

CORPORATE GOVERNANCE STATEMENT AND CORPORATE GOVERNANCE REPORT

In the Corporate Governance Statement in accordance with Sections 289f (1) and 315d (1) HGB, which is also the Corporate Governance Report according to No. 3.10 “German Corporate Governance Code” (GCGC), JOST Werke AG explains how the key elements of corporate governance are structured in the Group and the company.

It contains the declaration of conformity in accordance with Section 161 German Stock Corporation Act (AktG), relevant disclosures on corporate governance practices, which go beyond statutory requirements, the working practices of the Executive Board and Supervisory Board, the composition and working practices of their committees, and the percentage of women in management positions, along with the Group’s targets and diversity policy.

COMPLIANCE DECLARATION PURSUANT TO SECTION 161 AKTG REGARDING THE GERMAN CORPORATE GOVERNANCE CODE

The Executive Board and Supervisory Board closely examined the applicability of the recommendations of the GCGC to JOST Werke AG and the JOST Group. They issued the following declaration in accordance with Section 161 AktG on December 3, 2019:

“The Executive Board and the Supervisory Board of JOST Werke AG declare that the recommendations of the German Corporate Governance Code (the “Code”) in the version of 7 February 2017 have been met since the issuance of the last Declaration of Compliance on 4 December 2018 and will continue to be met in the future with the following restrictions:

- Code No. 3.8 paragraph 3 (deductible in the D&O policy for the Supervisory Board): The Company has obtained D&O coverage for the members of the Supervisory Board without the deductible recommended by the Code. The Executive Board takes the view that such a specified deductible is not in itself suitable to increase the performance and sense of responsibility of the members of the Supervisory Board. Furthermore, it may reduce the attractiveness of positions within the Supervisory Board and, therefore, the Company’s opportunities in its competition for qualified candidates.
- Code No. 4.2.2 paragraph 2 sentence 3 (appropriateness of the remuneration of the Executive Board; performing the vertical comparison): Due to the dynamic development, the Supervisory Board has so far not defined any senior management circle or the entire workforce as categories and has therefore not taken it into account with respect to the development of the remuneration of the Executive Board over time. Such a categorization does not seem crucial to the Supervisory Board.
- Code No. 5.1.2 paragraph 1 sentence 2 (diversity in the composition of the Executive Board): As a precautionary measure, a deviation from this recommendation is declared. When selecting members of the Executive Board, the Supervisory Board pays close attention to diversity and takes female candidates into account. For future appointments, the Supervisory Board will attempt to also nominate female candidates to the Executive Board. However, the Supervisory Board takes the view that the decisive factor for an appointment shall always be the personal and professional qualification of a candidate.

Neu-Isenburg, December 3, 2019

JOST Werke AG

The Executive Board

The Supervisory Board

DISCLOSURES ON CORPORATE MANAGEMENT PRACTICES

The main aspects of the internal control and risk management system relevant for the consolidated financial reporting process are described in the combined management report in accordance with sections 289 (4) and 315 (4) HGB.

Operating a commercially viable business while at the same time taking responsibility for employees, society, and the environment is at the heart of the JOST Group's philosophy. Responsible interaction with customers, suppliers, employees, and society form the basis for its business relationships. The company meets all regulatory requirements in addition to the ethical principles it has subscribed to of its own accord. These requirements and principles are a key element of compliance management and have been defined in the company's internal Code of Conduct.

Our Code of Conduct was adopted in April 2017. It is applicable to all regions and segments. The principles set out in the Code of Conduct provide an essential foundation for day-to-day activities. They give all executives and employees worldwide clear recommendations for action and convey the values and principles of JOST. Respect for human rights, rejection of child and forced labor, and the company's understanding of diversity and inclusion are anchored in the Code of Conduct. JOST does not tolerate violations of internal guidelines and statutory provisions. Tip-offs and complaints relating to human rights violations, corruption, and bribery can be reported to the internal Compliance Officer or submitted anonymously via a whistleblower system either online or by phone.

The Code of Conduct is publicly accessible on the intranet and on the company's website (<https://www.jost-world.com/en/corporate/responsibility/compliance.html>).

Aside from monitoring at our own locations, we also want our suppliers to comply with sustainability standards, labor standards, and human rights. As a result, we developed a Supplier Code in 2018, which has already been signed by 44% of suppliers. The Supplier Code is to be included in all existing and future relationships with suppliers. It is available on our website (<https://www.jost-world.com/en/corporate/responsibility/compliance.html>). In JOST's general terms and conditions of purchase, the company also requires that its suppliers observe the ten universally recognized principles of the UN Global Compact concerning human rights, labor standards, environmental protection, and anti-corruption.

WORKING PRACTICES OF THE EXECUTIVE AND SUPERVISORY BOARDS

As a listed German stock corporation, JOST Werke AG has a dual management and supervisory structure with a strict separation of the two boards responsible for managing and supervising the company. A member of the Executive Board cannot be a member of the Supervisory Board at the same time.

THE EXECUTIVE BOARD

The Executive Board of JOST Werke AG is responsible for managing the company and the Group. From January 1, 2019, to September 30, 2019, it consisted of four members. Effective October 1, 2019, the Chairman of the Executive Board, Lars Brorsen, retired and was replaced in his function by Joachim Dürr. Since then, the Executive Board of JOST Werke AG has again consisted of three members. The Executive Board has not formed any committees to perform its duties.

The Executive Board defines the corporate objectives and determines the strategic direction of the Group and its operating segments. It manages and supervises the course of business, plans and allocates company resources, monitors operational management, and ensures appropriate risk management. The rules of procedure for the Executive Board govern the principles for management and collaboration within the Executive Board. The members of the Executive Board are bound to observe the company's best interests. No member of the Executive Board may pursue personal interests in their decisions or exploit business opportunities to which the company or a dependent company is entitled for their own purposes. Each member of the Executive Board must immediately inform the Supervisory Board of any conflicts of interest that arise and inform the other Executive Board members of these.

The Executive Board involves the Supervisory Board in all decisions of fundamental importance to the company and comprehensively notifies the Supervisory Board without delay of all issues that are relevant to the company and the Group regarding strategy, planning, business development, the risk situation, risk management, and compliance. In addition, the Articles of Association and the rules of procedure for the Executive Board define the transactions or types of transactions requiring the approval of the Supervisory Board.

Until September 30, 2019, the divisions of the Executive Board members are structured as follows:

Executive Board members January 1 – Sept 30, 2019	Departmental responsibilities
Brorsen, Lars (CEO)	Quality and Environment, Human Resources
Dürr, Joachim	Marketing and Sales, Research and Development
Dr. Eichler, Ralf (COO)	Procurement, Production, Logistics
Dr. Terlinde, Christian (CFO)	Finance and Treasury, Group Accounting and Reporting, IT, Legal & Compliance, Investor Relations, Internal Audit

As of October 1, 2019, the divisions of the Executive Board members are organized as follows:

Executive Board members since October 1, 2019	Departmental responsibilities
Dürr, Joachim (CEO)	Sales, Marketing, Research and Development, Human Resources and Environment
Dr. Eichler, Ralf (COO)	Procurement, Production, Logistics, Quality
Dr. Terlinde, Christian (CFO)	Finance and Treasury, Group Accounting and Reporting, IT, Legal & Compliance, Internal Audit, Investor Relations

SUPERVISORY BOARD

The Supervisory Board appoints, monitors, and advises the members of the Supervisory Board in their management of the company. It appoints and dismisses the members of the Supervisory Board and regularly examines the structure and amount of their remuneration. The Supervisory Board also reviews the annual and consolidated financial statements and the combined management report and the non-financial report of the company and the Group. With its approval, the financial statements are adopted.

The Supervisory Board has adopted its own rules of procedure that, together with the company's Articles of Association and current legislation, govern the work of the Supervisory Board. In the performance of its duties, the Supervisory Board collaborates with the Executive Board in a spirit of trust for the good of the company. The Chairman of the Supervisory Board is in regular contact with the Executive Board, particularly the Chief Executive Officer, on current business issues.

In accordance with the Articles of Association, the Supervisory Board of JOST Werke AG is composed of six members. In its rules of procedure, the Supervisory Board has determined that none of its members should be older than 75 years of age at the time of their appointment. Members of the Supervisory Board shall not be members of governing bodies of, or exercise advisory functions at, major competitors of the company. Conflicts of interest must be disclosed to the Chairman. The Chairman of the Supervisory Board is required to notify the Supervisory Board or the Executive and Nomination Committee of any conflicts of interest. No conflicts of interest were reported in fiscal year 2019. CVs of the current members of the Supervisory Board can be found at <https://www.jost-world.com/en/corporate/company/supervisory-board.html>.

The Supervisory Board meets at least twice in the first half and at least twice in the second half of each calendar year. Other meetings are convened as required. The Supervisory Board met a total of fourteen times in fiscal year 2019, six of which were plenary sessions, seven of which were via teleconference. One resolution was adopted by way of written circulation. The attendance rate was 89% overall, and 100% in the plenary sessions. All members of the Supervisory Board attended more than half of the meetings of the Supervisory Board and the committees of which they are members. Further information is provided in the Report of the Supervisory Board for fiscal year 2019, which is part of the 2019 Annual Report.

The Supervisory Board reviews the efficiency of its activities on a regular basis, but at least once every two years.

For the performance of its duties, the Supervisory Board of JOST Werke AG established two committees:

Executive and Nomination Committee

Members: Manfred Wennemer (Chair), Prof. Dr. Bernd Gottschalk, Rolf Lutz

The Chairman of the Supervisory Board is also the Chairman of the Executive and Nomination Committee.

Key duties:

- Identification of suitable candidates for the Executive Board
- Preparation of resolutions for the appointment or revocation of the appointment of members of the Executive Board
- Preparation of employment contracts with members of the Executive Board
- Preparation of resolutions on the structure of the Executive Board remuneration system
- Identification of suitable candidates for the Supervisory Board
- Preparation of proposals to the General Meeting for the election of Supervisory Board members

Audit Committee:

Members: Jürgen Schaubel (Chair), Natalie Hayday, Klaus Sulzbach

The Chair of the Audit Committee is elected by the Supervisory Board and must not be the Supervisory Board Chairman. The Chair shall also be the finance expert as defined in Section 100 (5) and Section 107 (4) of the German Stock Corporation Act (AktG).

Key duties:

- Supervising accounting, the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit of the financial statements, and especially the independence of the auditor
- Awarding the audit assignment to the auditors, granting approval for additional services to be covered by the audit assignment and defining key audit areas
- Preparing resolutions by the Supervisory Board on the adoption and approval of the consolidated and annual financial statements
- Monitoring observation of and adherence to the legal requirements and Group policies by the Group companies (compliance)
- Preparing a substantiated recommendation for selection of the auditor

REMUNERATION OF EXECUTIVE BOARD AND SUPERVISORY BOARD

The remuneration of the members of the Executive Board and the Supervisory Board is proportionate to their duties and the responsibility assigned to them. The Executive Board's remuneration system, as well as the compensations paid to the Executive and the Supervisory Board in fiscal year 2019, is presented in the Remuneration Report, which is printed in the chapter "Corporate Governance" in the 2019 annual report as part of the Group management report.

No stock programs or option programs or similar security-based incentive systems currently exist.

SHARE OF WOMEN ON THE SUPERVISORY AND EXECUTIVE BOARDS AND IN THE MANAGEMENT LEVELS BELOW THE EXECUTIVE BOARD

In accordance with Section 111 (5) AktG, the Supervisory Board of JOST Werke AG set targets for the share of women on the Supervisory Board and Executive Board of JOST Werke AG.

By the end of the Annual General Meeting that votes on the approval of the actions of the Supervisory Board for fiscal year 2020, the share of women in the Supervisory Board is to meet the target of 1:5, or 17%. This target was reached in fiscal year 2019. The minimum quota of 30% in accordance with Section 96 (2) and (3) AktG does not apply to the Supervisory Board of JOST Werke AG.

When selecting Executive Board members, the Supervisory Board takes care to ensure diversity and considers female candidates. However, the Supervisory Board believes that a decision on Executive Board appointments should always be based on the personal and professional suitability of the candidate. Thus, the Supervisory Board formally resolved to set the existing quota of 0% as a target up until the end of the Annual General Meeting that votes on the approval of the actions of the Executive Board for fiscal year 2020.

The Executive Board is striving to achieve a balance between genders at all employee levels. Since JOST's business focuses heavily on technical professions, in which women are still underrepresented in both higher education and the application process, an increase in the number of women employed in the Group presents a challenge. The proportion of women throughout the Group in fiscal year 2019 increased to 13.2% (2018: 12.4%). The share of women in management positions at both levels of management under the Executive Board rose to 10,5% (2018: 10%) in 2019 and is on par with the overall proportion of women in the Group. In 2019, JOST thus already achieved the target defined in Section 76 (4) AktG of increasing the share of women in management positions to at least 10% by 2020.

At JOST Werke AG, the share of women in management positions below the Executive Board in the reporting period declined to 25% in 2019 (2018: 50%). Parent company JOST Werke AG has thus slightly undershot the target of at least 30%.

DIVERSITY CONCEPT FOR THE EXECUTIVE BOARD

When appointing members of the Executive Board, the Supervisory Board pays particular attention to personal suitability and professional qualifications. In addition, the Supervisory Board considers other aspects such as age, gender, educational background, or work experience in an effort to achieve a high degree of diversity. The JOST Group's strong international presence must also be taken into account in the appointment of Executive Board members. Different age groups should be appropriately represented on the Executive Board. Special consideration should also be given to female Executive Board candidates. Moreover, members of the Executive Board must have as broad an educational background and work experience as possible. Nonetheless, the company does not follow a concrete and rigid concept of diversity since the promotion of diversity cannot be ensured by using one standard system.

Status of implementation

There are currently no women on the Executive Board. All members of the Executive Board have international work experience. They have German citizenship. As of the reporting date, the current members of the Executive Board were 47, 54 and 55 years old. The educational background and work experience of the different Executive Board members varies. You can find more information on the careers and work experience of the members of the Executive Board of JOST Werke AG online at <http://ir.jost-world.com/management-board>.

DIVERSITY CONCEPT, COMPETENCE PROFILE, AND COMPOSITION GOALS OF THE SUPERVISORY BOARD

First and foremost, the composition of the Supervisory Board has to ensure that its members collectively have the knowledge, skills, and professional expertise required to properly perform all their duties. In particular, its goal is that the members of the Supervisory Board have expertise in the following areas: management and leadership of international companies, industry knowledge in the automotive supply industry, finance, risk management as well as governance and compliance.

The Supervisory Board must also include what it considers to be an appropriate number of independent members. Furthermore, when proposing candidates for election to the Supervisory Board, the Supervisory Board takes international experience and diversity into account. Without proposals of individual candidates being exclusively dependent on this, the Supervisory Board strives to make its composition as balanced and broadly diverse as possible within the diversity requirements, e.g. gender, age, education, and work experience.

Status of implementation

None of the members of the Supervisory Board has a personal or business relationship with the company, the Executive Board, a controlling shareholder, or a company affiliated with the controlling shareholder. All members of the Supervisory Board are thus independent.

The Supervisory Board of JOST Werke AG consists of five men and one woman. As of the reporting date, the members of the Supervisory Board were aged between 43 and 76, with a relatively balanced distribution of members between the different age groups. All members gained international experience during their professional life. The educational background and work experience of the Supervisory Board members also covers a broad spectrum. You can find a current curriculum vitae for each Supervisory Board member, supplemented by an updated overview of the member's seats, on other Supervisory Boards or comparable control committees online at <http://ir.jost-world.com/supervisory-board>

SHARE TRANSACTIONS AND SHAREHOLDINGS OF GOVERNING BODY MEMBERS

In accordance with Article 19 of the European Market Abuse Directive, members of the Executive and Supervisory Boards and related parties are required to report their transactions with shares of JOST Werke AG or associated financial instruments to the Federal Financial Supervisory Authority (BaFin) and to JOST Werke AG as soon as the total of the transactions conducted in a single calendar year exceeds the threshold of €5,000.

JOST Werke AG duly disclosed all transactions reported to it in fiscal year 2019. These can be found on the company's website. → <http://ir.jost-world.com/managers-transactions>.

As of the reporting date of December 31, 2019, the members of the Supervisory Board did not hold any shares of JOST Werke AG. At the same time, members of the Executive Board held a combined total of 2.4% of the company's shares (previous year: 2.4%). The shares of the former CEO Lars Brorsen are not included in the analysis of 2019.