

Supervisory Board Report

Honored Shareholders,

With the COVID-19 pandemic raging throughout the world, 2020 was a challenging fiscal year for all of us. Jenoptik too reported declines in key indicators in several areas of its business. At the same time, our purchase of the TRIOPTICS Group represented the biggest acquisition in the company's recent history, one that will be a key driver in Jenoptik's ongoing strategic focus on the high-growth cutting-edge industries in the photonics sector. The TRIOPTICS acquisition allows us to complement our existing portfolio with new products and services, in the process expanding our leading market position in the field of optical measurement and testing technology. The Supervisory Board provided significant support to the Executive Board throughout the fiscal year. In its view, the Executive Board responded promptly to the COVID-19 pandemic, rapidly putting effective measures in place to counter it. This helped us to meet the challenges we faced together. We are confident that we will emerge stronger from this crisis.

In the past fiscal year, the Supervisory Board diligently performed the duties imposed on it by law, by the Articles of Association and by the Rules of Procedure, regularly provided advice to the Executive Board on the management of the company and continuously monitored its work. The Executive Board directly involved the Supervisory Board in all decisions of fundamental importance to Jenoptik and notified it regularly, in good time and in full, both verbally and in written form, of the current status of business, the course of business and the economic situation, the risk position, risk management, and issues relating to compliance, strategy, and corporate planning. The Executive Board also set out in detail to the Supervisory Board the reasons for discrepancies between the planned and actual course of business, in particular as a result of the economic impact of the coronavirus pandemic. The members of the Supervisory Board dealt comprehensively with the reports submitted by the Executive Board and reviewed them for plausibility at committee and Supervisory Board meetings. It further maintained full compliance with the professional duties set out in § 90 of the Stock Corporation Act (AktG) and the German Corporate Governance Code ("Code"). The Supervisory Board signed off on business transactions requiring approval following due deliberation and discussion.

Over the course of the 2020 fiscal year, the Supervisory Board met for five ordinary meetings and one extraordinary meeting. Even though the Code suggests that videoconferencing and conference calls should not predominate, the Supervisory Board felt compelled to hold almost all the meetings by telephone or online due to the COVID-19 pandemic. One meeting was held as both a face-to-face meeting and online. In addition, resolutions were adopted by unanimous written consent. Over the past fiscal year, the Supervisory Board saw a consistently high participation rate: all members of the Supervisory Board attended considerably more than half of the meetings convened by the board and the committees on which they sit. On average, participation in Supervisory Board meetings was 97 percent. There were also five meetings of the Audit Committee, four meetings of the Personnel Committee, and six meetings of the Investment Committee, all of which were also held exclusively by telephone or virtually using electronic communications. Attendance at Investment Committee meetings was also 97 percent, at the other committee meetings 100 percent. Detailed information on individual attendance at meetings can be found in table T01.

The members of the Executive Board attended the meetings of the Supervisory Board and the committees. The Supervisory Board, however, also met regularly without the Executive Board, for example to discuss personnel matters relating to the Executive Board or with regard to adjustments to the remuneration system for Executive Board members arising from new legal requirements.

The Executive Board and the Supervisory Board worked together in an atmosphere of mutual trust and understanding at all times. The Chairman of the Supervisory Board and the Chairmen of the committees maintained ongoing contact with the Executive Board between the meetings of the Supervisory Board and the committees. Monthly reports on the company’s position were sent to all members of the Supervisory Board between meetings.

Particular Subjects discussed by the Supervisory Board

At all its regular meetings, the Supervisory Board dealt with the Executive Board’s detailed reports on the impact of the COVID-19 pandemic on the business outlook, in particular the Group’s current revenue and earnings performance and its financial and asset position. This included a comprehensive examination and discussion of the monthly and quarterly reports. Recurring issues at several meetings further included in-depth explanations and discussions on a range of acquisition and divestiture projects, in particular the acquisition of the TRIOPTICS Group in July and the Spanish company INTEROB at the beginning of the 2020 fiscal year.

The members of the Supervisory Board adopted their report for the 2020 Annual General Meeting and approved the Corporate Governance Statement and the Corporate Governance Report for the 2019 Annual Report **by written consent in February 2020**. In addition, the CVs of Supervisory Board members were compared against the competency profile adopted by the Supervisory Board, updated, and published on the Jenoptik website.

At its **meeting on March 24, 2020**, the Supervisory Board discussed the audit of JENOPTIK AG’s Annual Financial Statements, the Consolidated Financial Statements, the Consolidated Management Report, the Non-Financial Report, and the appropriation of accumulated profits at length in the presence of the auditor. Following extensive discussion, the Supervisory Board approved the Annual Financial Statements of JENOPTIK AG as well as the Consolidated Financial Statements for the 2019 fiscal year. The Annual Financial Statements were thus adopted. Due to impacts of the COVID-19 pandemic Executive Board and the Supervisory Board had to make the Forecast Report contained in the Consolidated Financial Statements’ Management Report and its proposal for the appropriation of profits subject to reservations due to the impacts of the COVID-19 pandemic. The members of the Supervisory Board resolved to approve the Executive Board’s proposal for the appropriation of profits, but also to review it at a later date based on business performance in the following weeks and then adjust it if necessary. The Executive Board informed the Supervisory Board about the company’s Coronavirus Task Force, which dealt with the novel challenges and impacts of the COVID-19 pandemic in the company on a daily basis. Another matter discussed at the meeting was the settlement of the target agreements for Executive Board members in the 2019 fiscal year and the conclusion of new target agreements for both Executive Board members for 2020. The Supervisory Board also dealt with a group project to establish efficient administrative structures and various potential

acquisition projects. The resolution on the agenda for the Annual General Meeting was postponed because, due to the pandemic, it was not yet clear at this meeting in what form and at what time the 2020 Annual General Meeting could be held.

The **meeting on June 8, 2020** focused on the company's current business outlook and financial situation following the end of the first quarter and as of April 30, 2020. Due to the impacts of the COVID-19 pandemic on business performance, the Executive Board and Supervisory Board together reviewed the proposal for the appropriation of accumulated profits for 2019 and decided to propose a dividend payment of 0.13 euros per dividend-bearing share to the 2020 Annual General Meeting. The Supervisory Board then approved the Executive Board's proposal to hold the 2020 Annual General Meeting virtually, without the physical presence of shareholders, and approved the agenda for the Annual General Meeting. The Supervisory Board dealt with a project on the future strategic trajectory of a business unit in the Group and set a new target for the proportion of women on the Executive Board to be achieved by June 30, 2023. It approved in principle the use of a bridge financing to finance a potential acquisition. Revised Rules of Procedure for the Supervisory Board were adopted and subsequently made available to the public on the company's website. Expressing their solidarity in the coronavirus crisis, the members of the Supervisory Board agreed to waive 10 percent of their fixed annual remuneration in the 2020 fiscal year. Employee representatives and the Jenoptik Executive Board have since resolved to use the money saved to help pay the healthcare costs of Jenoptik employees in the US who have been severely affected financially by the pandemic. The Chairman of the Executive Board, Dr. Traeger, also agreed to waive his fixed salary increase of 25,000 euros for 2020, which was due to take effect on July 1, 2020.

At an **extraordinary meeting on July 1, 2020**, we approved the scheduled acquisition of TRIOPTICS by JENOPTIK Optical Systems GmbH in two stages, as well as the bridge financing required for this transaction.

At its **meeting on September 16, 2020**, the Executive Board reported on the current business outlook and financial situation following the end of the second quarter and as of July 31, 2020, in particular its actions to manage the enduring impacts of the coronavirus pandemic on business performance. The meeting also dealt with a restructuring project in the Group. The Supervisory Board

T01 Participation of the individual Supervisory Board members in meetings

	Astrid Biesterfeldt	Evert Dudok	Michael Ebenau (until 15.10.2020)	Elke Eckstein	Thomas Klippstein	Dörthe Knips
6 Supervisory Board Meetings	●●●●●●	●●●●●● ○	●●●●	●●●●●●	●●●●●●	●●●●●●
5 meetings of the Audit Committee	●●●●●	–	–	–	●●●●●	–
4 meetings of the Personnel Committee	–	–	●●	–	●●●●	–
6 meetings of the Investment Committee	–	–	●●●●●	●●●●●●	–	●●●●●●

● Participation ○ No participation

examined the planning assumptions for the 2021 fiscal year, a range of acquisition and divestiture projects, and the Group’s Risk and Opportunity Report as of June 30, 2020. Due to the departure of our Deputy Chairman of the Supervisory Board, Mr. Michael Ebenau, effective October 15, 2020, we elected Mr. Stefan Schaumburg as the new Deputy Chairman of the Supervisory Board with effect from October 16, 2020. Other items on the agenda included information on potential structural alterations at the Jena site and the resolution on an investment in a new electron-beam lithography facility at the Dresden site. The Supervisory Board also agreed to appoint an independent external expert to evaluate processes and collaboration within the Supervisory Board and its committees.

During the **two-day strategy meeting in November**, the Supervisory Board was joined by the Executive Board and other members of the Executive Management Committee to discuss a range of group initiatives, potential portfolio transformations, and the strategic positions of the separate divisions from the perspective of the market, the competition, and customers.

At its last **meeting** of the year **on December 15, 2020**, the Supervisory Board again dealt in detail with the impacts of the COVID-19 pandemic on the business performance of JENOPTIK AG and the Group following the end of the third quarter and as of October 31, 2020. We were provided with information on the medium-term planning and approved the corporate planning for the 2021 fiscal year. On successful completion of the TRIOPTICS Group acquisition on September 24, 2020, the Executive Board set out to us the current status of post-merger integration. The Executive Board presented the Group’s future financing strategy, following which the Supervisory Board agreed to start negotiations with banks regarding a range of financing instruments. After reviewing a corporate governance checklist, we also, together with the Executive Board, approved the declaration of conformity in accordance with § 161(1) of the Stock Corporation Act (AktG) for the 2020 fiscal year. We looked at potential adjustments to the existing Executive Board remuneration system in view of the new regulatory requirements of the Act Implementing the Second Shareholder Rights Directive (ARUG II) and the German Corporate Governance Code. The revised remuneration system is due to be agreed at the beginning of the new fiscal year and then submitted to the 2021 Annual General Meeting for approval. Further matters dealt with at the meeting included a sustainability management update and the independent expert’s report on the results of their efficiency review.

Dieter Kröhn	Doreen Nowotne	Heinrich Reimitz	Stefan Schaumburg	Frank-Dirk Steininger (since 16.10.2020)	Prof. Dr. Andreas Tünnermann	Matthias Wierlacher	Total attendance in percent
●●●●●●	●●●●●●	●●●●●●	●●●●●● ○	●●	●●●●●●	●●●●●●	97%
-	●●●●●●	●●●●●●	-	-	-	-	100%
-	-	●●●●●●	●●●●●●	●	●●●●●●	●●●●●●	100%
●●●●●●	●●●●●● ○	-	-	-	-	●●●●●●	97%

Work in the Committees

The Supervisory Board has established five committees to help perform its tasks with greater efficiency. To the extent permissible by law, these committees make one-off decisions in place of the Supervisory Board and prepare topics that are then addressed by the Supervisory Board. The chairmen on the committees provided in-depth information on the content and outcomes of each committee meeting at the following meetings of the Supervisory Board. Information on the individual members of each committee can be found in the Group Notes appended to the Annual Report, from page 228 on, or in the Corporate Governance Statement, on page 36.

The **Audit Committee** headed by Mr. Heinrich Reimitz convened four meetings and one conference call in the period covered by the report. Both members of the Executive Board, the Head of Group Controlling, and the Head of Group Accounting and Taxes were present at all meetings; the heads of relevant departments attended as required for individual topics. In addition to the Monthly, Quarterly, and Half-Year Financial Statements, and the Annual and Consolidated Financial Statements, the Audit Committee paid particular attention to the effectiveness and ongoing development of the risk management, internal control, and compliance management systems. The Audit Committee also dealt regularly with current analyst assessments and the performance of the Jenoptik share.

During a **conference call** in February 2020 prior to publication of the preliminary figures, the Audit Committee together with the Executive Board discussed the key indicators in the 2019 fiscal year as well as the progress made in preparing the Annual and Consolidated Financial Statements.

The **balance sheet meeting in early March** focused on the audit of the Consolidated Management Report, JENOPTIK AG's Annual Financial Statements, the Consolidated Financial Statements, and the Executive Board's proposal for the appropriation of profits. Two auditor representatives attended this meeting. The Non-Financial Report and the results of the review were also discussed with a representative from auditing firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("PWC") in the form of a limited assurance engagement. The Audit Committee was provided with updates on sustainability reporting in the Group, on current analyst and investor assessments, and with detailed information on the Group Risk and Opportunity Report as of December 31, 2019. Another issue at the meeting was the recommendation by the Audit Committee to the Supervisory Board that Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart ("EY"), again be proposed to the Annual General Meeting as the auditor for the 2020 fiscal year. EY confirmed that there are no circumstances that might compromise its independence as auditor.

At its **meeting in May**, the Audit Committee dealt in detail with the Quarterly Statement for the first quarter of 2020, in particular the impacts of the corona pandemic on business performance. The committee looked at audits completed by Internal Audit, at sustainability management, and share price performance, and assessed the quality of the audit carried out by EY for the past fiscal year.

In addition to the Half-year Financial Statements and the simulation as of December 31, 2020, the committee's **discussions in August** focused on determining the audit priorities and reviewing EY's fee agreement. The committee also addressed the issue of monitoring the independence of the auditor. To this end, it reviewed the services provided in the past year in addition to the audit and updated its approved catalog of permissible non-audit services. The Audit Committee then appointed EY as auditor for the 2020 fiscal year. The committee was also notified of issues in sustainability management and current analyst assessments.

At its last **meeting** of the year in **November**, the Audit Committee examined the Financial Statements for the third quarter and the current simulation as of December 31, 2020. The Head of Internal Audit reported on audit procedures and his main findings, scheduled optimization of the internal control system, and audit planning for the following year. The Head of Investor Relations provided updates on sustainability management and the performance of the Jenoptik share.

The **Personnel Committee** headed by the Chairman of the Supervisory Board, Mr. Matthias Wierlacher, convened four times in the past fiscal year. Its meetings focused on the settlement of the Executive Board's target agreements for 2019 and the agreement of new targets for the 2020 fiscal year. The committee also dealt with long-term succession planning for the Executive Board and the review and revision of the Executive Board remuneration system with regard to the new requirements of ARUG II and the German Corporate Governance Code.

The **Investment Committee** is also headed by the Chairman of the Supervisory Board, Mr. Matthias Wierlacher. It met six times in the past fiscal year to deal with various acquisition and divestiture projects, in particular the acquisition of the TRIOPTICS Group, which was successfully completed in September 2020.

The **Nomination Committee** and the **Mediation Committee** did not meet in the past fiscal year. These two committees are also headed by Mr. Wierlacher.

Corporate Governance

Over the past fiscal year, the Supervisory Board engaged with corporate governance issues, and in December, following examination of a corporate governance checklist and in conjunction with the Executive Board, adopted the declaration of conformity according to § 161(1) of the Stock Corporation Act (AktG). The current declaration of conformity, together with declarations of prior years, are permanently available to shareholders on the company's website. The latest declaration of conformity can also be found in the Corporate Governance Statement, on page 36.

Following the most recent external efficiency review in 2017 and internal self-evaluations in both 2018 and 2019, the Supervisory Board appointed an independent external expert in September 2020 to evaluate its work and processes with regard to its composition, culture and leadership, and general aspects of good corporate governance. At its December meeting, the external consultant presented his findings to the full Supervisory Board. The review gave a positive picture – also in benchmarking – of the work of the Supervisory Board and its committee.

Within the Supervisory Board, there were no conflicts of interest subject to reporting requirements in the past fiscal year. Individual members of the Supervisory Board of JENOPTIK AG exercise an executive role at companies with which Jenoptik has a business relationship. Jenoptik does not consider any of these business transactions to be of significance, especially as they are conducted under the same conditions as would have been maintained with third-party companies. Furthermore, neither the Executive Board nor the Supervisory Board effected any transactions that would have required approval or are subject to disclosure under the new provisions of ARUG II ("related party transactions"). More information on business transactions by the Executive Board or Supervisory Board with related parties can be found in chapter 8.5 of the Notes on page 224.

Members of the Supervisory Board are independently responsible for undergoing the training and professional development measures necessary for their tasks. They are given targeted support by the company in the form of invitations to selected events. All members are regularly notified of new regulatory requirements. New members are also supported by the company during their inductions. In the course of a virtual meeting, the Chairman of the Executive Board personally presented the Jenoptik business model to our new Supervisory Board member, Mr. Frank-Dirk Steininger.

Detailed information on corporate governance at Jenoptik can be found in the Corporate Governance Statement beginning on page 36 of the Annual Report.

Annual Financial Statements and Consolidated Financial Statements

In accordance with the resolution of the Annual General Meeting on August 7, 2020, EY was appointed to audit the Annual Financial Statements of JENOPTIK AG and the Consolidated Financial Statements. EY has acted as the JENOPTIK AG and Group auditor since the 2016 fiscal year. For the second time, the lead audit partner is Mr. Steffen Maurer. EY audited the Annual Financial Statements prepared by the Executive Board according to the provisions of the German Commercial Code (HGB), the Consolidated Financial Statements prepared according to § 315e HGB and on the basis of International Financial Reporting Standards (IFRS) as applicable in the EU, and the Consolidated Management Report, and issued its unqualified approval. Within the scope of its duties, EY also checked whether the Executive Board had adopted suitable measures to ensure that developments that may endanger the continued existence of the company are identified in good time. The EY audit was conducted according to § 317 HGB, giving consideration to the generally accepted German audit principles defined by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer [IDW]).

On completion, the auditor's reports, the Annual Financial Statements, the Consolidated Financial Statements, the Executive Board's proposal for the appropriation of profits, the Consolidated Management Report, and the Non-Financial Report were dispatched to all members without delay and, together with the documents submitted by the Executive Board, discussed in great detail by the Audit Committee and the Supervisory Board at their March meetings. Both also dealt extensively with the key audit matters. Whereas the Non-Financial Report had been audited by PWC in prior years, the Supervisory Board and the Audit Committee conducted the audit of the Non-Financial Report for the 2020 fiscal year themselves. PWC remained available in an advisory capacity, and Internal Audit provided significant support in the audit of the Non-Financial Report.

Representatives from EY reported personally on the scope, main focus, and key findings of their audit at the meetings, and were also available to respond to any further queries. EY also provided information on services rendered in addition to the financial statement audit services. Detailed information can be found in the Notes in chapter 10.3. According to the auditor, there were no circumstances that gave rise to a concern of partiality. No major weaknesses in the risk early warning system or the accounting-related internal control system were reported. The Chairman of the Audit Committee also reported in detail on the audits of the Annual Financial Statements and the Consolidated Financial Statements prepared by the Audit Committee.

Following the final outcomes of the preliminary audit by the Audit Committee and its own review and discussion, the Supervisory Board raised no objections to the outcomes of the audit at its meeting on March 24, 2021 and approved the Annual Financial Statements and Consolidated Financial Statements prepared by the Executive Board. The Annual Financial Statements for 2020 are thus adopted according to § 172(1) of the Stock Corporation Act (AktG). The Supervisory Board discussed in detail the Executive Board's resolution on the appropriation of profits, which provides for a dividend payment of 0.25 euros per dividend-bearing share, and approved it following an internal review.

Changes on the Supervisory Board and Executive Board

Our Deputy Chairman of the Supervisory Board, Mr. Michael Ebenau, left his position to enter retirement with effect from October 15, 2020. We thank him for his valuable assistance and years of service on the Supervisory Board of JENOPTIK AG. Mr. Stefan Schaumburg, who has been a member of the Supervisory Board since 2012, was appointed the new Deputy Chairman of the Supervisory Board. As successor to Mr. Ebenau, Mr. Frank-Dirk Steininger, Regional Secretary of IG Metall Mitte, was appointed to the Supervisory Board by court order with effect from October 16, 2020, for a limited period until the expiry of Mr. Ebenau's remaining term of office, i.e., until the end of the Annual General Meeting in 2022. Mr. Steininger was also elected a member of the Personnel Committee, Mr. Schaumburg a member of the Investment Committee. Over the past fiscal year, there were no personnel changes on the Executive Board.

On behalf of the Supervisory Board, I would like to express my particular thanks to all employees, employee representatives, and the members of the Executive Board for their extraordinary commitment and great personal dedication in the past year, which has been a very challenging time in the light of the COVID-19 pandemic. I would also like to thank our shareholders, who have continued to place their trust in us throughout this time.

Jena, March 2021

On behalf of the Supervisory Board



Matthias Wierlacher
Chairman