multiple variable remuneration, it becomes apparent that one of the audited and approved consolidated financial statements during the four-year performance period was objectively incorrect and therefore had to be subsequently corrected in accordance with the relevant accounting standards. In addition, the Supervisory Board has the option to reduce the one-year variable remuneration by selecting a low multiplier if there are significant reasons relating to the behavior of a member of the Executive Board. Should JENOPTIK AG terminate the employment relationship for a good reason for which the member of the Executive Board is responsible, all provisionally allocated performance shares for which the performance period has not yet expired shall be forfeited without substitution or compensation.

**Other agreements.** Dr. Stefan Traeger and Hans-Dieter Schumacher are not entitled to payment of bridging payments following their departures. Nor was any right of termination agreed with them in the event of a change of control. 

Should the Annual General Meeting reject the remuneration system and/or the remuneration report, the members of the Executive Board have committed themselves to enter into discussions on an adaptation of the remuneration system.

### III. Anticipated changes to the remuneration system from 2021

With the implementation of the second European Shareholder Rights Directive into German law (ARUG II), the Personnel Committee reviewed the existing remuneration system. The following changes to the existing system with effect from 2021 were proposed to the Supervisory Board:

- Based on the development of ROCE in the last few years and its expected further development, the ROCE target value for 100 percent target achievement in the multi-year variable remuneration will be recalibrated. The specific target attainment curve with lower limit, target value and upper limit is described in detail in the remuneration system.
- Currently, the number of performance shares and the total shareholder return of Jenoptik and the TecDax are calculated on the basis of the 20 trading days following announcement of the preliminary figures. In order to achieve consistency between the fiscal year and the performance period, the last 60 trading days prior to the start or end of the performance period will be used as the basis for the respective calculations in future, in line with market practice.

The remuneration system will be presented for approval at the Annual General Meeting on June 9, 2021.



For the amount of any settlement in the event of a change of control, see the chapter on Information and Notes Relating to Takeover Law on page 50

## T10 Remuneration of the Executive Board – Benefits granted

in euros	Hans-Dieter Schumacher Executive Board member				2019
	2020				
	Actual	Min	100 %	Max.	
Fixed remuneration	450,000	450,000	450,000	450,000	450,000
Fringe benefits	21,008	21,008	21,008	21,008	18,390
<b>Total</b>	<b>471,008</b>	<b>471,008</b>	<b>471,008</b>	<b>471,008</b>	<b>468,390</b>
One-year variable remuneration	194,580	0	200,000	400,000	123,834
Multi-year variable remuneration	148,406 *	4,036	304,036	604,036	301,552
thereof performance shares 2020 (term until 2023)	144,370 *	0	300,000	600,000	0
thereof performance shares 2019 (term until 2022)	0	0	0	0	282,186 *
thereof LTI dividends on outstanding LTI tranches	4,036	4,036	4,036	4,036	19,366
<b>Total</b>	<b>813,994</b>	<b>475,044</b>	<b>975,044</b>	<b>1,475,044</b>	<b>893,776</b>
Pension contribution	160,000	160,000	160,000	160,000	160,000
<b>Total remuneration</b>	<b>973,994</b>	<b>635,044</b>	<b>1,135,044</b>	<b>1,635,044</b>	<b>1,053,776</b>

\* fair value at the time of provisional allocation

## T11 Remuneration of the Executive Board – Inflow

In euros	Dr. Stefan Traeger President & CEO		Hans-Dieter Schumacher Executive Board member	
	2020	2019	2020	2019
Fixed remuneration	600,000	600,000	450,000	450,000
Fringe benefits	18,517	18,034	21,008	18,390
<b>Total</b>	<b>618,517</b>	<b>618,034</b>	<b>471,008</b>	<b>468,390</b>
One-year variable remuneration	185,752	521,664	123,834	347,776
Multi-year variable remuneration	0	0	610,796*	0
<b>Total</b>	<b>804,269</b>	<b>1,139,698</b>	<b>1,205,638</b>	<b>816,166</b>
Pension contribution	200,000	200,000	160,000	160,000
<b>Total remuneration</b>	<b>1,004,269</b>	<b>1,339,698</b>	<b>1,365,638</b>	<b>976,166</b>

\* Payment of 2015 tranche of the LTI model valid until 2017

## Total Remuneration for the Individual Members of the Executive Board.

Tables T10 and T11 contain a list of the remuneration components granted to Dr. Stefan Traeger and Hans-Dieter Schumacher in the fiscal year just past. The summaries differentiate between six components – fixed remuneration, fringe benefits, performance-related variable remuneration with one-year (bonus) and multi-year calculation base (performance shares) and pension contributions.

Based on the degree to which the target for the bonus has been achieved (see table T08) and adopting the multiplier of 1.0 recommended by the Personnel Committee, the variable remuneration for the 2020 fiscal year for Dr. Stefan Traeger will be 301,600 euros in cash and for Hans-Dieter Schumacher 194,580 euros in cash, subject to the consent of the Supervisory Board. For the 2020 installment, Dr. Stefan Traeger was provisionally allocated a total of 18,933 performance shares and Hans-Dieter Schumacher 13,687 performance shares. Whether and to what extent the performance shares provisionally allocated in 2020 can be finally allocated and paid out in cash will be decided at the beginning of 2024, depending on the achievement of the multi-year targets agreed in 2020 (see chart G07).

Further details on the share-based remuneration in the form of performance shares/virtual shares can be found in section 5.21 in the Notes from page 206 on. We consider this to also be an integral part of this Remuneration Report.

## Remuneration System for the Supervisory Board

Each member of the Supervisory Board receives a fixed annual remuneration of 40 thousand euros for their services. No variable remuneration is provided. This is the best way to ensure independent control of the Executive Board by the Supervisory Board. The Chairman of the Supervisory Board receives double and their deputy one-and-a-half times this amount.

In addition, each member of a committee receives an annual remuneration in the sum of 5 thousand euros per year. The Chairman of the committee receives double this amount. The annual remuneration for members of the Audit Committee, whose duties are particularly labor- and time-intensive, is


10 thousand euros. The Chairman of the Audit Committee receives double and their deputy one-and-a-half times this amount. These allowances are intended to take account of the particular responsibility and greater time commitment associated with individual roles on the Supervisory Board. This also implements the recommendation of Point G.17 of the German Corporate Governance Code.

Members of committees which have not met during the fiscal year receive no remuneration. Members of the Supervisory Board who have only served on the Supervisory Board or a committee for part of the fiscal year receive a pro rata temporis payment. All the aforementioned remuneration is payable on expiry of the fiscal year.

The members of the Supervisory Board are paid a meeting allowance of 1 thousand euros for attending a meeting. Half of this amount is paid for participation in conference calls. The same applies from the second meeting on any day on which several meetings are convened. Verified expenses incurred in connection with a meeting are reimbursed in addition to the meeting allowance, but limited to an amount of 1 thousand euros for meetings held in Germany. JENOPTIK AG also reimburses the members of the Supervisory Board for any value added tax applicable to the payment of their expenses.

The members of the Supervisory Board are covered by third-party financial loss-liability insurance. This comprises the contractual obligation to pay a deductible amounting to 10 percent of the loss per claim, however up to a maximum sum of 150 percent of the fixed remuneration per year of the Supervisory Board member in question for all claims.

There are no further remuneration-related agreements between the company and the members of the Supervisory Board which go beyond the provisions of § 19 of the Articles of Association.

As a gesture of solidarity in the Covid-19 crisis, the **members** of the JENOPTIK AG **Supervisory Board** have waived 10 percent of their basic remuneration in 2020. Accordingly, 693.8 thousand euros (gross, after withholding tax in accordance with § 50a (1) No. 4 of the German Income Tax Act (EStG)) were recognized as a liability in the 2020 fiscal year for the fixed remuneration of the Supervisory Board and its committees payable in January 2021. Jenoptik did not pay any other remuneration or benefits to the members of the Supervisory Board for services rendered personally by them, in particular consulting and intermediary services. 



Information on the total remuneration for individual members of the Supervisory Board can be found on page 230 of the Notes

# Combined Non-financial report

» In short «


In 2020, the materiality analysis to identify material non-financial aspects for Jenoptik was updated. For this purpose, internal and external stakeholders were surveyed online.

The Combined Non-financial report meets the requirements of the CSR Directive Implementation Act.

# Separate Combined Non-financial Report in accordance with the CSR Directive Implementation Act

## Position and Business Model

Jenoptik sees its entrepreneurial activity as more than purely the realization of commercial objectives; it is equally a commitment to society and the environment. We work with our customers to create forward-looking trends in the fields of energy efficiency, healthcare, the environment, mobility, and safety. As an international technology company, innovation is our driving force and the basis of our success in business. Our products allow us to make significant contributions to overcoming the societal challenges we face as well as to the conservation and efficient use of resources.

Jenoptik provides the majority of its products and services to the photonics market and is a supplier of high-quality capital goods.  The Group is thus primarily a technology partner to industrial companies and public sector contractors. As a technical application of light, photonics is a key driver of global sustainability, according to the current SPECTARIS study "Light as a Key to Global Environmental Sustainability". Photonic technologies enable resource-saving production processes as well as energy savings and reduce material consumption. According to SPECTARIS, the use of photonic technologies will reduce global greenhouse gas emissions by at least 11 percent by 2030. Thanks to its product portfolio and sustainable internal company processes, Jenoptik is making a significant contribution to achieving the UN Sustainable Development Goals (SDGs).

## Our Take on Sustainability

Our understanding of sustainability is based on the conviction that we can only achieve our economic goals, thereby sustaining profitable growth, by behaving responsibly towards the environment and society. To satisfy this requirement, the issue of sustainability at Jenoptik falls within the remit of the Chairman of the Executive Board. The Investor Relations & Communications department is responsible for group-wide sustainability management at Jenoptik. The Executive Board, Supervisory Board and Audit Committee are regularly updated on current projects. The Sustainability Working Group – comprising repre-

sentatives of the Investor Relations & Communications, Human Resources, Environmental Management, Quality Management, Compliance & Risk Management as well as Finance departments – regularly discusses relevant cross-cutting issues.

What follows is information on sustainability issues which are essential to a better understanding of our business performance and the company's development in the future.

The separate Combined Non-financial Report published here serves the purpose of fulfilling the requirements of the CSR Directive Implementation Act (CSR-RL-UG) in accordance with § 289b (3) and 315b (3) of the German Commercial Code (HGB). The report covers the key issues in the areas of employees, the environment, social commitment, human rights and anti-corruption for both our external stakeholders and the company in the 2020 fiscal year. The information in the non-financial report applies equally to the Group and JENOPTIK AG; any information that differs is indicated. The description of the approaches set out here is guided by Standard 103 of the Global Reporting Initiative (GRI). This means that Jenoptik presents components such as goals, existing guidelines, responsibilities, but also specific measures such as projects, programs and initiatives within the scope of the description. The GRI standard served as an orientation aid for the selection of key figures, but was not used for further detailing. This includes information on the number of employees, employees on parental leave or the fluctuation rate. The materiality analysis and the risk assessment were prepared in accordance with the requirements of CSR-RL-UG. In accordance with § 315b (1) (3) of the German Commercial Code, reference is occasionally made to other information available in the Group Management Report. The list below shows all the passages in the Management Report that are relevant to the separate Combined Non-financial Report.

- Business model page 80
- Strategy page 84 ff
- R+D /Innovation management page 92 ff
- Risk & opportunities page 133
- Diversity policy page 43



More information on the business model and markets can be found in chapter 80 of this Annual Report

## Materiality Analysis

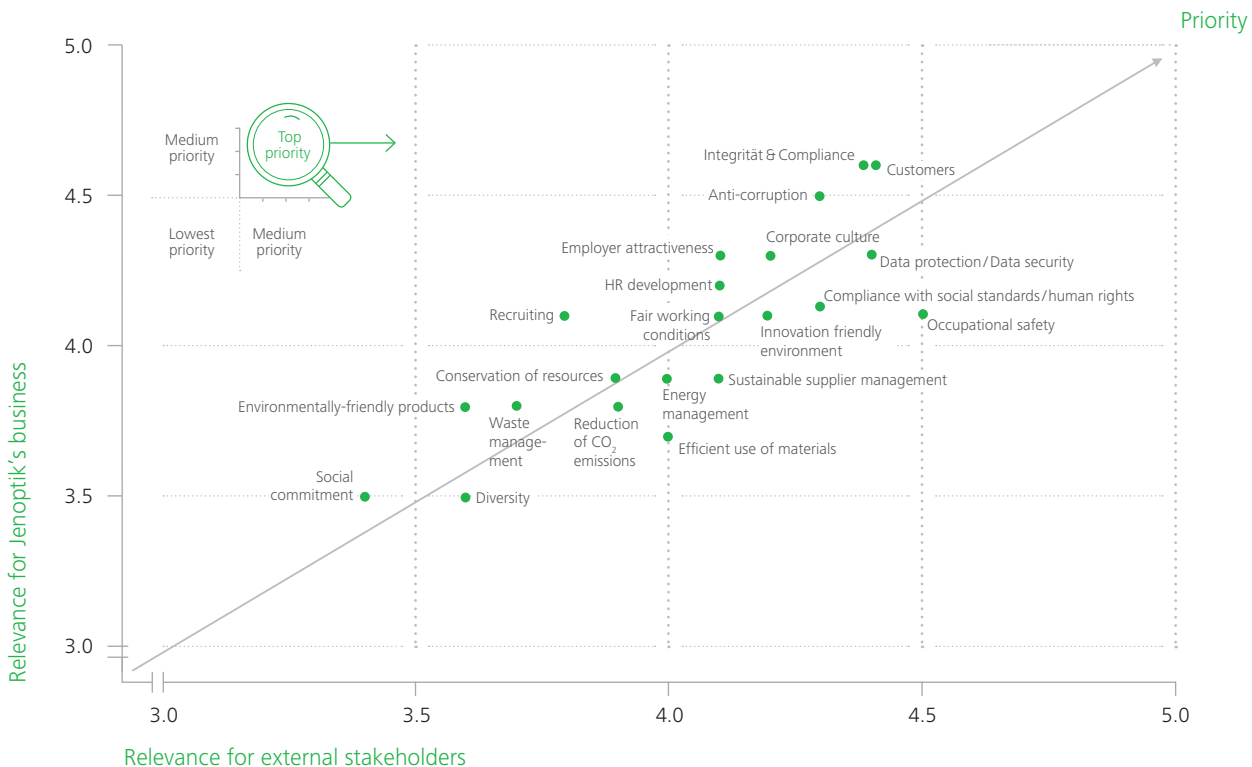
Jenoptik maintains ongoing dialog with all of its stakeholders. In 2020, the materiality analysis, last conducted in 2017, was updated through an online survey. All non-financial aspects which are essential for sustainable business development – both from Jenoptik’s perspective and from the perspective of the respective external target groups (customers and business partners, suppliers, employees, shareholders, investors and the general public) – were once again assessed independently. The results of the overall assessment are summarized in a materiality matrix. Topics in the upper right quadrant are particularly essential to the Group’s business development from the perspective of both Jenoptik and our stakeholders. Compared with the 2017 materiality analysis, topics such as sustainable supplier management, occupational safety, as well as energy management and the reduction of CO<sub>2</sub>, have increased in importance. Our materiality matrix forms the basis of all our long-term activities and is incorporated into the corporate strategy. The key non-financial topics are explained in detail in the sections below. G08 T12


The following overview reveals where Jenoptik sees its specific priorities in the value chain.

## Non-financial Targets

Our Strategy 2022 also goes hand in hand with a change in corporate culture towards a more open, agile and less complex company whose employees contribute to its success with commitment and motivation. The Jenoptik Executive Board is actively committed to more sustainability and has established various non-financial objectives for the Group, some of which will also be reflected in Executive Board remuneration. With “Employee Matters” taking top priority in human resources work and measures aimed at increasing employee satisfaction and the attractiveness of Jenoptik as an employer already implemented in 2020, management focused on the topic of “More Innovation” as well as the reduction of CO<sub>2</sub> emissions and sustainable supplier management.

### G08 Materiality matrix 2020



The promotion of good framework conditions for more innovations and greater investment in research and development ensure substantial growth and play a decisive role in our future performance. In addition to our already defined strategic goal of increasing our R+D performance, including customer-specific developments, to 10 percent of revenue by 2022, we therefore want to continuously increase the share of revenue generated by products and platforms that have been developed in the last three years. The so-called Vitality Index increased to 17.1 percent in the reporting year (prior year: 16.2 percent). The Executive Board has set itself the goal of increasing revenue with new products to 20 percent by 2022. In 2025, the Vitality Index is to be 22 percent. 



For more on the topic of innovation and IP management, see R+D chapter from page 92

However, a need for action was also identified in other areas: The requirements in connection with the goal of international climate policy to limit global warming are constantly rising, and companies are increasingly being called upon to contribute actively to the reduction of CO<sub>2</sub> emissions. We at Jenoptik therefore want to increase the proportion of green electricity used at our main production sites worldwide to 70 percent by 2022, and to 75 percent by 2025 of our total electricity requirements, expand our vehicle fleet to include vehicles with alternative drive systems and create an appropriate infrastructure at our sites for charging all battery-powered vehicles. In addition, we also wish to implement the increasing transparency requirements regarding human rights with regard to our supply chain. Our goal is to meet the higher standards of due diligence through sustainable supplier management and increase transparency in our supply chain.



Further information on the corporate strategy can be found in the chapter Targets and Strategies and the Corporate Governance Statement

A non-financial reporting system was set up in 2020 for the recording of all non-financial KPIs group-wide. It was integrated into our existing financial reporting system LucaNet. The creation of a now uniform reporting process will also guarantee regular information of the boards, and the management




See Corporate Governance Statement


of these KPIs in the future. At the time of reporting, TRIOPTICS, which was acquired at the end of 2020, is not yet part of the non-financial reporting.

The non-financial targets are described in detail in the respective chapters on the following pages and are summarized in table T13.

Corporate governance, compliance and adherence to stringent quality criteria are also of key importance to Jenoptik. We are equally as committed to law-abiding and compliant conduct with respect for human rights as we are to ensuring the above-average quality of our products and services. As a responsible and socially committed company, Jenoptik considers it its duty to play an active role in shaping its environment. Commitment to our region is also another high priority.

The key topics are also reflected in our corporate strategy and are value drivers in our various areas of business. 

## Risks in Connection with Non-Financial Aspects

Acting in conformity with rules and considering business risks and rewards – for Jenoptik, these are the principles of responsible corporate governance. The Group has a risk manual and a system of guidelines, thus providing a reliable reference framework for all employees worldwide. A new structure for group guidelines was introduced in 2020. The revised version reduces the scope of content regulated at group level and, for the first time, provides a globally uniform framework which can be supported with more detailed regulations. The guidelines are reviewed annually, and extended or updated as necessary. 

## T12 Jenoptik's key topics

Employee matters	Environmental matters	Social commitment	Human rights	Anti-corruption	Other topics
Corporate culture	Energy management	Social commitment in science, education, art & culture as well as social projects	Compliance with human rights and social standards in the supply chain	Responsible business relationships and fair business practices	Innovation: Environmentally friendly products
Recruiting and employer attractiveness	Reduction of CO <sub>2</sub> emissions			Integrity and compliance	Efficient use of materials
HR development	Water management		Sustainable supplier management	Data protection	Innovation-friendly environment
Fair working conditions	Protection of resources			Data security	Customer satisfaction
Occupational safety					



In two risk periods per year, the Compliance & Risk Management department identifies all risks within the Group and discusses the top issues – set in net terms – with the Executive Board and the

Audit Committee of the Supervisory Board. Our processes for the identification, management and control of risks involve non-financial environmental, social and corporate governance

## T13 Non-financial targets and key performance indicators

Aspects	Aspiration	Performance indicators	Status 2019	Status 2020	Target
Corporate culture	We want to increase the satisfaction and commitment of the employees	<ul style="list-style-type: none"> <li>Fluctuation (attributable to employees)</li> <li>Sick leave</li> <li>Engagement Score</li> <li>Net Promoter Score</li> </ul>	4.1 %	3.1 %	<5 %
	We want to increase our diversity and employ more women and employees of international origin in management positions	<ul style="list-style-type: none"> <li>Diversity rate*</li> </ul>	25.5 %	27.8 %	30 % by 2022 33 % by 2025
Recruiting	We want to fill more internal vacancies with specialists who have been trained by Jenoptik	<ul style="list-style-type: none"> <li>Training ratio</li> <li>Number of trainees taken on (hiring ratio)</li> </ul>	3.8 % 93 %	4.2 % 79 %	>4 % 100 %
Brand & Reputation	We want to increase the attractiveness of Jenoptik as an employer	<ul style="list-style-type: none"> <li>Fluctuation (attributable to employees)</li> <li>Engagement Score</li> </ul>	4.1 % 72 %	3.1 % 76 %	<5 % >76 %
Innovation and R+D	Securing and boosting competitiveness, revenue and earnings through successful innovations:				
	<ul style="list-style-type: none"> <li>We want to increase our R+D output including customer-specific developments</li> <li>We want to increase the share of revenue generated with products and platforms which have been developed in the last three years</li> </ul>	<ul style="list-style-type: none"> <li>R+D output</li> <li>Vitality Index</li> </ul>	8 % 16.2 %	9 % 17.1 %	10 % by 2022 20 % by 2022 22 % by 2025
Environmental management	Reduction in CO <sub>2</sub> emissions:				
	<ul style="list-style-type: none"> <li>We want to increase the proportion of green electricity used at our main production sites and take this issue into account in the purchasing process</li> <li>We want to expand our fleet of vehicles with alternative drive technologies and create an appropriate infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Proportion of green electricity at the main production sites</li> <li>Number of vehicles with alternative drive technologies in the fleet</li> <li>Number of charging stations</li> </ul>	63.1 % 4 1	– 7 15	70 % by 2022 75 % by 2025 Increase Increase
Supply chain management	We want to increase transparency in our supply chain in order to guarantee the protection of human rights and the environment	<ul style="list-style-type: none"> <li>CRSA Coverage Rate of the purchase volume**</li> <li>Change to CSR rate***</li> </ul>	25.4 % –	36.4 % –	40 % by 2022 50 % by 2025

\* Diversity rate: Average percentage of the number of managers with an international background as well as female managers

\*\* CRSA: Corporate Social Responsibility Supplier Self Assessment: percentage of purchasing volume from risk countries for which CRSA is available

\*\*\* CSR rate: Corporate Social Responsibility Rate: average percentage of all suppliers of production materials with an annual purchasing volume of more than 200,000 euros for which complete CSR self-assessments are available



Detailed information on our risk management system and major risks, including in connection with non-financial aspects, can be found in the Risk and Opportunity Report from page 133

risks, including climate-related risks in the form of physical risks and transition risks. Physical climate risks result from the physical effects of climate change, e.g. plant damage due to extreme weather events or losses due to long periods of drought. Transition risks are understood as the risks for business models resulting from decarbonization and the transition to CO<sub>2</sub>-free economic structures. They are divided, for example, into political/regulatory risks (e.g. rising prices for CO<sub>2</sub> emissions), legal risks (e.g. liability suits for climate damage), market risks (e.g. falling demand for fossil fuels), technology or competitive risks (e.g. outdated environmental technology), and risks to reputation (e.g. changing consumer preferences) in response to climate change. For risks associated with the coronavirus pandemic, refer to the Risk and Opportunity Report page 133.



See page 36 in the Corporate Governance Statement

The net analysis did not identify any risks that are very likely, now or in the future, to have a serious negative impact on the specified key non-financial aspects.

## Employee Matters

Our employees, with their experience and abilities, are our greatest asset and absolutely essential to the Jenoptik Group's business success. Forward-looking HR work and the responsible and modern approach to working conditions are therefore among our most important tasks, because excellent business performance is only possible with dedicated employees.

HR at Jenoptik covers all employee-related operating and strategic measures for the implementation of the Group's objectives and is thus an essential component of the overall leadership and management process. HR is an internal, internationally active business partner which supports the operating business and participates in the implementation of strategic decisions in all Jenoptik divisions. HR delivers local service on site in the respective country for all employees and managers, supports division-specific projects and offers expert knowledge in the areas of recruiting, employer branding, HR development, labor law and remuneration. HR reports directly to the Chairman of the Executive Board, who is also HR Director, via the function Head of Global HR.

The first point of contact for all HR-related issues in day-to-day business concerning the Group's employees and managers are our colleagues from HR Operations. Each division has an HR

Business Partner who is part of the management team. Working with Division Management, the HR Business Partners develop and implement HR strategic topics. In 2021, our HR work will be further professionalized and internationally standardized through the introduction of an SAP tool for the digitization of HR processes (so-called success factors).

Alongside an appealing corporate culture, we see our employees' efforts, expertise, experience, and commitment to the company as key value contributions. This was also confirmed by the results of the materiality analysis, which in Human Resources in particular point to topics such as corporate culture, HR development and employee satisfaction.

Detailed information on gender equality and targets for the proportion of women on the Supervisory Board, Executive Board and the management level below the Executive Board can be found in the Corporate Governance Statement.

With the implementation of the group strategy, the focus is on establishing a dialog-based **corporate culture** characterized by initiative, respect for diversity and equal opportunities. The basis for this is formed by our Jenoptik values – **open, driving, confident**. We believe that committed and curious people always perform outstandingly. We value new ideas and develop them further in an open dialog. In order to achieve our targets, we encourage employees who drive things forward and who have the will to succeed. In 2020, the further development of our corporate culture was one of three strategic group initiatives. The focus was on, among other things, intensive communication and exchange with our employees, the efficient design of our meeting culture, a structured approach to reducing overtime, and the topic of diversity. Progress on all topics was measured by a total of three so-called Culture Cockpits, an employee survey on the implementation status of our actions.

In particular, we have taken a major step forward in the area of **diversity** and defined both targets and measures for implementation: The diversity rate, i.e. the average percentage of managers with an international background and female managers, is to increase to 30 percent by 2022 and to 33 percent by 2025. In the past fiscal year 2020, the diversity rate was already increased to 27.8 percent (prior year: 25.5 percent).

The two target figures are reported to the EMC on a quarterly basis along with other non-financial KPIs. Closely related to this is the adaptation of our recruitment strategy to increasingly appeal to and hire applicants with diverse profiles. To make our activities in this area externally visible, we signed the Diversity Charter in August 2020 – a voluntary commitment and an association under the patronage of the German Chancellor that promotes a prejudice-free working environment. Internally, the topic is managed by a global Diversity Council, an internationally diverse body. The ten members come from seven countries and include Stefan Traeger (CEO), Maria Koller (Head of Global HR) and Thomas Klippstein (Chairman of the Group Works Council). For external benchmarking, we took part in the Women's Career Index (FKI) audit in 2020. In the overall index, we scored 79 points, two points above the industry average. In March 2021, Jenoptik was even named "Rising Star of the Year". Focus on all these topics will continue in 2021.

Jenoptik is modern and flexible in terms of leadership culture. Key to this will be the promotion of respectful behavior towards one another in the workplace, balancing of career and family, flexible working hours, and a healthy work environment. In particular, the introduction of remote working in 2019 has helped us to cope well with the challenging conditions created by COVID-19.

We have measured the satisfaction and commitment of our employees via an employee survey. This is conducted globally. When completing the survey, employees evaluate the various facets of the corporate and leadership culture. The commitment of our employees (so-called Engagement Score) and the recommendation rate (so-called Net Promoter Score) are also measured. We have also achieved our non-financial objective of increasing both KPIs in 2020.

A total of 58 percent of our employees took part in the 2020 survey (prior year: 68 percent). The engagement of our employees, the so-called "Engagement Score" improved by 4 percentage points to 76 percent, i.e. 76 percent of our employees identify positively with their duties at Jenoptik and are actively involved (prior year: 72 percent). With a "Net Promoter Score" of 74 percent (prior year: 69 percent) significantly more than two thirds of our employees would recommend Jenoptik as a good employer. This puts Jenoptik nine percentage points above the benchmark of 65 percent determined by our service provider Qualtrics. Our managers communicated the results of the employee survey to their teams and developed team-specific measures in a joint workshop. The next employee survey will take place in May 2021.

In 2020 we also conducted a survey of our new employees on the onboarding process at Jenoptik. Among our new colleagues (joining January to September 2020), the Engagement Score was 91 percent (2019: 90 percent) and the Net Promoter Score 93 percent (2019: 90 percent). The satisfaction with our recruitment process remains unchanged at 93 percent, while satisfaction with our onboarding process is 85 percent (2019: 86 percent). We also hold structured exit interviews with colleagues who leave our company in order to further improve our performance as an employer.

Jenoptik is family-friendly and responds to the needs of its employees with flexible working hour models. Flextime, part-time work, and flexible parental leave all make it easier for our employees to strike their own balance between family and working life. In 2020, 159 employees made use of parental leave in Germany (prior year: 154 employees). The number of part-time contracts in Germany rose to 10.9 percent and, globally 8.9 percent of our employees are part-time workers (prior year: 7.1 percent in Germany and worldwide). One of the most important preconditions for balancing career and family is the availability of childcare. For several years, Jenoptik has been investing in daycare centers at the Jena, Wedel, and Monheim locations, as well as in flexible childcare models. This means that our employees are assured a place at the daycare centers.

The global staff fluctuation rate of 3.1 percent in 2020 itself reflects a high level of employee satisfaction within Jenoptik (prior year: 4.1 percent). Across Germany, the fluctuation in the past fiscal year was 1.9 percent (prior year: 3.1 percent).

**HR development** is a key factor that determines the future viability of the company and the commitment of our employees. To help promote them in line with their potential and interests, the development needs are analyzed in regular staff appraisals. In our employee survey, we verified whether staff appraisals are held at all sites. In 2020, Jenoptik invested around 2.2 million euros (prior year: 2.6 million euros) in the professional development of its employees. This includes both the costs for trainees and students at the Cooperative State Universities and the costs for further training for our employees.

Learning at Jenoptik is structured according to the 70:20:10 principle: as employees and their supervisors are the experts for their own further development, 70 percent of learning takes place in the workplace and 20 percent through learning from others. Classroom or online training makes up 10 percent.

We have also been following the 70:20:10 learning principle in the development of our managers: since 2019, there have been three target-group specific programs aimed at potential employees, new managers and experienced managers. Our managers are key drivers of a uniform leadership culture at Jenoptik and thus of our corporate success. They are responsible for motivating the employees and have a direct influence on their satisfaction. COVID-19 restrictions meant that all three programs were conducted online in 2020. We also plan to offer more extensive training for experienced managers in 2021.

## HR Recruitment

Jenoptik's HR requirements are guided by the Group's international growth strategy, resulting in a greater need for recruitment in Asia, Canada and the USA. However, experts and managers are also being sought in Germany. The audiences addressed by recruitment and thus also HR marketing are primarily specialists and skilled workers in the natural and engineering sciences as well as experts with business management and legal backgrounds. We will also continue to push ahead with the topic of "diversity" here in 2021 in order to increasingly reach out to and recruit applicants with diverse profiles.

In order to fill more vacant positions with internal specialists trained at Jenoptik, the training ratio was increased, taking into account the retirement of employees in the context of succession planning. In the reporting period, the training ratio was

4.2 percent (prior year: 3.8 percent). Thus, at the end of 2020, a total of 189 trainees were employed by the Group worldwide (prior year: 156 worldwide). For 2021, the number of trainees is to be increased to a total of 219 group-wide. This will create 30 additional apprenticeships. The retention rate for trainees who successfully completed their vocational training in 2020 was 79 percent in 2020 (prior year: 93 percent). These trainees were taken on for an unlimited period by the company. A total of three international trainees from Syria, Malaysia and Afghanistan were hired in 2020.

Specific support for school students, university students and graduates forms part of the Group's expertise strategy, ensuring early loyalty to the company and thus simplifying the recruitment process. A selection of targeted initiatives and cooperation arrangements is shown in table T14.

Increasing **attractiveness as an employer** is the focus of employer branding at Jenoptik. Clear and distinctive positioning as an attractive employer should support recruitment and develop a positive and unmistakable employer image as a future-oriented, innovative high-tech company in the photonics industry. The definition of the employer brand and the development of the associated values (Employer Value Proposition) were carried out on the basis of the Jenoptik Strategy 2022 under the motto "More Light". The focus was once again on target-group oriented communication using social media channels in 2020. Numerous vocational training and university fairs were held online.

## T14 Initiatives and cooperations (selection)



### Jenoptik supports

- career guidance projects at schools, also offering their students the opportunity to complete an internship
- young researchers in Thuringia as a longstanding state-level corporate sponsor of the "Jugend forscht" initiative
- various industry organizations to promote professional development activities
- students in the form of degree theses, internships, and scholarships

### Jenoptik works with

- selected universities around the world with regards to HR marketing and recruitment, for research purposes, and to foster the professional development of its employees
- selected universities around the world via projects and is active through a range of committees and networks in an advisory capacity

Further information on our social commitment can be found from page 71

Occupational health and safety are also key topics affecting the basic needs of our employees and their satisfaction in the workplace. They are firmly anchored in the Group's operating processes and aim to minimize risks arising in the work environment that may endanger employees. The Jenoptik companies are each responsible for applying the law on all aspects of occupational health and safety. Occupational Safety, Health and Environmental Protection (OSHEP) is part of Corporate Real Estate Management, falling within the remit of the Chief Financial Officer. It provides advice to all companies, coordinates tasks and supports the Executive Board in implementing measures. Occupational health and safety committee meetings are held in all divisions each quarter. In addition, all employees are briefed on issues relating to health and safety at work at least once a year. At all of the German locations, around ten percent of the workforce are trained as first-aiders. The number of reportable workplace and commuting accidents in Germany fell in 2020 to 11.4 per 1,000 employees (prior year: 10.7). The rate for the Group as a whole was 10.8. Compared to the other members of the ETEM trade association (Energy, Textile, Electronics and Media Products), Jenoptik is still significantly below the average figure of 22.3 in 2019.

In the interests of our employees' health and performance, the Group offers regular medical examinations by a company physician. In 2020, the focus was on managing the pandemic. With the help of a pandemic plan and hygiene concept at all sites, it was possible to prevent the spread of infection at the operating facilities while maintaining the ability to work in all areas. The fast and regular exchange of information between all the coronavirus task forces set up and the provision of information to employees, but in particular the rapid introduction, implementation and consistent enforcement of hygiene measures, vaccination offers and the opportunities for remote working have made a significant contribution to the success. Despite all this, it was not possible to prevent 86 employees across the Group from contracting COVID-19 in 2020. However, with the exception of four cases at the start of the pandemic in March, these infections can be exclusively attributed to private leisure activities outside Jenoptik's operating facilities.

Since the end of 2019, company health management at Jenoptik in Germany has been centrally managed by the HR department in the Corporate Center. In 2020, the structures required for this were established. The starting point was the conclusion of a cooperation agreement with the Techniker Krankenkasse (TK) health insurance fund and the establishment of local "health steering groups" to support the implementation of the actions on site. These include the "Move It!" initiation project, a digital exercise offer from TK for all employees, a "Healthy Leadership" training offer for our managers, and

the further improvement of our process for company integration management (BEM). In 2020, we carried out a mental risk assessment for all German sites as part of the "Healthy Work" project. Our employee survey included 26 questions focused on this, covering working conditions and potential workloads and determining both stressors and resources at work. With the support of the "health steering groups", managers communicated the results to their teams and, if necessary, workshops were held with internal or external support to develop improvement measures. Overall, the results were very positive across Germany. The best score was for "social support", and the second-best score was for "appropriate working environment". The "Healthy Work" survey will be conducted again in 2022 to measure the effectiveness of the agreed measures.

## Environmental Matters


Protection of our environment is of high priority to us. We see it as our corporate responsibility to grow sustainably in harmony with the environment and society and to use resources and energy efficiently at all our sites worldwide. As many of our products enable our customers to use resources efficiently and responsibly, Jenoptik primarily makes an indirect contribution to conserving resources and therefore also to protecting the environment. In order to make an active contribution to reducing CO<sub>2</sub> emissions, we want to increase the share of green electricity used at our main production sites, expand our vehicle fleet to include vehicles with alternative drive systems, and create an appropriate infrastructure at our sites for charging all battery-powered vehicles.

In order to take advantage of our employees' high level of motivation when it comes to sustainability and to implement as many topics as possible at the same time, the first group-wide competition for greater sustainability at Jenoptik with a focus on environmental protection took place in 2020. Over the course of the year, more than 40 projects were implemented independently by employees:

- In the "recycling economy" category, significant waste savings were achieved through the reuse of special packaging material and cold packs for sensor packaging,
- Significant energy savings were realized through the introduction of peak load and shutdown management, compressed air control and the use of LED lighting systems,
- The use of drinking water dispensers in conjunction with reusable drinking bottles has replaced costly ordering of mineral water, while also saving on transport costs and transport emissions,

- In the “Biodiversity” category, the repurposing of an area close to the company’s site, the targeted planting of shrubs and wildflowers, and the installation of insect hotels transformed the unused grassland in Camberley, UK, into a kind of local recreational area for our employees. They use it for walks and yoga during breaks and it also provides a home for numerous insects.

An independent jury evaluated the implemented project contributions, with prizes being awarded to the three winners at the Management Days conference in early January 2021.

**Environmental management** is a key part of our business practices. We comply with national and international statutes and set standards in resource conservation and energy efficiency with respect to the manufacture of our products. However, we also require our suppliers and contractual partners to comply with relevant laws to minimize environmental risks. As a manufacturing company, we set our focus on efficient resource management so as to reduce energy consumption and greenhouse gas emissions to the best of our ability, use commodities and materials in a safe and resource-saving manner and to largely avoid producing hazardous waste. We espouse good environmentally friendly design and the economical use of resources as early as the development stage, while minimizing the impact on people, the environment and nature through regulated recycling and disposal. In line with their environmental relevance, selected Jenoptik companies are certified in accordance with the ISO 14001 environmental management standard, which sets out globally recognized requirements for an environmental management system. 

Occupational Safety, Health and Environmental Protection (OSHEP) topics are part of Corporate Real Estate Management and fall within the remit of the Chief Financial Officer. The Jenoptik companies are each responsible for applying the law

on all aspects of environmental protection. The central environmental protection officer from Safety, Occupational and Environmental Protection is available to provide assistance where required and, for example, reviews all group capital projects with regard to their environmental relevance. An exchange also took place in 2020 to share experiences between the managers responsible for environmental issues at the German locations to ensure a standard approach to implementing environmental law requirements and processes. Waste officers take care of all matters relating to the prevention, accrual, recycling, and disposal of hazardous and non-hazardous waste.

Jenoptik continues to implement and in part exceed statutory requirements relating to nature conservation and environmental protection for new buildings, extensions and the modernization of production facilities. State-of-the-art technologies for saving resources and protecting the environment are applied when fitting out production facilities. The company building for the Light & Production division at the Villingen-Schwenningen site, completed in 2020, fully complies with the environmental protection standards introduced at Jenoptik. For example, the new building was equipped with modern insulation, sensor-controlled LED lighting and energy-saving heating and air conditioning technology. In addition, several charging stations for electric mobility have already been installed. The construction of the new employee restaurant in Jena is proceeding at a rapid pace in 2021, with the opening scheduled for mid-2022. The Boards of JENOPTIK AG approved the investment of more than 10 million euros at the end of December. The focus of the plans is on the company’s values and strategy. For example, an internationally recognized sustainability certification will be pursued, which highlights environmental and social aspects. In addition, the open culture is reflected in the spatial design and furniture structures, along with the future orientation in the use of modern materials (e.g. Alubond and glass façades or metal grids as privacy screens).



See section on quality management in the Non-financial Statement, page 75

## T15 2019 energy consumption by energy source (in MWh)

	Electricity	Gas	Wood pellets	District heating	Heating oil	Energy consumption
Germany	32,581	7,150	842	8,965	472	50,011
Europe	672	60	0	0	0	732
Americas	8,574	4,341	0	0	0	12,914
Asia/Pacific	455	0	0	0	0	455
<b>Total</b>	<b>42,282</b>	<b>11,551</b>	<b>842</b>	<b>8,965</b>	<b>472</b>	<b>64,112</b>

The conversion of existing lighting to LED lighting is being examined and successively implemented at several sites worldwide in ongoing conversion measures taking into account cost and environmental aspects. In the future, obsolete and resource-intensive technology will be replaced by low-emission and more resource-efficient systems if necessary. Electrical energy in Germany is already provided almost exclusively from green electricity. Cleaning agents are currently being switched to environmentally compatible products for Germany. The successive development of an e-charging network – especially at the headquarters in Jena and beyond – will create the basis for a vehicle fleet utilizing alternative drive technologies in 2021.

**Greenhouse gases:** As a technology company, Jenoptik generates only small volumes of emissions within its plants. The majority of its pollutant emissions is attributable to procured and externally purchased energy (district heating, electricity or gas). Due to data availability, we report our energy consumption with a time lag to the reporting year. The group-wide total energy consumption is shown in Table T15 and is largely derived from electricity, gas and district heating. At 64,112 MWh, this was lower than in 2019 (2018: 75,605 MWh), due to energy savings and efficiency improvements. T15

In addition to absolute energy consumption, we are also reporting the energy consumption in relation to revenue, thus making the development of energy efficiency in our production transparent. In 2019, the total energy consumption of 74.96 MWh per 1 million euros group revenue was higher than in the prior year (2018: 90.59 MWh/1 million euros group revenue).

Through the targeted purchase of renewable energies, Jenoptik has been sourcing almost exclusively green electricity from European hydropower throughout Germany since 2020, which is backed by proof of origin. Our international sites are also gradually converting to renewable energy sources. Through these measures, we aim to increase the share of green electricity used at our main production sites worldwide to 70 percent of total electricity demand by 2022, and to 75 percent by 2025. In 2019, the share of renewable energies in the total electricity demand was increased due to the conversions to green electricity that have already taken place, already amounting to 63.1 percent (2018: 45.3 percent).

The **CO<sub>2</sub> emissions** are calculated on the basis of the media consumption (electricity, district heating, gas, heating oil, wood pellets) of all major Jenoptik production sites. Group-wide CO<sub>2</sub> emissions decreased in 2019 by 20.9 percent to 10,161 tons (2018: 12,843 tons). T16

## T16 Energy consumption and CO<sub>2</sub> emissions at major Jenoptik production sites (in MWh and t)

	Energy consumption		CO <sub>2</sub> emissions	
	2019	2018	2019	2018
Germany	50,011	58,447	5,637	8,038
Europe	732	1,332	38	158
Americas	12,914	15,543	4,174	4,455
Asia/Pacific	455	283	312	192
<b>Total</b>	<b>64,112</b>	<b>75,605</b>	<b>10,161</b>	<b>12,843</b>

**Water:** Jenoptik does not require large volumes of water for its manufacturing processes. Water is only used as a coolant, as a process medium and for sanitary purposes and comes primarily from the public drinking water supply and from groundwater. Nevertheless, as part of our water management, we take care to keep water consumption as low as possible at all our sites. For the current reporting year 2020, the reporting of water consumption and waste volumes is based, as far as possible, on billing during the year and valid estimates of the remaining consumption. In 2020, 69,758 m<sup>3</sup> of water were consumed at our main production sites (prior year: 72,117 m<sup>3</sup>/2018: 70,790 m<sup>3</sup>). T17

Due to low volumes of water required for production processes, we do not see ourselves encountering any key risks in this area. Conservation regulations only play a very minor role for the Group due to its business purpose and the location of its sites outside conservation areas.

**Waste:** Within the scope of our business activities, hazardous waste is also generated to a small extent in a few production processes, for example, adhesive residues or solvents. Our goal is to avoid producing such waste which is generated during production as far as possible or to recycle it and, when this is not possible, to dispose of it properly in order to minimize negative effects on the environment. In the production of semiconductor lasers in Berlin-Adlershof, for example, a new process has reduced the solvents used. The volumes sent for recovery or recycling are recorded locally and we distinguish between hazardous and non-hazardous waste within these categories. T18

In Germany, waste types in all divisions are systematically recorded, categorized and their quantities calculated. In the 2020 reporting year, the volume of hazardous waste disposed of in waste treatment/disposal plants reduced to 106 tons (prior year: 160 tons/2018: 162 tons) particularly in the Light & Optics division and VINCORION due to optimization measures in waste management. The quantity of non-hazardous waste rose slightly to 1,439 tons (prior year: 1,327 tons/2018: 1,022 tons). In general, Jenoptik recycles its waste through certified waste management companies. Through continuous waste separation and training of the employees on waste prevention, the amount of residual waste was again further reduced. At the Triptis site, for example, more plastic materials are being channeled back into the recycling process, thereby conserving resources, avoiding expenditure on waste disposal and even generating income.

As a high-tech company, Jenoptik is dependent on a wide range of raw materials. In the face of an increasing scarcity of resources, Jenoptik is committed to making sparing use of the materials it requires. Sporadic supply bottlenecks in connection with the coronavirus pandemic were offset by targeted supplier management measures. We comply with the applicable regulations, for example the requirements of the European chemicals regulation REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) and the European RoHS directive (Restriction of certain Hazardous Substances), and are fully involved on associated committees. In order to implement efficient processes for collecting relevant data, the Product Compliance project will also be continued in 2021. In the future, declarations from suppliers, raw material and chemical data can be systematically and automatically evaluated and the respective declarations issued. The objective of our purchasing processes is to also meet all regulations relating to conflict minerals in compliance with the Dodd-Frank Act.

## T17 Water consumption (in m<sup>3</sup>)

	2020	2019	2018
<b>Total</b>	<b>69,758</b>	<b>72,117</b>	<b>70,790</b>

## T18 Hazardous and non-hazardous waste (in t)

	2020	2019	2018
Non-hazardous waste	1,439	1,327*	1,022
Hazardous waste	106	160*	162

\* Figures in Annual Report 2019 only for Germany: 1,100 t non-hazardous waste or 179 t hazardous waste (deviation due to change in fractionation as a result of group-wide recording)



Resource Management

Many innovative Jenoptik products and solutions contribute to the efficient and responsible use of resources and support the UN's Sustainable Development Goals (SDGs). As a technology company, we enable our customers to design production processes and products more efficiently, thereby saving energy. The table below provides an overview of the contribution of selected Jenoptik products to resource conservation. T19

Social Commitment/Corporate Citizenship

Supporting young people in their education and scientific activities, as well as in social projects – this is at the heart Jenoptik's social commitment. The Group supports a whole

range of non-profit projects, organizations and initiatives and is chiefly involved in the following three funding areas, primarily in Germany but increasingly also abroad:

- A commitment to the younger generation with projects in science, education, and in the social arena.
- Art and cultural projects to lend an attractive design to our company locations and create good conditions for our employees' work/life balance.
- A commitment to integration and internationality to strengthen the foundations of business and society in the future.

As a responsible and socially committed company, Jenoptik considers it its duty to play an active role in shaping its business environment. As part of this process, our main concern is to achieve close, long-term partnerships, with the aim of providing

T19 Contribution of our products to resource conservation

Product

Contribution to resource conservation, environmental and health protection

**Jenoptik diode lasers and laser machines** for a wide range of applications, e.g. in medical technology or the automotive industry

- The most efficient light sources available with an efficiency of up to 70 percent
- Resource-friendly alternative to conventional machining processes, especially when machining high-strength steel with a lower weight

**Optical systems and components** for information and data transmission as well as medical diagnostic procedures

- Ongoing development toward ever-smaller crystalline structures in semiconductor production opens up ever newer applications
- Digital imaging, real-time disease detection and medical diagnostics increase health and well-being
- Time-saving processes and more cost-effective production save resources

**Metrology** – systems and equipment to check shape and roughness, particularly in the automotive industry

- The results are more precise surfaces and tighter tolerances in engine components (downsizing) and thus vehicles requiring less fuel and generating fewer emissions
- More complex transmissions for hybrid vehicles in the field of electromobility demand the increased use of metrology

**Hybrid power generation systems** to enable an efficient power supply to the Patriot missile defense system

- Use of battery technology to reduce fuel consumption
- Longer life cycles for customers, lower service expenditure and thus more sustainable products

**Traffic monitoring systems** check compliance with current road traffic regulations and improve traffic flow

- Increased safety on the roads and in public squares through reduction of accidents and resilient infrastructures
- Improvement of living conditions through reduced noise pollution and environmental pollution
- Installation at the side of the road limits interference in the environment (no installation of monitoring gantries)

**Toll payment monitoring systems** on federal highways

not just financial but also non-material assistance. With our commitment to society, we want to strengthen the confidence placed in Jenoptik and boost our employees' sense of identification with the company. We also expect this to have a positive effect on our brand image, reputation and our attractiveness as an employer.

The duties of Corporate Citizenship are the responsibility of Investor Relations & Communications. Group-wide guidelines govern the principles of a structured and standardized approach to defining "Jenoptik as a Corporate Citizen" and ensure a uniform method of handling donations and sponsorship queries, as well as carrying out sponsorship projects.

Our commitment to our region is of particular relevance. Since 1996, the Group has acted as the patron of the "Adult Initiative for Children with Cancer Jena". Donations both made by Jenoptik and collected from partners, and the organization of various events, have helped to support children with cancer and their parents. Particularly worthy of note is the Easter Charity Concert given by the International Youth Orchestra Academy, the proceeds of which are donated to the initiative. In 2020, the group-wide program "Mitarbeiter im Ehrenamt" (Employees and Volunteering) entered its second round as a further pillar of social commitment. Volunteering is an important link in society. Many Jenoptik employees make an important contribution to associations and organizations through their volunteering work. The "Mitarbeiter im Ehrenamt" program encourages and honors this commitment.

## T20 Social commitment – exemplary projects 2020

Social	Jenoptik supports	<ul style="list-style-type: none"> <li>• Easter charity concert by the International Young Orchestra Academy on behalf of the Elterninitiative für krebskranke Kinder Jena e.V.</li> <li>• Fundraising campaign on the occasion of the New Year's Eve reception on behalf of Deutscher Verkehrswacht (German Association for the Prevention of Road Accidents)/School Crossing Guards Project</li> <li>• Summer camps for children of Jenoptik employees and children of recognized refugee families</li> <li>• Promotion of "Mitarbeiter im Ehrenamt"</li> <li>• Thanksgiving food collections for the needy in Jupiter</li> <li>• Blood donation campaigns for One Blood in Jupiter</li> </ul>
Science & Education	Jenoptik is a partner for	<ul style="list-style-type: none"> <li>• The Thuringian young researchers competition "Jugend forscht" and "Schüler experimentieren"</li> <li>• Applied Photonics Award</li> <li>• Campaign – mobile devices for home schooling for needy families</li> <li>• Lothar Späth Award for Outstanding Innovations in Science and Business</li> <li>• Global competition "SPIE Startup Challenge"</li> </ul>
Art & Culture	<p>Jenoptik promotes artists through its own series of "tangente" art exhibitions (since 1994)</p> <p>Jenoptik supports cultural projects with partners</p>	<ul style="list-style-type: none"> <li>• Own series of "tangente" art exhibitions</li> </ul> <p>The following projects, which Jenoptik traditionally promotes, did not take place due to the pandemic:</p> <ul style="list-style-type: none"> <li>• Open-air Cultural Festival "Kulturarena" organized by the city of Jena</li> <li>• Summer theater spectacular by Theaterhaus Jena</li> <li>• Summer concert series at the Thalbürgel monastery church</li> </ul>

Together with numerous partners, the Group is also active as a member of "Familienfreundliches Jena e.V." (Family-Friendly Jena) support group for projects conducted by the "Jenaer Bündnis für Familie" (Jena Family Alliance) to improve general underlying conditions, the **work/life balance** and equal opportunities in education. Jenoptik supports various models of family-friendly childcare, the "Saaleknirpse" in Jena, the "Wasserstrolche" in Wedel, and the "Talentschuppen" in Monheim. For school children, there was once again a joint summer camp for the children of Jenoptik employees.

2020 was marked by the coronavirus pandemic, which was also reflected in our social commitment. Some projects that Jenoptik traditionally supports could not take place in the usual way due to the pandemic. Consequently, Jenoptik redirected some of its commitment to the promotion of pandemic-related projects. For example, Jenoptik initiated a large-scale fundraising campaign to finance mobile devices for students of needy families for home schooling, supported emergency aid funds for students, campaigns for pandemic key workers, and for the heavily burdened arts and culture sector. In 2020 the members of the Supervisory Board of JENOPTIK AG waived parts of their basic remuneration as a sign of solidarity in the COVID-19 crisis. Employee representatives and the Jenoptik Executive Board jointly decided to use the amount of around 60,000 US dollars to support Jenoptik employees in the USA who have been hit particularly hard financially by the Corona pandemic. In the USA, Jenoptik employees at the Jupiter site supported the "One Blood" organization with blood donation campaigns. Also at the Jupiter site, employees organized a food collection at Thanksgiving for those in need.

Since the company's earliest days, Jenoptik has been enriching life in Jena with art and cultural projects. The in-house "tangente" series of art exhibitions is a key part of this endeavor. In 2020, Jenoptik set the course for a new commitment, the sponsorship of Imaginata Jena e.V., an experimentarium for the senses, an extraordinary learning and event venue. The aims of Imaginata, to increase young people's awareness of science and technology at an early age, fit in very well with one of the central issues of Jenoptik's social commitment – encouraging young people socially and in education. Likewise, Jenoptik 2020 created the technical prerequisites for a contemporary video mapping projection on the Ernst-Abbe high-rise in Jena as a future artistic light installation for Jena, the city of Light.

## Responsible Corporate Governance

In a globalized market environment, Jenoptik is fully committed to responsible corporate governance and law-abiding, compliant conduct. We make our business decisions with this in mind and always work to ensure that our actions are in accordance with regulations, laws and our values. Compliance & Risk Management therefore lies within the remit of the Chairman of the Executive Board and reports directly and regularly to him. The Director of Compliance & Risk Management is in close contact with all employees throughout the organization and controls the Group's opportunity and risk management system in close cooperation with the central divisions and the divisions' risk officers. Our compliance organization comprises a central Compliance Competence Center with specialist responsibility for compliance, risk management, data protection as well as customs and export control. In the North America and Asia/Pacific regions, the team is strengthened by regional compliance officers.

**Respect for human rights** is a high priority for Jenoptik, especially in the supply chain. Jenoptik is committed to internationally recognized standards of human rights and does not tolerate any form of slavery, forced labor, child labor, human trafficking or exploitation in its own business operations or those of its supply chain. We also expect our suppliers to comply with and respect internationally recognized human rights standards, e.g. the Slavery and Human Trafficking Statement. Separate Codes of conduct for sales partners and suppliers define the Jenoptik Group's requirements for our business partners and require them to comply with nationally and internationally applicable statutes, regulations and standards. In order to identify violations and high-risk business partners in good time, a platform for group-wide supplier screening regarding compliance with all sustainability criteria was launched in 2020. Cooperation only takes place with those business partners who accept Jenoptik's compliance declaration.

**Anti-corruption:** Jenoptik fights all forms of active and passive corruption and expects all its business partners to do the same. For detailed information on Jenoptik’s compliance management system, the company guidelines and codes of conduct for employees, suppliers and sales partners, our online training, and our whistleblower system, we refer you to the Corporate Governance Statement from page 36 and the Risk and Opportunity Report from page 133.

**Supplier management:** As one of our most important resources, our supplier base has a significant influence on the value contribution of our products, but also on sustainability and environmental protection. We partner with our suppliers all along the value chain on a long-term basis. When selecting our business partners and when working together, we take into account their performance in terms of safety, health, the environment, social standards and fair business practices in order to further develop an integrated supplier management system.

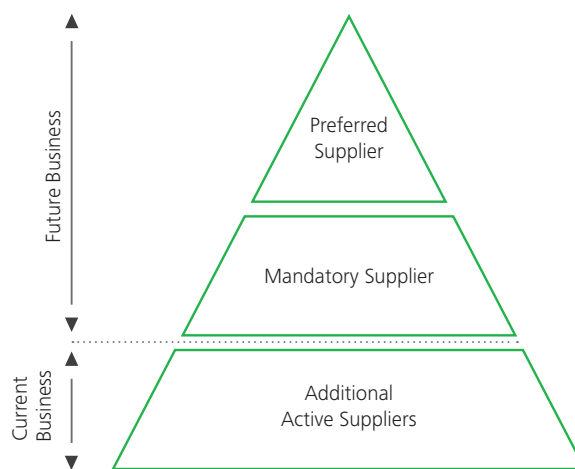
Our business partners are classified and assigned to the different phases of the supplier life cycle. Our Preferred Suppliers are of strategic importance for our future business. They are qualified according to uniform criteria applying group-wide. We hold a strategic meeting with our Preferred Suppliers at least once a year at which we discuss supplier assessment and its development. We use a scorecard to help set targets and measures relating to quality, logistics, technology, costs and sustainability. G09

Our Code of Conduct for Suppliers to the Jenoptik Group is binding on all suppliers worldwide, irrespective of procurement volume, and serves as the basis for contractual relationships. Among other things, it includes topics such as compliance with laws and regulations, respect for human rights, the prohibition of forced and child labor, the responsible handling of conflict materials and the obligation to protect the environment. Our qualification process in the reporting year included the request for a “Corporate Social Responsibility Supplier Self-Assessment (CRSA)” – a questionnaire for suppliers from high-risk countries on sustainability topics in the social, compliance, governance and environmental areas. An evaluation of the questionnaire is carried out interdivisionally with the Compliance & Risk Management and Safety, Occupational Health and Environmental Protection departments. The CRSA Coverage Rate is a non-financial indicator of the proportion of the purchasing volume from high-risk countries for which a CRSA exists. In the period under review, the CRSA coverage rate increased further

to 36.4 percent (prior year: 25.4 percent). In order to further increase transparency in the supply chain, Jenoptik will implement a central platform in 2021 for the global monitoring of suppliers with regard to compliance and sustainability. In this context, a new key figure, the so-called Corporate Social Responsibility Rate (CSR Rate), will be introduced, which indicates the percentage of suppliers of product materials with an annual purchasing volume of more than 200,000 euros for which complete CSR self-assessments are available. The CSR self-assessments cover the topics of environmental protection, compliance management, human rights and the prohibition of child labor, ensuring health and safety, and anti-corruption and sustainability in the supply chain in the form of questionnaires. The survey will be managed via the sustainability and compliance platform implemented in 2021. The CSR rate is expected to reach 40 percent by 2022 and 50 percent by 2025.

Purchasing in the Jenoptik Group is established globally and responsible for all procurement activities and the implementation of responsible supply chain management. The various purchasing categories and product groups are controlled and managed by category/commodity managers worldwide. The Vice President for Corporate Supply Chain Management & Procurement reports directly to the CFO of JENOPTIK AG, Hans-Dieter Schumacher.

## G09 Classification of suppliers



## Quality Management

### Quality Management

The key to Jenoptik’s success as a technology company primarily lies in the quality of its components, products and solutions. Longstanding collaborations with key customers, sometimes in the form of development partnerships, and the confidence placed in us by our partners are proof that our products and solutions are convincing in their quality worldwide. As a quality leader, we are proactively committed to ensuring that the quality of our products and services is above average in many of our product areas. For more than 30 years, Jenoptik has been a member of the German Association for Quality (DGQ e.V.) and was recognized for this in 2020.

Quality management at Jenoptik is managed locally in the business units and falls within the responsibility of the division managers. Each division applies individual customer and market-related quality indicators. The following overview summarizes key KPIs for quality management in the Jenoptik Group. T21

Our process optimizations are one way of ensuring and further improving our quality, the impact of which can be felt in all areas

### T21 KPIs for quality management

Criterion	Examples for KPIs of the divisions
Quality from a customer perspective	<ul style="list-style-type: none"> <li>• Customer satisfaction</li> <li>• Complaints costs ratio</li> <li>• Warranty and guarantee costs</li> </ul>
Quality as an internal operations partner	<ul style="list-style-type: none"> <li>• Internal audits (number of improvements)</li> <li>• Measures in the process of continual improvement (number)</li> <li>• Process and product quality                             <ul style="list-style-type: none"> <li>- Production yield/quality level</li> <li>- Reworking costs</li> <li>- Scrap costs</li> </ul> </li> </ul>
Quality from the supplier’s perspective	<ul style="list-style-type: none"> <li>• External supplier audits (number of improvements)</li> <li>• Suitable suppliers (number)</li> <li>• Complaints costs ratio</li> <li>• Guarantee and warranty costs</li> </ul>

of the business – from the development of new products via quality planning to the quality of the finished product (safe launch). Topics such as international quality and occupational health and safety as well as environmental protection programs were developed on the basis of the Jenoptik and divisional strategies. In 2020, for example, a CAQ module was introduced for more efficient planning, execution and evaluation of testing activities. With the introduction of a CAQ module for audit management, internal audits and supplier audits can be better prepared, executed and followed up in the future.

In addition to certifications, further issues in quality management at Jenoptik include standardization, process improvements, tests as well as continuous dialog with customers, e.g. analyses of customer satisfaction. Almost all the group companies comply with the requirements of quality management standard ISO 9001; many of them also meet the requirements of the ISO 14001 environmental management system.

The table on page 76 shows a selection of group certifications and actions undertaken in 2020. The Light & Optics division has successfully passed the matrix certification in accordance with the ISO 9001 and ISO 14001 international standards for quality and environmental management for several sites. The German VINCORION sites also received the re-certification audits for the implementation of their quality and environmental management systems. Successfully audited were the implementation of the environmental management standard ISO 14001:2015 (in Wedel and Essen) and compliance with the industry-specific standard EN 9100:2018 (in Wedel and Essen). In all audits, the DQS auditors (Deutschen Gesellschaft zur Zertifizierung von Managementsystemen) positively highlighted the further development of the quality and environmental management system, the high degree of integration of environmental topics in into company processes, and the large number of improvement measures planned and implemented in particular. In addition, they certified that the employees receive a very high level of training. In the fall, the Automotive division’s production area at the Shanghai site successfully passed an audit by the DQS.

In the current 2021 fiscal year, VINCORION plans to introduce an information security management system in accordance with ISO 27001 and to certify an environmental management system in accordance with ISO 14001 for JENOPTIK Power Systems at the Altenstadt site.

## T22 Certification within the Group (selection)

Certification	Description	2020 actions
ISO 9001	Certification of quality management processes	<ul style="list-style-type: none"> <li>Matrix certification of all German Light &amp; Optics sites</li> <li>Successful surveillance audit at the Shanghai site</li> <li>Matrix certification of all Light &amp; Production sites excluding Spain</li> <li>Matrix certification of Light &amp; Safety sites in Germany and Austria</li> <li>VINCORION certifications: Successful surveillance audit at JENOPTIK Power Systems GmbH</li> </ul>
ISO 50001	Certification of the energy management system	<ul style="list-style-type: none"> <li>Certification of Photonic Sense GmbH due to energy-intensive machining processes, change to ISO 50001:2018 standard revision</li> </ul>
EN 9100	Certification of quality management processes specific to the aerospace and defense industries	<ul style="list-style-type: none"> <li>Re-certification/surveillance audit at VINCORION</li> </ul>
ISO 13485	Certification for the medical market with respect to the design, development and manufacture of medical products	<ul style="list-style-type: none"> <li>Certification in the Light &amp; Optics division: Expansion audit for the biophotonics production area</li> </ul>
ISO 14001	Certification of the environmental management system	<ul style="list-style-type: none"> <li>Matrix certification of German Light &amp; Optics sites: Expansion of the scope for the Berlin-Adlershof site within the framework of the existing multi-site certification</li> <li>Re-certification in the Light &amp; Production division: Successful certification of the Bayeux site (France)</li> <li>Re-certification at VINCORION</li> </ul>
ISO 45001	Certification of the occupational health and safety management system	<ul style="list-style-type: none"> <li>Successful certification of the Light &amp; Production site in Bayeux (France)</li> </ul>
IATF 16949	Certification for the automotive industry	<ul style="list-style-type: none"> <li>Surveillance audit and special audit at the Triptis site</li> </ul>
ISO/TS 22163	Quality management system for the rail industry	<ul style="list-style-type: none"> <li>VINCORION: Successful recertification audit</li> </ul>
IRIS	International Railway Industry Standard	<ul style="list-style-type: none"> <li>Certification at VINCORION</li> </ul>
ILO-OSH-2001 / OHSAS 18001 bzw. DIN ISO 45001	Certification of occupational safety and health management	<ul style="list-style-type: none"> <li>Re-certification in Light &amp; Production</li> <li>Re-certification at VINCORION</li> </ul>
AQAO 2110/2210	NATO quality assurance system	<ul style="list-style-type: none"> <li>Renewal of certification at VINCORION</li> </ul>