

**Corporate Governance Statement**  
**in accordance with §§ 289 f, 315 d of the German Commercial Code (HGB)**  
**for the 2018 fiscal year**

**I. Declaration of Conformity by the Executive Board and Supervisory Board of**  
**JENOPTIK AG**  
**in the 2018 fiscal year**

According to § 161, Para. 1, Sent. 1 of the German Stock Corporation Act (AktG) the Executive Board and the Supervisory Board of a listed company are required to declare annually that the recommendations of the "Governmental 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 being complied with or to indicate which recommendations have not been or are not being applied and why not.

The Executive Board and Supervisory Board of JENOPTIK AG support the recommendations of the "Governmental Commission on the German Corporate Governance Code" and state pursuant to § 161, Para. 1, Sent. 1 of the German Stock Corporation Act:

Since the last declaration of conformity as of December 2017, the recommendations of the "Governmental Commission on the German Corporate Governance Code" ("Code") in the version dated February 7, 2017 have been complied with and will be complied with in future with the following exception:

*In accordance with Point 5.4.1 Para. 2 Sent. 2 of the Code 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 and will not be complied with** in the future. The Supervisory Board has decided not to specify a regular limit regarding the Supervisory Board members' term of office. Such limit is not consistently compatible with the procedure for elections of employee representatives to the Supervisory Board as stipulated in the German Co-Determination Act.

December 11, 2018  
JENOPTIK AG

For the Executive Board

For the Supervisory Board

Dr. Stefan Traeger  
Chairman of the Executive Board

Matthias Wierlacher  
Chairman of the Supervisory Board

## II. Other Corporate Governance Practices

**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 alongside the members of the Executive Board also includes the head of Personnel, the head of Corporate Development, the heads of the North America and Asia 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. Once a year, the central management conference – Management Days – takes place. It is attended by numerous group managers from within Germany and around the world along with the Executive Board and the other EMC members.

Jenoptik is a high-tech company for which technological innovation is indispensable to profitable and global growth. Targeted strategic research collaborations involve partners from science and industry. The intellectual property management program serves to ensure the marketability of innovations through intellectual property rights. The Jenoptik Innovation Days, held once every year, present an opportunity for those involved in innovation processes to come together for a more extensive exchange of ideas and experiences. Outstanding internal innovations are honored with the Jenoptik Innovation Award. Further information on innovation management at Jenoptik can be found on page 81 of the Combined Management Report in the 2018 Annual Report.

Issues relevant to strategy and the development of business are discussed in the course of the strategy process. On the basis of the group strategy, the divisions develop strategies that focus on their most important current and future markets. Technology, market and competition analyses are compared with the existing skills and resources in order to define strategic priorities and to develop concepts for areas of future growth. The latter may be both new markets and also new business models. As a result, strategic initiatives are decided and then converted into programs and actions by the divisions in cooperation with the central Corporate Development department. Strategy and planning meetings provide the basis in terms of market and competition for the subsequent group planning for the following year and in the medium term. At the beginning of 2018, the new, long-term Corporate Strategy 2022 was published. In the future, Jenoptik will focus even more strongly on its core expertise in the field of photonic technologies. The focus on photonics is also reflected in Jenoptik's organizational structure, which has been in effect since January 1, 2019. Activities will be combined based on similar business models and common understandings of markets and customers. Under the heading "Light & Optics", the OEM business of the former Optical Systems and Healthcare & Life Science divisions will be combined. The industrial customer business will be bundled in the "Light & Production" division and business with public sector clients in the "Light & Safety" division. The activities carried out in the former Defense & Civil Systems segment, which are based on mechatronic technologies, will be operated under the brand VINCORION. For further

details and general information on the Group's strategy, please refer to pages 75 ff. of the Combined Management Report.

Based on the strategy process, necessary activities for corporate acquisitions, divestments, and partnerships are coordinated with the Mergers & Acquisitions department in Corporate Development and converted into specific projects. Mergers & Acquisitions then prepares and manages the entire transaction process with the respective business unit and the central departments, and selects external experts for support.

Social commitment is of particular importance to Jenoptik, primarily in the regions in which the Group operates. Jenoptik thus provides regular support for a number of non-profit projects, organizations and initiatives and is actively involved in science, education and culture as well as in the area of social welfare and charity. Further information on this topic can be found from page 63 on of the 2018 Annual Report.

**Risk Prevention, Compliance and Code of Conduct:** Both compliance with national and internationally recognized compliance requirements and the evaluation of risks and opportunities within the corporate environment are integral parts of risk prevention and of the processes of Jenoptik's compliance and risk management system. The system undergoes continuous further development and adaptation to changing conditions. Detailed information on Jenoptik's compliance and risk management can be found in the Annual Report in the Consolidated Non-financial Report from page 64, in the Risk and Opportunity Report from page 113 as well as in the Corporate Governance Report on pages 38 ff. 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 can be found at [www.jenoptik.com](http://www.jenoptik.com) under the section Investors / Corporate Governance / Code of Conduct.

### III. Executive Board and Supervisory Board Procedures

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 aim of achieving sound corporate development. 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 leadership of the company and is involved in decisions of fundamental importance to the company. The Executive Board agrees with the Supervisory Board on 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. Debates and discussions between the Executive and Supervisory Boards take place in an open and trusting atmosphere.

The members of the JENOPTIK AG Executive Board are appointed by the Supervisory Board. Since December 2005, the Executive Board has consisted of two members who share common responsibility for the overall management of the Group, work cooperatively and confidently together, and decide on primary matters of the Group's corporate policy, its leadership, corporate strategy as well as annual and multi-year planning. The specific allocation of responsibilities and tasks within the portfolios (including the responsibility for ESG topics (environment, social, governance)) is regulated in an organizational chart. Further information on this can be found in the chapter "Further information" of the 2018 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, which were revised in 2018, regulate which actions are of major importance for JENOPTIK AG or its affiliated companies and thus require the approval of the entire Executive Board. In addition, the rules of procedure also set out in greater detail the internal workings 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 business and financial position, 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 Supervisory Board is required to give its approval on decisions or actions which may involve considerable changes to the company's assets, financial or earnings position. These conditions for agreement are also regulated by the Executive Board's rules of procedure. 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. All transactions between the company on the one hand and the members of the Executive Board as well as persons closely associated with them or companies personally associated with them on the other hand require the consent of the Chairman of the Supervisory Board and, if a certain value threshold is exceeded, the consent of the Supervisory Board, unless the involvement of the Supervisory Board is required in any case pursuant to § 112 of the German Stock Corporation Act.

The Supervisory Board of JENOPTIK AG consists of twelve members, with six members elected by the shareholders at the Annual General Meeting and six 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 experience necessary to carry out its tasks in an orderly manner. It is the opinion of the Supervisory Board that all shareholder representatives are independent. 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 period of service for all members ends on conclusion of the 2022 Annual General Meeting. The concept of diversity pursued with respect to the composition of the Supervisory Board is described in section V. of this declaration. 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 on pages 20 ff. and in the Group Notes to the 2018 Annual Report on pages 202 f.

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 board chairman casts two votes, insofar as this is permitted by law. The Supervisory Board chairman also chairs the Personnel, Mediation, Investment and Nomination Committees, but not the Audit Committee.

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 unanimous 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 2018 fiscal year. Further information on this can be found in the Accounting and Auditing section of the Corporate Governance Report on page 38 and in the Supervisory Board Report (pages 26 ff.) of the 2018 Annual Report.

The Supervisory Board carries out a review of the efficiency of its activities at regular intervals. In 2017, the evaluation was conducted with the support of an external expert. The Supervisory Board has decided to have the efficiency externally evaluated every three years. In the in-between period, efficiency will be discussed and reviewed internally on an annual basis. Further details of this can be found in the Supervisory Board Report on page 25 of the 2018 Annual Report. All members of the Supervisory Board are independently responsible for undergoing

the training and professional development measures necessary for their tasks and are supported by Jenoptik in ways such as providing information about training opportunities.

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. An overview of the current composition of the Supervisory Board and its committees as well as the individual attendance at meetings can be found in the report of the Supervisory Board on pages 22 to 23 of the Annual Report 2018.

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 of the committee meetings and the resolutions and recommendations approved at them no later than at the next Supervisory Board meeting.

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 main points of the audit. Other focal points of its activity involve reviewing 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, the Audit Committee must have at least one independent member who is expert 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, and not former members of the Executive Board of JENOPTIK AG.

The **Personnel Committee** convenes at least once a year and, in addition to the preparations for appointing members to the Executive Board, it deals with the remuneration system for the Executive Board members, and in particular with the preparation of the conclusion and settlement of the annual target agreements.

The **Nomination Committee** is tasked with proposing to the Supervisory Board suitable candidates for election to the Supervisory Board at the Annual General Meeting.

The **Investment Committee**, newly formed in the 2018 fiscal year, supports the Supervisory Board in investment decisions requiring approval in accordance with the Executive Board's rules of procedure, in particular with 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 2018 fiscal year can be found in the Supervisory Board Report on pages 21 ff.

JENOPTIK AG has taken out D&O insurance for all its Executive and Supervisory Board members, with both boards agreeing to an appropriate deductible for each claim pegged at 10 percent of any liability but capped at a maximum of one and a half times the fixed annual remuneration of each insured board member for all claims within one year.

#### **IV. Specifications for Promoting the Participation of Women in Management Positions in accordance with §§ 76 (4), 96 (2) and 111 (5) of the German Stock Corporation Act (AktG)**

In accordance with the Act for Equal Participation by Women and Men in Management Positions in the Private Sector and Public Sector, the Supervisory Board at Jenoptik, a listed company subject to co-determination, 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 (AktG), 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 6, 2017 to maintain this zero quota until June 2020, as with the appointment of Dr. Stefan Traeger with effect from May 1, 2017, and the extension of the appointment of Hans-Dieter Schumacher in September 2017, no short-term change is expected in the composition of the Executive Board. In the case of a two-member board, the determination of a higher quota would have the mandatory consequence that, in the event of a vacancy, a woman would always have to be appointed. The Supervisory Board would 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 a result of the merger of the Shared Service Center with the Corporate Center, the quota has been 14.3 percent since the beginning of 2019.

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. Women make up 53.6 percent of all employees in the Corporate Center.

## **V. Description, Goals, and Implementation of Diversity Concept with Results Achieved**

### **V.1. Diversity Concept for the Executive Board**

Since May 1, 2017, Dr. Stefan Traeger has held the position of Chairman of the Executive Board of JENOPTIK AG. To fill the vacant position of Chairman of the Executive Board, the Supervisory Board has developed a requirements and skills profile with the support of the Personnel Committee and an external, independent personnel consultant. The objective was to use this requirements profile to find a candidate to fill the position of Chairman of the Executive Board of JENOPTIK AG, who will ideally complement the existing profile of the CFO, in order that the Executive Board will comprise all the abilities and experience considered necessary for the activities of the Jenoptik Group.

The requirements profile 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, according to the specifications of the Supervisory Board's rules of procedure for the appointment of Executive Board members, a maximum age limit of 65 years applies at the time of the appointment.

The candidate search for the position of CEO then took place on the basis of this requirements profile. Both the Personnel Committee and the Supervisory Board held extensive meetings with various candidates. With the successful appointment of Dr. Traeger by the Supervisory Board with effect from May 1, 2017 as well as the early extension of the contract of Mr. Hans-Dieter Schumacher, the approved requirements and skills profile will be completed in full by the current members of the Executive Board.

### **V.2. Diversity Concept for the Supervisory Board**

The diversity concept for the Supervisory Board is intended to facilitate an orderly selection process for the election of new members to the Supervisory Board of JENOPTIK AG with the aim of filling the Supervisory Board in such a way that the Supervisory Board as a whole has the knowledge, skills and professional experience necessary to properly undertake its tasks and that qualified control by the Supervisory Board is thus ensured, 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 Nomination Committee of the Supervisory Board is responsible for the processes which ensure that the objectives of the composition of the Supervisory Board, which are intended to take into account the concept of diversity ("diversity statement"), and the requirements of the German Stock Corporation Act and the German Corporate Governance Code regarding the composition of the Supervisory Board are observed when searching for candidates for election to the Supervisory Board of shareholder representatives. The Nomination Committee then submits suitable candidate proposals for the Supervisory Board at the Annual General Meeting

for the election of shareholder representatives to the Supervisory Board. 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 regarding the abilities and skills necessary for the full Supervisory Board 2015, and this was revised again in December 2017. This requirements profile is also used by the Nomination Committee and the Supervisory Board when searching for suitable candidates. The aim in doing so is to ensure that all the skills and experience considered essential for the activities of the Jenoptik Group should be covered by the Supervisory Board. Three different categories of skills are then basically considered: Firstly, the members must have the general skills required for Supervisory Board activities at Jenoptik. This category considers the independence, availability and number of positions held, corporate governance aspects and experience in listed companies. A second category considers functional skills, which include the necessary financial and business management expertise, personnel skills as well as sales and marketing experience. Finally, the third category of strategic and company-related skills requires ability and experience in the following areas: digitalization, technology, strategy and growth/M&A, markets and internationality, entrepreneurship/management and capital markets.

The current composition of the Supervisory Board means that the aforementioned abilities, experience and skills are largely represented. The existing skills, abilities and experience of the individual members of the Supervisory Board can be found in the CVs, which are published on our website at [www.jenoptik.com](http://www.jenoptik.com) in the category About Jenoptik / Management / Supervisory Board. It is the view of the Supervisory Board that all shareholder representatives are independent. The Supervisory Board currently comprises 33 percent women. At least four members of the Board are also able to call on extensive international experience. All members are under the age of 70 according to the specifications of the rules of procedure. One member is between 61 and 69 years of age, nine members are 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.