

SCHOTT Key Terms:

Carl Zeiss Foundation – The sole shareholder of SCHOTT AG. The commercial interests of the Carl Zeiss Foundation are represented by the Foundation Council, which aims to safeguard the long-term future of SCHOTT.

Business Units (BU) – BU management is responsible for the global BU business. Responsible for aligning strategies of associated Strategic Business Fields (SBFs), developing new business in adjacent markets and/or regions and defining organizational structures and processes in their areas of responsibility. Currently consist of: Advanced Optics, Electronic Packaging, HomeTech, Flat Glass, Lighting & Imaging, Pharmaceutical Systems and Tubing.

Functions (“One Function”) – Actively contribute to the success of the BUs by providing service and/or governance in their respective functional areas. Currently consists of: Compliance/Legal, Human Resources, Strategic Development, Marketing & Communication, Research & Development, Sales & Market Development, Finance, Information Technology, Purchasing and Technical Services.

Strategic Business Fields (SBFs) – A strategic planning unit that clusters businesses with the same application and/or same markets and/or same technology basis. SBFs are the basis for SCHOTT’s profitable growth.

Management Board – SCHOTT is led by the Management Board. As the highest decision making body, the Management Board acts as a strategic architect of the SCHOTT Group.

**Dr. Frank Heinrich
(Chairman)**



Herman Ditz



Dr. Ing. Heinz Kaiser



Dr. Jens Schulte



Supervisory Board – Consists in equal parts of employee and shareholder (Carl-Zeiss Foundation) representatives involved in the decision-making process that contributes to the success of SCHOTT within the areas of budgeting and long-term strategy, profit distribution and Management Board advice.

Group Executive Committee (GEC) – Composed of the Management Board as well as BU and Function heads. Responsible for defining corporate initiatives, exchanging opinions, creating awareness and driving connectivity.

Internal

Variable Compensation (VC) – Exempt and certain non-exempt employees are eligible to participate in SCHOTT's Variable Compensation Program. The VC is divided into 20% SVA, 30% BU or One Function, and 50% Individual focus activities. Results are evaluated on a fiscal year basis.

Fiscal Year (FY) – A period that a company uses for accounting purposes and preparing financial statements. Runs from October 1st to September 30th.

Management Information Cascade (MIC) – Monthly top down communication flow reporting directly to the Management Board providing updates on performance, action items & financial figures from the different BUs and Functions.

IQ Meeting (Elmsford) – Quarterly meeting to go over financial figures and other Corporate Office updates/news/upcoming events.

Financial Key Performance Indicators (KPI):

SCHOTT Value Added (SVA) – The earnings before interest and taxes (EBIT), less the targeted return (cost of capital) required for the capital employed (CE). 20% of the variable compensation depends on the SVA.

Earnings Before Interest and Taxes (EBIT) – Measure of SCHOTT's profit that includes all expenses except interest and income tax expenses. It is the difference between operating revenues and operating expenses.

Cost of Capital – The cost of funds used for financing a business. In the context of SCHOTT, our goal is to earn a premium on the equity portion of capital financing because it increases the value of the company. This premium is the profit we earn that exceeds the cost of capital which SCHOTT has to pay to its lenders and shareholders. SCHOTT measures this premium by SCHOTT Value Added (SVA).

Business to Business (B2B) – SCHOTT's business model that is conducted between companies, rather than between a company and individual consumers.

Connected Company – Combined competencies and resources across organizational units (SBFs, Management Board, BUs, GEC and Functions) to strengthen open communication, practice sharing and team performance.

Integrated Management System for Safety, Security, Health and Environment (IMSU/EHS) - The safety and health of people, the protection of the environment and the averting of external dangers are important corporate goals of SCHOTT. IMSU / EHS provides the set of rules and the organizational framework to achieve this goal. IMSU / EHS is binding for all units and all employees of SCHOTT worldwide.

Corporate Social Responsibility (CSR) - Corporate responsibility and the importance of family have long been prominent features of our corporate culture here at SCHOTT. These commitments date back to our founder, Otto Schott, and his partner Ernst Abbe and are embodied by the statute of the Carl Zeiss Foundation, which was adopted in 1889 and still applies to all our activities. This „company constitution" mandates our obligations to promote economic and research activities, and contains provisions relating to the public interest and public institutions.

Internal