

**Corporate Governance Statement**  
in accordance with §§ 289 f, 315 d of the German Commercial Code  
(Handelsgesetzbuch [HGB]) for the 2019 fiscal year

**I. Declaration of Conformity by the Executive Board and Supervisory Board of  
JENOPTIK AG in the 2019 fiscal year**

According to § 161 Para. 1, Sent. 1 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of a listed company are required to issue annually a declaration 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 complied with, or to indicate which recommendations have not been or are not 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 that pursuant to § 161 Para. 1, Sent. 1 of the German Stock Corporation Act:

Since the last declaration of conformity in December 2018, the recommendations of the "Governmental Commission on the German Corporate Governance Code" ("Code") in the version dated February 7, 2017 have been followed and will be followed in the 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 not 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, 2019

JENOPTIK AG

For the Executive Board  
Dr. Stefan Traeger  
President & CEO

For the Supervisory 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 / 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 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.

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. An innovation workshop is held once a year to provide an opportunity for those involved in innovative processes to come together for a more extensive exchange of ideas and experiences. The 2019 workshop had the motto "Shaping the Future". Ideas are presented and discussed that are intended to help shape the future of Jenoptik as a photonics group. Outstanding innovations are honored with the Jenoptik Innovation Award. Further information on innovation management at Jenoptik can be found from pages 84 of the Combined Management Report in the 2019 Annual Report.

Issues relevant to strategy and the development of business are discussed in the course of the strategy process. The group strategy sets the framework and the corporate goals, on the basis of which the divisions develop strategies to achieve the set group objectives. 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. Detailed information on the Group's "Strategy 2022" can be found in the Combined Management Report starting on page 77.

**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 Combined Non-Financial Report starting on page 66, in the Risk and Opportunity Report starting on page 117 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.

**Sustainability Management:** 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. The separate Combined Non-financial Report from page 54 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 and innovation as well as corporate citizenship of the Group.

### 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 Executive Board** of JENOPTIK AG 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 group corporate policy, its leadership, corporate strategy as well as annual and longer-term planning. The specific allocation of responsibilities and tasks within the portfolios (including the responsibility for sustainability and ESG topics (environment, social, governance)) is regulated in a schedule of responsibilities. Detailed information on the allocation of responsibilities can be found in the chapter "Further Information" in the 2019 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 JENOPTIK AG or its affiliated companies 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 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 business and finances, 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, finances or earnings. These conditions for agreement are 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. 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 concept of diversity pursued with respect to the composition of the Supervisory Board is described in section V.2 of this statement. 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 appended to the 2019 Annual Report on pages 206 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 Chairman of the Supervisory Board 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 2019 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) of the 2019 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. The last internal self-assessment was made in December 2019. The review gave a positive picture of the work of the Supervisory Board and its committees. No efficiency shortcomings were identified. The next external efficiency review will take place in the course of 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.

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. In addition to the preparations for appointing members to the Executive Board, including long-term succession planning, 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. If necessary, the Personnel Committee is supported by external, independent consultants.

The **Nomination Committee** is tasked with proposing 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 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 2019 fiscal year (as well as the individual attendance at meetings) can be found in the Supervisory Board Report on pages 21 ff.

<b>Astrid Biesterfeldt</b> (since 2014)	<b>Evert Dudok</b> (since 2015)	<b>Michael Ebenau</b> (since 2007)	<b>Elke Eckstein</b> (since 2017)
Audit Committee	/	Personnel Committee Investment Committee Mediation Committee	Investment Committee
<b>Thomas Klippstein</b> (since 1996)	<b>Dörthe Knips</b> (since 2017)	<b>Dieter Kröhn</b> (since 2010)	<b>Doreen Nowotne</b> (since 2015)
Personnel Committee Audit Committee	Investment Committee	Investment Committee Mediation Committee	Audit Committee (Vice Chairman) Investment Committee
<b>Heinrich Reimitz</b> (since 25.4.2008)	<b>Stefan Schaumburg</b> (since 2012)	<b>Andreas Tünnermann</b> (since 2007)	<b>Matthias Wierlacher</b> (since 2015)
Audit Committee (Chairman) Personnel Committee Nomination Committee	Personnel Committee	Personnel Committee Mediation Committee Nomination Committee	Personnel Committee (Chairman) Investment Committee (Chairman) Nomination Committee (Chairman) Mediation Committee (Chairman)

#### **IV. Specifications for Promoting the Participation of Women in Management Positions**

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 6, 2017 to maintain a quota of zero percent until June 2020. Due to the early 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 not to be expected. Therefore the quota – as specified – is currently zero percent. In the case of a 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 a result of the merger of the Shared Service Center with the Corporate Center, the quota has been 16.7 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 52.9 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**

The diversity concept for the Executive Board is intended to 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 the entire Executive Board 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.

To this end, the Supervisory Board, with the support of the Personnel Committee and an external, independent personnel consultant, has developed a requirements and skills profile for the appointment of a new Chairman of the Executive Board in 2016/2017. This is an integral element of the diversity concept 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, 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 diversity concept 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 will be completed in full by the current members of the Executive Board. There were no changes to the existing diversity concept in the 2019 fiscal year.

The Personnel Committee of the Supervisory Board also deals with the long-term succession planning for 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.

## **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 appointment of new Supervisory Board members for JENOPTIK AG. The process aims at electing members to the Supervisory Board who will ensure that it, as a whole, has the knowledge, skills and professional experience necessary to properly exercise 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 ensuring that, when searching for candidates for election to the Supervisory Board to represent the shareholders, the aims of the composition of the Supervisory Board, which should take into account the concept of diversity ("diversity statement"), the requirements of the German Stock Corporation Act and the German Corporate Governance Code regarding the composition of the Supervisory Board are observed. 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 detailing the necessary abilities and skills necessary for the full Supervisory Board. This profile has been continually developed and is used by the Nomination Committee and Supervisory Board when seeking new candidates. The aim in doing so is to ensure that all the members of the Supervisory Board should also have the skills and experience considered essential for the activities of the Jenoptik Group. The skills are then basically considered in the three different categories specified in the table:

**T1 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> </ul>	<ul style="list-style-type: none"> <li>• Financial and skills</li> <li>• Personnel skills</li> <li>• Distribution and sales experience</li> </ul>	<p>In the following areas:</p> <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>

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 therefore no changes to the diversity concept in the 2019 fiscal year.

The current composition of the Supervisory Board means that the aforementioned abilities, experience and skills are largely represented. They can be found in the CVs of the individual members of the Supervisory Board (see <https://www.jenoptik.com/about-jenoptik/management>).

In accordance with its Diversity Statement, the Supervisory Board will ensure that at all times it comprises members who fulfill the criterion of internationality. At least four current members of the Supervisory Board are able to call on 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%.

With regard to the length of service, the Supervisory Board has decided not to establish a regular limit applicable to all members as it is not consistently compatible with the process

provided by the Codetermination Act for the election of employee representatives to the Supervisory Board.

No member of the Supervisory Board shall take 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.

All members are under the age of 70 according to the specifications of the rules of procedure. Three members are between 61 and 69 years of age, seven 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.

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 (Mag.) and Professor Andreas Tünnermann (PhD).