



Declaration of conformity by the Executive Board and the Supervisory Board of JENOPTIK AG in fiscal year dated December 10, 2014

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

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

Since the last declaration of conformity of December 2014, the recommendations of the “Government Commission on the German Corporate Governance Code” (“Code”) in the version dated June 24, 2014 have been complied with the following exceptions stated under 1. to 4 and will be followed with the exceptions stated under 1., 3. and 4. in future with the exceptions:

1. In accordance with Point 4.2.3 Para. 2 Sent. 6 of the Code, the remuneration of the Executive Board shall be capped both overall and in respect of its variable components.

This new recommendation, which was added to the Code dated May 13, 2013 **has not been followed since the last declaration of conformity and will not be followed in the future.** The functioning of the variable remuneration for the members of the Jenoptik Executive Board is described in the Remuneration Report on pages 45 and 46 of the 2013 Annual Report. The variable remuneration is capped. To ensure a long-term incentivizing effect, half of it is payable in the form of so-called virtual shares, which are only paid out after a holding period of four years. This ensures that it is highly consistent with the interests of the shareholders in a sustainable development of the company and the share price. The system has proven successful and will be retained in the future. The conversion of the portion of variable remuneration granted in form of virtual shares is calculated on the basis of the average price of the Jenoptik share over the last quarter of the year before last. Therefore, in the event of a rise in the share price, there is a theoretical possibility that, on the allocation date, the value of the total variable remuneration will exceed the cap. However, as a rule, this will require a high level of target attainment and a positive development of the share price. A negative share price development results in the opposite effect. The Executive and Supervisory Boards take the view that the reference to a price of the year before last is appropriate as this price is the basis for assessing the share price development of the subsequent year relevant for remuneration. Therefore, the Executive Board also participates in share price development like each shareholder. There is no cap on the payment

of virtual shares. The Executive and Supervisory Boards are of the opinion that, with such a cap, disincentives would be set with respect to the share price development. In addition, by applying a volume-weighted average annual rate, 'windfall profits' are avoided when calculating the amount to be paid.

2. In accordance with Point 4.2.3 Para.3 of the Code the Supervisory Board shall establish for pension schemes a level of provision aimed for in each case – also considering the length of time for which the individual has been a member of the Executive Board – and take into account the annual and long-term expense for the company.

The recommendation to establish for pension schemes a level of provision aimed for in each case **was not followed since the last declaration of conformity**. At its meeting on June 2, 2015 the Supervisory Board has determined the targeted pension level for the members of the Executive Board. Therefore, this recommendation will be followed in future.

3. In accordance with Point 4.2.3. Para. 4 of the Code care shall be taken in concluding Executive Board contracts to ensure that payments made to an Executive Board member upon premature termination of his contract including fringe benefits do not exceed the value of two years' compensation (severance payment cap) and compensate for no more than the remaining term of the contract. The severance payment cap shall be calculated on the basis of the total compensation for the past full fiscal year and, if appropriate, also of the expected total compensation for the current fiscal year.

This recommendation **has not been followed since the last declaration of conformity and will not be followed in the future** with respect to the Chairman of the Executive Board who has served as a member of the Executive Boards since October 1, 2006; in this respect, the status quo was upheld. It has been found that this type of regulation on severance payments contradicts the principle of concluding the contracts with members of the Executive Board regularly for the full term of their office which has been applied by Jenoptik in accordance with the German Stock Corporation Act (AktG). The premature termination of an employment contract normally requires a serious cause. In such a case, no severance payment will be made. Except in the event of a change of control, the employment contract for the Chairman of the Executive Board does not provide for a severance payment with a defined amount resulting from premature termination of the contract. Therefore, in the event of termination of the employment contract without a serious cause, a mutual agreement must be reached. In this event, it would be difficult for the company to unilaterally enforce a severance payment cap included in the contract of employment; it could also not be ensured that the specific circumstances for the premature termination would be taken into account to a sufficient extent. The idea behind the regulation of Point 4.2.3 Para. 4 of the Code will be taken into account by ensuring that the compensation will be appropriate in the event of premature termination of the contract by mutual agreement. In contrast, employment contracts with new members of the

Executive Board have and will continue to take into account the recommendation.

4. In accordance with Point 5.4.6. Para. 2 Sent. 2 of the Code the remuneration of the members of the Supervisory Board shall be oriented toward sustainable growth of the enterprise if they are promised performance-related remuneration.

This recommendation **has not been followed since the last declaration of conformity and will not be followed in the future**. The Executive Board and Supervisory Boards take the view that the performance-related remuneration as stipulated in the Articles of Association is appropriate. Accordingly, members of the Supervisory Board will only receive performance-related remuneration in the amount of 10,000 euros or 20,000 euros if Group earnings before tax exceed 10 percent or 15 percent of the Group shareholders' equity at the end of the fiscal year. If the return on equity is lower than 10 percent, there is no entitlement to remuneration beyond the fixed remuneration.

The Code does not define what is meant by sustainable development of the company. If the term was to be interpreted according to § 87 Para. 1 Sent. 2 and 3 of the German Stock Corporation Act (AktG), performance-related remuneration components for Supervisory Board members should always have a calculation base which is several years in length. As this is not the case at Jenoptik and due to the lack of clarity of the definition, we disclose a deviation from Point 5.4.6 Para. 2 Sent. 2 of the Code as a precautionary measure. The members of the Supervisory Board are obliged to serve exclusively the interests of the company and are not affected in their decision-making process by the opportunity for variable remuneration and its amount. Just as for the members of the Executive Board, employees and shareholders, they profit from a generally sustainable development of the company. The return on equity of 10 percent or 15 percent respectively which triggers payment of the variable remuneration is ambitious enough and was approved by the Annual General Meeting in June 2012 with almost 98 percent of the votes.

June 2, 2015
JENOPTIK AG

On behalf of the Executive Board
Dr. Michael Mertin
President & CEO

On behalf of the Supervisory Board
Rudolf Humer
Chairman of the Supervisory Board

Background information from the preamble to the Code.

On September 6, 2001, the "Government Commission on the German Corporate Governance Code" was appointed to develop internationally and nationally recognized principles for correct and responsible corporate governance. As stated in

the Code's preamble, "The Code aims at making the German Corporate Governance system transparent and understandable. Its purpose is to promote the trust of international and national investors, customers, employees and the general public in the management and supervision of listed German stock corporations."

The Commission presented the German Corporate Governance Code to the general public on February 26, 2002 and amended it most recently on May 15, 2012. The Code provides "regulations" that describe the legal norm currently valid in Germany, in addition to further "recommendations" and "suggestions." The "recommendations" are indicated by the use of the word "shall" in the Code. Companies that deviate from one or more recommendations must disclose this fact in an annual declaration of conformity in accordance with § 161 of the German Stock Corporation Act. The Code thereby "enables companies to reflect sector and enterprise-specific requirements." "Suggestions" are indicated in the Code by the use of the words "should" or "can" and can be deviated from without disclosure.

Code strengthens confidence into German enterprises.

JENOPTIK AG welcomes the German Corporate Governance Code, which is in the economic interests of Germany and of the companies, and which will contribute towards increasing the trust of investors in the German economy in Germany and abroad. JENOPTIK AG is aware of the significance of investor trust and has maintained an open and transparent corporate style from the very beginning. JENOPTIK AG also welcomes the Code's deliberate flexibility concerning further national and international corporate governance developments. The Code indeed reflects the fact that corporate governance is to be treated as a continual process, and not merely a set of regulations fixed in print, but rather a continuing process. For individual companies, this is a matter of earning the trust of investors, customers, employees and the general public - all of which goes without saying for Jenoptik.