

Report of the Supervisory Board

Dear Shareholders and Friends of the Company,

Fiscal year 2019/20 was an unexpectedly difficult year for ZEISS Medical Technology, entirely dominated by the effects of the COVID-19 pandemic. I am therefore all the more delighted to report that the Company proved its outstanding resilience in this endurance test and, in spite of the massive restrictions in many markets, still managed to generate a satisfactory result overall. I would like to express my thanks and appreciation to our customers – also on behalf of the entire Supervisory Board – for their trusting cooperation during this turbulent phase. We would also like to thank our employees and members of the Management Board for their commitment and motivation under difficult circumstances.



Prof. Dr. Michael Kaschke
Chairman of the Supervisory Board

Thanks to our innovative strength, a focus on growth markets as well as quick and effective crisis management right at the start of the pandemic, we managed to curb adverse commercial effects and even returned to growth in a number of key regions in the last few months of the fiscal year. I am particularly pleased that Carl Zeiss Meditec remained focused on the success of its customers throughout and was at their side as a solution-oriented partner in overcoming these unprecedented challenges. At the same time, the Company continued to invest in the future and in innovation and therefore laid the best foundations for being able to grow faster than the competition in a market recovery. The outlook remains positive.

The Supervisory Board supported the Management Board in managing business operations through intensive communication and consultation. The main focal points in the fiscal year under review were both the unfamiliar challenges of the pandemic and, at the same time, the continued discussion about the long-term strategic orientation of the Carl Zeiss Meditec Group with the Management Board.

In fiscal year 2019/20, the Supervisory Board conscientiously fulfilled the duties incumbent upon it according to the law, the Company's Articles of Association and rules of procedure. The Supervisory Board therefore kept itself regularly and comprehensively up to date about all events and business transactions of relevance for the Company, and monitored and supported the work of the Management Board in an advisory capacity. The subject of the written and verbal reports from the Management Board was the economic situation and the development of the Company's business, as well as its individual strategic business units, including their further strategic development. The Supervisory Board also addressed the Company's position with regard to the risk situation, risk management, as well as the internal control system and compliance. The Supervisory Board was involved in all important decision-making. In the case of transactions requiring approval, the Supervisory Board cast its vote after thorough examination of the reports and draft resolutions submitted.

The Supervisory Board also continued to engage in a regular exchange of information with the Company's Management Board, including outside of Supervisory Board meetings. Any collaboration between the Supervisory Board and the Management Board was always open and trusting, with constructive dialog.

Conflicts of interest among the members of the Supervisory Board did not arise in fiscal year 2019/20.

Focus of the deliberations and audits of the Supervisory Board

During the past fiscal year, the Supervisory Board convened at seven ordinary meetings which the members of the Management Board also attended. The meetings on 6 February 2020, 24 March 2020 and 22 June 2020 were held as conference calls.

The overall attendance rate was 100%.

The table "Individualized disclosure of meeting attendance" contains an overview of the meeting attendance of the individual members of the Supervisory Board.

Resolutions on matters requiring a decision between the meetings were passed by way of a circulation procedure.

The regular meetings addressed the revenue and earnings situation and the development of business within the Carl Zeiss Meditec Group, including the effects of the COVID-19 pandemic; the Company's financial situation and ongoing strategic projects, and future investments and their funding. Additional agenda items were also addressed during the respective meetings.

During the meeting on 2 December 2019 to adopt the consolidated and annual financial statements for fiscal year 2018/19, the declaration of conformity to the recommendations of the German Corporate Governance Code in its version dated 7 February 2017 was also resolved. The proposal to the Annual General Meeting on the utilization of profit was discussed in detail and adopted. The meeting of the Supervisory Board also passed a resolution to determine the performance-related remuneration of the Management Board in accordance with the proposal of the General Committee. The Supervisory Board discussed and passed a resolution to adjust the distribution of responsibilities of the Management Board and, at the recommendation of the Audit Committee, resolved to propose Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY), Stuttgart, for election by the Annual General Meeting on 24 March 2020 as auditor of the annual and consolidated financial statements for fiscal year 2019/20.

During the telephone meeting of the Supervisory Board on 6 February 2020, the plenary Supervisory Board resolved, at the Nominating Committee's proposal, to propose Ms. De Paoli and Dr. Lamprecht for ordinary election to the Supervisory Board by the Annual General Meeting on 24 March 2020 and Ms. von der Goltz for re-election to the Supervisory Board. During this meeting the Supervisory Board also passed the agenda for the Annual General Meeting on 24 March 2020.

In the telephone Supervisory Board meeting on 24 March 2020, it was resolved in the course of adopting the law to mitigate the effects of the COVID-19 pandemic in civil, insolvency and criminal proceedings law, to postpone the Annual General Meeting to 6 August 2020.

During the telephone Supervisory Board meeting on 22 June 2020, the resolution of the Management Board to hold the Annual General Meeting on 6 August 2020 as a virtual general meeting was passed, and the updated agenda was adopted. In addition, it was resolved that the Chairman of the Management Board, the Chairman of the Supervisory Board and the Deputy Chairwoman of the Supervisory Board, must attend this Annual General Meeting.

The Supervisory Board Chairman, Deputy Chairman and members of the committees were elected at the constituent meeting of the Supervisory Board on 6 August 2020.

During the ordinary Supervisory Board meeting on 6 August 2020, the resolution was passed to accept Brainloop AG's offer for additional protection of data distribution and storage of Supervisory Board documents. Furthermore, the Management Board provided information about the development of business, including the COVID-19 pandemic, and the committees reported on their work.

The Supervisory Board meeting on 21 September 2020 passed the budget for fiscal year 2020/21, among other things. It was also resolved to include liability claims from securities trading in D&O insurance.

Intensive work of the committees

In accordance with its rules of procedure, the Supervisory Board of Carl Zeiss Meditec AG has formed three committees. These committees carry out preliminary work on topics to be discussed at the plenary Supervisory Board meeting and make decisions on behalf of the Supervisory Board, insofar as the plenary session has instructed them to do so in accordance with statutory regulations. The current chairs of the committees report regularly and extensively to the Supervisory Board about their work on the committees.

Committees of the Supervisory Board

General and Personnel Committee	Audit Committee	Nominating Committee
» Prof. Dr. Michael Kaschke (Chairman)	» Dr. Markus Guthoff (Chairman)	» Dr. Christian Müller (Chairman)
» Tania von der Goltz	» Cornelia Grandy	» Prof. Dr. Michael Kaschke
» Dr. Markus Guthoff (until 6 August 2020)	» Dr. Christian Müller	» Dr. Markus Guthoff (until 6 August 2020)
» Dr. Karl Lamprecht (from 6 August 2020)		» Isabel De Paoli (from 6 August 2020)

The General and Personnel Committee advises the Management Board on matters of Company strategy. It is jointly responsible for coordinating and preparing for the Supervisory Board meetings. In addition, this committee prepares the Supervisory Board's personnel decisions and, in certain cases, passes resolutions on the transactions requiring approval submitted by the Management Board. The General and Personnel Committee convened at two meetings during the past fiscal year. The meeting on 2 December 2019 reviewed, among other things, the remuneration of the Management Board and assessed the target agreements for fiscal year 2018/19. The target agreements for the Management Board for fiscal year 2020/21 were discussed at the meeting on 21 September 2020. A recommendation on the remuneration of the Management Board was also drafted based on the new legal framework in the German Stock Corporation Act (AktG) and the German Corporate Governance Code 2020. The Management Board remuneration is to be presented to the Annual General Meeting on 27 May 2021 for approval.

The Audit Committee is mainly concerned with the development of business and monitoring the accounting process, the efficiency of the internal control system and the internal auditing and risk management system, auditing, and its focus areas, and in particular the independence of the auditor, as well as the additional services rendered by the auditor. It also addresses the work of the Company's compliance organization. The Audit Committee convened at six meetings during the reporting period.

In the event of the appointment of new Supervisory Board members, the Nominating Committee proposes suitable candidates to the Supervisory Board for its candidate proposals to the Annual General Meeting. The Nominating Committee convened at two meetings during the reporting period. The meeting on 2 December 2019 discussed the expansion of the Supervisory Board from six to nine members and gave an update on the status of the selection of two additional shareholder representatives. The meeting on 6 February 2020 resolved to recommend to the Supervisory Board to propose Ms. De Paoli and Dr. Lamprecht as candidates for the Supervisory Board to the Annual General Meeting. In addition, it was resolved to recommend to the Supervisory Board to propose to the Annual General Meeting to continue the appointment of Ms. von der Goltz.

Individualized disclosure of meeting attendance

Supervisory Board member	Committees	Meeting attendance	Attendance in %
Prof. Dr. Michael Kaschke (Chairman)	Plenary Supervisory Board	7/7	100%
	General and Personnel Committee	2/2	100%
	Nominating Committee	2/2	100%
	Total	11/11	100%
Tania von der Goltz (Deputy Chairwoman)	Plenary Supervisory Board	7/7	100%
	General and Personnel Committee	2/2	100%
	Total	9/9	100%
Dr. Markus Guthoff	Plenary Supervisory Board	7/7	100%
	General and Personnel Committee (until 6 August 2020)	1/1	100%
	Audit Committee	6/6	100%
	Nominating Committee (until 6 August 2020)	2/2	100%
	Total	16/16	100%
Cornelia Grandy	Plenary Supervisory Board	7/7	100%
	Audit Committee (since 1 October 2019)	6/6	100%
	Total	13/13	100%
Dr. Christian Müller	Plenary Supervisory Board	7/7	100%
	Audit Committee	6/6	100%
	Nominating Committee	2/2	100%
	Total	15/15	100%
René Denner (since 1 October 2019)	Plenary Supervisory Board (since 1 October 2019)	7/7	100%
	Total	7/7	100%
Jeffrey Marx (since 6 March 2020)	Plenary Supervisory Board (since 6 March 2020)	5/5	100%
	Total	5/5	100%
Isabel De Paoli (since 25 June 2020)	Plenary Supervisory Board (since 25 June 2020)	3/3	100%
	Nominating Committee (since 6 August 2020)	n/a as no meetings	n/a as no meetings
	Total	3/3	100%
Dr. Karl Lamprecht (since 25 June 2020)	Plenary Supervisory Board (since 25 June 2020)	3/3	100%
	General and Personnel Committee (since 6 August 2020)	1/1	100%
	Total	4/4	100%

Corporate governance and declaration of conformity

During the Supervisory Board Meeting on 2 December 2019, the Supervisory Board resolved upon the declaration of conformity pursuant to the German Corporate Governance Code, in its version dated 7 February 2017.

Further information on corporate governance reporting and the declaration of conformity can be found on Carl Zeiss Meditec AG's website at www.zeiss.de/meditec-ag/investor-relations.html within the "Corporate Governance" section.

Audit of the annual and consolidated financial statements 2019/20

The Annual General Meeting on 6 August 2020 appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY), Stuttgart, as auditor for the annual and consolidated financial statements.

Before making its candidate proposal to the Annual General Meeting, the Supervisory Board obtained a declaration of independence from the auditor. In this declaration EY confirms that there are no private, professional, business, financial or other relationships between the auditor and its executive bodies or audit managers, on the one hand, or between the Company and its executive body members, on the other. On 21 July 2020, the Supervisory Board engaged EY, subject to the postponed election of EY by the Annual General Meeting, to audit all financial statements and management reports for fiscal year 2019/20, including the dependent company report on relationships with

associated companies of Carl Zeiss Meditec AG, pursuant to Section 312 AktG. The focal points of the audit in fiscal year 2019/20 were approved on 4 August 2020.

The annual financial statements of Carl Zeiss Meditec AG were prepared in accordance with the rules of the German Commercial Code (*Handelsgesetzbuch*, HGB). The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) prevailing at the end of the reporting period, as they are to be applied in the EU, and in accordance with Section 315a HGB in compliance with specific provisions of the HGB.

EY audited the annual financial statements and consolidated financial statements, as well as the associated management reports for fiscal year 2019/20, including the accounting, and issued all the financial statements with an unqualified audit certificate.

The annual financial statements and consolidated financial statements prepared by the Management Board to 30 September 2020, and the associated management reports, as well as the audit reports prepared by the appointed auditor, were submitted in good time for inspection by all members of the Supervisory Board and discussed in detail and audited in advance at the meeting of the Supervisory Board's Audit Committee in the presence of the auditor on 3 December 2020, and subsequently at the plenary Supervisory Board meeting. The Supervisory Board approves the results of the audit. No objections were raised following the Supervisory Board's conclusive review of the audit. The Supervisory Board approved the annual financial statements prepared by the Management Board and the consolidated financial statements at its meeting on 3 December 2020. The annual financial statements are thus adopted. After a detailed examination and taking the development of earnings and the financial position into consideration, the Supervisory Board approved the Management Board's proposal on the utilization of profit at its meeting on 3 December 2020.

Dependent company report

Given that Carl Zeiss Meditec AG is a subsidiary of Carl Zeiss AG, the Management Board of Carl Zeiss Meditec AG prepared a report, pursuant to Section 312 AktG, on relations with associated companies in fiscal year 2019/20, which states that – under the circumstances known to the Management Board at the time the legal transactions were concluded – Carl Zeiss Meditec AG received an appropriate consideration for each of the transactions listed and that reportable measures were neither implemented nor omitted in the fiscal year. After conducting its audit EY issued the report with the following audit certificate pertaining to the correctness of the actual disclosures and the appropriateness of the Company's compensation with respect to the legal transactions listed:

"Based on the results of our statutory audit and assessment, we confirm that

1. the actual information in the report is correct,
2. the Company's compensation with respect to the legal transactions listed in the report was not inappropriately high."

At the meeting on 3 December 2020 the auditor reported on the key results of the audit and responded to questions. After conducting its own audit of the dependent company report and inspecting the audit report prepared by the auditor, the Supervisory Board concluded that it agrees with the statements and conclusions in the dependent company report and the audit report. On completion of its own audit the Supervisory Board has no objections to raise against the declaration of the Management Board at the end of the dependent company report.

All documentation pertaining to the financial statements and audit reports were submitted early to the Supervisory Board.

Composition of the Management Board and Supervisory Board

There were some changes to the composition of the Supervisory Board during the course of the fiscal year under review. During the Annual General Meeting on 19 March 2019 it was resolved to increase the number of Supervisory Board members from six to nine. During the election of employee representatives on 27 February 2020, Mr. Jeffrey Marx was appointed as a member of the Supervisory Board. He joined the Supervisory Board on 6 March 2020, effective from the entry of the amendment to the Articles of Association to increase the size of the Supervisory Board. Both Ms. De Paoli and Dr. Lamprecht were appointed as shareholder representatives on 25 June 2020 by Jena Local Court, in accordance with the amendment to the Articles of Association resolved by the Annual General Meeting 2017/18 to increase the size of the Supervisory Board. The court appointment was limited to the duration of the virtual (ordinary) Annual General Meeting on 6 August 2020. Ms. Isabel De Paoli and Dr. Karl Lamprecht were elected to the Supervisory Board as shareholder representatives effective from the end of the virtual Annual General Meeting on 6 August 2020 until the end of the Annual General Meeting that resolves upon their discharge for the fiscal year from 1 October 2023 to 30 September 2024. Furthermore, Ms. Tania von der Goltz was re-elected to the Supervisory Board, effective from the end of the virtual Annual General Meeting on 6 August 2020 until the end of the Annual General Meeting that resolves upon the discharge for the fiscal year from 1 October 2023 to 30 September 2024.

During the Supervisory Board meeting on 6 August 2020, Ms. De Paoli was also elected as a member of the Nominating Committee and Dr. Lamprecht was elected as a member of the General and Personnel Committee.

There were no changes to the members of the Management Board of Carl Zeiss Meditec AG in fiscal year 2019/20.

Members of the Supervisory Board took personal responsibility for undertaking the training and further development measures necessary to fulfill their duties. The new members joining the Supervisory Board in fiscal year 2019/20 were given an individually tailored induction. The members were also kept regularly informed about new regulatory developments, legislative changes and new accounting and auditing standards, as well as corporate governance issues. In addition, members of the respective committees took part in further training courses for the respective committees, and members of the Supervisory Board took part in external training programs.

Final remarks

In spite of the still subdued short-term economic outlook due to the COVID-19 pandemic, the medical technology market continues to benefit from underlying trends. These are based, on the one hand, on demographic trends and the related aging of the population, as well as an increasing number of people with age-related diseases as a result. On the other hand, patients' expectations of medical treatments and, consequently, the demands put on medical equipment by physicians, are increasing. At the same time, digitalization is presenting new opportunities and challenges for the industry. Carl Zeiss Meditec AG is in a good position, in the Supervisory Board's opinion, with its innovation-driven and diversified product portfolio, and as a competent partner to physicians, to continue to participate in the growth of medical technology and to keep steadily improving its strong market position in future, too.

I would like to thank the Management Board and all members of the Supervisory Board for their consistently good and constructive collaboration. I would like to wish all employees and the members of the Management Board every success, a huge amount of motivation and enthusiasm for the new fiscal year that is already underway, and look forward to continuing to work closely with you on a basis of trust.

Jena, 3 December 2020

On behalf of the Supervisory Board



Prof. Dr. Michael Kaschke
(Chairman)