JENOPTIK

MORE LIGHT

# II. Remuneration system for the Executive Board (agenda item 6)

## 1. Basic principles of the remuneration system for the Executive Board

A greater focus on photonics growth markets aims to transform Jenoptik into a streamlined, global photonics company over the coming years. In addition, the Group strategy prioritizes innovation and internationalization.

In order to implement the corporate strategy, core areas of expertise will focus on photonics and optics, combined with increased investment in research and development and active portfolio management. We are also furthering our international growth strategy at the same time as we strive to continuously improve our financial strength In this context, Jenoptik is committed to corporate management and control aimed at long-term value creation and sustainability.

The remuneration system for members of the Executive Board provides key incentives for implementing this corporate strategy by setting ambitious targets in line with the strategic objectives. In a similar way to the control system, the remuneration system for Executive Board members is geared toward the long-term corporate strategy and is therefore consistently aligned with the Group's short to medium-term objectives. The company control system's performance criteria are used to assess the performance of the Executive Board.

At the same time, the Executive Board members' remuneration is designed to reward them appropriately in line with their performance and their area of work and responsibility. The provisions of the German Stock Corporation Act were taken into account in designing the remuneration system, as were the recommendations and suggestions of the German Corporate Governance Code ("DCGK"). In addition, the following aspects were given particular consideration in the design of the remuneration system:

- **Advocacy and implementation of the corporate strategy:**

The ambitious and long-term targets are in line with envisaged business performance and enable a clear assessment of its attainment. As a result, the remuneration system as a whole contributes to the advocacy and implementation of the Jenoptik corporate strategy.

- **Focus on long-term and sustainable growth:**

Jenoptik's long-term and sustainable development is promoted by a multi-year variable remuneration component and a consideration of sustainability criteria (environmental, social, governance – ESG criteria) in the one-year variable remuneration.

- **Pay for performance:**

Performance-based remuneration for Executive Board members is ensured by setting adequate and ambitious targets as part of the variable remuneration. If the targets set are not met, the variable remuneration can be reduced to zero. At the same time, if the targets are exceeded, it can only increase up to a clearly defined upper limit ("cap") in terms of amount, thus avoiding any incentive to take excessive risks.

- **Harmonization with shareholder and stakeholder interests:**

The majority of the variable remuneration is linked to the long-term performance and price of the Jenoptik share. As a result, the remuneration system for members of the Executive Board makes a significant contribution to linking the interests of the Executive Board with those of shareholders and other stakeholders.

## 2. Procedure for establishing, implementing, and reviewing the remuneration system

Pursuant to Section 87a(1)(1) *AktG*, the Supervisory Board shall adopt a clear and comprehensible system for the remuneration of the members of the Executive Board of a listed corporation. This remuneration system is to be submitted to the Annual General Meeting for approval in accordance with Section 120a(1) *AktG*.

Following preparation by the Personnel Committee, the Supervisory Board is responsible for defining the structure of the remuneration system and the composition of the remuneration for the individual Executive Board members. The present remuneration system was adopted by the Supervisory Board on March 24, 2021 and will be submitted to the JENOPTIK AG Annual General Meeting on June 9, 2021 for approval. In drawing up this remuneration system, the Supervisory Board made use of the option to consult external advisors; attention was paid to the independence of the advisor from the Executive Board and the company.

In addition, the general regulations of the German Stock Corporation Act and the German Corporate Governance Code (DCGK) regarding the handling of conflicts of interest within the Supervisory Board and the Personnel Committee were and are observed in determining the remuneration system. Where conflicts of interest exist, the affected members of the Supervisory Board or the Personnel Committee must disclose them to the Chairman of the Supervisory Board and abstain from voting on the corresponding matters within the Supervisory Board or the Personnel Committee. In addition, the Chairman of the Supervisory Board reports on any conflicts of interest and the manner in which they are handled to the Annual General Meeting. If any conflicts of interest are substantial and not merely temporary, they will result in the termination of the mandate.

The remuneration system is regularly reviewed by the Supervisory Board following preparation by the Personnel Committee. If deemed necessary, the Personnel Committee recommends any changes to the Supervisory Board. In the event of substantial changes, and in any event every four years, the remuneration system is again submitted to the Annual General Meeting for approval. If the Annual General Meeting does not approve the remuneration system, a revised remuneration system will be presented at the next Annual General Meeting.

The present remuneration system applies to the remuneration of all members of the Jenoptik Executive Board and is also applied when new Executive Board service contracts are concluded.

## 3. Determination of total target remuneration, appropriateness of Executive Board remuneration

The Supervisory Board determines an appropriate level of total target remuneration for each member of the Executive Board. The criteria for defining the appropriateness of the remuneration for the Executive Board of Jenoptik are primarily the respective tasks and areas of responsibility of the members of the Executive Board, their personal performance, as well as the the economic situation, the success of the company, and its future prospects. In addition, the remuneration does not exceed the usual remuneration without specific reasons and is geared toward the long-term and sustainable development of the company.

The appropriateness of remuneration is reviewed by comparing the customary level of remuneration with peer group companies, i.e., companies that are comparable in terms of country, size, and sector ("horizontal comparison"). In particular, companies listed on the TecDAX and the SDAX are used as peer groups.

In addition to the horizontal comparison, the relationship to defined peer groups within the company ("vertical comparison") is also considered. The vertical comparison looks at the company's internal remuneration ratios, i.e., the remuneration of the Executive Board members is compared with the management levels below the Executive Board, the Executive Management Committee, and the senior executives, as well as the workforce, subdivided into non-pay-scale and pay-scale employees.

## 4. Summary of the Executive Board remuneration system

### 4.1. Remuneration components

Executive Board remuneration is made up of fixed and variable components.

Fixed, non-performance-related components are the basic remuneration, fringe benefits, and a company pension.

In addition, the members of the Executive Board receive variable, performance-related remuneration components with a one-year and multi-year assessment basis.

The following chart summarizes the remuneration components:

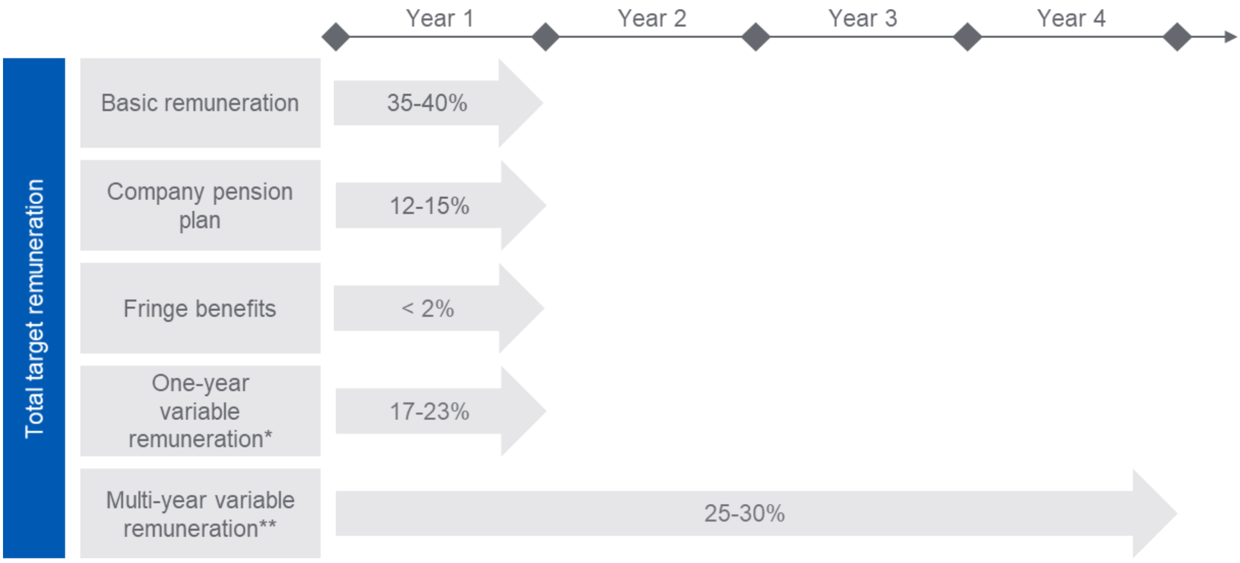
| | |
|---|---|
| **Fixed, non-performance-related remuneration components** | |
| Basic remuneration | ▪ Fixed, contractually agreed remuneration paid in twelve equal installments |
| Fringe benefits | ▪ Company vehicle for business and private use<br>▪ Accident insurance<br>▪ D&O liability insurance |
| Company pension plan | ▪ Contribution-based pension plan within the framework of a provident fund |
| **Variable, performance-related remuneration components** | |
| **One-year variable remuneration** | |
| Scheme type | ▪ Target bonus model |
| Limit/cap | ▪ 200% of target amount |
| Performance criteria | ▪ 40% revenue growth<br>▪ 40%: EBITDA margin<br>▪ 20%: Cash conversion rate<br>▪ Multiplier (0.8 to 1.2) to assess individual and collective performance of the Executive Board and ESG targets |
| Payment | ▪ In cash after the end of the fiscal year |
| **Multi-year variable remuneration** | |
| Scheme type | ▪ Virtual performance share plan |
| Limit/cap | ▪ Target attainment: 150% for each target<br>▪ Payment: 200% of target amount |
| Performance criteria | ▪ 30 %: Return on capital employed (ROCE)<br>▪ 70 %: Relative total shareholder return (TSR) compared to TecDax |
| Performance period | ▪ Four years |
| Payment | ▪ In cash after the four-year performance period |
| **Maximum remuneration pursuant to Section 87a(1)(2) *AktG*** | |
| ▪ Chairman of the Executive Board: €2,550,000 p.a.<br>▪ Ordinary members of the Executive Board: €1,800,000 p.a. | |
| **Malus/clawback** | |
| ▪ Possibility of reducing single-year variable compensation using the multiplier as a malus provision<br>▪ Right of the company to repayment of multi-year variable compensation (clawback) | |

## 4.2. Remuneration structure

Basic remuneration accounts for between 35 and 40 percent of the total target remuneration. Variable, performance-related remuneration accounts for between 43 and 48 percent of the total target remuneration. As such, variable remuneration is made up of around 40 percent one-year variable remuneration and around 60 percent multi-year variable remuneration. The multi-year variable remuneration percentage therefore exceeds that of the one-year variable remuneration, ensuring that the remuneration of the members of the Executive Board is geared toward the long-term and sustainable development of Jenoptik. In addition, the performance aspect of the remuneration is ensured by a high weighting of the variable components compared to the fixed components.

Fringe benefits amount to up to 2 percent of the total target remuneration, while contributions to the company pension scheme account for between 12 and 15 percent of the total target remuneration.

The structure of the total target remuneration is set out in the following diagram.




* On target attainment of 100% and with a multiplier of 1.0.
** On target attainment of 100% and with stable share price.

### 4.3 Maximum remuneration

The Supervisory Board has set a maximum level of remuneration for the members of the Executive Board that includes all remunerations components (basic remuneration, one-year and multi-year variable remuneration, fringe benefits, and service expenses for the company pension plan). The maximum level of remuneration refers to the sum of all payments (including fringe benefits) resulting from the remuneration arrangements for a fiscal year, assuming maximum achievement of all targets. It amounts to 2,550,000 euros per fiscal year for the Chairman of the Executive Board and 1,800,000 euros for ordinary members of the Executive Board.

## 5. Detailed description of the remuneration system

### 5.1. Fixed remuneration components

#### 5.1.1. Basic remuneration

The non-performance-related basic remuneration is the fixed remuneration for the full year and is paid monthly on a pro-rata basis. It is determined in accordance with the responsibilities of each member of the Executive Board.

#### 5.1.2. Fringe benefits

Members of the Executive Board are also granted benefits in kind and other ancillary benefits (fringe benefits). These comprise both accident insurance and directors and officers (D&O) liability insurance. The latter comprises the contractual obligation to pay a deductible amounting to 10 percent of the loss per claim, up to a maximum sum of 150 percent of the basic remuneration of the Executive Board member in question. Executive Board members are also entitled to the private use of a company vehicle.

Furthermore, the Supervisory Board may, at its due discretion, temporarily reimburse expenses for extraordinary fringe benefits (e.g., security, costs arising from a change of location) if a significant change in requirements is identified.

### 5.1.3. Company pension plan

Agreements relating to occupational retirement benefits have been 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. A fixed amount in euros is paid annually as a contribution to the 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.

## 5.2. Variable remuneration components

### 5.2.1. One-year variable remuneration

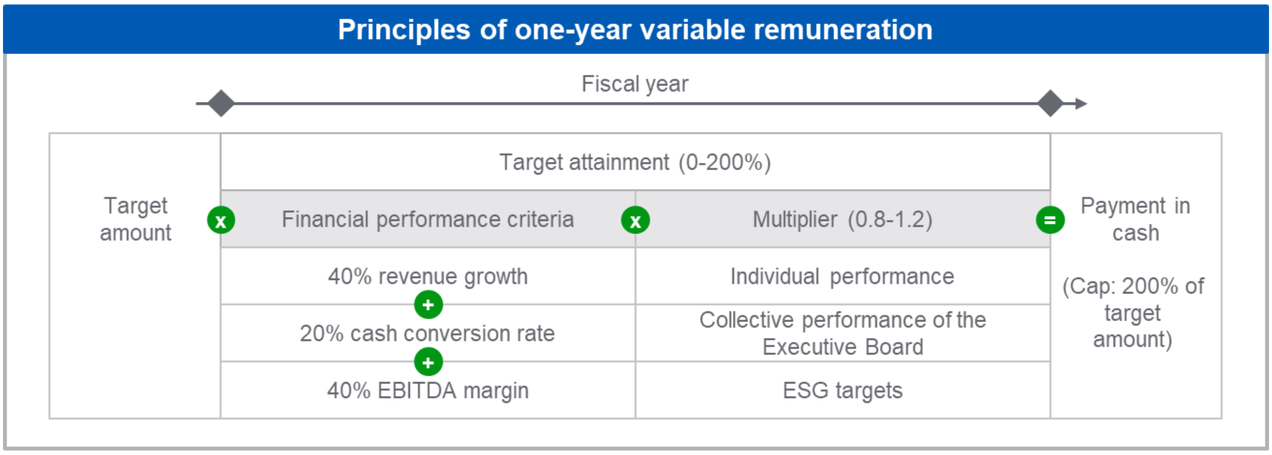
#### 5.2.1.1. Summary of one-year variable remuneration

Jenoptik grants its Executive Board members a one-year variable remuneration in the form of a target bonus model, thereby incentivizing both the operational implementation of important strategic targets and the attainment of non-financial performance criteria.

Assessment of the Executive Board members' performance is linked to financial performance criteria: organic and inorganic revenue growth, EBITDA margin, and cash conversion rate, but other relevant non-financial aspects are also taken into account by means of a multiplier. The performance criteria to be achieved are defined annually by the Supervisory Board in a separate target agreement with the Executive Board members at the beginning of each fiscal year.

The starting point for payment of the one-year variable remuneration is the target amount agreed in separate contracts with each Executive Board member. This amount is multiplied by the target attainment of the additively linked financial performance criteria and the multiplier, which can have a value of between 0.8 and 1.2. The amount determined in this way is paid out in the following fiscal year after adoption of the Annual Financial Statements and can amount to a maximum of 200 percent of the target amount.

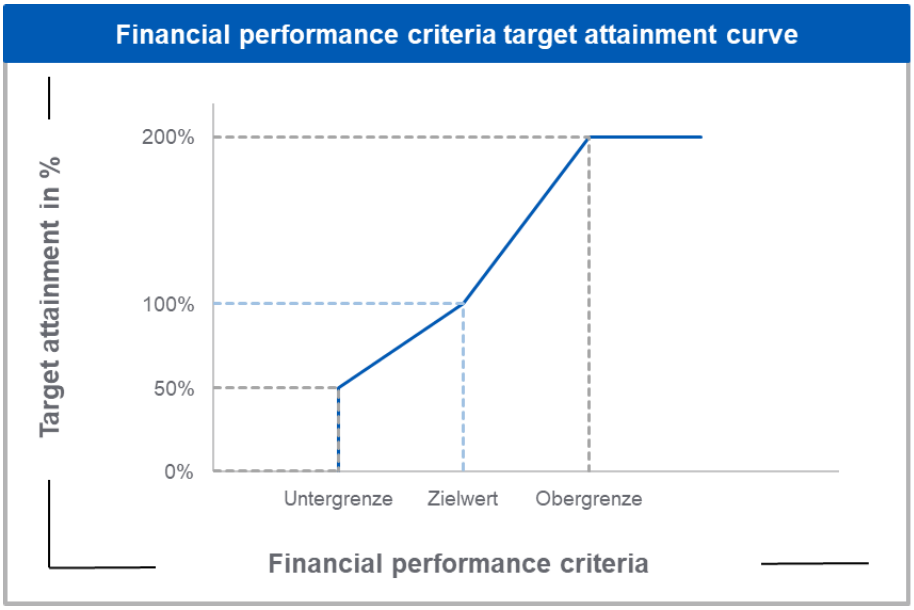
The chart below summarizes the basic principles of the one-year variable remuneration.




### 5.2.1.2. Financial performance criteria of one-year variable remuneration

An ambitious target attainment curve is applied for the financial performance criteria. At the beginning of each fiscal year, the Supervisory Board defines a target and a minimum and maximum value for each of these performance criteria based on annual planning as part of the target agreements. Target attainment may be between 0 and 200 percent. If the target value is reached, this corresponds to target attainment of 100 percent. If the lower limit is reached, target attainment is 50 percent. If the actual value falls below the lower limit, this corresponds to target attainment of 0 percent. If the upper limit is reached, target attainment is 200 percent. From this value, a further increase in the financial performance criterion does not result in any further increase in target attainment. The precise calibration of the targets is based on historical experience and future expectations, as well as the adopted annual planning for the respective year.

The target achievement curve for the financial performance criteria can be shown schematically as follows:



In the event that a new member joins the Executive Board during the year, the Supervisory Board may set the target attainment for the performance criteria relating to one-year variable remuneration at 100 percent as part of the contract negotiations for the first fiscal year. In doing so, it takes into account the specific timing of the Executive Board member's entry and their resulting ability to influence the performance criteria.

The specific target values and target attainment curves for the financial performance criteria, as well as the actual target attainments, are published subsequently in the Remuneration Report.

### a. Revenue growth

The first financial performance criterion is revenue growth, which includes both organic and inorganic revenue growth. Revenue growth is weighted at 40 percent, with 30 percent accounted for by organic revenue growth and 10 percent by inorganic revenue growth.

Organic revenue growth accounts for 30 percent of the target attainment for the one-year variable remuneration. Target attainment for organic revenue growth is based on the ratio between the actual revenue figures adjusted for acquisitions in the respective fiscal year and the prior year. The shares of revenue generated by business units sold during the fiscal year are deducted from the revenue for the fiscal year and the comparative year if the proceeds from the sale are at least equivalent to the enterprise value of this business unit.

By taking organic revenue growth into account for the one-year variable remuneration, the focus is clearly on the growth strategy.

Inorganic revenue growth, which accounts for 10 percent of the target attainment for the one-year variable remuneration, is based on the total revenue of the acquired target in the entire respective fiscal year, irrespective of the acquisition date. By taking into account inorganic revenue growth, an incentive is created to increase revenue through suitable acquisitions. Such acquisitions are also expected to advance the strategic goal of further internationalization, with a particular focus on expanding market access in Asia and America and completing the portfolio through forward integration and additional systems expertise. Inorganic revenue growth therefore represents a key performance criterion for measuring the successful implementation of the corporate strategy and forms an integral part of the one-year variable remuneration for Jenoptik's Executive Board members.

### b. EBITDA margin

With a weighting of 40 percent, the EBITDA margin, as a percentage, is used as one financial performance criterion for the one-year variable remuneration. EBITDA means earnings before interest, taxes, depreciation, and amortization, including impairment losses and reversals. The EBITDA margin places this indicator in relation to revenue and is the primary control parameter for measuring profitability at Jenoptik. By taking this performance criterion into account within the one-year variable remuneration, a significant incentive is thus provided to achieve profitable growth. This ensures that, in the case of both internal and external investments, decisions are always focused on the profitability of the respective investment in addition to the absolute level of achievable revenue.

### c. Cash conversion rate

The third financial performance criterion is the cash conversion rate, with a weighting of 20 percent. It expresses a ratio between the free cash flow and EBITDA and has been the primary key performance indicator for measuring Jenoptik's liquidity strength since the start of 2020. When calculating target attainment for the cash conversion rate, unscheduled free cash flow and EBITDA contributions from acquisitions in the fiscal year in question, divestments of companies or parts of companies, and investments in special projects (e.g., new builds or acquisitions of property) not included in the planning are not taken into account.

One aspect of Jenoptik's corporate strategy is to continuously strengthen its own financial resources. The use of the cash conversion rate in the one-year variable remuneration provides a suitable incentive for this by promoting projects that have the highest possible free cash flow compared with EBITDA. Such projects and investments increase liquidity and thus ensure Jenoptik's financial independence.

### 5.2.1.3. One-year variable remuneration multiplier

To take account of non-financial aspects, the target attainment for the respective Executive Board member resulting from the financial performance criteria is also multiplied by a performance factor, known as the 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 Executive Board as a whole, and specific environmental, social, and governance (ESG) targets.

Based on sustainability reporting, the ESG targets take into account topics such as employee satisfaction, diversity, innovative strength (e.g., vitality rate), and the environment (e.g., share of green electricity).

The level of the multiplier is determined by resolution of the Supervisory Board following proposal by the Personnel Committee.

The set multiplier is published in the Remuneration Report. In addition, the criteria used to determine the multiplier are transparently set out in the remuneration report, where the resulting multiplier is explained.

## 5.2.2. Multi-year variable remuneration

### 5.2.2.1. Summary of multi-year variable remuneration

Multi-year variable remuneration is granted in the form of a virtual performance share plan. The virtual performance share plan covers the return on capital employed ("ROCE") and relative total shareholder return ("relative TSR") as long-term performance criteria. The performance criteria are measured over a four-year performance period.

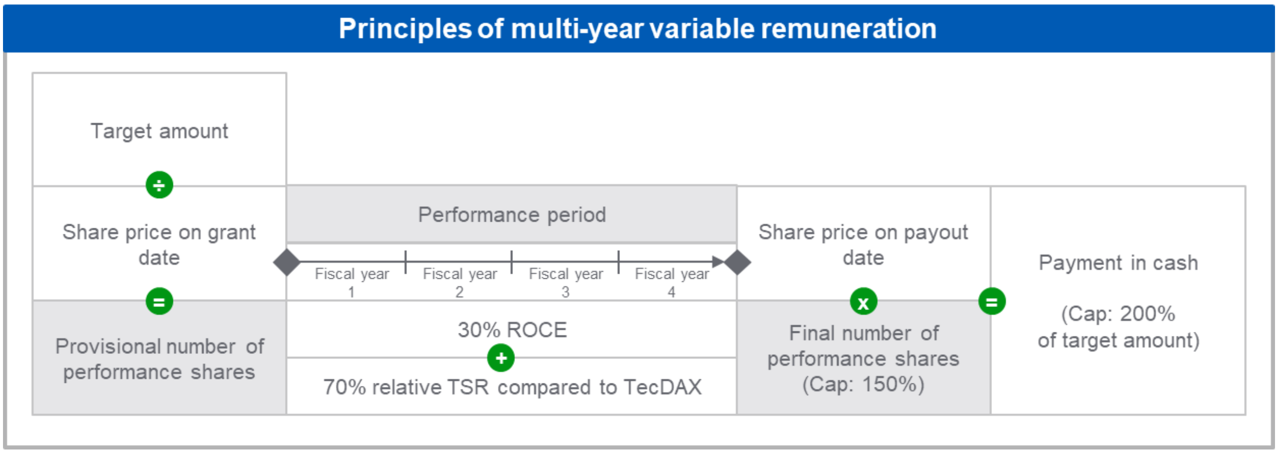
The share price-based model of the virtual performance share plan incentivizes the steady increase in the value of the company and the long-term development of Jenoptik and further aligns the interests of shareholders and the Executive Board.

At the beginning of each fiscal year, a provisional number of virtual performance shares is allocated on the basis of the target amount specified in each contract. This number is determined by dividing the respective target amount by the average closing price of the Jenoptik share on the 60 trading days prior to the start of the performance period ("share price on grant date").

The final number of virtual performance shares to be allocated at the end of the four-year performance period depends on the target attainment of the two financial performance criteria ROCE and relative TSR. Both complete forfeiture of the provisionally allocated virtual performance shares and an increase in this provisional number up to one and a half times are possible.

At the end of the performance period, the target attainment resulting from the two additively linked performance criteria is multiplied by the number of virtual performance shares provisionally allocated to determine the final number of virtual performance shares to be allocated. This is multiplied by the average closing price of the Jenoptik share on the 60 trading days prior to the end of the performance period (“share price on payout date”). The resulting amount is paid out in cash. Payment is due with the regular payroll after approval of the Annual Financial Statements for the last fiscal year of the respective performance period. The payout amount is limited to a maximum of 200 percent of the target amount.

The chart below summarizes the basic principles of the virtual performance share plan:




In the event of capital measures (e.g., share splits), the Supervisory Board has the option to adjust the number of virtual performance shares provisionally allocated to the Executive Board member at the beginning of the performance period in order to maintain the incentive effect.

In the event of a delisting, the Executive Board member receives compensation in the amount of the cash settlement payable to the shareholders of the company per share. The resulting amount is paid out in full from this date.

## a. ROCE

The first financial performance criterion is the ROCE, with a weighting of 30 percent. ROCE is considered as an average value over the four-year performance period, and is calculated by dividing EBIT by the averaged operating capital employed.

ROCE is used as a value-based indicator for the corporate management of Jenoptik. By taking ROCE into account as part of the multi-year variable remuneration, an incentive is thus provided for long-term corporate development geared toward increasing value creation.

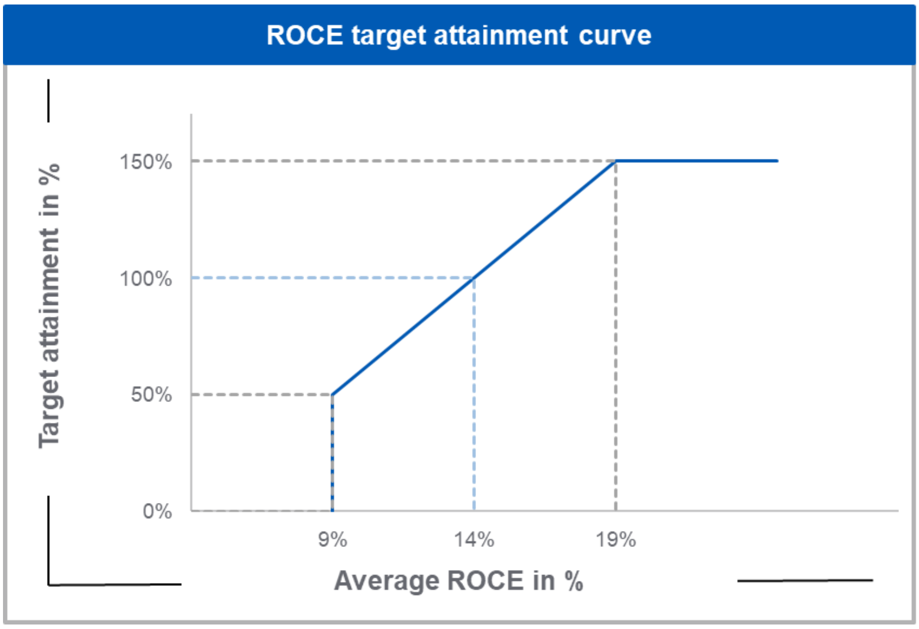
The Supervisory Board has currently set an average ROCE of 14 percent as a target value.

Target attainment for the ROCE performance criterion is 50 percent if the average ROCE achieved over the performance period is 5 percentage points below the target ("lower cap"). If the average ROCE achieved is more than 5 percentage points below the target value, target attainment is 0 percent.

Target attainment for the ROCE performance criterion can be a maximum of 150 percent. This is achieved if the average ROCE over the performance period is 5 percentage points or more above the target value ("upper cap"). Exceeding the ROCE target by more than 5 percentage points does not result in a higher target attainment.

Target attainment is interpolated on a linear basis between the aforementioned target attainment points (50 percent/100 percent/150 percent), .

The target attainment curve for the ROCE performance criterion is currently as follows:




If the Supervisory Board determines different ROCE values for future tranches of the virtual performance share plan in order to continue to ensure adequate incentives in the event of significant changes in the underlying conditions, such adjustments will be disclosed and explained retrospectively in the Remuneration Report.

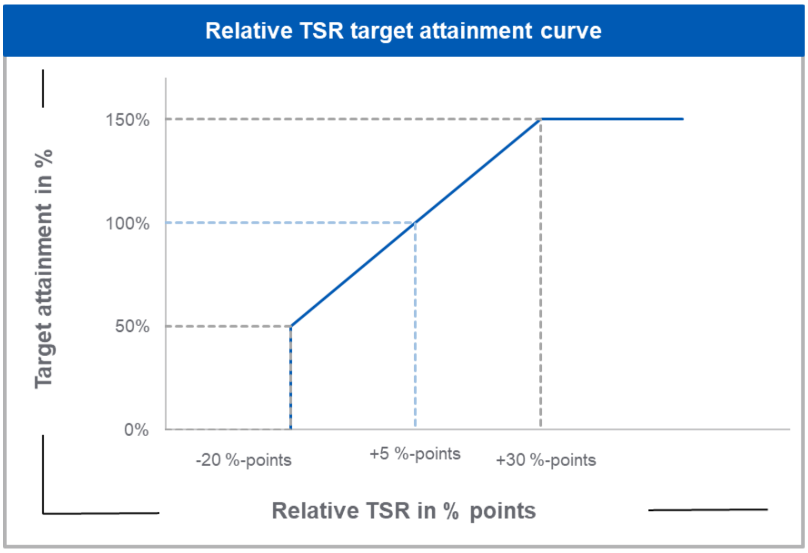
### b. Relative total shareholder return

The development of Jenoptik's total shareholder return compared with the TecDAX over the performance period is used as the second performance criterion, with a weighting of 70 percent ("relative TSR"). By taking the relative TSR into account, both an internal and an external performance criterion are included in the multi-year variable remuneration. Incentivizing successful capital market performance thus further aligns the interests of the Executive Board and shareholders. At the same time, solid capital market performance creates the basis for long-term value creation and the achievement of Jenoptik's growth targets.

The relative TSR is the difference in percentage points between the change in the Jenoptik share price, including notionally reinvested dividends, and the change in the TecDAX performance index over the performance period. To determine the relative TSR, 60 trading days before the start and before the end of the performance period are set in relation to each other.

The relative TSR as a performance criterion is backed by an ambitious target attainment curve. A relative TSR of plus 5 percentage points is set as the target value for 100 percent target attainment, i.e., the performance of the Jenoptik share price, including dividend, over the performance period exceeds the performance of the TecDAX by 5 percentage points. A relative TSR of minus 20 percentage points equates to a target attainment of 50 percent ("lower cap"). If the relative TSR is lower than minus 20 percentage points, target attainment falls to 0 percent. Similarly, target attainment is capped at 150 percent, and is achieved with a relative TSR of plus 30 percentage points or more ("upper cap"). Target attainment is interpolated on a linear basis between the aforementioned target attainment points (50 percent/100 percent/150 percent), .

The target attainment curve for the "relative TSR" performance criterion is as follows:




The actual target attainment for each performance criterion over the performance period is reported retrospectively in the Remuneration Report following the end of the performance period.

### 5.2.3. Malus and clawback provisions

The Supervisory Board can use the multiplier to reduce the one-year variable remuneration ("malus") if there are compelling reasons in the Executive Board member's conduct that are not serious enough to justify termination or liability for breach of duty.

The company also has a right to demand repayment of the multi-year variable remuneration ("clawback") if, within three years of payment, 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.

Notwithstanding the above provisions, the obligation of Executive Board members to compensate the company pursuant to Section 93(2) *AktG* and the possibility of reducing remuneration pursuant to Section 87(2) *AktG* remain unaffected.

## 6. Remuneration-related legal transactions

### 6.1. Term of Executive Board service contracts

The service contracts of Executive Board members have fixed terms. Premature ordinary termination is therefore excluded. However, this does not affect the right of extraordinary termination pursuant to Section 626 of the German Civil Code (*BGB*).

The term of the service contracts for newly appointed Executive Board members is a maximum of three years; for reappointed Executive Board members a maximum of five years.

### 6.2. Ancillary activities, internal and external supervisory board mandates

Ancillary activities require the prior approval of the Chairman of the Supervisory Board, unless approval by the Supervisory Board as a whole is required by law.

Any remuneration the Executive Board member receives from the exercise of their supervisory board mandates or comparable mandates within the Jenoptik Group must be transferred in full to JENOPTIK AG.

Regarding any remuneration for supervisory board and comparable mandates outside the Jenoptik Group approved by the Chairman of the Supervisory Board or the Supervisory Board, the Supervisory Board shall decide whether and to what extent it is to be transferred to JENOPTIK AG.

### 6.3. Premature termination

In the event of a member of the Executive Board being dismissed in accordance with Section 84(3) *AktG* in conjunction with the relevant provisions of the German Codetermination Act, the rights under the employment contract shall remain unaffected. In this case, however, the member of the Executive Board is entitled to terminate the employment relationship extraordinarily and with immediate effect. At the same time, Jenoptik is entitled to release the Executive Board member from their obligation to render services.

In the event that the appointment as member of the Executive Board and the employment contract end prematurely without good cause within the meaning of Section 626 *BGB*, a severance payment may be agreed. This amounts to a maximum of two years' remuneration (plus fringe benefits) or the remuneration due for the remaining term of the service contract, whichever is lower ("severance payment cap"). The annual remuneration comprises the basic remuneration, the variable remuneration components, and the annual pension contribution. For the one-year variable remuneration, a target attainment of 100 percent and a neutral multiplier of 1.0 are assumed. Virtual performance shares that have already been provisionally allocated but whose performance period has not yet expired are not forfeit in the event of premature termination. They are valued in accordance with the normal procedure at the end of the performance period depending on the attainment of the performance criteria, allocated, and paid out.

Should, however, the company terminate the employment relationship for a good reason for which the member of the Executive Board is responsible pursuant to Section 626 *BGB*, all provisionally allocated virtual performance shares for which the performance period has not yet expired shall be forfeited without substitution or compensation.

Irrespective of the reason for departure, the departed Executive Board member has no entitlement to payment of bridging payments following their departure.

### 6.4. Post-contractual non-competition clause

A post-contractual non-competition clause has been agreed with the Chairman of the Executive Board for a period of one year following the end of their contract of employment. An amount equaling 50 percent of the annual remuneration is agreed as compensation for the non-competition clause. The annual remuneration comprises the basic remuneration, the variable remuneration components, and the annual pension contribution. Any severance payment shall be offset against the compensation payment. Prior to the actual end of the contract of employment Jenoptik may waive the post-contractual non-competition clause by way of a declaration in writing to the effect that on expiry of a period of six months from the date of the declaration Jenoptik is released from the obligation to pay the compensation. The Supervisory Board reserves the right to agree a post-contractual non-competition clause in accordance with the above conditions for any new Executive Board members.

### 6.5. Incapacity and death

If a member of the Executive Board becomes incapacitated through no fault of their own, they are entitled to full payment of their basic remuneration for a period of six months and 50 percent for a further six months. If, after one period of incapacity, a further period of incapacity due to the same cause occurs, a maximum of six months’ salary shall be paid in full and half of six months’ salary shall be paid over a total period of three years, starting with the first period of incapacity for work. The one-year variable remuneration is reduced pro rata if the period of incapacity in the reference year was more than two months without interruption or the obligation to provide the service was suspended for other reasons. The other benefits under the respective service contract (company car, insurance, and contributions to the company pension plan) will continue to be paid without reduction for as long as basic remuneration continues to be paid as agreed above. Any sickness benefits will be offset against the continued payment of the remuneration.

If the Executive Board member dies, the surviving spouse and other surviving dependents whom the Executive Board member had supported during their lifetime on the basis of statutory maintenance obligations shall receive a contribution to funeral expenses equal to the basic remuneration in the month of death for a further three months. If there are no surviving dependents who are entitled to maintenance, only the remuneration due up to the date of death will be paid to the heirs, reduced where appropriate on a pro rata basis.

## 7. Temporary deviations from the remuneration system

Under special and exceptional circumstances, the Supervisory Board may temporarily deviate from the remuneration system in accordance with Section 87a(2)(2) *AktG* if this is necessary to protect the company's success and prosperity.

While unfavorable market developments do not qualify as special and exceptional circumstances, a deviation may be necessary, for example, to ensure adequate incentives in the event of a severe corporate or economic crisis. The exceptional circumstances underlying and requiring a deviation are to be determined by a Supervisory Board resolution following proposal by the Personnel Committee.

Deviation may be made from the following components of the remuneration system: remuneration structure, financial and non-financial performance criteria and their measurement methods, performance periods, and payout dates.

Furthermore, in this case the Supervisory Board may temporarily grant additional remuneration components or replace individual remuneration components with other remuneration components to the extent necessary to restore an appropriate incentive level of Executive Board remuneration.

Insofar as the Supervisory Board temporarily deviates from the remuneration system, the necessity and the procedure to be followed shall in any case be set out in the Remuneration Report; the remuneration components affected shall be listed in accordance with Section 162(1)(5) *AktG*.