



Seeing beyond



Sustainability Report 2018/19 ZEISS Group



Key Figures 2018/19

(1 October 2018 to 30 September 2019)

More than
31,000 employees in almost 50 countries

159

new **vocational trainees** and students enrolled in a cooperative education program in Germany

More than **230** managers and occupational safety officers were trained in the use of new OHS software

1.1 million euros in funding from the Carl Zeiss Promotion Fund for around 150 projects at the sites in Germany

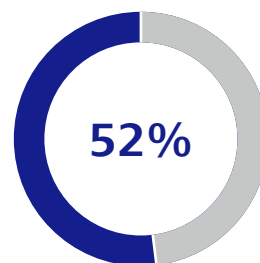
62 million euros were put towards the **ZEISS company pension**

Payment of a **dividend of 75 million euros** to the Carl Zeiss Foundation

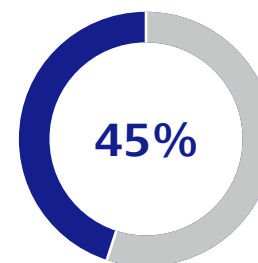
Revenue in fiscal year (FY)

2018/19 **6.4** billion euros

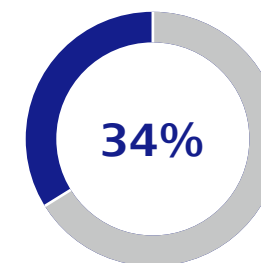
2017/18 **5.8** billion euros



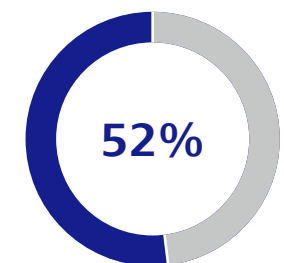
reduction in (relative) **energy consumption** as compared to FY 2009/10



reduction in (relative) **water consumption** as compared to FY 2009/10



reduction in (relative) **waste volume** as compared to FY 2009/10



reduction in (relative) **CO₂ emissions** as compared to FY 2009/10 (Scope 1 and 2)

Highlights from Fiscal Year 2018/19

(1 October 2018 to 30 September 2019)

2018

10 ————— The annual **Week of Sight** includes initiatives and provides information on the topic of vision and preventable blindness throughout the company.

11 ————— A cross-divisional specialist team is formed to ensure **sustainability in product and process development**.

12 ————— The focus is on **a host of initiatives** run by employees worldwide to **support** children and people from socially disadvantaged backgrounds.

2019

01 ————— **First Non-Financial Report** on the annual Financial Report and **second Sustainability Report** are published.

02 ————— **New ophthalmology training center opens in Pune (India)** – it offers training in cataract treatment for ophthalmologists and nurses.

03 ————— ZEISS employees take part in the **Cancer Society's Relay for Life** – a day organized in support of the fight against cancer in Singapore.

04 ————— ZEISS in South Australia takes part in **Science Alive and Tonsley Discovery Day** to get schoolkids interested in science, technology, engineering and mathematics.

05 ————— ZEISS is named Germany's **best company** in the **2019 Public Value Atlas (Gemeinwohlatlas)** published by the HHL Leipzig Graduate School of Management in collaboration with the University of St. Gallen.

06 ————— ZEISS runs a **health day** at its sites in Germany to raise employee awareness for the topic. Carl Zeiss Vision México receives the Clean Industry Certificate.

07 ————— The **first hybrid cruise liner** commences operations – it features an onboard Science Center replete with **ZEISS microscopes** that are used to perform experiments in far-flung regions.

08 ————— ZEISS holds the topping-off ceremony for its modern **high-tech site in Dublin**, California (USA).

09 ————— The new position of Head of Sustainability and a host of further measures – particularly ones designed to reduce the amount of CO₂ emissions – more firmly anchor **sustainability** in the **ZEISS strategy**.

More information at:

www.zeiss.com/responsibility

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Foreword by the Executive Board

Dear Readers,

ZEISS firmly believes that business success and entrepreneurial responsibility go hand in hand. As a foundation-owned company, we promote scientific and technological progress and campaign for better living conditions worldwide.

ZEISS thus develops solutions for ophthalmology and medical technology that raise the bar and help drive progress in medicine and biotechnology by supplying microscopy products. Our eyeglass lenses help people around the world enjoy better vision. In the aerospace and energy industries, intelligent and increasingly networked ZEISS measuring systems enable precise inspections in quality assurance, thereby contributing to the production of safe and energy-efficient components. What's more, ZEISS' peerless semiconductor exposure systems are shaping the digital age by offering up ever more efficient and cost-effective microchips.

Ongoing innovation is part of what ZEISS is all about – this can be seen in the investments we have been making in our research and development activities, which we have further increased in the reporting year. These investments accounted for 11 percent of total sales, and have allowed us to defend our position as a leading global technology company that shapes the market and takes sustainability seriously.

Our responsibilities also extend to clear goals and comprehensive measures to combat climate change: In order to help achieve the global climate goals – i.e. to keep global warming below

2 degrees Celsius – ZEISS aims to reduce the relative CO₂ emissions by 50 percent by fiscal year 2019/20 as compared to the reference year 2009/10. We already successfully achieved this aim in fiscal year 2018/19.

In a bid to continue driving climate protection at ZEISS, by 2022 the company aims carbon-neutral in its energy consumption and offset its carbon emissions created through air travel. We intend to do this by purchasing verifiably green energy, and by offsetting unavoidable emissions.

We will also be redoubling our sustainability management efforts. At the start of fiscal year 2019/20, the position of Head of Sustainability was created at the ZEISS Group. We are thus laying the groundwork that will enable us to better integrate the topic of sustainability into our corporate strategy.

This Sustainability Report is our way of making our results more transparent. It was prepared in accordance with the Global Reporting Initiative (GRI) standards, covers relevant concepts and performance indicators for fiscal year 2018/19 and shows how ZEISS is taking responsibility throughout its value chain.

Best regards,



Prof. Dr. Michael Kaschke
President and Chief Executive Officer

About the Report (GRI 102-40, 102-45)

This Sustainability Report is intended for the ZEISS Group's customers, business partners, employees and investors as well as interested stakeholders from industry, science, politics and society and especially those people who live in the vicinity of our company's locations. The report illustrates how the company contributes to sustainable development, what goals it has set for itself, which structures have been put in place and what actions it has taken. The report also addresses the company's legal obligations in different areas.

This Sustainability Report – the third published by the ZEISS Group – references fiscal year 2018/19 (1 October 2018 to 30 September 2019). All relevant departments were involved in its preparation, and the report has been approved by the Executive Board. Unless stated otherwise, the statements and performance indicators in the report refer to all ZEISS Group segments and all sites worldwide.

The report was prepared as per the standards set forth by the Global Reporting Initiative (GRI), the internationally recognized framework for sustainability reporting. This report has been prepared in accordance with the GRI Standards: Core option. It was made available to the GRI for review by the GRI Materiality Disclosures Service, which has confirmed the correct placement of the Materiality Disclosures (102-40 to 102-49) in the report. The ZEISS Group publishes its Sustainability Report annually.

Company Profile and Business Model

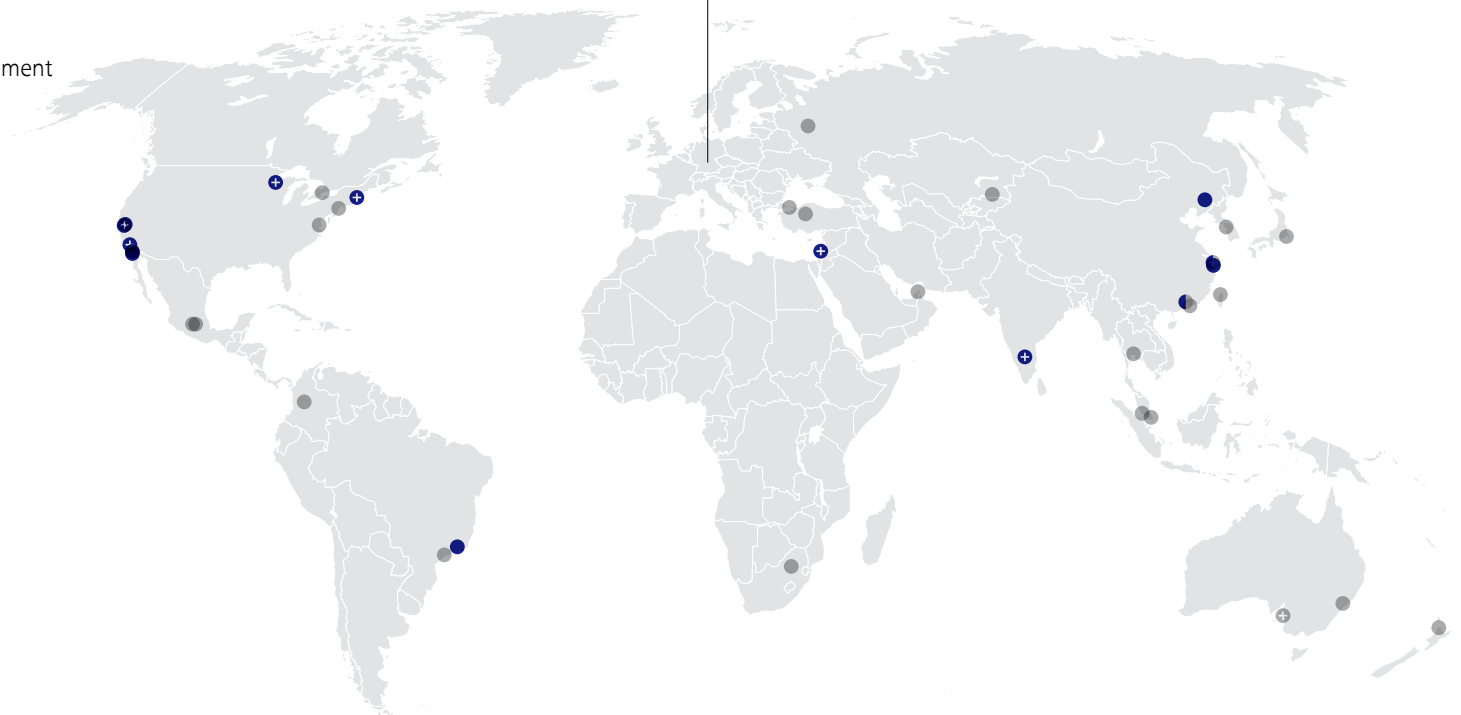
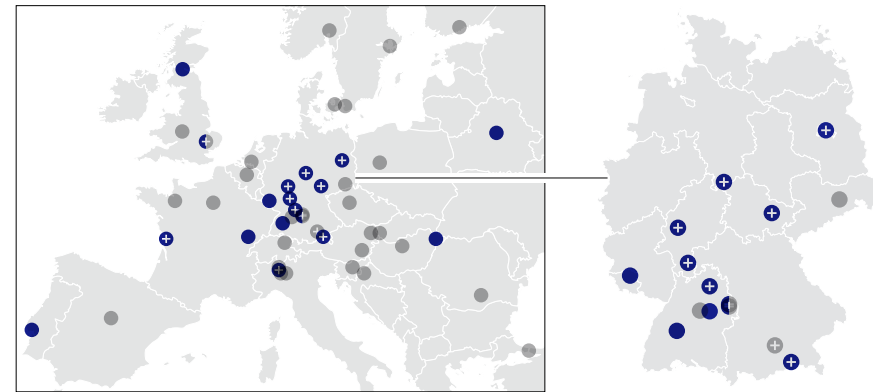
ZEISS is an internationally leading technology enterprise operating in the fields of optics and optoelectronics. In the previous fiscal year, the ZEISS Group generated annual revenue totaling more than 6.4 billion euros in its four segments Industrial Quality & Research, Medical Technology, Consumer Markets and Semiconductor Manufacturing Technology.



ZEISS is represented by more than 31,000 employees in almost 50 countries working at roughly 60 sales and service locations, 30 production facilities and 25 research and development sites around the world. Founded in 1846 in Jena, the company is now headquartered in Oberkochen in southwest Germany. The Carl Zeiss Foundation, one of Germany's largest foundations committed to the promotion of science, is the sole owner of the holding company, Carl Zeiss AG.

ZEISS is divided up into the four segments Semiconductor Manufacturing Technology, Industrial Quality & Research, Medical Technology, and Consumer Markets.

The Annual Report 2018/19 provides information on the general economic framework for the company's development and lists the Group's revenue by region in the Report on Economic Position.



- Manufacturing site
- Sales and service site
- ⊕ Research and development site

No reference has been made to recent acquisitions

The Four Segments and Their Products

Semiconductor Manufacturing Technology

- Semiconductor Manufacturing Optics
- Semiconductor Mask Solutions
- Process Control Solutions



Medical Technology

- Ophthalmic Devices
- Microsurgery

Semiconductor Manufacturing Technology

With its product portfolio and globally leading know-how, the Semiconductor Manufacturing Technology segment covers a variety of key processes in the production of microchips. ZEISS develops and manufactures products using semiconductor manufacturing technology, including lithography optics, photo-mask systems and process control solutions, key technologies for the manufacture of extremely fine circuit path structures on silicon wafers – the material from which the microchips are



Consumer Markets

- Vision Care
- Consumer Products

made. The technologies from ZEISS enable further miniaturization of semiconductor structures, making microchips smaller, more powerful, energyefficient and cost-effective. The electronic equipment with which they are equipped foster global progress in a variety of disciplines, including technology, electronics, communications, entertainment, mobility, energy and artificial intelligence. ZEISS is making a decisive contribution to shaping the age of microelectronics and our digital future.

Industrial Quality & Research

- Industrial Quality Solutions
- Research Microscopy Solutions

Industrial Quality & Research

The products and solutions developed in the Industrial Quality & Research segment are focused on quality assurance in production, increasing productivity and visualizing and manipulating the tiniest of structures in the area of science and research. In the automotive industry, mechanical engineering and aircraft construction, and in the plastics industry and medical technology, for example, the range of coordinate measuring machines, optical and multisensory systems, software solutions, comprehensive service offerings and innovative technologies, such as 3D X-ray measurement in quality assurance, ensure perfect results. In the area of science and research, the segment also covers the entire spectrum of microscopy with light, ion, electron and X-ray microscopes. The products and solutions are used in the life sciences and materials research, as well as for education and in clinical practice.

Medical Technology

The Medical Technology segment develops, manufactures, markets and sells diagnostic and treatment systems, as well as implants and consumables in the field of ophthalmology. In addition, ZEISS offers visualization systems for microsurgery – for example, neuro/ENT surgery and dentistry. ZEISS aspires to improve the diagnosis and treatment of diseases by constantly enhancing its innovative products and applications. As a solutions provider, the company plays an active part in the increasing digitalization and systems integration in the health sector and creates the conditions needed for efficient processes and effective patient data management at its customers' sites. The segment's activities are pooled primarily in the listed entity Carl Zeiss Meditec AG, in which Carl Zeiss AG holds a 59.1% stake.

Consumer Markets

The Consumer Markets segment stands for excellence in vision care, photography, cinematography, nature observation and hunting optics. ZEISS develops, produces and sells solutions for the entire eyeglass value chain. Alongside ZEISS precision eyeglass lenses, this includes devices for eye examinations and vision testing, digital consultation and measurement applications, as well as comprehensive services for eye care professionals. ZEISS is one of the world's largest manufacturers of eyeglass lenses and offers a combined competence in eye and vision care that is unique the world over. With its camera and cine lenses, binoculars, spotting scopes and hunting optics, ZEISS offers discerning customers high-end products and applications for hobbies and professional needs.

Consolidated revenue by segment

Revenue by segment	2018/19	2017/18	Change over prior year in %	
	€ million	€ million	Adjusted for currency influences	
Semiconductor Manufacturing Technology	1,634	1,531	7	7
Industrial Quality & Research	1,742	1,549	12	11
Medical Technology	1,760	1,546	14	12
Consumer Markets	1,211	1,106	9	8
Other	81	85	-5	-5
ZEISS Group	6,428	5,817	11	9

Consolidated revenue by region

Revenue by region and cooperation partners	2018/19	2017/18	Change over prior year in %	
	€ million	€ million	Adjusted for currency influences	
Europe, Middle East, Africa (EMEA)	1,881	1,718	9	10
» Germany	626	596	5	5
Americas	1,347	1,263	7	2
Asia/Pacific (APAC)	1,716	1,407	22	20
Cooperation partners	1,484	1,429	4	4
ZEISS Group	6,428	5,817	11	9

Corporate Governance

Carl Zeiss AG is the strategic management holding company that manages the ZEISS Group. It develops the corporate business activities and portfolio and provides central management and service functions. The company is wholly owned by the Carl Zeiss Foundation (Carl Zeiss Stiftung).

The Supervisory Board oversees the activities of the non-listed company's seven-member Executive Board. In accordance with the provisions of the German Co-Determination Act (Mitbestimmungsgesetz), it is represented by equal numbers and comprises 16 members. Half its members represent the sole shareholder – the Carl Zeiss Foundation – while the other half represent the employees.

The Carl Zeiss Foundation's statutes govern the activities and accounting of its subsidiaries as well as the duties of the Executive Board and the collaboration between the Executive and Supervisory Boards. For example, when determining total compensation paid to the individual members of the Executive Board, including any severance or pension payments, the Supervisory Board must ensure that the compensation paid is commensurate with the duties and performance of the board member and the company's financial position.

Further rules defining responsible and compliant corporate governance at the company can be found in the ZEISS Identity, Code of Conduct, governance and compliance guidelines, leadership principles and corporate directives.

The Carl Zeiss Foundation

The Carl Zeiss Foundation is the sole owner of Carl Zeiss AG. The Carl Zeiss Foundation's statutes govern the activities and accounting of its subsidiaries as well as the duties of the Executive Board and the

collaboration between the Executive and Supervisory Boards. This special ownership structure ensures stability and enables the company to create long-term prospects. The Foundation Statute prohibits the sale of shares, e.g. through an initial public offering.

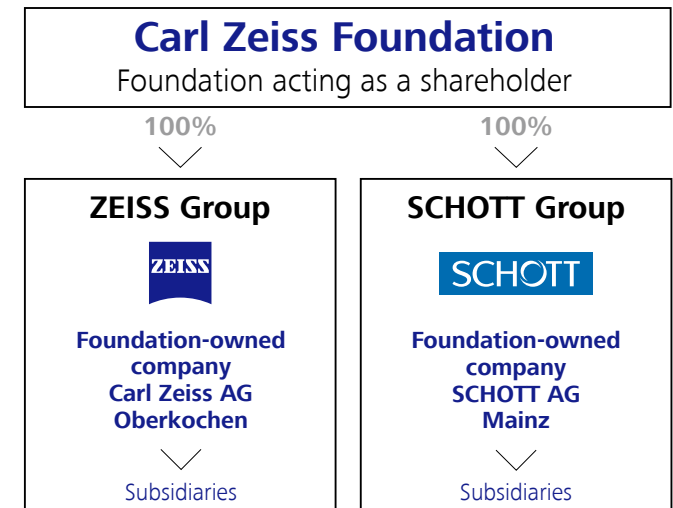
In 1889, physicist and entrepreneur Ernst Abbe created the Carl Zeiss Foundation to which both Carl Zeiss AG and SCHOTT AG belong. The objectives of the foundation stipulated by Abbe remain valid to this very day:

- » Safeguarding the future and responsible management of the two Foundation companies
- » Fulfilling its special responsibility toward employees
- » Meeting its responsibility toward society through the commitment of its member companies to non-profit activities in their surrounding regions.
- » Promoting science

With this unique corporate model, the Carl Zeiss Foundation and its two member companies made industrial and social history in Germany. Since 2004, the foundation has received dividends of EUR 246 million from Carl Zeiss AG in order to achieve its goals. The Foundation uses the dividends generated by Carl Zeiss AG and SCHOTT AG to promote science – in particular the natural and engineering sciences, and mathematics and information technology at universities in the German federal states of Baden-Württemberg, Rhineland-Palatinate and Thuringia. Today, the Carl Zeiss Foundation is one of Germany's largest foundations focused on the promotion of science.

For more information, visit:

www.carl-zeiss-stiftung.de/english



ZEISS: A Partner to Researchers

Robert Koch, Christiane Nüsslein-Volhard, Eric Betzig, Stefan W. Hell and William E. Moerner – for more than 100 years, over 30 Nobel laureates have advanced scientific progress using ZEISS systems. For example, Robert Koch discovered the causes of tuberculosis and cholera and hence became the founder of modern bacteriology. Christiane Nüsslein-Volhard was honored for her studies on the genetic control of embryonic development. The team consisting of Eric Betzig, Stefan W. Hell, and William E. Moerner performed groundbreaking work in the development of high-resolution microscopy methods as the basis for further progress in science and research.

Business Model

ZEISS has a broad and balanced business portfolio focused on attractive future-oriented markets for optics, precision mechanics and optoelectronics. As a global technology enterprise, ZEISS plays an active part in advancing cutting-edge technology and drives the world of optics and related fields with its solutions. The objective of portfolio management is the sustainable business success of the ZEISS Group – which demands a strategy that is constantly focused on continuous value enhancement. The ZEISS mission statement is: “As the pioneer of science in optics, we continue to challenge the limits of our imagination. With our passion for excellence, we create value for our customers and inspire the world in new ways.” The core aspiration of the ZEISS brand is thus “Seeing beyond.”

This statement encapsulates the company’s fundamental goals: ZEISS aims to leverage its strong customer focus to consolidate and expand its position as a global technology leader. With the commitment and expertise of its employees, its innovative strength and culture of innovation, ZEISS shapes the markets in which it is active. Moreover, the company continues to work on internationalizing its business.

The ZEISS Agenda 2020 charts a clear strategic course for the development of the ZEISS Group to ensure the company remains resilient and successful in the future. It brings together the key elements of the portfolio strategy and those of each segment. The four cornerstones of the ZEISS Agenda 2020 – Customer, Competitive, Digital and Team – summarize what is needed to execute the strategy successfully. The goal is for ZEISS to focus more sharply on its customers, pay more consistent attention to its competitiveness, and fully utilize the possibilities of digitalization and the potential of the global ZEISS team.

Products and Value Chain

Optical and optoelectronic technologies will be among the key technologies of the future. The technological and scientific applications will increasingly penetrate all areas of life and improve people’s lives. When developing new technologies and solutions, ZEISS partners with renowned universities, research institutes, customers and experts through global networks. Suppliers and business partners around the world play a pivotal role in ZEISS’ products and services and thus strongly impact the company’s sustainability performance.

ZEISS develops the products and solutions itself. When it comes to manufacturing, the company collaborates with partners that supply either complete products or key components. Local purchasing organizations active around the globe source both production and non-production materials from local and international suppliers. The supplier base now includes 7,000 suppliers located in different countries around the world. The most important suppliers include those for glass, electronic elements and components, metals, mechanical components, plastics, software and IT solutions. ZEISS business units generate around 48 percent of total purchasing volume with 573 major suppliers located in EMEA, APAC and the Americas. Depending on the business, market, and customer segment, ZEISS relies on different distribution channels such as sales and service companies (SSCs), direct sales, and distributors to give all regions access to ZEISS solutions.

Business Development

Continuous business development makes it possible to invest in infrastructure and innovations, pay out a reliable dividend to the Carl Zeiss Foundation and fairly compensate employees

around the world. By paying taxes where value is created, ZEISS has a direct impact on the future-oriented development of these different regions and the people who live there.

ZEISS invests in innovations and solutions, and it uses patents to retain an innovative edge. At the end of the reporting period, ZEISS held around 9,400 patents worldwide (prior year: approximately 8,600). During the reporting period, the Group applied for new patents for approximately 500 inventions (prior year: approx. 450).

Public Value Atlas 2019

In 2019, ZEISS was included in the study for the first time and scored the top company spot. This is based on the representative measurement of how companies and organizations in Germany are perceived to contribute to the common good. “The result demonstrates that ZEISS still embodies those values bestowed on this foundation company by its founders: economic success and innovation with the goals of providing society with meaningful work and advancing scientific and technological progress,” says ZEISS Group President and CEO Dr. Kaschke.

Strategy and Sustainability

As a company owned by a foundation, sustainability and business success are inextricably linked at ZEISS. Sustainable value creation is a fixed component of the company's strategy, which focuses on innovative solutions that contribute to positive development in society and enable long-term, profitable growth.



Responsible behavior contributes greatly to the enormous trust customers place in the ZEISS brand. This is also the reason why ZEISS actively funds research and training and helps solve social and health problems. This is an integral part of our corporate culture.

Goals and Values

As a foundation-owned company, social responsibility is one of the most important goals shaping the ZEISS Group’s business operations. Codified by the founder of the Carl Zeiss Foundation, our obligations include profitable growth, responsibility toward our employees, a commitment to society and social issues as well as the advancement of science and education.

The company still upholds these same ambitions today. ZEISS’ products allow it to make a contribution to research and development worldwide and improve many people’s lives. This is another aspect that sets ZEISS apart as a pioneer in the field of scientific optics – namely, the profound belief that the company’s fundamental mission goes far beyond simply generating profits.

The ZEISS Agenda 2020 establishes the strategic framework for future business development. The focus of all activities is placed squarely on the customer because ZEISS always aspires to be their “preferred partner.” To live up to this goal, ZEISS not only needs to meet the highest quality and service standards, but also demonstrate that it operates responsibly throughout the value chain.

Guidelines for Daily Activities

The ZEISS Group’s Code of Conduct, which became effective for all of the company’s locations worldwide in 2007 and is updated on a regular basis, sets out binding principles that guide employees and managers as they carry out their daily activities in a responsible manner. It contains rules on various issues, including data protection, product safety, environmental protection and combating corruption. More detailed company directives are available for all the topics addressed in the Code of Conduct.

Our Approach to Sustainability

ZEISS understands that growth is only possible in an intact environment that is open to innovation. Only companies that respect the needs and motivations of others – particularly customers, business partners, employees and local communities – and cooperate with them on an ongoing basis can achieve long-term business success. At ZEISS, ensuring acceptance for our own activities and assuming responsibility for the environment, employees and society is an integral part of our business philosophy. Behaving with integrity and in a lawful manner is the basis upon which the ZEISS business philosophy is built. ZEISS goes the extra mile and achieves more in many areas.

The approach taken by ZEISS to address, implement and integrate the requirements for responsible and sustainable business practices in its day-to-day operations is divided into five key areas of activity: Integrity and Compliance, Products and the Value Chain, Environment, Employees and Social Engagement.



Drivers of Innovation

With its innovations, ZEISS drives progress, efficiency and the success of its customers – the basic requirement for its own economic success. Thus ZEISS constantly strives to achieve a leading global position through the evolution of existing products and the development of new ones. As part of this process, innovation at ZEISS is always placed within the context of society as a whole. The primary objective of all innovations is to meet customers' requirements now and in the future. The optical and optoelectronic technologies from ZEISS pave the way for new scientific findings and many innovations in other industries. Life sciences like bionics and medical technology will continue to become increasingly vital for a modern society. The developments in semiconductor technology enable digitalization in industry and society. Intelligent sensor systems, different types of robotics and artificial intelligence increasingly shape how people live and work. Since all advances and enhancements in research, production and quality processes require more precise findings, ZEISS uses its expertise to make valuable contributions to the development of new solutions.

Contribution to Global Sustainable Development Goals

ZEISS pledges its commitment to the global Sustainable Development Goals that were adopted by the United Nations in the fall of 2015. The 17 goals show us the path to the future we want to achieve by 2030 and call on companies, politicians and society to make their respective contributions. ZEISS wants to do its part and has given thorough consideration to the global Sustainable Development Goals and the role it can play (see page 23).

Organizational Structure for Sustainability

At ZEISS, ultimate responsibility for sustainability lies with the Executive Board of Carl Zeiss AG. In fiscal year 2018/19, the Head of Corporate Auditing, Risk and Quality Management oversees its implementation in day-to-day operations and reports to the Chief Financial Officer.

The “Responsibility at ZEISS” working group was established in 2014. It is headed by a Central Sustainability Coordinator, who manages sustainability at the company. The working group comprises representatives from Environmental Protection, Communications, Human Resources, Supply Chain Management, Corporate Strategy, Occupational Health and Safety, Compliance and Sustainability Management. It meets twice per month and ensures that the company takes a systematic approach to addressing the specific sustainability topics. Together, the working group and the Internal Process Owners firmly entrench sustainability topics within the organization and establish and cultivate a sustainability network at the company. In addition, it defines the content for the ZEISS Group’s Corporate Sustainability Program.

To complement the working group’s efforts, an interdisciplinary panel for sustainability management was set up in 2018. It comprises representatives from the individual segments and is organized by the Central Sustainability Coordinator. The representatives were appointed by the respective Management Boards. As an agile platform, the panel works with the central team to ensure that the segments’ specific requirements are considered in this centralized approach and simplifies communication between the segments.

Goals of the “Responsibility at ZEISS” Working Group

The “Responsibility at ZEISS” working group set itself the following objectives for fiscal year 2018/19 based on ZEISS’ established brand values and many years of preparation.

It continues to work on achieving these goals:

- » Further develop the sustainability program and its measurability
- » Improve sustainability performance
- » Increase transparency and traceability for internal and external stakeholders

To enable closer integration of sustainability in the strategy, the new position of Head of Sustainability for the ZEISS Group was created at the beginning of fiscal year 2019/20. As a Member of the Strategic Corporate Development leadership team, they will report directly to the CEO and will drive the ZEISS Sustainability Strategy.

Dialogue with Stakeholders (GRI 102-42, 102-43, 102-44)

To ensure the company’s continued business success, it is absolutely essential to incorporate the interests of stakeholders in strategic considerations and to win over stakeholders interested in collaborating with ZEISS. The ZEISS Group implemented a systematic process to identify its key stakeholders. The company concentrates on issues relevant to these stakeholders when communicating with them. This was determined within the scope of a materiality analysis.

ZEISS receives questions about sustainability through many different channels. Stakeholders including customers, suppliers, interested members of the public and employees have the opportunity to ask questions and express their concerns via the ZEISS website. ZEISS has set up an email address specifically for this purpose: responsibility@zeiss.com. Questions are either answered by the central “Responsibility at ZEISS” project team, which is responsible for this topic, or forwarded to a specialist. This is how ZEISS ensures that requests are processed as quickly and accurately as possible.

Overall, ZEISS’ stakeholders expect greater transparency as concerns sustainability issues. The regular publication of a Sustainability Report and a Non-Financial Report from the ZEISS Group is an important step toward increasing communication with them. These publicly accessible reports quickly give a wide target audience information on topics relevant to them.

In fiscal year 2018/19 there was considerable interest in environmental management, quality, sustainable corporate leadership and acting with integrity. Customers in particular wanted to find out about corporate environmental management at the ZEISS Group, and especially whether a certified environmental management system was in place in accordance with ISO 14001. They also wanted to know what was being done to reduce potentially hazardous materials. Responsibility throughout the supply chain also played an important role, with questions about how conflict minerals are handled and how processes for ensuring human rights are observed. Employees often asked questions on the company’s internal action and goals in relation to climate

change. The central team also received questions on funding opportunities and on the use of internal company information for degree theses and other projects.

Memberships and Initiatives

As a global player, the ZEISS Group is active in many industry associations in Germany, participates in regional initiatives, and is involved in many associations that provide financial support and volunteer work for colleges, universities, and scientific and cultural institutions. ZEISS President and CEO Dr. Michael Kaschke was a member of the German Council of Science and Humanities in 2019, until his retirement by rotation. In Germany, ZEISS is involved in the Wissensfabrik (Knowledge Factory) inter-company cooperation project and is a longstanding member of the Max Planck Society. In addition, the company is a member of the association Regionales Bündnis für Familie Ostwürttemberg e.V. (East Württemberg Regional Alliance for the Family) and is one of the signatories of the Diversity Charter, an initiative to promote diversity in German companies. At the international level, ZEISS is a member of the non-profit trade association The Vision Council. It is also committed to the initiative run by the World Health Organization (WHO) and the International Agency for the Prevention of Blindness (IAPB), VISION 2020: The Right to Sight, which aims to prevent blindness and it joined the global fight against tuberculosis with the initiative “Stop TB.”

ZEISS Group stakeholders and communication formats (GRI 102-40, 102-43)

Stakeholder groups	Key communication formats
Banks	Ongoing communication between ZEISS and banks
Company committees/unions	Staff meetings, Works Council committees
Carl Zeiss Foundation	Members of the Executive Board of Carl Zeiss AG sit on the Management Advisory Board of the Foundation, the Chairman of the Supervisory Board sits on the Foundation Council
Research institutes and universities	Partnerships with universities; funding for professorships, PhD dissertations, bachelor and master theses; lectures given by managers at universities
Investors	Personalized communication with the Investor Relations department, Annual Report, ZEISS website, Sustainability Report, Non-Financial Report
Customers (business customers and private consumers)	Consultations, training, global customer satisfaction survey via Net Promoter Score, external communication channels like newsletters and social media
Suppliers	Supplier meetings and audits, subject-specific dialogue, demand-driven supplier development, seminars and training as part of development partnerships
Media	Press releases and conferences, trade shows and exhibitions, Annual Report, online presence
Employees and management	Internal communication channels, annual performance reviews, employee satisfaction surveys, company meetings, Dialogue Tours
Governments, including municipal and state governments (Baden-Württemberg, Thuringia)	Financial reporting, compliance reports, dialogue with Foundation representatives (i.e. with the ministers responsible for the scientific universities in the German federal states)

Material Sustainability Issues

(GRI 102-43, 102-44, 102-46)

All topics that are very important for the different stakeholder groups of the ZEISS Group and whose own business activities have a considerable economic, social and environmental impact are essential for ZEISS and form part of this Sustainability Report. In fiscal year 2018/19, ZEISS updated its materiality analysis and identified the key sustainability topics for the company.

Definition of Topics

First, multiple sources – like the GRI Standards, the German Sustainability Code (DNK), the UN Global Compact and the Sustainable Development Goals (SDGs) – are used to identify potentially relevant topics. These are then consolidated, compared with the existing topics and occasionally combined. This gives a total of 22 topics, which are assessed in terms of their impact and relevance for stakeholders.

Determining Stakeholder Relevance

(GRI 102-42, 102-44, 102-46)

In order to analyze the relevance of the individual topics for different stakeholder groups, representative contacts from different stakeholder groups were identified. These included customers, employees, suppliers, the Supervisory Board and investors. A partially structured survey was then used to conduct interviews with a total of 27 respondents. Every respondent had the opportunity to evaluate the topics quantitatively in terms of their relevance and add any missing topics. The evaluations from all respondents were then collected and the results put to an internal analysis.

Defining the Impact

To assess these effects, a method was devised to determine the level of the positive and negative impact of our own business activities on the individual topics. To facilitate this, evaluation examples were devised for each topic that show the positive or negative impact. The assessments were made by the relevant expert from the "Responsibility at ZEISS" working group.

Determining the Relevance to the Business

ZEISS uses the materiality analysis as a tool to determine essential topics for reporting purposes, and as a guide for its strategic operations. To this end, the stakeholder relevance was determined, as was the impact of the business relevance of the 22 previously defined topics. The assessment was made by representatives of the "Responsibility at ZEISS" working group and by employees and managers.

Results of the Materiality Analysis

(GRI 102-49)

In the end, the relevance of the existing key topics was confirmed. The new topics that were added are: closed-loop waste management, sustainable product development.



Results of the Materiality Analysis

Social Engagement

- » Regional involvement, pp. 57–58
- » Promotion of scientific research and education, p. 56 ff.
- » Healthcare promotion, p. 57 ff.

Products and Value Chain

- » Product safety, pp. 32–33
- » Human rights in the supply chain, p. 34–37
- » Procurement and supplier management, pp. 34–37
- » Sustainable product development, pp. 32–33

Integrity and Compliance

- » Business ethics, pp. 28–30
- » Legal compliance, pp. 28–30
- » Data protection, p. 30

Environment

- » Efficient use of natural resources, pp. 48–50
- » Climate protection, pp. 51–53
- » Environmental compliance, p. 54
- » Closed-loop waste management, pp. 32–36 and p. 48 ff.

Employees

- » Occupational health and safety, pp. 44–46
- » Work/life balance, p. 39 ff.
- » Employee development, training and further education, pp. 40–41
- » Labor/management relations, p. 39 ff.
- » Diversity, pp. 42–43

Integrity and Compliance (GRI 102-47)

Material issues	GRI topics	Goals	Selected measures in FY 2018/19	Location of impact
<ul style="list-style-type: none"> » Business ethics » Legal compliance » Data protection 	<ul style="list-style-type: none"> » Anti-corruption, anti-competitive behavior, public policy, customer privacy, socioeconomic compliance 	<ul style="list-style-type: none"> » Increased value orientation and behaving with integrity in accordance with the ZEISS Group Code of Conduct » Compliance with applicable law in order to secure the trust of customers and partners » Protection of the ZEISS brand 	<ul style="list-style-type: none"> » Revision of the e-training on compliance » Granting of access to all ZEISS companies for e-training » Provision of compliance e-training in other languages » Launch of the ZEISS Integrity Line for reporting open or anonymous information about possible compliance violations 	<ul style="list-style-type: none"> » Upstream value chain » In the company » Downstream value chain

Products and Value Chain (GRI 102-47)

Material issues	GRI topics	Goals	Selected measures in FY 2018/19	Location of impact
<ul style="list-style-type: none"> » Procurement and supplier management » Human rights in the supply chain » Sustainable product development » Product safety 	<ul style="list-style-type: none"> » Supplier environmental assessment, freedom of association and collective bargaining, child labor, forced or compulsory labor, supplier social assessment, customer health and safety 	<ul style="list-style-type: none"> » Improved sustainability performance of ZEISS products and services as well as in the supply chain 	<ul style="list-style-type: none"> » Continued supplier audits and tracking of corrective measures in the event of non-compliance with the ZEISS sustainability requirements » Launch of an e-training module on the RBA Code of Conduct to raise employee and supplier awareness for the ZEISS sustainability requirements » Establishment of a cross-divisional team of specialists to focus on sustainable product and process development with the aim of integrating sustainability aspects into the development processes » Creation of an annual report to evaluate the supply chain as concerns the origin of conflict minerals based on the recognized report template from the Responsible Minerals Initiative and the OECD Guidelines 	<ul style="list-style-type: none"> » Upstream value chain » Downstream value chain

Employees (GRI 102-47)

Material issues	GRI topics	Goals	Selected measures in FY 2018/19	Location of impact
<ul style="list-style-type: none"> » Occupational health and safety » Work/life balance » Diversity » Labor/management relations » Employee development, training and further education 	<ul style="list-style-type: none"> » Employment, labor/management relations, occupational health and safety, training and education, diversity and equal opportunities, non-discrimination, freedom of association and collective bargaining 	<ul style="list-style-type: none"> » Global Team ZEISS: To promote enhanced collaboration and the development of all employees » Reduce the performance indicator for the number of workplace accidents (LTIFR) to under 2.25 by fiscal year 2022/23 » Standardization and ongoing improvement of internal processes for occupational health and safety to reduce accident frequency and severity 	<ul style="list-style-type: none"> » 159 young people began a vocational training program or a combined degree-and-vocational-training program at ZEISS in Germany » Diversity Days featuring 36 activities held in 13 countries » The Women’s Business Lunch was held as a networking opportunity for women in leadership roles at the sites in Oberkochen, Jena and Berlin » Implementation of a holistic software solution for the occupational health and safety management system was launched » More than 50 seminars were held on how to use the new software solution with more than 230 participants » 152 fire safety inspections and 202 occupational safety inspections were conducted in Germany 	<ul style="list-style-type: none"> » In the company

Environment (GRI 102-47)

Material issues	GRI topics	Goals	Selected measures in FY 2018/19	Location of impact
<ul style="list-style-type: none"> » Environmental compliance » Environmental protection » Efficient use of natural resources » Closed-loop waste management 	<ul style="list-style-type: none"> » Energy, water, emissions, effluents and waste, environmental compliance 	<ul style="list-style-type: none"> » Economical use of all natural resources to protect the environment » 50% reduction in CO₂ emissions (Scope 1 and 2)* » 50% reduction in energy use* » 40% reduction in water consumption* » 30% reduction in waste accumulation* » Switching to a carbon-neutral energy consumption by 2022 	<ul style="list-style-type: none"> » Independent EH&S audits at major production facilities to review legal compliance status » Participation in CDP (previously: Carbon Disclosure Project) as the ZEISS Group » Establishment of mandatory environmental targets for the ZEISS Group » Continuation of several projects to conserve energy and resources at ZEISS sites 	<ul style="list-style-type: none"> » Upstream value chain » In the company » Downstream value chain

* Reduction targets by fiscal year 2019/20 relative to the company's own value added (reference year: FY 2009/10)

Social Engagement (GRI 102-47)

Material issues	GRI topics	Goals	Selected measures in FY 2018/19	Location of impact
<ul style="list-style-type: none"> » Promotion of scientific research and education » Regional involvement » Health promotion 	<ul style="list-style-type: none"> » Economic performance, indirect economic impact, local communities 	<ul style="list-style-type: none"> » Promotion of scientific knowledge from preschool children to doctoral students » Improved quality of life for patients through solutions and new standards in optometry and medical technology 	<ul style="list-style-type: none"> » Sponsorship of around 150 projects with more than 1.1 million euros from the Carl Zeiss Promotion Fund » Sociopolitical commitment at multiple schools throughout Germany to support the initiative 16+ MINT (MINT = STEM: science, technology, engineering and mathematics) » Maintaining existing programs to refurbish and donate ZEISS products to disadvantaged regions without sufficient access to medical care » Funding of six ophthalmology training centers in Indonesia, Paraguay, Nigeria, Sudan, Tanzania and India (ongoing) 	<ul style="list-style-type: none"> » Upstream value chain » Downstream value chain

Contribution to the Global Sustainability Agenda



In the fall of 2015, the United Nations adopted the globally applicable Sustainable Development Goals (SDGs) to be achieved by 2030. Private industry is also called upon to do its part to ensure fair development worldwide that creates prosperity within the limits of what the planet can sustain. ZEISS has pledged its support for this agenda and wants to assist with its implementation.

The company understands that all sustainability goals are important and require support. In order to focus on the areas in which ZEISS as a company is having a particularly big impact, in fiscal year 2018/19 an analysis was performed on its 17 primary goals and 169 subgoals. In it, goals were identified where ZEISS can have the greatest impact on people, the environment and society through its business processes, product portfolio and services. This has confirmed our focus on the four SDGs: “3 - Good health and well-being,” “4 - Quality education,” “8 - Decent work and economic growth” and “12 - Responsible consumption and production.” In addition, the SDGs “9 - Industry, innovation and infrastructure” and “13 - Climate protection measures” were identified as areas in which ZEISS is able to make a contribution.



3 Good Health and Well-Being: Ensure healthy lives and promote well-being for all at all ages.

Focus: Globally, 37 million people are blind and 124 million suffer from a visual impairment – 90% of blind people live in developing countries.

ZEISS is raising the bar in healthcare by offering solutions for ophthalmology and medical technology, and it helps drive medical progress in ophthalmology and microsurgery. The aim is to help improve the lives of patients everywhere. ZEISS has been doing its part for society in the fight against preventable blindness since 2005 with six diagnosis, treatment and training centers for eye care. In line with the principle of “helping people help themselves” the objective of the training centers is to provide access to state-of-the-art medical technology in developing and emerging countries. This creates the necessary scope for teaching people how to use state-of-the-art medical technology and deploy it for treatment purposes. These centers are located in Nigeria, Indonesia, Tanzania, Paraguay, India and in Sudan.

Focus: Over 50 percent of the world’s population does not have sufficient access to basic healthcare services.

Furthermore, the company makes in-kind donations in the form of ZEISS products through a variety of different projects in order to give people around the globe access to high-quality medical care.

ZEISS also uses its ZEISS VISUHEALTH platform to help the cause. This platform addresses the challenges of rising patient numbers in underprivileged regions. For instance, it brings together three ophthalmic centers in major cities in India by providing some 60 mobile screening stations spread throughout the country. Patients can visit a screening station to have photos taken of their retina, which are then uploaded to the platform and looked at by an eye doctor at one of the major eye hospitals. This gives patients living in remote regions access to eye care.



4 Quality Education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Focus: Germany needs 300,000 new STEM employees.

ZEISS fosters aspiring young scientists – from small children right up to doctoral candidates – through numerous educational programs. In this way, ZEISS acts on the responsibilities set forth in its foundation statutes, shares educational content in an easily understandable way, and makes science easier to comprehend. Examples of this include the company’s involvement in schools and its microscope donations to various educational initiatives.

In order to encourage young people to pursue a career in science and research and get them thinking about the idea, for 20 years ZEISS has been sponsoring Jugend forscht, Germany’s oldest and best-known competition for young researchers. What’s more, ZEISS is offering young people a host of opportunities to enter the field at its sites in Germany. Its offering encompasses many different professions, or the option of pursuing a dual study program. Furthermore, both young and seasoned professionals around the world have access to a wide range of training programs (see page 40).



8 Decent Work and Economic Growth:

Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.

Focus: 197 million people worldwide are unemployed.

As a global technology company, ZEISS employs more than 31,000 people. They are offered a safe and motivating work environment, where hard work and dedication are acknowledged and individual advancement is possible. A global survey of employees conducted on a regular basis determines the state of the corporate culture at ZEISS (see page 39).

Focus: In more than 50 countries worldwide, human rights are under siege or egregiously violated.

When working with suppliers, the company has pursued a centralized approach for integrating sustainability aspects into the supply chain since 2016. This approach focuses on compliance with environmental and social standards at suppliers' sites. To monitor this, demand-driven assessments and audits are conducted based on risk. As a leading global technology enterprise, the ZEISS Group is conscious of its responsibility to uphold human rights. ZEISS is successively driving the implementation of the five core elements of the German Federal Government's National Action Plan for Business and Human Rights (NAP) (see page 37).



9 Industry, Innovation and Infrastructure:

Create resilient infrastructure, promote broad-spectrum and sustainable industrialization and support innovation.

Focus: Investments in scientific research and innovation in developing countries are well under the global average.

ZEISS is investing in upgrading its sites worldwide and is supporting the company's development and innovative power by making above-average investments in research and development. With 11% of revenue, the research and development costs were as high as the previous year, testifying to the ZEISS Group's continued strong focus on innovation. Thanks to its broad product range, ZEISS is thus able to offer its diverse customers just the right solutions.

These include intelligent quality control systems for networked production, or the world's only semiconductor exposure systems that lay the foundations for progress on furthering global digitalization, and thus the provision of cutting-edge infrastructure, communication and production structures. In 2018, a cross-divisional team of specialists in sustainable product and process development made it its goal to integrate sustainability aspects into the development and innovation of products and production processes. Topics include aspects of closed-loop waste management, eco design, alternative materials and ways of increasing energy and resource efficiency in terms of the global value chain and any related risks.



12 Responsible Consumption and Production:

Ensure sustainable consumption and production patterns.

Focus: Humanity would require 1.7 Earths to sustain current global consumption of resources.

ZEISS continues to work on finding ways to use natural resources as efficiently as possible and prevent pollution. This is achieved in part through investments in measures to boost energy efficiency, consistently reduce waste and integrate environmental aspects into product development.

One example of product-integrated environmental protection is the Eco mode on the Axio Vert.A1 inverse routine microscope. It works by automatically switching off the microscope if it's not used for more than 15 minutes. This reduces power consumption and has a positive impact on the bulbs' service life.

In addition, refurbishment programs are in place for several product groups, including electron microscopes. Older, pre-owned products are completely rebuilt in accordance with certified ZEISS standards and are made available to customers for resale (see page 33).



13 Climate Action:

Take measures now to combat climate change and its impact.

Focus: The measures already taken by countries around the world achieve just one third of the emissions reductions needed.

SDG 13 calls on states and governments to include effective measures for combating climate change in national policy. However, effective climate protection can only be achieved through a concerted effort and with the support of companies.

ZEISS thus believes it has a responsibility and plays its part by adhering to the global targets set in the Paris Agreement of limiting global warming to less than 2 degrees Celsius. ZEISS has taken some ambitious measures in order to help achieve these targets. In March 2018, specific targets were agreed with the Executive Board of the ZEISS Group to reduce CO₂ emissions by 50 percent by fiscal year 2019/20. ZEISS aims to be carbon neutral in its energy consumption by 2022. It is thus switching to verifiably green power and is offsetting its unavoidable emissions. It has also revised its travel regulations in favor of climate-friendly means of transportation and in order to offset emissions from air travel as of fiscal year 2019/20. More information is available on page 51.

01

Integrity and Compliance

Business activities compatible with statutory regulations and internal rules are an integral part of the ZEISS corporate culture. The company's mandate to act with integrity stems from the values that have been shaped by the history of this foundation company.

The company stands for integrity, which customers, suppliers and business partners all trust. For this reason, legality, fair competition and the equitable treatment of business partners and employees are indispensable elements of successful business operations. This requires an open and respectful corporate culture which, along with an effective Compliance Management System, ensures that deficiencies at ZEISS are detected, identified and corrected.

SHOW ACCESSIBLE DOORS

ACCESS CONTROL

Good Morning, Mrs. Williams!



Compliance

Legality means compliance with all laws and regulations and is the foundation of sustainable corporate governance. Yet integrity cannot simply be decreed. Instead, it must be actively put into practice by management, who act as role models, and be enshrined in the corporate culture.

Guidelines, Structures and Processes

The compliance management at ZEISS is based on the Code of Conduct, which was first published in 2007 and is regularly updated. It describes the risks of conducting business activities and provides specific recommendations on how to act. As the basis for entrepreneurial activity, the Code of Conduct is mandatory for all employees and managers of the ZEISS Group worldwide. It contains rules on various issues, including data protection, product safety, environmental protection and combating corruption. More detailed company directives are available for all the topics addressed in the Code of Conduct.

At ZEISS, compliance is organized on three levels: On the Group level the Chief Compliance Officer, who reports to the Executive Board, and the Director Corporate Compliance are responsible for the Compliance Management System. This area of responsibility encompasses the design of the Compliance Management System and assistance in the identification and rectification of significant compliance violations that might jeopardize the reputation of the entire ZEISS Group. Each strategic business unit has appointed its own Group Compliance Officer, who coordinates compliance activities for a particular area and its companies. In addition, each individual company has its own local Compliance Officer, who is the on-site contact for employees and the management on all compliance-related issues and investigates any local compliance violations.

The collective responsibility of the Executive Board and the heads of the ZEISS companies is to ensure, that all ZEISS business activities conform with the prevailing rules. This includes observing data protection, customs and export provisions, laws pertaining to the environment as well as regulations on occupational health and product safety.

Moreover, a periodic inquiry into compliance risks at all ZEISS companies is an important part of risk management throughout the Group. Regular internal and external audits and assessments are conducted to determine if all legal requirements are being met.

To enable the systematic management of all compliance measures and features, the following modules of the Compliance Management System have been established for all ZEISS Group companies:

Leadership:

The management promotes a culture of compliance

Shared Commitment/Communication:

Middle management confirms the importance of compliance

Risk Assessment:

Compliance risks are systematically evaluated and minimized using established processes

Policies and Procedures:

Guidelines and processes that provide structure for dealing with compliance risks

Organization:

This module encompasses the provision of an effective compliance organization

Training:

Provision of regular, suitable training for employees and Compliance Officers

Oversight and Controls:

Monitoring and reaction processes have been defined in the event of any violations of laws or regulations

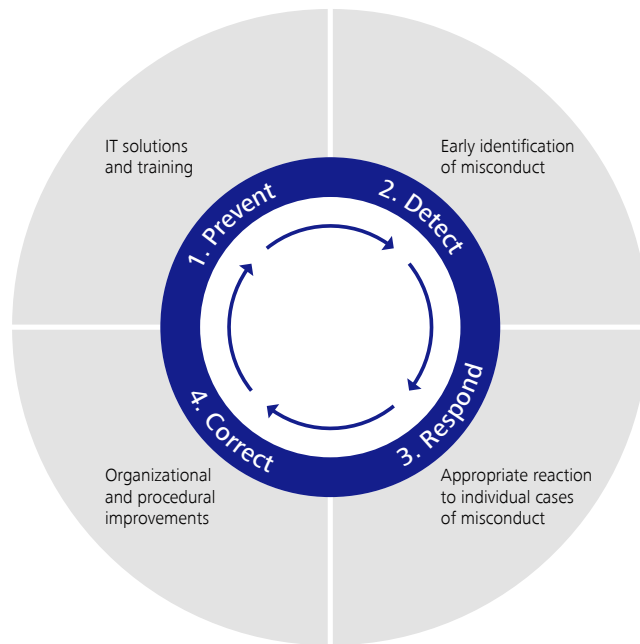
The core processes in the Compliance Management System are as follows:

» Prevent

A clearly structured catalogue of directives and mandatory training seminars is used to continually raise awareness and prevent incidents from occurring.

» Detect

In spite of all the preventive measures, legal violations and cases of non-compliance can still occur within the company. To identify such cases, employees are called on to actively cooperate and should report any suspected violations. Different departments and experts, such as Corporate Security and Internal Auditing, also assist with the investigation of suspected compliance violations. Depending on the case, the company can also avail itself of external assistance.



» Respond

The company will then take appropriate measures to immediately eliminate unlawful behavior.

» Correct

Depending on the type of misconduct, systemic or procedural measures may be necessary to prevent recurrence.

Objectives and Results

ZEISS aims to always act in accordance with statutory regulations and internal rules. To ensure this happens, a series of measures will be implemented and advanced on an ongoing basis. For instance, all employees must regularly complete a basic compliance training program, which includes passing a final quiz. This training covers the topics found in the ZEISS Code of Conduct. Employees who work in areas where they are exposed to particular compliance risks, such as in Purchasing, Sales and Marketing, as well as members of the management, must complete additional training modules on anti-corruption and fair competition. All ZEISS companies have had access to the e-training on compliance since 2018. The e-training modules were partially revised in 2019 and are available on the ZEISS learning platform in 14 languages. The new Learning Management System enables the assignment of the course content to specific employees and the centralized tracking of how many people have completed the courses. Some employees still had no way of accessing online training courses at the end of fiscal year 2018/19. In instances like these, face-to-face seminars are scheduled. However, ZEISS is still trying to find ways to grant these employees access to the ZEISS learning platform.

The ZEISS Integrity Line was launched in November 2018. It gives internal and external stakeholders the chance to report any information on possible compliance violations, and they can choose to do so anonymously. The ZEISS Integrity Line is available in 22 languages and can be found on the website at www.zeiss.com/responsibility, as well as on the ZEISS intranet.

Anti-Corruption

ZEISS is successful in competitive markets because its products and services offer customers excellent value for money. Since it is aware that corruption impedes progress and innovation, the company has issued clear rules to prevent and battle corruption. The anti-corruption rules are a vital part of compliance management as described above.

In order to raise employee awareness for the topic, ZEISS has compiled internal company guidelines on granting and receiving benefits such as gifts or invitations, which constitute an important component of anti-corruption training. A checklist for employees provides specific examples to help them assess whether or not particular benefits are permitted. Moreover, there are also obligatory directives for auditing sales partners. These are supported by an auditing tool from an external provider. The goal is to determine whether sales partners were ever previously suspected of corruption or involvement in a cartel, export control, money laundering or similar crimes, or exhibit any other risk factors that could damage ZEISS' reputation.

Political Influence

The government creates the framework for business activities. Associations and interest groups help negotiate standards and common development goals. This is why ZEISS is a member of academic, industry, and employer associations. ZEISS explicitly affirms the independence and integrity of parliaments, parties and governments as the cornerstones of basic democratic order and, in the company's communications work, repeatedly emphasizes that a free, democratic regulatory framework is necessary for successful business activities in a globalized world.

The ZEISS Group companies do not make any financial donations or other contributions to parties or political institutions because the Carl Zeiss Foundation Statute stipulates that all support must be politically and religiously neutral.

Data Privacy

ZEISS is aware of how important personal data protection is to ensure an ethical, future-oriented business model. The company aims to operate in compliance with international guidelines and national law so that ZEISS remains a trustworthy partner for its customers, suppliers, business partners and consumers.

Since an increasing number of companies and individual strategic business units handle highly sensitive personal information like health data, evidence of dependable and appropriate data privacy practices are a requirement for business relationships built on trust. Violations not only damage a company's reputation, but can also result in heavy fines.

Guidelines Structures and Processes

National and international regulations create a framework for data protection – ZEISS observes the data protection standards for the European Union in all markets where the company is active. These are supplemented by a mandatory internal guideline for handling personal data, which is applicable worldwide. All its employees and partners have a commitment to ensuring data secrecy. In Germany, this is governed by Section 53 of the new German Federal Data Protection Act (BDSG-neu). In other countries, employees and partners agree to ensure data secrecy as part of a confidentiality agreement. From an organizational standpoint, data protection matters are handled by the relevant division of Corporate Legal & Patents. The Corporate Data Protection Officer works with a five-person team to define principles and rules governing the protection of personal data, monitors compliance and reports to the Chief Financial Officer.

Members of the Executive Board or the Management Boards for the strategic business units are responsible for implementation and compliance. To support these efforts, Corporate Data Protection employs a data privacy management system. Every ZEISS company has appointed its own Data Protection Coordinator, who is responsible for training measures, acts as the local point of contact for all questions from employees and management, and remains in contact with the Corporate Data Protection Officer.

Measures and Results

ZEISS emphasizes the importance of consistent global data protection. In light of the growing requirements due to digital developments and increasing global legal regulation – e.g. in China, South Africa, Brazil or in the California Consumer Privacy Act – the existing data protection processes were further enhanced in the reporting period. As a result, more than 150 data protection coordinators became designated local contacts in order to reinforce the level of data protection in the Group.

02

Products and Value Chain

With its solutions, ZEISS constantly advances the world of optics and helps shape technological progress. With its passion for excellence, the company creates value for its customers and inspires the world to see things in new ways.

ZEISS offers a wide variety of highly specialized products that are as diverse as its different customer groups and their particular requirements – from hospitals and medical practices to research laboratories and technology companies, and extending to automotive manufacturers and consumers. For all of them, the name ZEISS is a promise of quality, innovation, safety, reliability and responsibility. And for many of our customers, ZEISS also stands for better health and improved quality of life.

Product Safety and Product Development

ZEISS products and solutions contribute to medical advancements in neuro/ENT surgery and support physicians on every continent in improving their patients' quality of life. Eyeglass lenses from ZEISS help people around the world enjoy better vision, while the company's intelligent measuring systems increase efficiency in different sectors, including the automotive and aerospace industries. For example, state-of-the-art coordinate measuring technology is used to inspect the fit accuracy of drive-train components in vehicles to ensure low fuel consumption.

At ZEISS, product safety begins in the development stage, continues through the procurement and production processes and remains an important aspect when the product is being operated by the customer, or serviced. A wide range of legal stipulations on the development, production, approval and sale of these products ensures product safety. Defective products may cause serious harm to the user, but can also severely damage the company's reputation. For ZEISS, product responsibility means more than just delivering innovative, effective and safe products. It also includes responsible value chain creation – from raw materials to product sales.

Guidelines and Structures

ZEISS requires all applicable laws governing product safety to be implemented consistently, during both product use and disposal. To this end, all ZEISS units use a quality management system based on the requirements of the international standard ISO 9001:2015. Systems and processes at multiple sites have been certified in accordance with it. To meet the specific requirements made of medical devices, various Medical Technology, Consumer Markets and Industrial Quality & Research sites have implemented a quality management system certified

to ISO 13485. This is also verified through independent external certification.

As part of a comprehensive risk assessment during product development and production, ZEISS ensures that, prior to a product launch, all necessary measures have been taken to guarantee that customers and third parties can use the product safely. Operating instructions, training seminars, different types of support and opportunities for dialogue help users operate ZEISS devices safely. A set of guidelines applicable across all ZEISS units helps employees deal with customer issues and complaints in a structured way. In such cases, appropriate measures must be implemented and monitored. ZEISS is thus able to implement potential improvements and, if necessary, quickly execute corrective measures.

The issue of product safety and its importance for the company's success are enshrined in the ZEISS Group's Code of Conduct. All applicable country-specific laws and guidelines for ZEISS' primary markets lay the foundation for product development, design and sales – in accordance with the applicable standards. Individual specialists are involved in their ongoing development through European and international committees and standardization bodies and thereby bring fresh ideas to product development at ZEISS.

Within the ZEISS Group, guidelines and monitoring ensure compliance with standards and rules. Responsibility for product safety lies with the Executive Board or the Managing Directors of the individual companies, respectively, as well as with the employees in charge of a particular product. They must make the structures, resources and necessary skills available to properly meet all legal requirements.

Cross-Divisional Specialist Team for Sustainable Product and Process Development

In November 2018, representatives from Research and Development, and other relevant functions, met for the first time to discuss sustainability in product and process development. The goal was to learn from the findings of the different ZEISS segments, as well as those from external trendsetters from science and other areas, and to integrate different sustainability aspects into product development and innovation, as well as into production processes. They considered elements of circular economy, as well as eco-friendly design, alternative materials and ways of increasing energy and resource efficiency within the context of the global value chain and the risks associated with it. This series of events, which will initially be held up to three times every fiscal year, aims to create synergies between the business areas and, together, draw up guidelines and tools for practical application in order to drive the integration of sustainability aspects in the existing processes.

The key elements of ensuring product safety are:

- » Observing product safety requirements during each stage of the product life cycle
- » Using customer feedback as the basis for product improvements
- » Performing ongoing market surveillance for selected product groups to ensure products meet the highest safety requirements
- » Independent organizations inspecting selected products to ensure product safety

Processes

The Product and Solution Generation process is of fundamental importance. The purpose of this guideline, which is binding for all business units, is to define the minimum requirements for a modern development process at the ZEISS Group and specify mandatory minimum content. A checklist outlines the mandatory minimum content. The goal of this systematic focus on the development process is to give customers the right products and solutions with respect to customer expectations, customer benefit, quality, reliability, time and costs, thereby achieving a significant competitive edge.

ZEISS only releases products after successfully addressing the aforementioned areas and the corresponding requirements. In addition, ZEISS continuously strives to reduce the environmental impact within the product life cycle. The mandatory checklists contain two related categories that must be taken into account

during development: the environmental performance of the products and the evaluation of different sustainability requirements over the products' entire life cycle. Based on the company's environmental principles, this approach to product-integrated environmental protection constitutes an obligation to adhere to strict process management. This is how the company ensures that all ZEISS products meet the applicable environmental regulations and guidelines (see the Chapter on the Environment on page 54). In particular, ZEISS ensures that:

- » Raw materials are used that are harmless to human health and the environment
- » The manufacture and use of products generate as few effluents and emissions and as little waste as possible

Objectives and Results

ZEISS products must not endanger users' safety or health. To guarantee this, the applicable requirements are met and any necessary approvals are obtained to launch the products. Relevant products are certified by independent testing centers to ensure a high safety standard. Certified products can be viewed on publicly accessible databases like that of the CSA Group, an international certification body. In the reporting year, the quality management system was re-certified as per ISO 13485 at four sites in Germany and three sites abroad. Around 100 locations had thus been certified to ISO 9001 and 16 locations to ISO 13485 by the end of fiscal year 2018/19. Updated minimum requirements governing the further integration of sustainability aspects in the product development process became binding for the development of all ZEISS products on 1 October 2018.

Product Refurbishment

Starting in fiscal year 2015/16, the Research Microscopy Solutions strategic business unit began a program to refurbish electron microscopes: Pre-owned systems are brought up to date and then sold at a discounted price. Customers receive a one-year warranty, and replacement parts are guaranteed for a period of five years. Since the program was launched, around 84 electron microscopes have been refurbished. In fiscal year 2018/19, a process was established to expand the program to include light microscopes. The process is scheduled to be finalized by December 2019. In addition to economic advantages, this program benefits the environment: Refurbishment reduces a system's ecological footprint because the raw materials used to produce it and the necessary energy are distributed to a longer period of use. The area has been able to draw on the experience of the "Retrofit and "Pre-Owned Metrology Systems" departments at the Industrial Quality Solutions strategic business unit for its refurbishment program. This business unit has been retrofitting existing systems at its customers' sites with the latest technologies since 2002.

Procurement and Supplier Management

ZEISS Microscopes aboard the First Hybrid Cruise Liner

The MS Roald Amundsen is the first of two hybrid expedition ships in the Hurtigruten fleet. Its hybrid powertrain makes it possible to reduce CO₂ emissions by as much as 20 percent. Alongside tourists, scientists can also come aboard to collect seawater samples in polar regions. Part of their work involves analyzing plankton, krill – which penguins need to survive – and pollutants like microplastics. The onboard Science Center is equipped with seven ZEISS stereo microscopes and a ZEISS light microscope replete with a polarization system. The scientists aboard also presented passengers with the findings of their water sample analyses. The area is open to all passengers at all times. “The microscopes are used primarily under the instruction and supervision of the members of the expedition team. We [...] use the microscopes to help passengers better understand the places we visit, such as the Antarctic fjords,” says Dr. Verena Meraldi, Hurtigruten’s Head Scientist.

Due to the significant amount of value created along the supply chain, the procurement process is critical to ZEISS’ long-term success. Local purchasing organizations around the globe source both production and non-production materials from local and international suppliers. The company’s constantly evolving supplier base now includes over 7,000 suppliers located in different countries around the world. ZEISS business units generated around 48 percent of total purchasing volume with 573 major suppliers who are being focused on in a risk-based approach and are located in the following regions: 70 percent in EMEA, 10 percent in APAC, and 20 percent in the Americas.

Guidelines and Structures

The company works very closely with its global supplier network to reduce the negative impact of its business operations. To do this, ZEISS takes a risk-based approach for the systematic management of suppliers as concerns sustainability aspects. As such, environmental and social aspects play an increasingly important role in the selection of and collaboration with suppliers. In complex supply chains, environmental pollution, inadequate occupational health and safety standards, and child or forced labor all represent potential risks that ZEISS wants to proactively address.

ZEISS suppliers must adhere to the provisions listed in the internationally recognized Code of Conduct from the Responsible Business Alliance (RBA). These serve as minimum standards for human rights, health and safety, environmental protection and business ethics. The RBA Code of Conduct is based on the UN Guiding Principles on Business and Human Rights and on international human rights standards like those issued by the ILO. ZEISS expects all suppliers who have a direct business relationship with the company to meet the minimum standards in the

Code of Conduct. Key strategic suppliers outside of the ZEISS Group, who make up around 48 percent of the company’s external purchasing volume, must recognize the RBA or a similar code of conduct, adhere to it and inform their sub-suppliers and contractors of the standards. Risk-based assessments are conducted through supplier audits to monitor compliance with the Code of Conduct. On principle, ZEISS does not enter into any business relationship if there is evidence of human rights violations.

As a leading global technology enterprise, the ZEISS Group is conscious of its responsibility to uphold human rights. This issue is particularly important because of the global supply chain and increased regulation, e.g. the German Federal Government’s National Action Plan (NAP) for Business and Human Rights (see page 37). ZEISS categorically rejects all forms of forced and child labor and actively works to ensure that environmental and social standards are met at its sites and in its supply chain.

Processes

Within the scope of a risk-based approach, issues relevant to sustainability are also a part of the supplier management process.

- » New suppliers are selected on the basis of a self-assessment questionnaire that includes questions related to occupational safety, environmental protection, energy efficiency and the acceptance of the RBA Code of Conduct or similar guidelines. In addition, observing the RBA requirements also constitutes a key part of contractual agreements. In the future, information exchanges and agreements pertaining to services, quality and different sustainability aspects will be supported by the supplier portal launched in fiscal year 2018/19.
- » If a supplier is responsible for a significant share of values created, and shows a specific risk profile, ZEISS conducts an on-site supplier audit at the supplier's place of business. The goal is to get to know existing and future partners better as well as identify and eliminate weak points in the supply chain.
- » Major suppliers undergo an annual evaluation that includes occupational safety, environmental protection and energy management criteria. The results are then discussed with the suppliers in order to define enhancement measures if needed. Aspects such as occupational safety, fire prevention and environmental management have been a part of cross-divisional supplier quality audits since 2012.
- » In accordance with the established risk indices and the annual purchasing volume, major strategic suppliers are assessed to determine if there are any potential sustainability risks depending on the context. In order to plan further activities, a list of

priorities will be compiled in consultation with the business units and action plans discussed. This makes it possible to define additional steps, such as completing an on-site sustainability audit, or piloting new development measures. In the event of insufficient compliance with ZEISS' sustainability requirements, an action plan is agreed upon, with the company monitoring and overseeing its implementation.

Within the scope of its due diligence obligations, ZEISS has also established a suitable process for identifying and assessing risks in the supply chain. Some "conflict materials" are disposed of in conflict areas under inhumane conditions. ZEISS does not directly purchase any metals like tantalum, tungsten, tin or gold, but does demand that its direct suppliers do not use any ores from conflict areas. ZEISS also collects information on the associated risks. As part of its annual reporting, in its communication with relevant suppliers the company relies on the globally recognized standards of the Responsible Minerals Initiative (formerly: the Conflict-Free Sourcing Initiative). ZEISS uses available means and information to verify data on these smelting works in order to identify possible risks and raise supplier awareness for this topic.

Objectives and Results

In fiscal year 2018/19 the sustainability risk of ZEISS' 573 major suppliers was assessed using the established risk indices. Suppliers considered particularly high-risk as a result of an initial evaluation were asked to complete a Sustainability Supplier Self-Assessment Questionnaire in preparation for an on-site sustainability audit. In order to systematically identify risks in the supply chain, industry risks were determined, including those related to human rights. In the future, these will form part of the risk analysis.

In the reporting year, ZEISS had seven sustainability audits performed on suppliers' premises by an interdisciplinary and international team. This involved initial audits in Asia, Europe and Central America. Deviations were identified, particularly in

Resource Efficiency in Logistics with Shuttle Containers

At the Oberkochen site, the Medical Technology segment switched to shuttle containers ten years ago, and uses it consistently for shipping parts from European suppliers. This logistics concept was considerably expanded in the last two years. Shuttle containers of different sizes are filled by the suppliers themselves and (sometimes) delivered directly to the production line, before being made available to the supplier once again. This has proven to be the most efficient solution. This means less packaging waste is generated and the time spent on packing and unpacking goods is reduced, so fewer products are damaged. This has a positive effect on material efficiency. Additional, customized foam inlays are used for sensitive optical and mechanical parts. One employee from the Innovation Transfer department is put in charge of devising the optimum packing and logistics concept for every new product development. More than 50% of standard suppliers now use robust and long-lasting shuttle containers. This means ZEISS can avoid 10 kg of packaging and plastic film for each of its TIVATO® 700 surgical microscopes. This saves the equivalent of 5.5 tons of waste every year.

the areas of occupational health and safety and working hours, as well as transparency concerning working conditions, and informing those involved in upstream supply chain activities of the ZEISS sustainability requirements. In order to process the deviations, corrective measures needed to be agreed with the relevant suppliers and their implementation monitored.

To sensitize employees and suppliers to sustainability issues and train them on how to meet requirements, ZEISS began offering an e-learning course on the RBA Code of Conduct in October 2018. ZEISS will continue rolling it out both internally and externally. Moreover, a central supplier portal was launched to facilitate knowledge-sharing. It requires suppliers to accept the RBA or an equivalent code of conduct. Further suppliers around the world will be required to use the portal in the next fiscal year.

ZEISS did not become aware of any violations or complaints pertaining to human rights in the supply chain during the 2018/19 fiscal year.

Key Figures

85 percent of the 573 strategically relevant suppliers have replied or confirmed, via the supplier portal, that they will comply with the RBA Code of Conduct or an equivalent code of conduct. Further suppliers will be able to use the supplier portal over the course of the next fiscal year.

In fiscal year 2018/19, approximately 100 supplier audits were performed worldwide. These also covered aspects related to occupational health and safety and environmental management.

Implementing the German Federal Government’s National Action Plan for Business and Human Rights (NAP)

The German government expects companies to meet their human rights obligations by the end of 2020. Five core elements have been defined as part of the German Federal Government’s National Action Plan for Business and Human Rights (NAP). ZEISS is working on successively driving their implementation. To this end, a working group was formed with representatives from the Supplier Sustainability team as well as from Personnel Management and the Sustainability Coordinators. It initiates ideas for implementing the core elements and ensures compliance with other legal requirements like the British Modern Slavery Act.

1. Basic declaration for the respect of human rights

The ZEISS Code of Conduct makes explicit reference to the ILO’s core labor standards and recognizes the principles of the RBA Code of Conduct. ZEISS uses this basic public declaration to emphasize that human rights – such as the ban on forced labor or slavery, human trafficking, child labor and discrimination – apply to employees and business partners alike. Further information is available in the chapter Integrity and Compliance starting on page 28.

2. Process for determining the actual and potentially negative impact on human rights (risk analysis)

Considering ZEISS’ business environment, the company has developed ways of informing people about actual and potentially disadvantageous effects on human rights. For the first time in fiscal year 2018/19, HR staff at different ZEISS sites took part in a standardized questionnaire to determine whether Human Resources processes pose any human rights risks. It was found that employees believe there is a low risk of human rights violations at ZEISS. To raise awareness for potential risks, an e-learning course was enhanced and piloted among employees and suppliers.

As part of the annual risk analysis, major suppliers are asked to assess the potential risks related to human rights. Various criteria are used, such as the Corruption Perceptions Index, the Human Development Index and the Environmental Performance Index.

3. Measures to avoid negative effects on those concerned, and evaluating measures

The results of the risk analysis are used in the further planning of targeted measures. On this basis, ZEISS performs sustainability audits on its suppliers and ensures that appropriate plans for corrective measures are taken.

4. Reporting

The ZEISS Group’s existing reporting and communications formats provide the appropriate amount of information on the identified risks and measures. The Sustainability Report, the ZEISS website and the Non-Financial Report are the key formats.

5. Complaints mechanism

In November 2018, ZEISS rolled out a global Integrity Line among its internal and external stakeholders to facilitate the provision of possible human rights violations. In consultation with stakeholders such as the Works Council, it has been made available in 22 languages on the ZEISS website, thus creating an anonymous and effective complaints mechanism to supplement the existing processes on dealing with suspected violations (see the chapter on Compliance, page 28).

03 Employees

In the competition for talents, ZEISS positions itself as an attractive employer and benefits from its reputation as a global and innovative foundation-owned company with a strong focus on its corporate values. It has been firmly anchored in the company's corporate culture since ZEISS was founded.

Achieving precision, innovation and unparalleled quality requires motivated and qualified employees. In light of demographic change and the increasing shortage of skilled workers, the diversity and equal opportunities championed at the company will prove to be key competitive advantages.

ZEISS is proactively facing these challenges with a global recruiting strategy – fully in line with the ZEISS Agenda 2020. The goal is to make the company more customer-oriented, more competitive and more digital while also strengthening global collaboration as a team. Further important aspects regarding ZEISS' responsibility toward its employees are operational co-determination and employee development. The former goes beyond the statutory provisions in Germany.

Employee Involvement

The more involved employees feel at the company, the more motivated they will be. In Germany, co-determination is the tool used for involving employees. Yet as a company that operates across the globe, it is important to ZEISS that its core values and concepts be put into practice at all sites worldwide.

Guidelines, Structures and Processes (GRI 102-41, 102-43)

Corporate Human Resources works with HR managers and division representatives to define standards and procedures for strategic and overarching areas of activity and implements them within the scope of the department's functional management worldwide. This department is the Group Works Council's main partner for dialogue and negotiation, and is the point of contact for all of the companies' human resources departments.

Operational co-determination is well-established at ZEISS, and the principles of the Foundation Statute are enshrined at the sites in Germany. Statutory matters and issues regulated by collective wage agreements are negotiated with the respective employee representatives. In addition, ZEISS regularly discusses planned changes and initiatives with the committees made up of employee representatives. In accordance with the provisions of the German Co-Determination Act, half the members of the Supervisory Board of Carl Zeiss AG represent the sole shareholder – the Carl Zeiss Foundation – while the other half represent the employees. The Executive Board regularly reports to the Supervisory Board regarding current issues and planned operational changes. The European locations of Carl Zeiss Vision International GmbH send employee representatives to the European Works Council (EWC).

Pulse Check, a global employee survey conducted on a regular basis, gives all staff the chance to provide feedback on the

corporate culture anonymously. Pulse Check results provide information on the current status of the corporate culture, as well as on the progress that has already been made and what priorities should be set in the future. The survey addresses the attractiveness of ZEISS as an employer, the prevalence of the values SERVE – EMPOWER – ACT – WIN in daily activities, and other current cultural issues within the context of the company's strategy, the ZEISS Agenda 2020. The most recent Pulse Check was held between the end of January and mid-February 2018. The results were presented to the Executive Board and discussed with ZEISS employees. The survey will be run for the eighth time in 2020.

Objectives and Results

In order to meet our goal of becoming an attractive employer, ZEISS emphasizes the importance of a good relationship to its employees and takes different measures to maintain this on an ongoing basis. So far, it has been successful: more than 80 percent of its employees said they enjoy working at ZEISS in the 2018 Pulse Check survey. 75 percent said they would recommend ZEISS as an employer. Both values had improved since the previous survey. New potential improvements were also identified alongside this positive development – such as enhanced cross-divisional collaboration. In order to continue building on the positive trends and make improvements, ZEISS implemented further measures in the reporting period. Numerous Dialogue Tours were held across the globe in which the Executive Board discussed the corporate strategy with employees.

By launching the ZEISS Agenda 2020 initiative, the company has established a clear strategy for the years ahead. In order to successfully implement it, the strategy must go hand in hand with the development of the corporate culture.

A reliable tool is the Cultural Journey. Launched in 2008, it involves employees in shaping change processes. Employees addressed the necessary changes in various formats, such as Team Summits. They spoke about aspects such as how to improve global collaboration and prepare the company for the digital future.

Global employee structure

	2018/19	2017/18	2016/17
Total	31,260	29,309	26,944
» Vocational trainees and students enrolled in a cooperative education program	517	464	419
» Contract workers	952	967	1,052
» Part-time employees	1,725	1,483	1,398
» Employees with fixed-term contracts	1,511	1,354	997
Percentage of female employees	34%	34%	34%

Employees by region

	2018/19	2017/18	2016/17
Germany	13,310	12,067	11,339
EMEA (without Germany)	4,589	4,522	4,025
Americas	6,950	6,683	6,266
APAC	6,411	6,037	5,314

Training and Education

Employees share in ZEISS' successful business development. The employees in Germany received a gross bonus payment of up to 2,850 euros for fiscal year 2018/19. This was paid out in October 2019, after the end of the reporting period. Employees at ZEISS companies outside Germany also shared in the company's success in fiscal year 2018/19 on the basis of country-specific regulations.

ZEISS offers plenty of training opportunities and works with various universities. In the reporting year, a total of 159 young people began a vocational training program or a combined degree-and-vocational-training program at the German locations in Göttingen, Jena, Oberkochen and Wetzlar. They are either being trained in the fields of industrial mechanics, precision optics, mechatronics and industrial business management, or are completing a combined degree which marries theoretical knowledge with real-world application. With its sophisticated dual education system, ZEISS is contributing to the development of society, especially at its German sites.

Both young and more seasoned professionals have the chance to take part in a host of development programs and international networking events. This prepares them for new challenges and ultimately increases ZEISS' appeal as an employer – which plays an extremely important role in combating the lack of skilled workers. With a wide range of training and education programs – for example, in the form of web-based seminars – ZEISS also offers professional development opportunities for employees worldwide.

Advanced training includes a focus on the development of managers. In addition to a mandatory program to prepare them for their first leadership experience, ZEISS also promotes job rotation for its employees. Postings abroad within the company are enabled through a variety of different programs. Various offerings to identify and develop talents support employees in their professional careers, with special attention paid to their particular skills and their development. This way, ZEISS not only enables promising careers for managers, but also offers attractive career paths for R&D and Innovation specialists, and for service employees.

Guidelines, Structures and Processes

Through the promotion and further development of its employees, ZEISS is laying the foundations for attracting qualified and motivated talents, and ensuring they continue working at the company for many years to come. To support the ongoing education of all employees, an online learning platform was established, providing access to a wide variety of educational formats – from classroom-based learning to courses that are entirely online. Known as the Group Learning Program, it has been available since fiscal year 2016/17 – initially only to German-speaking locations – and offers more than 150 different training modules. Globally, the program has been enhanced with numerous e-books that are available for download on the learning platform. Internal qualification offerings and measures are consolidated on the Group Learning Platform and rolled out worldwide.

Corporate Human Resources (CHR) is responsible for training and education, talent management and management development. The department works closely with the local human resources departments within functional teams, service areas and projects.

Measures and Results

At the end of the reporting period, ZEISS employed a total of 517 vocational trainees and students in a combined vocational-training-and-degree program in Germany (previous year: 464). To ensure that young talents remain interested in ZEISS in the years ahead, the company stays in touch with approximately 10 percent of its best interns through a retention program. Ultimately, approximately 600 young people completed a technical or business-related internship at the company's German locations or wrote their thesis at ZEISS. In addition, roughly 250 high school students had the opportunity to explore their future career options as part of a high school internship.

New Smart Production Expertise

The digital future will require new expertise and skills, which will systematically be integrated into training. Learning on an iPad or in a fully networked Smart Factory is also part of the program, along with how to use a 3D printer and seminars on robotics. For two years, training instructors at all sites have been taking the course “Training instructors in the digital world,” where they learn how to teach new methods and content.

The new course is called “Networked Production.” In the future, all ZEISS vocational trainees in Germany will have to complete it to ensure they are ready to tackle the manufacturing challenges of tomorrow. Course participants learn how a modern, networked production facility works and what skills employees will need in the years to come. They work on projects where they organize themselves as a cross-functional team and manage the processes themselves. Before this, the vocational trainees learn the basics of project management and lean production in a blended-learning course. These efforts are underpinned by a professionally structured, pedagogically sound process that teaches participants technical skills and social competencies and encourages teamwork between technical and business fields.

As a global technology leader, ZEISS needs employees who are willing to move around the world. At the present time, 68 employees from Germany are working in 21 different countries worldwide. 16 employees from abroad have also been assigned to work in Germany at the present time. There are also many third-country assignments. They all use the opportunity that ZEISS offers to work abroad as part of a globally defined and structured process for limited-time assignments. They thus support the Group’s cohesion while significantly expanding their professional and personal horizons.

Key Figures

Figures on the use of the ZEISS Learning Platform in fiscal year 2018/19

- » Number of active users worldwide, who have completed at least one online course: **23,916** (of which 12,158 in Germany)**
- » **145,342** online courses completed globally
- » Number of e-book downloads: **20,464**

Learning figures for Germany

Fiscal year (FY)		2018/19	2017/18	2016/17
Total no. of courses completed	Total	61,740	43,739	14,811
	Share of men	74%		
	Share of women	26%		
Total no. of participant-days***	Total	24,722	22,402	9,120
	Share of men	76%		
	Share of women	24%		

* In fiscal year 2017/18, the ZEISS Learning Platform was rolled out worldwide and expanded through the addition of online courses. In the Sustainability Report for 2017/18, the number of online courses completed in Germany was stated incorrectly. The reported figures can thus not be compared with the current data (GRI 102-48).

** In the Sustainability Report for 2017/18, instead of the number of users in Germany, the number of active users worldwide, including customers and suppliers, was erroneously given. Starting in fiscal year 2018/19, this figure applies solely to ZEISS employees (GRI 102-48).

*** Based on the estimated length of the training course (one participant-day corresponds to 7.5 training hours) and not including travel or preparation time.

Diversity and Equal Opportunities

With over 31,000 employees in almost 50 countries, diversity is part and parcel of everyday life at ZEISS. The company is shaped by a diverse array of skills, mentalities, leadership and work styles, cultural backgrounds and lifestyles. This is a great advantage because diverse teams are more creative and solution-oriented, which helps them innovate. Thus, diversity strengthens the company's ability to innovate and plays a key role in the implementation of the ZEISS Agenda 2020.

At the same time, diversity in all its forms is the key to the global success of an international company like ZEISS – because employees know the markets, understand customers' different needs and know how to respond to business partners' cultural practices and customs. This greatly contributes to local acceptance and trust in the company.

Guidelines, Structures and Processes

Both the Foundation Statute and the ZEISS Code of Conduct prohibit all forms of discrimination, whether due to "ethnic or social origin, skin color, gender, age, familial status, disability, religion, nationality, sexual identity or any other features" (ZEISS Code of Conduct). ZEISS further bolstered its commitment to diversity by signing the Diversity Charter in July 2017. The goal of this business initiative under the patronage of German Chancellor Angela Merkel is to promote the acceptance, appreciation and inclusion of diversity in the German work environment.

When it comes to its strategy for promoting diversity, ZEISS focuses on five aspects in particular:

- 1. Professional background:** Being open to different careers and educational backgrounds.
- 2. Internationality:** Employees from different cultures with different nationalities deserve to work in an atmosphere of mutual respect and esteem.
- 3. Generations:** The work environment needs to be organized so that different generations can work together successfully.
- 4. Gender:** Everyone should receive the same opportunities, regardless of gender.
- 5. Workplace culture:** An open and flexible workplace culture enables all employees to achieve the right work/life balance.

To actively promote diversity, an organizational structure was established for managing diversity in fiscal year 2017/18 and was retained in fiscal year 2018/19. Corporate Human Resources is taking the lead; it has the support of multiple committees and reports to the Executive Board. In the 2018/19 reporting year, the focus was on onboarding and, in particular, on continuing to improve the integration of international employees in Germany, as well as promoting global networking and knowledge-sharing among employees worldwide. A working group that oversees the implementation of these projects meets at regular intervals. Its members are representatives from different business units

and regions. Executives and management are obliged to model integrity through their own behavior, inform employees about the rules, monitor compliance with these rules and rectify any violations. Local human resources departments assist CHR with clarifying and resolving any violations.

Objectives and Results

The primary diversity objectives are to better integrate international employees at the German locations and to promote differences in the following five dimensions: professional background, generations, gender, internationality and workplace culture. In order to create a corporate culture that promotes, recognizes and values diversity, information was published on the intranet and made available globally in 2017.

During the Diversity Days 2019, numerous activities were rolled out in many countries to raise awareness for diversity at ZEISS (see page 43). In addition, in fiscal year 2018/19 ZEISS started, continued or expanded the following initiatives in Germany:

- » Cooperation network for international employees and their families
- » Women's Business Lunch as the first networking opportunity for women in leadership positions in Oberkochen; now also available in Jena and Berlin
- » Mentoring program for women at Aalen University, Ernst Abbe

University in Jena, and the University of Jena, to promote equal opportunities

- » A cooperation network for childcare and care for relatives to enable a better work/life balance
- » A network for new employees that transcends divisional and departmental boundaries and promotes knowledge-sharing, and helps them settle into life at ZEISS

Employees were enthusiastic about taking part in the events and were interested in promoting diversity. This underscores how relevant the topic is for the corporate culture and that the initiatives are having a positive impact.

In fiscal year 2018/19, Carl Zeiss AG was named a “family-friendly company” for the second time due to its exceptionally family-conscious, systematic HR policy. This accolade was bestowed by the Baden-Württemberg State Council for Family Affairs and by the employers involved in the familyNET project.

Global age structure of the ZEISS Group in fiscal year 2018/19

Age distribution	Male	Female	Total
Under 30	3,827	2,286	6,113
30 to 49	11,803	5,978	17,781
50 and older	5,002	2,364	7,366
Total	20,632	10,628	31,260

Diversity Equals Success

At ZEISS, diversity means being open to and promoting differences. During the Diversity Days, which ran from 21 to 28 May 2019, 36 activities were rolled out in 13 countries across the world to raise awareness for diversity at ZEISS. The talk “Gender in the working world 4.0” with specialist Dr. Simone Burel was broadcast on 21 May – World Diversity Day – at other ZEISS sites around the world. More than 260 employees took part. In Germany, Diversity Day was held on 28 May and was dedicated to autism. Local companies, employers and representatives from a range of autism initiatives joined forces with scientists and autistic people to discuss the opportunities, potentials and challenges associated with integrating autistic people into today’s world of work. Employees around the world sent in their photos from events related to Diversity Day – their video statements, images and text messages were posted on a platform for all employees to see.

Occupational Health and Safety

For ZEISS, guaranteeing a healthy work environment and a safe workplace is a fundamental obligation toward its employees. This also applies to employees from non-ZEISS companies acting on behalf of ZEISS. ZEISS promotes its employees' health and performance through comprehensive safety measures and occupational health examinations. In doing so, the company reduces compliance risks and ensures productivity.

Guidelines, Structures and Processes

Safety in the workplace and protecting the health of all employees are principles enshrined in both the Foundation Statute and the ZEISS Code of Conduct. The Chief Financial Officer, a member of the Executive Board, is responsible for occupational health and safety. In all ZEISS business units, the respective heads are responsible for occupational health and safety and, as such, for the development, implementation, auditing and continuous improvement of health and safety performance, as well as for implementing Group-wide policies. The responsibilities of all ZEISS employees and managers with regard to occupational health and safety are outlined in a Corporate Standard Operating Procedure.

A Global Coordinator for Occupational Health and Safety (OHS) has been appointed. All ZEISS Group entities are obligated to appoint an OHS Officer in writing. The duties of the OHS Officer can differ as a result of local legislation, but always include advising management and assessing workplace risks. Furthermore, all ZEISS employees are called on to actively promote occupational safety and report risks to their supervisors or the respective OHS Officer. The company units organize their own training programs on occupational health and safety, which are the responsibility of the respective managers.

To ensure regular communication, the Chief Financial Officer, the Head of Corporate Auditing, Risk and Quality Management, and the Global Coordinator for OHS meet three times a year. The Chief Financial Officer is informed about the frequency and severity of workplace accidents at ZEISS. A globally consistent KPI has been introduced for this purpose. The management's duties are set out in an internal guideline. This is mandatory for all ZEISS entities and states that the management must provide evidence each year that:

- » All relevant laws and stipulations related to occupational health and safety have been complied with, fulfilled and monitored. (This documentation is provided at the annual management review).
- » All employees have taken part in general training on occupational health and safety.

In Germany, the Head of Occupational Health and Safety takes on an advisory role for all locations pursuant to Germany's Act on Occupational Physicians, Safety Engineers and Other Occupational Safety Specialists (Arbeitssicherheitsgesetz). To this end, a set of rules has been compiled to regulate fundamental processes and procedures. All companies in Germany are obligated to implement them. These rules were integrated into the ZEISS Management System in fiscal year 2018/19. Occupational health and safety management at ZEISS sites in Germany encompasses all sites, and covers the non-ZEISS employees commissioned by these facilities. Their contractors must consent to ZEISS' directive on external companies prior to accepting the commission.

Moreover, Occupational Health and Safety Committees (OSC) subject to statutory control have been formed at German sites. They convene each quarter to consult on occupational health and safety issues, and accident prevention. Company management is responsible for organizing the OSC. This task falls to the Member of the Executive or Management Board responsible for occupational safety, or the appointed Site Manager for Occupational Health and Safety. The committees also include members of the Works Council, a company physician, an occupational health and safety expert, safety officers and, if applicable, a representative for handicapped employees. Since this includes at least one representative from company management, the committees can also make decisions.

A total of five business units at three German and four international ZEISS sites – including two in Hungary and two in China – are certified to the international OHSAS 18001 standard for occupational health and safety management systems. An Occupational Health and Safety Management System based on the requirements stipulated in OHSAS 18001 has been implemented at all other ZEISS sites in Germany. Due to the publication of the international ISO standard for Occupational Health and Safety Management Systems (ISO 45001), the fundamental occupational health and safety management system in Germany was adjusted in line with this approach and fully integrated into the ZEISS Management System. Another business unit is set to be certified to the ISO 45001 standard in fiscal year 2019/20.

Every month, 57 units with over 24,400 employees supply statistics on the frequency and severity of workplace accidents. The

OHS coordinator reviews the statistics together with the head of the particular business unit and the employee who submitted the figures. Monitoring plausibility improves the reporting quality and more firmly anchors the topic of occupational health and safety within the company. The frequency and severity of workplace accidents among employees who primarily work in administration and sales outside of Germany are currently not included in the data because of their lower estimated risk potential. ZEISS promotes occupational health management primarily in Germany, but there are also individual initiatives at international sites. Insofar as health management contributes to a modern workplace and good working conditions, it is also an important factor when recruiting young talents.

Objectives and Results

The main objective of the ZEISS Group is to reduce the frequency and severity of workplace accidents. The Executive Board set the goal of achieving a Lost Time Injury Frequency Rate (LTIFR) of less than 2.25 for all the ZEISS Group's production units by the end of 2023. In fiscal year 2018/19, the LTIFR was 3.82* (2017/18: 3.96), and there were no fatal workplace accidents. Most of the accidents that occurred within the ZEISS Group in Germany were caused by personal conduct such as not following work instructions or not paying attention. ZEISS responds to this challenge primarily by organizing training for managers and by running information campaigns for its employees.

The Occupational Health and Safety goals for the ZEISS Group were supplemented in fiscal year 2018/19. The aim is to further standardize internal processes and ensure their consistency. In order to achieve this goal, in fiscal year 2018/19 ZEISS began implementing a holistic software solution for the Occupational Health and Safety Management System. ZEISS is using a standardized solution to do this. This will simplify the reporting and monitoring of workplace accidents, near-accidents and critical situations, as well as the planning and documentation of instruction, the creation of hazard assessments and the documentation and full transparency of measures derived from occupational health and safety and fire safety inspections. The launch of the new software solution presents a key challenge: ensuring widespread acceptance among its future users. In order to ensure its smooth implementation, pilot projects were run at selected sites and employees received thorough training in the software. In the reporting year, ZEISS began rolling this out at a total of nine sites in Germany. A total of 184 managers and 52 officers have already received health and safety training.

Key Figures

- » **Lost Time Injury (LTI):** A severe workplace injury that must be treated by a physician who is neither employed nor under contract with ZEISS, and which causes the person affected to be unable to work on the following day (absence due to injury ≥ 1 calendar day).
- » **Lost Time Injury Frequency Rate (LTIFR):** The number of workplace accidents per one million target working hours in a fiscal year (this corresponds to 500 full-time employees) within a defined fiscal year (frequency). Commuting accidents are not included.
- » **Severity Rate (SVR):** The average severity of all accidents that occurred in a certain time period.
- » **Lost Calendar Day Rate (LCDR):** The number of lost calendar days (LCD) per one million target hours worked (this corresponds to 500 full-time employees) within a defined period of time.
- » **Working hours:** The number of target working hours.

* In fiscal year 2018/19, more sites were involved in data collection than in fiscal year 2017/18.

Performance indicators for FY 2018/19

	LTI	LTIFR	SVR	LCDR	Target hours
Germany	93	3.58	26.70	95.65	25,960,329
EMEA (without Germany)	31	6.71	28.32	190.13	4,617,995
Americas	52	4.03	19.90	80.20	12,905,435
APAC	11	2.01	6.32	12.68	5,479,619
Total	187	3.82	23.88	91.20	48,963,378

Environment

Effective environmental and climate protection and the responsible use of resources are core ZEISS Group objectives. By adhering to the highest standards, ZEISS believes it offers potential to both increase the company's competitiveness and ensure innovation and cost optimization.

As a responsible company, ZEISS acts in line with the precautionary principle: This means preventing environmental impact wherever possible. A key lever for environmental protection and resource conservation is the efficient use of materials and energy – from product development and manufacturing to sales and a product's use by the consumer. Since every reduction in energy consumption also decreases CO₂ emissions, ZEISS also helps protect the climate.

Efficient Use of Natural Resources

Raw materials, semi-finished goods and preliminary products, as well as energy and water, are all used to manufacture the company's various products. This generates emissions, effluents and waste that cannot subsequently be reused in the manufacturing process. The use of natural resources is accompanied by certain risks, including a scarcity of the necessary natural resources or a negative impact on the environment resulting from the mining, processing and disposing of materials. In addition, rising energy, material, or waste disposal prices can adversely affect the company's competitiveness. ZEISS thus optimizes its business processes in line with environmental and economic aspects and organizes them so that ever fewer resources are required.

Environmental aspects were also taken into account in product development in order to make many end-of-pipe activities unnecessary (see page 31 ff.).

Guidelines, Structures and Processes

To ensure that the company continues to improve its environmental performance, ZEISS first drew up global environmental principles back in 1998. To implement them, the company utilizes an Environmental Management System in accordance with the international ISO 14001:2015 standard. The environmental performance requirements are laid out in an internal directive on environmental protection that all ZEISS units worldwide must adhere to and implement. Potential and actual effects of different environmental aspects – including waste, soil and groundwater protection, and air quality maintenance – are evaluated using an analysis grid. Depending on the result, measures to minimize the environmental impact may be defined.

The Chief Financial Officer of Carl Zeiss AG holds overall responsibility for the implementation of the ZEISS Group's environmental management system. A Corporate Environment Officer has also been appointed, who works with the people responsible for the sites to help business units identify and implement suitable measures. At the end of the reporting period on 30 September 2019, 31 business units at 15 of the ZEISS Group's production facilities had been certified by external auditors in accordance with ISO 14001:2015 (fiscal year 2017/18: 32 business units and 16 production facilities).

An employee suggestion program has been established at eight ZEISS sites in countries like China, the US and Germany. The employees' submissions are assessed based on their feasibility, impact and efficiency. For ZEISS, relevant ideas include suggestions for conserving energy, improving energy efficiency, reducing materials usage, finding substitutes for hazardous chemicals and stepping up efficiency in its production processes. Ideas from employees which meet ZEISS' stipulated criteria receive a small financial award. They are frequently honored and often receive recognition on a local level. One example from the Consumer Products strategic business unit in the reporting period is how the production process switched from using operating equipment for machining to 3D printing. This meant roughly 12,000 kWh in electrical power and 6.6 tons of CO₂ were saved in the first year.

For many years, the Environmental Protection working group for the ZEISS Group has been successfully ensuring information and best practice sharing between the sites in Germany. The working group meets at least once per year. 27 meetings have been held

since it was established. Officers for the integrated management system, environmental officers, environmental coordinators, representatives from the waste management, wastewater technology and utilities management divisions, hazardous materials officers and specialists for environment, health and safety (EHS) all take part in them. Moreover, in fiscal year 2018/19 a cross-divisional team of specialists in sustainable product and process development was established. It first met in November 2018. The goal is to come up with approaches for better integrating sustainability aspects such as energy and resource efficiency into development processes.

Green, Safe & Responsible Initiative

In fiscal year 2017/18, the Vision Care strategic business unit started the Green, Safe & Responsible Initiative with the goal of further improving its own performance in the following areas: The environment, occupational health and safety, and social engagement. Working groups were formed as part of the initiative. They consisted of environment managers, occupational health and safety managers and energy managers from each production site, who would share their experiences and knowledge on a weekly basis. In fiscal year 2018/19, the initiative led to more than 240 activities being run at either the local sites or by global departments.

Water and Effluents

Water comes primarily from the public drinking water supply and is used for manufacturing and cleaning processes, for cooling or as sanitary water. Effluents resulting from production processes are treated in the company’s own internal treatment plants and then subsequently drained into the municipal sewer system. The quality standards are defined by local laws on water and effluents. Regular internal inspections ensure strict compliance with these standards. Appropriate measures are implemented in the event of discrepancies.

Materials

When selecting and using raw materials, technologies and production processes, ZEISS considers their environmental compatibility. As an optics and optoelectronics company, the ZEISS Group primarily uses materials and production processes that have a minimal environmental impact and are easy to monitor. Wherever possible, potentially hazardous materials are replaced with less problematic substances. Moreover, recyclability is a key factor when selecting a material in order to close material cycles and take into account the idea of resource efficiency in its operations. Waste that can neither be prevented nor recycled is disposed of properly. ZEISS selects the most environmentally friendly disposal method that is also economically viable. In order to advance new approaches to resource efficiency, ZEISS offered four years of support to the Industrial Resource Efficiency think tank at the Karlsruhe Institute of Technology (KIT) beginning in July 2017.

Waste

The ZEISS Group operates a waste management system whereby waste is generally avoided, minimized, or recycled. This is taken into consideration during production and process planning. All management staff are requested to work towards these goals. If it is not possible to avoid or recycle waste, the company aims to use it to produce energy. Only if this is not possible will waste be disposed of.

Objectives and Results

In 2018, specific reduction targets for water consumption and waste accumulation were set together with the Executive Board of the ZEISS Group to be achieved by fiscal year 2019/20: a 40 percent reduction in water consumption and a 30 percent reduction in waste accumulation relative to the company’s own value added. The reference year for all targets is fiscal year 2009/10.

In recent years, ZEISS has successfully reduced its water consumption relative to the company’s value added (as sum of EBITDA and personnel expenses). This is the result of consistently reusing water in rinsing processes and the internal circulation of water in production, cleaning and cooling systems.

At the ZEISS mass-manufacturing site in China, the use of water piping systems reduced the waste water volume by around 100,000 m³ compared to fiscal year 2017/18.

As systematic waste prevention is a top priority at ZEISS – not least for financial reasons – and relevant action has been taken, it has been possible to reduce the volume of waste in the last ten years.

In fiscal year 2018/19, the relative and absolute volume of waste increased, which was due in part to ongoing construction projects. By optimizing the pucks for lens production, it was possible to avoid more than 50 tons of plastic waste in fiscal year 2018/19. Wherever possible, operating materials are recycled, while ensuring resource efficiency in production processes. One example is the recovery of 30 tons of coolant per year, which is used in lens surfacing.

Objectives	Target by FY 2019/20*	Reduction achieved in FY 2018/19*
Reduction in (relative) water consumption	40%	45%
Reduction in (relative) waste volume	30%	34%

* Relative change over reference year 2009/10

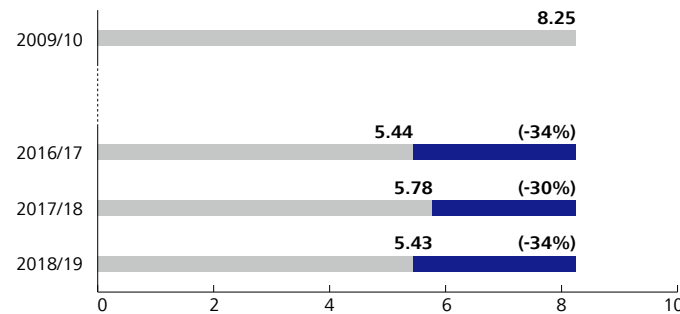
All of the business units certified in accordance with ISO 14001 have set their own goals for improving their environmental performance as part of their area-specific environmental programs. These goals are developed based on the respective business unit’s specific circumstances (such as products and processes). The achievement of these goals is subject to an annual review within the units.

Key Figures

The performance indicators for water and waste are recorded and consolidated globally at ZEISS. They include all of the ZEISS Group's major production sites (61 sites varying in size and activities).

The following charts show the respective values from the past fiscal years in relation to value added* and the percentage change since fiscal year 2009/10.

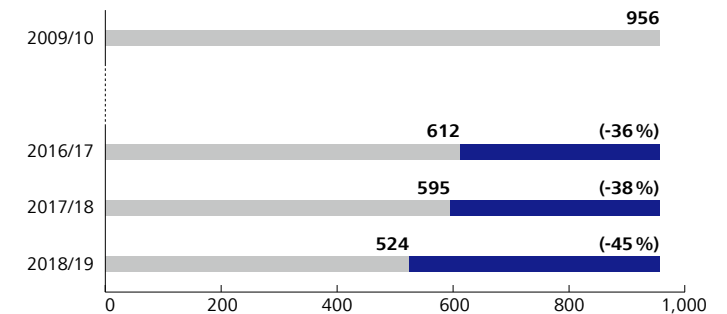
Waste volume



■ Waste [in t] / € m value added
 ■ Relative change as compared to reference year 2009/10 in %

Fiscal year (FY)	2018/19	2017/18	2016/17	2009/10
Waste volume [in t]	19,684	17,327	15,340	12,975
» Hazardous	3,757	3,092		
» Non-hazardous	15,926	14,234		
Value added for ZEISS overall [€ m]	3,623	2,998	2,822	1,572
Waste volume [in t] / € m value added	5.43	5.78	5.44	8.25
Relative change over reference year 2009/10 in %	-34	-30	-34	0

Water consumption



■ Water consumption [in m³] / € m value added
 ■ Relative change as compared to reference year 2009/10 in %

Fiscal year (FY)	2018/19	2017/18	2016/17	2009/10
Water consumption [in 1,000 m³]	1,901	1,783	1,727	1,503
Value added for ZEISS overall [€ m]	3,623	2,998	2,822	1,572
Water consumption [in m³] / € m value added	525	595	612	956
Relative change over reference year 2009/10 in %	-45	-38	-36	0

* At ZEISS, value added is defined as the sum of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and personnel expenses.

34 percent reduction in (relative) waste volume in fiscal year 2018/19 as compared to 2009/10

45 percent reduction in (relative) water consumption in fiscal year 2018/19 as compared to 2009/10

Climate Protection at ZEISS

One of the most pressing tasks facing the world today is to combat climate change and its impact. ZEISS adheres to the global goal stipulated in the Paris Agreement of limiting global warming to below 2 degrees Celsius and has taken its own measures in order to achieve this. In the reporting period, the status quo was analyzed in order to identify the key influencing factors for reducing CO₂ emissions.

As part of risk management, the company regularly assesses the potential effects and opportunities associated with climate change. More specifically, this includes the possible impact of emissions trading, plans to introduce a CO₂ tax and other regulatory developments. The company also monitors potential physical phenomena, such as extreme weather, which could affect both its own sites and those of its suppliers.

Improved Energy Efficiency in Surface Finishing

At its Oberkochen site, ZEISS uses a process for producing metallic layers on components (electroplating). The annual energy consumption for this process is about 1,000 MWh, which corresponds to the annual consumption of approximately 250 households. To reduce the negative effects of the electroplating plant, a project team set itself the goal of boosting energy efficiency in this process by 25 percent as compared to the reference year 2014/15. They achieved this goal in fiscal year 2018/19 through job pooling and setup time optimization.

In fiscal year 2018/19, ZEISS once again participated in the CDP (previously: Carbon Disclosure Project) climate reporting. As a consequence, the process for capturing energy and emissions data was further improved. For its reporting in fiscal year 2018/19, which includes a financial assessment of the risks and opportunities, ZEISS was given a “B” on the CDP’s scale of A to D (2017/18: “B”). ZEISS aims to maintain this high level in the future. The results are publicly available at www.cdp.net.

Guidelines, Structures and Processes

ZEISS Energy Management is tasked with keeping energy-related KPIs stable or improving them, even if production quantities increase. All of the ZEISS Group’s sites within the European Union have been certified as per ISO 50001, the internationally valid standard for energy management. Each of these units has

ZEISS Launches Earth Observation Satellite with High-performance Optical Gratings

On 13 October 2017, the new Sentinel-5P earth observation satellite of the European Space Agency (ESA) was launched into space. It is one of the six satellites in the Copernicus program. The data of the new observation satellite will be used primarily for environmental protection and air quality monitoring. The 820-kilogram satellite is equipped with the state-of-the-art measuring instrument Tropomi. Produced in the Netherlands by Airbus Defence, Space Netherlands and TNO, the instrument contains spectrometers, two of which have been equipped with ZEISS optics.

appointed an Energy Manager who is responsible for continuously improving energy-related performance.

The focus here is on all of the company’s (production) processes, machines, systems and equipment along with its buildings and infrastructure.

Objectives and results

The Executive Board resolved that ZEISS’ energy consumption will be carbon-neutral by 2022. In the future, this will be done by purchasing verifiably green energy and by offsetting emissions that cannot be prevented. Moreover, travel regulations were revised in favor of climate-friendly means of transportation and to offset flights taken as of fiscal year 2019/20. The reduction targets agreed in March 2018 with the Executive Board of the ZEISS Group – a 50 percent reduction in CO₂ emissions and a 50 percent reduction in energy consumption relative to the company’s own value added (as sum of EBITDA and personnel expenses) by fiscal year 2019/20 – shall remain valid. The reference year for all targets is fiscal year 2009/10.

Since 2018, the ZEISS production facility in Brazil has been using energy from renewable sources to produce lenses. A total of approximately 10,600 MWh of renewable energies were used. This equated to the annual energy consumption of around 3,400 families in Europe. Heat exchangers have been installed at various sites in order to make it possible to reuse the exhaust heat from production, e.g. for heating processes. Moreover, a 3D printing process for producing operating equipment was launched at one site and has achieved considerable energy savings compared to the lathing process formerly in place.

The company does its part to protect the climate through its own products, like the ZEISS Axio Vert.A1. This inverse routine microscope is equipped with an energy-saving Eco mode. This means the microscope automatically powers down if it's not used for more than 15 minutes. Despite an increasing number of employees and growing revenues, ZEISS has been able to keep energy consumption and CO₂ emissions more or less constant and even significantly reduce them at certain facilities.

Objectives	Target by FY 2019/20*	Reduction achieved in FY 2018/19*
Reduction of (relative) CO₂ emissions (Scope 1 and 2)	50%	52%
Reduction in (relative) energy consumption	50%	52%

* Relative change over reference year 2009/10

Key Figures

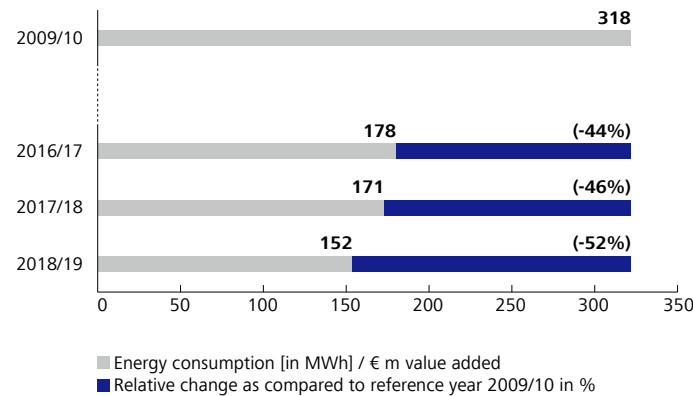
The performance indicators for energy and CO₂ emissions are recorded and consolidated globally at ZEISS. They include all of the ZEISS Group's major production sites (61 sites varying in size and activities). The CO₂ emissions are recorded as per ISO 14064-1, which takes the Greenhouse Gas Protocol into account.

The following charts show the respective values from the past fiscal years in relation to value added* and the percentage change since fiscal year 2009/10.

* At ZEISS, value added is defined as the sum of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and personnel expenses.

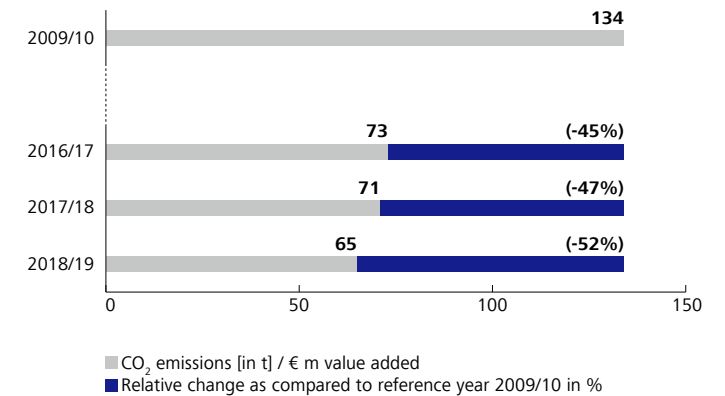
** Starting in fiscal year 2017/18, separate statements are published for Scope 1 and Scope 2 emissions. The emissions were calculated with current emissions factors as per the VDA list (updated Jan. 2018).

Energy consumption



Fiscal year (FY)	2018/19	2017/18	2016/17	2009/10
Energy consumption [in GWh]	549	514	504	500
» Electricity	366	332		
» Gas	153	150		
» Heating oil	2	1		
» District heating	29	32		
Value added for ZEISS overall [€ m]	3,623	2,998	2,822	1,572
Energy consumption [in MWh] / € m value added	152	171	178	318
Relative change over reference year 2009/10 in %	-52	-46	-44	0

CO₂ emissions (Scope 1 and 2)*



Fiscal year (FY)	2018/19	2017/18	2016/17	2009/10
CO ₂ emissions [in t]	234,791	213,308	206,466	210,223
» Scope 1	31,386	30,524		
» Scope 2	203,405	182,784		
Value added for ZEISS overall [€ m]	3,623	2,998	2,822	1,572
CO ₂ emissions [in t] / € m value added	65	71	73	134
Relative change over reference year 2009/10 in %	-52	-47	-45	0

52 percent reduction in (relative) energy consumption in fiscal year 2018/19 as compared to 2009/10

52 percent reduction in (relative) CO₂ emissions in fiscal year 2018/19 as compared to 2009/10

Environmental Compliance

At ZEISS, strict compliance with all relevant laws worldwide, as well as national and international standards and guidelines, is the foundation of daily business success. This compliance is essential in order to comply with the declared quality promise and is thus a key obligation vis-à-vis all stakeholders.

Guidelines, Structures and Processes

Environmental Officers for the various sites are responsible for ensuring compliance with laws, stipulations for government approval and other rules related to the environment. They make sure that the particular regulations and guidelines are stored in the management system. If action is required, the Environmental Officers must make the necessary arrangements, such as issuing procedural and work instructions for their specific site.

Regular internal and external audits and compliance checks are carried out to determine if all legal requirements are being met. If the audit reveals that there is room for improvement, ZEISS will respond to this by defining concrete measures. It is often a challenge to ensure the timely implementation of these measures, one which the company faces by defining clear responsibilities and deadlines. The implementation of all other actions is checked through regular sequential audits. The results also feature in the annual management review. ZEISS also expects business partners who, as suppliers or service providers, have a direct business relationship with the company and its production facilities to fully comply with environmental laws and regulations as well as internal guidelines. The company monitors whether such contractual agreements are being put into practice by conducting on-site audits, both planned and as a result of specific incidents.

Chemical Management

Through effective chemical management, ZEISS ensures that hazardous substances and materials are handled safely throughout the entire process chain and, in doing so, protects employees and the environment. The respective system operators are responsible for handling chemicals safely. These employees are supported by the sites' occupational safety specialists and Environmental Protection Officers. A substance database and a list of hazardous materials form the basis of the Group-wide information system for hazardous substances used at the company. This is also how ZEISS ensures that only those chemicals are used that are registered for the EU in accordance with REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) and are authorized for use. In addition, considerable care is taken to only use substances that have not been identified as Substances of Very High Concern whenever possible.

Material safety data sheets provide users with information on how to safely handle chemical products, thereby helping to ensure that chemicals are employed in a manner that is both safe and environmentally sound. ZEISS obligates its suppliers to make the most up-to-date material safety data sheets available. Before introducing new hazardous substances, ZEISS takes care to ensure that suppliers observe the list of prohibited and declarable substances included in a factory standard and requests the corresponding certificates of conformity.

Substance Restrictions

To implement the EU directive on the Restriction of Hazardous Substances (RoHS), ZEISS introduced the legal regulations in

2005 with the help of a software application to monitor the relevant chemicals. This is now in use by all strategic divisions at the company. Suppliers must confirm that the supplied materials, substances and mixtures are compliant with the applicable directives, laws and regulations. The suppliers are asked to submit certificates of conformity for verification. These are a requirement for product approvals as part of the CE conformity assessment process. With the CE marking, the manufacturer or distributor declares that the product meets the applicable requirements. Conformity requires that certificates of conformity be available for all items in the parts list for a product. In case of doubt, ZEISS conducts its own chemical analysis of the supplied parts.

Disposal

Modern technologies consist of complex mixtures of materials and components. When not disposed of properly, these can cause major environmental and health issues. In accordance with the European Union's Waste Electrical and Electronic Equipment (WEEE) Directive, which governs the collection, recycling and recovery of electric and electronic devices, ZEISS has entered into an EU-wide agreement with a disposal contractor to ensure legally compliant disposal. The company is registered as a commercial distributor of electrical and electronic devices in all EU countries.

Targets

For the company, the legally compliant operation of its facilities is a primary goal. This is associated with the objectives of preventive emergency management as well as preventive maintenance, which saves retrofitting costs.

Social Engagement

As per its responsibility as a foundation company, ZEISS promotes scientific and technological progress in its four segments and advocates for better living conditions worldwide through its business activities.

More than 125 years ago, the Carl Zeiss Foundation Statute set a clear course: In addition to business growth and accepting responsibility for the company's employees, it stipulates high standards for social engagement and the continued promotion of science and education as a corporate responsibility. ZEISS has thus made it one of its company goals to use its core business to improve the lives of people everywhere.

Tasked with this duty, ZEISS assumes an active role in society and makes an important contribution to sustainable development at its sites. ZEISS works together with cooperation partners and also makes financial and in-kind donations to scientific, cultural, social and environmental causes. As a global technology leader, ZEISS stands for innovation and the spirit of research at its sites and, as such, creates a climate that gives its customers and partners the ability to perform at their peak to improve the lives of countless people.

Thanks to the company's positive growth, the number of jobs around the world continues to grow. When organizational changes are required, they are carried out in a manner that is as socially responsible as possible in accordance with regional standards and spread out over a longer period of time.



Guidelines, Structures and Processes

When it comes to the structures and processes of social engagement, there are three clearly distinct organizational levels as well as different areas of sponsorship.

As the sole stockholder of Carl Zeiss AG and SCHOTT AG, the Carl Zeiss Foundation carries out non-profit activities. These are defined by the Foundation Statute and financed by the dividend payments from the companies ZEISS and SCHOTT. Particular attention is paid to providing sustainable, balanced support.

The ZEISS Group provides sponsorship as per a defined process. The guidelines are laid out in an internal policy that applies to the entire company. The Carl Zeiss Promotion Fund is one way of supporting education, science and societal advancement. ZEISS has been using it since 2011 to promote newcomers in the natural sciences, from preschool children right up to PhD students, as well as fund social and cultural projects.

Fund managers oversee the funding budget and the applications for sponsorship. Together with the relevant colleagues from the different corporate divisions, they decide which funding applications to accept in accordance with set criteria and the budget, and consult with the Executive Board as needed. The areas of focus for donations are critically examined about every two years and changed if necessary.

There are also initiatives that have been launched at individual sites or in other areas, or as a result of employee civic engagement. These activities usually receive indirect support from ZEISS, and the company and managers show their sincere appreciation to the employees involved in the form of credited working hours and the opportunity to organize using the company's internal structures. In September 2018, ZEISS was honored by the German state of Baden-Württemberg's Ministry for the Interior as a "volunteer-friendly employer in the field of civil protection" (Ehrenamtsfreundlicher Arbeitgeber im Bevölkerungsschutz). In addition, the subsidiaries in Germany and abroad conduct their own activities, enabling them to pursue local interests.

Sponsorship Areas

Social engagement at the ZEISS Group aims to promote research and education, healthcare, conservation and society. In fiscal year 2018/19, the Carl Zeiss Promotion Fund invested more than 1.1 million euros to sponsor around 150 projects.

Scientific Research and Education

With the Education and Science Fund the company established in 2013, ZEISS fosters future generations of natural scientists, from today's preschool children to doctoral candidates and social and cultural projects. Here, the spotlight is on education initiatives for young people – primarily high school students who have not yet chosen a degree – and on encouraging them to develop their scientific skills and take part in projects and initiatives at universities and research institutes. The focus is on the natural sciences and engineering, particularly optics and photonics.

Volunteering for a Bright Future

The CSR team at the site in Poznań in Poland was the product of an employee-led initiative in 2013. The goal of the five-to seven-person team is to promote the health of its own employees as well as ramp up ZEISS' social engagement in the region. In the reporting year, numerous activities were organized, such as the Poland Business Run and the Big ZEISS Breakfast. For the latter, financial and in-kind donations were collected and put towards helping the homeless, animal shelters and other social facilities. A new addition is ZEISS' patronage, which sees it joining forces with three other companies to set up a new economics class at the Stanisław Staszic School of Economics in Poznań, with which ZEISS has a longstanding partnership. In 2018 the CSR team was honored in the category "Employee's Volunteering 2018" presented at the Poznań Volunteer Contest.

Healthcare

ZEISS is raising the bar in healthcare by offering solutions for ophthalmology and medical technology and is helping drive medical progress by supplying microscopy products. The aim is to help improve the lives of patients everywhere. Furthermore, the company makes financial and in-kind donations in the form of ZEISS products and solutions through a variety of different projects in order to give people around the globe access to high-quality medical care. One example of ZEISS’ long-term commitment to improving global health is the Back to Bush program it launched in 2007, which gives people living in disadvantaged areas, particularly the outback regions of Australia and Oceania, access to better surgical equipment. The Aloka Vision Program is pursuing a similar cause. Since 2015, ZEISS has been teaming up with non-governmental organizations, foundations and small local businesses to deliver basic eye care to remote parts of rural India. Thanks to these partnerships, as well as user-friendly digital platforms and an optimized supply chain, Aloka has made it possible to perform up to 8,000 eye exams a month and supply glasses or eye care as needed. It is essential not only to set up a basic infrastructure but also, and above all, to train the small business owners and educate the population. That’s because eyeglasses for the correction of defective vision are often seen as a luxury, or even as unnecessary.

Nature Conservation

For ZEISS, protecting plants and animal species is particularly important: Binoculars and spotting scopes from ZEISS allow people to get closer to nature, and they have an excellent reputation among nature lovers around the globe. In collaboration with professional associations, the company supports numerous

12,000 Square Meters for Innovative Ideas

For over ten years, ZEISS has been working with the Karlsruhe Institute of Technology (KIT) and continues to strengthen this collaboration in order for the duo to spur on the transfer of technology and foster an entrepreneurial mentality. December 2019 saw the opening of the new innovation center, the ZEISS Innovation Hub @ KIT. A total area of 12,000 square meters is now available and can be used in multiple ways. Whether it’s used for offices, conference rooms, labs or for production, the building offers plenty of space for developing innovative ideas – and it allows employees to develop market-ready products based on current research findings that will benefit both the economy and society as a whole. Moreover, the hub is set to offer further career opportunities for graduates – ideally on its own premises: Along with ZEISS and KIT, start-ups and carve-outs are also expected to use this location. A large part of the new building will house the company Nanoscribe, which specializes in high-precision 3D printing. This is the first company in which ZEISS has acquired a share since KIT’s first carve-out in 2007, which ZEISS has had a share in since 2008. ZEISS has invested some 30 million euros in covering the Innovation Hub’s construction and operating costs.

nature conservation activities, educational programs for children and adults, and research programs to protect endangered animal species. ZEISS also sponsors BirdLife International’s scientific work on the Red List of Birds. On this list, the partnership between

Fighting Tuberculosis with Microscopes

ZEISS is committed to fighting deadly infectious diseases by utilizing its know-how. Since tuberculosis microscopy improves diagnosis and thereby assists in the fight against this disease, the Research Microscopy Solutions strategic business unit supports the organization “Stop TB.” Launched in 2001, the initiative aims to make high-quality diagnostics, treatment and healthcare available to anyone at risk of contracting tuberculosis. In cooperation with the Foundation for Innovative New Diagnostics (FINN), ZEISS has developed a special microscope for this purpose: The ZEISS Primo Star iLED enables the reliable diagnosis of tuberculosis, even in areas without a power supply. Public healthcare institutions in countries named by the World Health Organization as most affected by this disease can purchase the microscope at a reduced price.

multiple bird conservation organizations with a total of 13 million members records all endangered bird species, including their conservation status. The figures are reported to the International Union for Conservation of Nature and Natural Resources (IUCN) and form the basis for impactful conservation efforts.

Regional Involvement

The stable growth of the company and the expansion of its international activities lead to investments in the development of its innovation, production and service structures. This creates new jobs and vocational training positions and also generates

contracts for local suppliers in fields other than high technology. The company's development and production services for customers in the individual regions in turn enable an increase in scientific, technological, social, medical and environmental services.

The Carl Zeiss Promotion Fund – which was founded in 2011 in honor of the 20th anniversary marking the reunification of the German ZEISS sites – supports regional projects in Germany. The sponsorship program covers the company's German sites in Aalen, Göttingen, Jena, Oberkochen and Wetzlar.

The Aloka Vision Program

Since 2018, the ZEISS Aloka Vision Program has been working with the Lions Club in southern India in a bid to provide underprivileged schoolchildren with eye exams and eye care.

As there is no compulsory eye exam for children at state schools, initiatives like this one are essential for giving them healthy and clear vision. While Aloka has successfully supplied eye care to adults living in remote, rural parts of India, new ideas are needed to extend this care to include underprivileged children. In 2019 alone, the Lions Club, ZEISS and Aloka helped more than 22,000 pupils at 32 schools through their initiative. On 10 August 2019, the Bangalore Lions Club and the Aloka team offered eye exams for more than 500 state school pupils. Glasses were subsequently ordered for a total of 80 children. The day was also intended as a training camp for the new Aloka volunteers, who began by learning how to perform efficient eye checks, exams and retina screenings using the ZEISS VISUSCOUT.

Animal Welfare Activities

ZEISS has joined forces with relevant associations to support a plethora of animal welfare activities around the world. For example, ZEISS is committed to saving snow leopards living in the Himalayas. The irbis lives in the mountain ranges of Central and South Asia and is the most endangered big cat in the world. Continuous deforestation and poaching have led to a dramatic decline in its population. India's Himalaya region is now home to fewer than 500 snow leopards living in the wild. In July 2019, a team led by Dr. Michael Kaschke, President and CEO of the ZEISS Group, visited the Himalayan region of Leh and donated spotting scopes and binoculars to the team responsible for nature conservation at the Kaalifa Camp, which is dedicated to tracking snow leopards so that tourists can observe these wonderful animals in their natural habitat and conflicts between animals and the local inhabitants can be avoided. These "spotters" earn their living by selling this equipment. Protecting wild animals goes hand in hand with improving the economic situation of the local population.

GRI Content Index

The report was made available to GRI for review by the GRI Materiality Disclosures Service. The GRI Services team has confirmed the correct placement of the materiality disclosures (102-40 to 102-49) in the report.



GRI standard	Page reference	Comments
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
Organizational Profile		
GRI 102-1: Name of the organization	Page 8	
GRI 102-2: Activities, brands, products, and services	Pages 7, 9, 10	
GRI 102-3: Location of headquarters	Page 8	
GRI 102-4: Location of operations	Page 8	
GRI 102-5: Ownership and legal form	Page 8	
GRI 102-6: Markets served	Pages 7–10, 31	
GRI 102-7: Scale of the organization	Pages 2, 7, 39; Annual Report 2018/19: p. 49	
GRI 102-8: Information on employees and other workers	Page 39	
GRI 102-9: Supply chain	Pages 12, 34	
GRI 102-10: Significant changes to the organization and its supply chain		No significant changes during the reporting year
GRI 102-11: Precautionary Principle or approach	Pages 28, 29, 32, 47; Annual Report 2018/19: p. 40	
GRI 102-12: External initiatives	Pages 15, 17, 23	
GRI 102-13: Membership of associations	Pages 17, 30	
Strategy		
GRI 102-14: Statement from senior decision-maker	Page 5	
GRI 102-15: Key impacts, risks, and opportunities	Pages 13–18, 19–22	
Ethics and Integrity		
GRI 102-16: Values, principles, standards, and norms of behavior	Pages 14, 28	

GRI Content Index

GRI standard	Page reference	Comments
Corporate Governance		
GRI 102-18: Governance structure	Pages 11, 39; Annual Report 2018/19: p. 20, 21, 23	
GRI 102-19: Delegating authority	Pages 16, 28, 30, 48	
Stakeholder Engagement		
GRI 102-40: List of stakeholder groups	Pages 6, 17	
GRI 102-41: Collective bargaining agreements	Page 39	
GRI 102-42: Identifying and selecting stakeholders	Pages 16, 18	
GRI 102-43: Approach to stakeholder engagement	Pages 16–18, 39	
GRI 102-44: Key topics and concerns raised	Pages 16–18	
Reporting Practice		
GRI 102-45: Entities included in the consolidated financial statement	Page 6; Annual Report 2018/19: p. 107–110	
GRI 102-46: Defining report content and topic boundaries	Pages 17–18	
GRI 102-47: List of material topics	Pages 19–22	
GRI 102-48: Restatements of information	Page 41	
GRI 102-49: Changes in reporting	Page 18	
GRI 102-50: Reporting period	Page 6	
GRI 102-51: Date of most recent report		January 2019
GRI 102-52: Reporting cycle	Page 6	
GRI 102-53: Contact for questions regarding the report	Page 66	
GRI 102-54: Claims of reporting in accordance with the GRI Standards	Page 6	
GRI 102-55: GRI content index	Pages 59–65	
GRI 102-56: External assurance		None

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Material issues

GRI standard	Page reference	Comments
GRI 201 Economic Performance 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 12, 14, 15, 55	
GRI 201-1: Direct economic value generated and distributed	Pages 2, 7, 56; Annual Report 2018/19: p. 48	
GRI 201-2: Financial implications and other risks and opportunities due to climate change	Page 51	
GRI 203 Indirect Economic Impacts 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 12, 13, 22, 24, 55–58	
GRI 203-1: Infrastructure investments and services supported	Pages 56–58	
GRI 205 Anti-Corruption 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 19, 27–29	
GRI 205-2: Communication and training about anti-corruption policies and procedures	Pages 28, 29	
GRI 205-3: Confirmed incidents of corruption and actions taken		ZEISS does not report on cases of corruption and actions taken as these disclosures are subject to confidentiality agreements.
GRI 206 Anti-Competitive Behavior 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 19, 27–29	
GRI 206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		ZEISS does not report on legal actions for anti-competitive behavior, anti-trust or monopoly practices as these disclosures are subject to confidentiality agreements.
GRI 302 Energy 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 21, 26, 33, 47–49, 51–53	
GRI 302-1: Energy consumption within the organization	Page 53	
GRI 302-3: Energy intensity	Page 53	

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GRI standard	Page reference	Comments
GRI 303 Water and Effluents 2018		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 21, 33, 47–50	
GRI 303-1: Interactions with water as a shared resource	Page 49	
GRI 303-2: Management of water discharge related impacts	Page 49	
GRI 303-5: Water consumption	Page 50	
GRI 305 Emissions 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 21, 26, 33, 47–49, 51–53	
GRI 305-1 Direct (Scope 1) GHG emissions	Page 53	
GRI 305-2: Energy indirect (Scope 2) GHG emissions	Page 53	
GRI 305-4: GHG emissions intensity	Page 53	
GRI 306 Effluents and Waste 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 21, 33, 47–50	
GRI 306-2: Waste by type and disposal method	Page 50	
GRI 307 Environmental Compliance 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 14, 21, 54	
GRI 307-1: Non-compliance with environmental laws and regulations		ZEISS did not become aware of any relevant incidents during the reporting period.
GRI 308: Supplier Environmental Assessment 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 19, 25, 34–36, 54	
GRI 308-1: New suppliers that were screened using environmental criteria	Page 35	
GRI 308-2: Negative environmental impacts in the supply chain and actions taken	Pages 35, 36	

GRI Content Index

GRI standard	Page reference	Comments
GRI 401 Employment 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 20, 38, 39	
GRI 401-1: New employee hires and employee turnover		Currently, ZEISS cannot report the turnover because these data are not available. The company has started collecting the relevant data. The turnover rate will be reported starting in FY 2019/20.
GRI 402 Labor/Management Relations 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 20, 38–39	
GRI 402-1: Minimum notice periods regarding operational changes	Page 39	
GRI 403 Occupational Health and Safety 2018		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 20, 44, 45	
GRI 403-1: Occupational health and safety management system	Pages 44, 45	
GRI 403-2: Hazard identification, risk assessment, and incident investigation	Pages 44, 45	
GRI 403-3: Occupational health services	Page 44	
GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	Page 44	
GRI 403-5: Worker training on occupational health and safety	Pages 44, 45	
GRI 403-6: Promotion of worker health	Pages 44, 45	
GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 54	
GRI 403-9: Work-related injuries	Pages 45, 46	Currently, ZEISS cannot report the number of work-related accidents for non-ZEISS employees because these data are not available. The company plans to start collecting the relevant data in FY 2019/20.
GRI 404 Training and Education 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 20, 38, 40, 41	
GRI 404-1: Average hours of training per year per employee	Page 41	

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GRI standard	Page reference	Comments
GRI 405 Diversity and Equal Opportunities 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 20, 38, 42, 43	
GRI 405-1: Diversity of governance bodies and employees	Pages 39, 43; Annual Report 2018/19: p. 6, 23	
GRI 406 Non-Discrimination 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 20, 38, 42	
GRI 406-1: Incidents of discrimination and corrective actions taken		ZEISS does not report on cases of discrimination and corrective actions taken as any disclosures on these matters are subject to confidentiality agreements.
GRI 407 Freedom of Association and Collective Bargaining 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 19, 20, 34, 37, 39	
GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pages 34–37, 39	
GRI 408 Child Labor 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 19, 34, 37	
GRI 408-1: Operations and suppliers at significant risk for incidents of child labor		During the reporting period, ZEISS did not become aware of any significant risks of child labor incidents at sites belonging to ZEISS or its suppliers.
GRI 409 Forced or Compulsory Labor 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 19, 34, 37	
GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor		During the reporting period, ZEISS did not become aware of any significant risks of forced or compulsory labor incidents at sites belonging to ZEISS or its suppliers.
GRI 413 Local Communities 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 22, 55–58	
GRI 413-2: Operations with significant actual and potential negative impacts on local communities	Pages 47, 54	

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GRI standard	Page reference	Comments
GRI 414 Supplier Social Assessment 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 19, 25, 34–37	
GRI 414-1: New suppliers that were screened using social criteria	Page 35	
GRI 414-2: Negative social impacts in the supply chain and actions taken	Pages 35–37	
GRI 415 Public Policy 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 19, 30	
GRI 415-1: Political contributions	Page 30	
GRI 416 Customer Health and Safety 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 19, 31–33	
GRI 416-1: Assessment of the health and safety impacts of product and service categories	Pages 32, 33	
GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services		Increased pollutant values in carrying straps for binoculars necessitated a product recall.
GRI 418 Customer Privacy 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 19, 28, 29, 30	
GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data		ZEISS did not become aware of any relevant incidents during the reporting period.
GRI 419 Socioeconomic Compliance 2016		
GRI 103 Management Approach 2016 (including 103-1, 103-2, 103-3)	Pages 19, 27–29	
GRI 419-1: Non-compliance with laws and regulations in the social and economic area	Annual Report 2018/19: p. 42, 43	

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Disclaimer

This report contains certain forward-looking statements concerning the development of the ZEISS Group. At the present time, ZEISS assumes that these forward-looking statements are realistic. However, such forward-looking statements are based both on assumptions and estimates that are subject to risks and uncertainties, which may lead to the actual results differing significantly from the expected results. ZEISS therefore assumes no liability for such a deviation. There are no plans to update the forward-looking statements for events that occur after the end of the reporting period.

Apparent addition discrepancies may arise throughout this Sustainability Report due to mathematical rounding.