

Corporate Governance Statement
in accordance with §§ 289 f, 315 d of the German Commercial Code
(Handelsgesetzbuch [HGB]) for the 2017 fiscal year

**I. Declaration of Conformity by the Executive Board and Supervisory Board
of JENOPTIK AG in the 2017 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 update of the declaration of conformity as of September 21, 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.

In December 2017
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 a holding company, JENOPTIK AG has the role of a “strategic architect” for the entire Jenoptik Group. Jenoptik’s operating business is divided into segments, divisions and business units which are supported by the Shared Service Center. The holding company is responsible for developing and implementing the corporate strategy and for defining, implementing, steering, and monitoring top-level processes. The strategic decisions of the Executive Board are prepared by the central Strategy department. With respect to strategic and operational cross-sectional decisions which are of major importance for the Group as a whole, or individual segments, divisions or business units, the Executive Board also receives support from the Executive Management Board (EMB), which alongside the members of the Executive Board includes the heads of the segments and divisions as well as the head of Personnel and the head of Group Controlling. Since mid-2017, comprehensive monthly meetings have been held which provide the Executive Board with information on all relevant events for the company and the economic situation of the segments and divisions. Once a year, the Jenoptik management conference takes place. It is attended by numerous Group managers from within Germany and around the world along with the Executive Board and the other EMB members.

Jenoptik is a high-tech company for which technological innovation is indispensable to profitable and global growth. The Group employs road maps for managing the strategies and processes of its global research and development portfolio as part of group-wide innovation management. 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 76 of the Combined Management Report in the 2017 Annual Report.

Issues relevant to strategy and the development of business are discussed in the course of the rolling strategy process. Based on the Group strategy defined by JENOPTIK AG, options for action are identified and discussed by the segments and divisions. Detailed technology, market and competition analyzes are compared with the existing skills and resources in order both to validate existing strategic priorities and, on the other hand, to present concepts for identified areas of future growth. The latter may be both new markets and also new business models. As a result, strategic measures are decided and then converted into programs and actions by the segments and divisions. Strategy meetings provide a basis in terms of market and competition for the subsequent Group planning for the following year and in the medium term. The long-term corporate strategy of the Jenoptik Group is currently being revised. See pages 70ff of the Combined Management Report for further information.

Based on the strategy process, necessary activities for corporate acquisitions, divestments, and partnerships are coordinated with Mergers & Acquisitions 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 on page 61f of the 2017 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 and Code of Conduct can be found from page 108 on of the Opportunity and Risk Report as well as on pages 36ff. of the Corporate Governance Report. The Code of Conduct which was newly revised in the 2017 fiscal year is also published on the Internet at www.jenoptik.com under the Investors / Corporate Governance / Code of Conduct category.

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 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 ESG topics) is regulated in an organizational chart. Further information on this can be found on page 19 of the 2017 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. They contain definitions of the special role of Chairman of the Executive Board, who, notwithstanding the overall responsibility of the Executive Board, defines the thrust of the corporate policy and coordinates the operations in departments with the Group's overall targets and planning. 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 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.

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 (AktG), four of its twelve members, two of them 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 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 22 ff. and in the Group Notes appended to the Annual Report on pages 188 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, and its chairman in particular, who 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 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 day 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 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 2017 fiscal year. Further information on this can be found in the Accounting and Auditing section of the Corporate Governance Report on page 37 and in the Supervisory Board Report (pages 26ff.) of the 2017 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. In the future, an external evaluation is to be carried out every three years. In the intervening years, the efficiency is to be regularly discussed. Further details on the efficiency review carried out in 2017 can be found in the Supervisory Board Report on page 26 of the 2017 Annual Report. All members of the Supervisory Board may also make suggestions at any time relating to improvements in the work of the Supervisory Board and its committees. They 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 four 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 of the Annual Report 2017 on pages 22 to 23.

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. At least once a year, the head of Internal Audit reports on the audits carried out, their findings as well as the audit plan for the following year. 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, also 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 **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 2017 fiscal year can be found in the Supervisory Board Report on pages 20ff.

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 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. This share was already fulfilled before the Annual General Meeting on June 7, 2017.

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. Since Jenoptik's Executive Board consists of only two persons, the Supervisory Board had proposed in 2015 that the target for the Executive Board is to maintain the status quo until June 30, 2017, i.e. a zero quota. At its meeting on June 6, 2017, the Supervisory Board resolved to maintain this zero quota until June 30, 2020, as with the appointment of Dr. Stefan Traeger with effect from May 1, 2017, and the early extension of the appointment of Hans-Dieter Schumacher in September 2017, no short-term change is expected in the composition of the Executive Board. The determination of a higher quota for a two-member board would mean that, in the event of a vacancy, a

woman must always 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 had decided on a target of 16.7 percent with a deadline of June 30, 2017. This quota was re-determined by resolution of the Executive Board dated May 10, 2017 for a period ending June 30, 2022. The target of 16.7 percent corresponds to the current composition of the first management level, but does not exclude an increase in the proportion of women at this management level. The Executive Board has expressly reserved, in due course, to decide once again whether this quota can be raised.

A target for the second management level has not been set because JENOPTIK AG is purely a holding company with flat management structures and therefore has no continuous second management level.

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

V.1. Diversity Concept for the Executive Board

On May 1, 2017 Dr. Stefan Traeger succeeded Dr. Michael Mertin as Chairman of the Executive Board. To fill the vacant position of Chairman of the Executive Board, the Supervisory Board had first 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. Therefore, 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.

Following an appropriate search for candidates and using the requirements profile developed and adopted for the position of the Chairman of the Executive Board, the external personnel consultant was able to present several anonymized candidate profiles to the Personnel Committee. In addition, the Chairman of the Supervisory Board held numerous meetings with various candidates. After reviewing and discussing the profiles, the Personnel Committee finally identified four candidates who presented themselves in person to the committee at a follow-up meeting. At this meeting, the members of the Personnel Committee interviewed the candidates regarding their previous professional

experience, personal knowledge, skills, strengths, and weaknesses. Following an intense exchange regarding the impressions gained by the members, the Personnel Committee decided to continue discussions with two candidates and to enter into contract negotiations with them. In a further meeting, the Personnel Committee finally decided to recommend to the Supervisory Board that Dr. Stefan Traeger be appointed the new Chairman of the Executive Board. Once Dr. Stefan Traeger had also met personally with the Supervisory Board, the Board decided to follow this recommendation and appointed him Chairman of the Executive Board of JENOPTIK AG.

V.2. Diversity Concept for the Supervisory Board

A diversity concept also exists for filling positions on the Supervisory Board. The Nomination Committee is responsible for ensuring that, with respect to shareholder representatives on the Supervisory Board, the objectives for its composition as well as the requirements of the German Stock Corporation Act and the German Corporate Governance Code regarding the composition of the Supervisory Board are met. Prior to the election of the new shareholder representatives at the Annual General Meeting on June 7, 2017, the Nomination Committee of the Supervisory Board debated appropriate proposed candidates.

It agreed to use the requirements profile regarding the abilities and skills necessary for the full Supervisory Board which was developed and approved by the Supervisory Board in 2015 with the support of an external consultant. It also considered the objectives set out by the Supervisory Board for its composition, which should in particular take into consideration the idea of diversity. Detailed information on the objectives for the composition of the Supervisory Board can be found in the Corporate Governance Report on pages 39f.

Five of the current shareholder representatives declared their willingness to be available for a further term of office. After reviewing the skills offered by these five shareholder candidates, the Nomination Committee was in agreement that the sixth position should be filled by a candidate who is independent and has particular technological and corporate skills with international experience. Pursuant to § 96 (2) (1) of the German Stock Corporation Act (AktG), the position was to be filled by a female candidate. The Chairman of the Supervisory Board subsequently approached several candidates who, in his opinion, possessed these requirements. Two candidates appeared before the Nomination Committee in person. The Nominating Committee deliberated on the suitability and independence of these candidates and recommended that the Supervisory Board put up Elke Eckstein as candidate for election by the Annual General Meeting. Once Elke Eckstein had personally met with the Supervisory Board, the Board decided to propose Elke Eckstein to the Annual General Meeting as a candidate for election of the shareholder representatives of the Supervisory Board of JENOPTIK AG. At the Annual General Meeting on June 7, 2017, Elke Eckstein was elected to the Supervisory Board with a clear majority.

In December 2017, in accordance with the new provision of Clause 5.4.1 (2) (2) of the German Corporate Governance Code, in the version of February 7, 2017, the Supervisory Board once more revised its previous requirements profile with the help of an external expert and adopted a new skills profile. In doing so, it is the aim of the Supervisory Board to ensure that all the skills and experience that are considered essential for the activities of the Jenoptik Group should be covered by the Board. Detailed information on the profile of skills and expertise followed by the Supervisory Board and the status of its implementation can be found in the Corporate Governance Report on pages 39f.

In the opinion of the Supervisory Board, the abilities, experience, and skills present in the Supervisory Board largely fulfill the requirements of its skills profile. 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 German website at www.jenoptik.de in the category About Jenoptik / Management / Supervisory Board.