

# Corporate Governance Report

## 1. Declaration on Corporate Governance

### 1.1. Declaration of Conformity

The Executive Board and Supervisory Board of AIXTRON SE declare pursuant to Art. 9 para. 1 lit. c) (ii) SE-Reg. Section 161 of the German Stock Corporation Act (AktG) that AIXTRON SE complied with the recommendations of the Government Commission on the "German Corporate Governance Code" in the version of 5 May 2015 and in the version from 07 February 2017 published on 24 April 2017 in the German Federal Gazette (Bundesanzeiger) with the exception of the statements made in the last declaration of conformity dated March 2017. With the following exceptions, it also complies with and will continue to comply with the recommendations of the Government Commission on the German Corporate Governance Code in the version of 7 February 2017.

#### **Composition of the Executive Board (4.2.1 Sentence 1 DCGK)**

The German Corporate Governance Code (DCGK) recommends in Section 4.2.1 Sentence 1 that the Executive Board should consist of several persons and have a chairman or spokesman. The Executive Board of AIXTRON SE consists of two persons. There is no Chairman or Spokesman of the Executive Board. Rules of procedure were issued for the Executive Board, in which the distribution of responsibilities is regulated in detail and an equal management of AIXTRON SE by both Executive Board members is provided for. In view of the size of the Executive Board, its composition and the special Company structure, the Supervisory Board does not consider it sensible to appoint a Chairman or Spokesman of the Executive Board.

#### **Consideration of the relationship between the remuneration of the senior management and staff overall, even in terms of its development over time (4.2.2 (2) Sentence 3 German Corporate Governance Code (DCGK))**

The German Corporate Governance Code (DCGK) recommends in Section 4.2.2 (2) Sentence 3 that the Supervisory Board should take into account the relationship between the remuneration of the Executive Board and senior management and staff overall, even in terms of its development over time, when determining the total remuneration of individual members of the Executive Board, with the Supervisory Board specifying how senior management and the relevant staff are to be differentiated for the comparison. The Supervisory Board did not explicitly specify at the time of the conclusion of the current contracts with the Executive Board how senior management and the relevant overall staff are to be differentiated from the Executive Board. The relationship between the remuneration of the Executive Board and the remuneration of senior management and the relevant overall staff, however, is used as a basis to assess the appropriateness of the remuneration of the Executive Board pursuant to Section 4.2.2 (2) Sentence 2 DCGK.

#### **Upper limits for remuneration of the Executive Board (Section 4.2.3 (2) Sentence 6 DCGK)**

The German Corporate Governance Code (DCGK) recommends in Section 4.2.3 (2) Sentence 6 that the remuneration of the Executive Board members as a whole and with respect to its performance-based salary components shall be capped. The total remuneration of Executive Board members at AIXTRON SE includes both a fixed salary and various variable salary components. The variable remuneration is limited to a maximum of EUR 6.5 million with respect to the variable bonus for the entire Executive Board. Half of the variable remuneration is awarded in the form of company stock options. The amount of the respective stock option is subject to the aforementioned upper limit at the time of its awarding. In this respect, the recommendation has been complied with. The shares are only transferred to the entitled recipient three years after being awarded. Within this time frame, the members of the Executive Board benefit to an unlimited extent from the potential rise in the price of the shares, which may be viewed as a deviation from the wording of the recommendation. A further limit on the variable remuneration with respect to the time of the transfer of the shares does not seem to be in the interests of the parties, since the essential incentive of share-based remuneration – to work toward increasing corporate value – would be counteracted and the Executive Board members would be placed at a disadvantage above such an upper limit in the event of a further increase in the stock price. An upper limit in terms of amounts for the total remuneration is thus not explicitly included in the current contracts for the Executive Board members.

#### **Control limit for length of term on the Supervisory Board and age limit for members of the Supervisory Board (Section 5.4.1 (2) Sentence 2 DCGK)**

In Section 5.4.1 (2), the DCGK recommends that the Supervisory Board specifies concrete objectives for its composition, while considering the specific situation of the Company, by taking into account a control limit to be defined for the length of term on the Supervisory Board. It is difficult to define an ideal length of term, and in light of the current situation of the Company, the Supervisory Board considers it to be advantageous to maintain the current expertise on the board. This includes, for example, long-standing knowledge of the Company and the niche markets on which the Company focuses as well as comprehensive knowledge of capital markets and finance-related topics for a global corporation. Given these factors, the Supervisory Board has not set a regular limit for the length of membership on the Supervisory Board at this time.

Section 5.4.1 (2) Sentence 2 DCGK also recommends the specification of an age limit for members of the Supervisory Board. This was set at 70 years in the Supervisory Board's by-laws (Section 2 (7)). This age limit was exceeded with the re-election of Prof. Dr. Rüdiger von Rosen to the Supervisory Board for another year. The Nomination Committee of the Supervisory Board and the Supervisory Board regarded this appointment as justified on account of his special expertise and the profound knowledge about the Company and the AIXTRON Group that he has gained in recent years.

Herzogenrath, February 2018  
AIXTRON SE

The Executive Board of AIXTRON SE

Dr. Felix Grawert  
Executive Board

Dr. Bernd Schulte  
Executive Board

For the Supervisory Board of AIXTRON SE

Kim Schindelhauer  
Chairman of the Supervisory Board