

(Group) Declaration on Corporate Governance

Disclosures relevant to corporate governance pursuant to Sections 289f, 315d of the German Commercial Code (HGB)

(English convenience translation of German original)

In accordance with Section 315 (5) of the German Commercial Code (HGB), the group declaration on corporate governance pursuant to Sections 289f, 315d of the German Commercial Code (HGB) is an integral part of the Combined Management Report of STEMMER IMAGING AG and the Group. The Corporate Governance Declaration includes the Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (AktG), relevant information on corporate governance practices, a description of the mode of operation of the Executive Board and Supervisory Board, the specifications in accordance with Section 76 (4) and Section 111 (5) of the German Stock Corporation Act (AktG) and their state of implementation, as well as information on the diversity concept. STEMMER IMAGING aims to provide a clear, transparent and concise presentation of corporate governance.

STEMMER IMAGING is aware of its role in society and its responsibility towards customers, business partners, shareholders and employees. Respectful and cooperative collaboration as well as the conscious perception of social responsibility and compliance with the relevant regulations and laws form the basis for long-term and sustainable corporate success. STEMMER IMAGING's mission statement with its vision, mission and values is closely linked to the corporate governance guidelines and serves as a framework for action for employees worldwide.

The Executive Board and the Supervisory Board work closely together in the interests of the company. At STEMMER IMAGING AG, the intensive and continuous dialogue between the two boards forms the basis for responsible corporate governance.

Corporate Governance

Transparent corporate governance builds trust among investors, employees, business partners and the public in the management and the supervisory system of STEMMER IMAGING AG. This forms the foundation for long-term economic success based on the German Corporate Governance Code in its current version.

On 22 June 2020, the Executive Board and Supervisory Board decided on the following joint Declaration of Compliance of STEMMER IMAGING AG in accordance with Section 161 of the German Stock Corporation Act (AktG) which has been made permanently available to the public:

1 Declaration of the Executive Board and the Supervisory Board of STEMMER IMAGING AG on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG)

The Executive Board and the Supervisory Board declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that STEMMER IMAGING AG complies with all recommendations of the German Corporate Governance Code in

the version dated 16 December 2019, published by the Federal Ministry of Justice in the Official Section of the Federal Gazette on 20 March 2020, and will continue to comply with these recommendations in the future, with the following exception:

Regarding Sections D.2, D.3, D.4. and D.5 (Establishment of Committees): The Company's Supervisory Board consists of three members. Contrary to Sections D.2, D.3, D.4 and D.5 of the Corporate Governance Code, the Supervisory Board does not form any committees, in particular no Audit Committee and no Nomination Committee. The establishment of specialist committees is not expedient due to the size of the Supervisory Board with three members and - in contrast to larger bodies - does not lead to an increase in efficiency. For this reason, it is not advisable to form such committees. All tasks assigned to the committees in accordance with the recommendations of the German Corporate Governance Code are performed by the full Supervisory Board. This also includes assessing the quality of the financial statement audit in accordance with Section D.11 of the Corporate Governance Code.

The corresponding declaration is permanently available to the public on the STEMMER IMAGING website in the Investors section.

2 Close cooperation between the Executive Board and the Supervisory Board

The mode of operation of the Executive Board and the Supervisory Board is based on the relevant laws, the German Corporate Governance Code, the Articles of Association and the resolutions passed by the Annual General Meeting of STEMMER IMAGING AG, the Rules of Procedure for the Supervisory Board as well as the Rules of Procedure and the Schedule of Responsibilities for the Executive Board.

2.1 The Executive Board

The Executive Board manages the company with the aim of creating sustainable value. The members bear joint responsibility for the entire management. The members of the Executive Board work closely together, exchange information and keep each other informed about important measures and events in their business areas.

The principles of cooperation between the members of the Executive Board of STEMMER IMAGING AG are summarized in the Rules of Procedure for the Executive Board. In particular, these regulate the divisional responsibilities according to the Schedule of Responsibilities, the matters reserved for the entire Executive Board, the rules of representation applicable to the Executive Board, the rights and duties of the CEO, the meetings, the passing of resolutions and the required majorities for resolutions, as well as the type of transactions which are subject to the approval of the Supervisory Board and are also specified in the Articles of Association of STEMMER IMAGING AG. In addition, the Rules of Procedure for the Executive Board regulate the reporting to the Supervisory Board. The Executive Board of STEMMER IMAGING AG currently consists of two members.

The Executive Board informs the Supervisory Board regularly, without delay and comprehensively about all issues that are relevant to the STEMMER IMAGING Group, in particular business development, significant business transactions, planning, the risk situation, risk management and compliance. The Executive Board

and the Supervisory Board discuss the company's strategic orientation and, at regular intervals, the status of strategy implementation.

2.2 The Supervisory Board

The Supervisory Board advises the Executive Board on the management of the Company and monitors its activities. It appoints and dismisses the members of the Executive Board and, together with the Executive Board, must ensure long-term succession planning. Furthermore, the Supervisory Board decides on the remuneration system for the Executive Board members and determines their respective compensation. The Supervisory Board of STEMMER IMAGING AG consists of three members in accordance with the Company's Articles of Association.

The principles of cooperation within the Supervisory Board of STEMMER IMAGING AG are specified in the Rules of Procedure for the Supervisory Board. These govern, among other things, the election of the CEO and his or her deputy, the convening of meetings and their sequence, the permitted methods of passing resolutions and the documentation of meetings and resolutions. The Rules of Procedure for the Supervisory Board can be found on the Company's website in the Corporate Governance section.

The Supervisory Board of STEMMER IMAGING AG does not form any committees. The establishment of specialist committees, Audit Committees and Nomination Committees is not expedient under the specific circumstances of the company and - unlike with larger bodies - does not lead to an increase in efficiency. Therefore, the Supervisory Board does not consider it advisable to form such committees. All duties assigned to the Supervisory Board are jointly performed and accounted for.

Within the scope of the competence profile of the Supervisory Board, the Supervisory Board considers the main topics of professional competence, experience, competence in the Company's key factors and personality profile to be decisive. The competence profile is intended to achieve the best possible coverage of the topics that are important and forward-looking for the Company. In this way, the Supervisory Board also ensures that its appointed members meet all the requirements for proper Supervisory Board work.

The Supervisory Board considers professional competence in the areas of technology, accounting or auditing (Section 100 (5) AktG) and finance, strategy, M&A, organization & human resources as well as business processes to be essential.

Due to the international orientation of the STEMMER IMAGING Group, at least one member must also have several years of international experience, e.g. by consulting or working for international companies.

Not all members need to be equally proficient in all fields of knowledge; it is more important that the various skills complement each other.

At least once a year, most recently in the first half of 2020, the Supervisory Board will assess the effectiveness of the performance of its tasks in a self-evaluation (efficiency review of the Supervisory Board's activities) using a comprehensive

questionnaire. This questionnaire examines various areas and aspects of the Supervisory Board work, in particular the organization of the Supervisory Board and meeting procedures, corporate governance, risk management and the annual financial statements. All members of the Supervisory Board can submit their evaluation of the effectiveness of the Supervisory Board work and suggest possible ways of improvement. After evaluating the questionnaires, the results and possibilities for improvement are usually discussed in the following regular Supervisory Board meeting. The Supervisory Board deals with the results in detail and derives improvements if necessary.

3 Diversity Concept

The composition of the Supervisory Board and the Executive Board of STEMMER IMAGING AG is intended to enable the Company's development towards sustainable profitability and constant adaptation to rapidly changing requirements on the basis of relevant expertise. A suitable diversity of competencies of the members of the Executive Board and the Supervisory Board ensures a broad mix of experience and different perspectives for the benefit of the Company.

3.1 Diversity concept for the composition of the Executive Board

In their assessment of candidates for Executive Board positions the underlying suitability criteria are, in particular, professional qualifications relevant for the division concerned, leadership qualities, proven track record and acquired skills as well as knowledge of the Company. The members of the Executive Board should contribute different professional experience and expertise. This includes expert experience at different companies and at different stages in their CVs.

To this end, the Supervisory Board of STEMMER IMAGING AG has adopted the following diversity concept for the composition of the Executive Board:

The members of the Executive Board shall collectively possess the knowledge, skills and professional experience required to properly perform their duties.

In doing so, the Supervisory Board pays particular attention to the following aspects:

- at least one member of the Executive Board shall be familiar with the business of machine vision technology for use in industry and science, in particular with the market environment, the individual business segments and customer requirements;
- the member of the Executive Board responsible for finance shall have expertise in the areas of accounting or auditing as well as knowledge of the capital market and financing;
- at least one member of the Executive Board shall have experience in managing a medium-sized company;
- at least one member of the Management Board shall have particular international experience;

- as a rule, only those who have not yet reached the age of 65 shall be members of the Executive Board; in justified individual cases, deviations from this rule are possible;
- for the proportion of women on the Executive Board, the Supervisory Board has set targets and deadlines for achieving them in accordance with Section 111 (5) of the German Stock Corporation Act (AktG), which are referred to below.

The Supervisory Board decides in the best interests of the Company and under consideration of all circumstances of the individual case which person should be appointed to a specific position on the Executive Board. Currently, the Executive Board of STEMMER IMAGING AG consists of two members who are qualified in different areas.

The current composition of the Executive Board meets the requirements of the diversity concept in the opinion of the Supervisory Board.

3.2 Diversity concept for the composition of the Supervisory Board

The Supervisory Board's diversity concept aims to ensure that STEMMER IMAGING AG has a well-balanced Supervisory Board with various competencies, which is particularly important for the successful performance of its supervisory duties.

For this reason, the diversity concept for the composition of the Supervisory Board in terms of internationality, diversity of professional experience, educational background and age as well as the composition by gender pays particular attention to the following aspects:

- in terms of its composition, the Supervisory Board strives to incorporate different professional and international experience. However, it will not emphasize the concept of diversity with regard to its objectives and the candidates proposed to the Annual General Meeting, but will continue to focus in particular on knowledge, professional qualifications and the personality of the potential candidates;
- each member of the Supervisory Board fulfills the legal and statutory requirements for a membership in the Supervisory Board (in particular Section 100 (1) to (4) of the German Stock Corporation Act (AktG));
- no more than one former member of the Executive Board shall be a member of the Supervisory Board;
- as a rule, only those who have not yet reached the age of 70 shall be members of the Supervisory Board; in justified individual cases, deviations from this rule are possible;
- with regard to the proportion of women on the Supervisory Board, the Supervisory Board has set targets and deadlines for achieving these targets in accordance with Section 111 (5) of the German Stock Corporation Act (AktG), which are referred to below.

The current composition of the Supervisory Board meets the requirements of the diversity concept in the opinion of the Supervisory Board.

4 Specifications in accordance with the "Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector":

The Executive Board of STEMMER IMAGING AG agreed on 9 May 2019 to ensure that diversity is taken into account when recruiting for management positions at all management levels below the Executive Board of STEMMER IMAGING AG and its affiliated companies and that women are given appropriate consideration. At STEMMER IMAGING AG the quota of women at the first management level below the Executive Board is 10% and 15% at the second level. The Executive Board has set a target of 10 % for the percentage of women in the first management level below the Executive Board and a target of 20 % in the second management level below the Executive Board with a deadline of 9 May 2024.

The Executive Board of STEMMER IMAGING AG currently consists of two male members. Due to the current contracts with the Executive Board, no changes are planned here at least until 31 October 2022. At its meeting on 10 May 2019, the Supervisory Board therefore set a target quota of zero for the proportion of women until 9 May 2024.

The Supervisory Board consists of three male members who were elected at the Annual General Meeting on 15 November 2017 for a further statutory period of office. At its meeting on 10 May 2019, the Supervisory Board therefore set a target quota of zero for the proportion of women on the Supervisory Board until 30 June 2021.

5 Performance indicators and controlling system

Strategic corporate planning, internal reporting and internal controlling are incorporated into STEMMER IMAGING's risk management system. An essential part of this involves the definition of risk areas as well as the identification, analysis, control and communication of the identified risks. The determination and implementation of specific measures to minimize risks is intended to limit possible negative effects. Further details on risk management can be found in the current Annual Report of the Company.

The STEMMER IMAGING Code of Conduct with its guiding principles forms the basis for responsible and legally compliant action and reflects the Executive Board's goal of strengthening ethical standards throughout the company and creating a working environment based on probity, respect and fairness. In this way, the Code of Conduct forms the basis for STEMMER IMAGING's corporate behaviour and applies throughout the STEMMER IMAGING Group. STEMMER IMAGING has its own group-wide compliance system to ensure that its employees and executive bodies comply with the Code of Conduct.

The Executive Board and Supervisory Board are convinced that the same principles apply to STEMMER IMAGING's suppliers that the company itself commits to. In this respect, the STEMMER IMAGING Code of Supply sets out the principles and procedures that guide STEMMER IMAGING's business activities. The central elements here are, in particular, compliance with applicable laws and regulations as well as a responsible behaviour towards people and the environment.

6 Succession planning

The Supervisory Board has developed a concept for succession planning together with the Executive Board. This concept includes the discussion of the management structure and individual members of the management team once a year in the Supervisory Board meeting at the end of the second quarter. In this context, different management or organizational levels such as the Executive Board, management team, regional and functional managers are addressed. These employees are discussed individually with regard to a long-term career path. This includes aspects such as seniority, responsibilities, and others. From this, the Supervisory Board and Executive Board derive the concrete need for action for succession appointments. Furthermore, a pool of prospective leaders and talented employees within the organization is identified for all major locations. This includes both employees with functional specialization and employees with leadership responsibilities. In the discussions between the Supervisory Board and the Board of Management, the possibilities of transferring additional responsibility in terms of succession planning are discussed and appropriate measures are determined.

7 Remuneration of the Executive Board and the Supervisory Board

The Supervisory Board is responsible for determining and reviewing the remuneration of the Executive Board and the remuneration system.

In accordance with the recommendations of the German Corporate Governance Code, STEMMER IMAGING AG discloses the remuneration of all members of the Executive Board and the Supervisory Board on an individual basis. The remuneration of the Executive Board is performance-based and consists of a fixed salary (basic remuneration) and a variable remuneration. The variable remuneration is based on consolidated EBIT and is limited in its amount. The approved Consolidated Financial Statements are relevant for the valuation. 49% of the variable remuneration consists of a cash payment and 51% of a long-term component with a corresponding malus rule. The variable remuneration thus depends largely on the long-term economic development of STEMMER IMAGING.

The contractual terms of the members of the Executive Board are linked to the term of their appointment as members of the Executive Board. The contracts of the Executive Board members include a post-contractual non-compete clause for a period of one year. After leaving the company, the members of the Executive Board are contractually prohibited from rendering services for or on behalf of a competing company during this period.

The remuneration of the Executive Board members is listed in the Management Report of the Annual Report.

Munich, July 2020
STEMMER IMAGING AG
The Executive Board