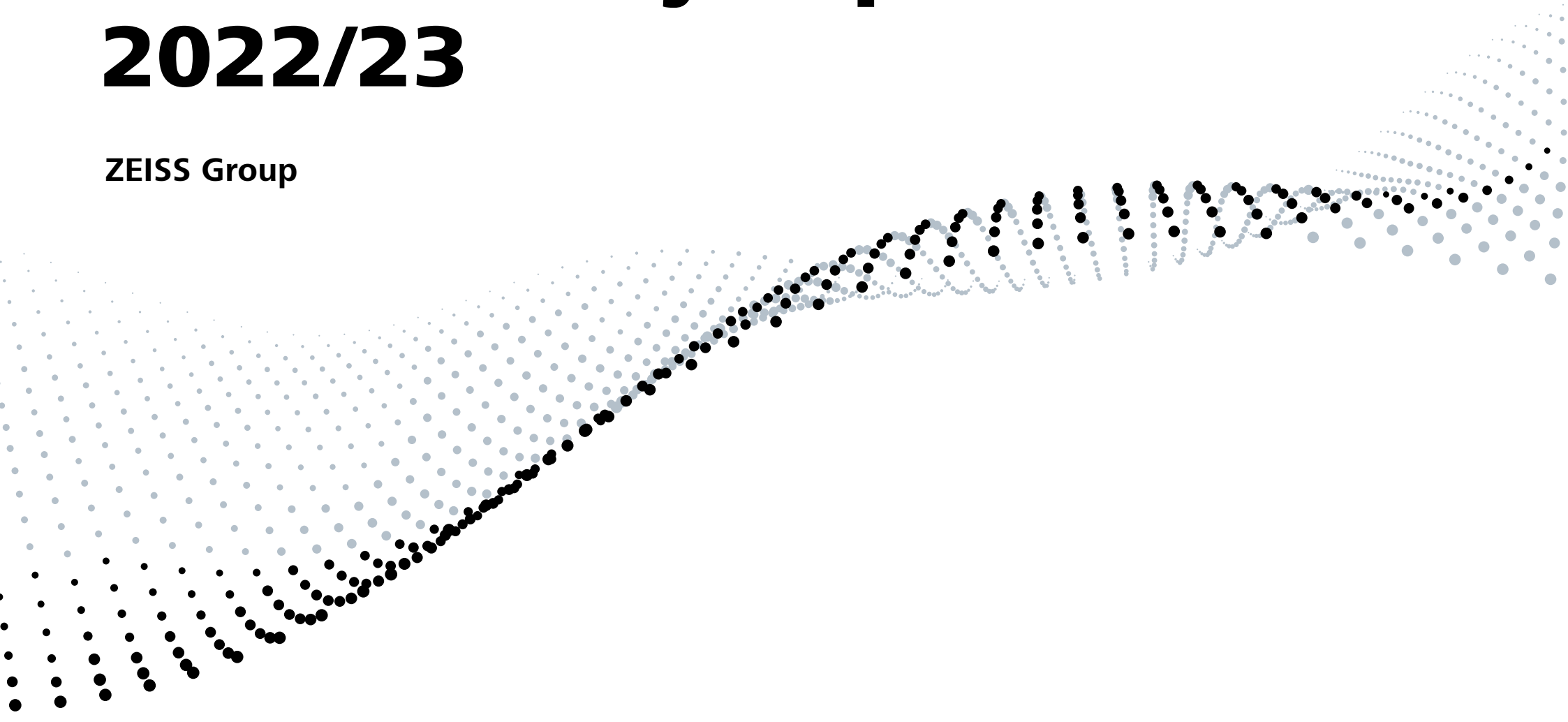




Seeing beyond

Sustainability Report 2022/23

ZEISS Group



KPIs from fiscal year 2022/23

(1 October 2022 until 30 September 2023)

343 product managers received training on green product design

2 million euros in funding Carl Zeiss AG and the Carl Zeiss Promotion Fund for around 171 projects at the sites in Germany

Over **360** people volunteered worldwide within the A Heart for Science initiative to promote education and science

Around
43,000 employees in about 50 countries

Revenue in fiscal year

2022/23 **10.1** billion euros

2021/22 **8.8** billion euros



Results

72%

reduction in carbon emissions
compared to the 2018/19 fiscal year

26%

reduction in energy use
relative to value added compared to the 2018/19 fiscal year

34%

reduction in water consumption
relative to value added compared to the 2018/19 fiscal year

35%

waste reduction
relative to value added compared to the fiscal year 2018/19

Contents

2	KPIs from fiscal year 2022/23				
3	Contents				
4	Foreword by the Executive Board				
5	Interview with Dr. Nicole Ziegler				
6	About the Report				
7	Company Profile and Business Model				
8	ZEISS at a Glance				
9	The Four Segments and Their Products				
11	Business Model				
12	Corporate Governance				
14	Strategy and Sustainability				
15	Focus Topics and Strategy				
16	Organizational Structure for Sustainability				
19	Results of the Materiality Analysis				
20	Sustainability at ZEISS – Progress of the Activity Fields				
25	How ZEISS Contributes to the Global Sustainable Development Goals				
		01		03	05
		30 Integrity and Compliance		47 Employees	71 Social Engagement
		31 Compliance		48 Success through Employees	72 Social and Societal Engagement
		33 Anti-Corruption		48 Employee Involvement	
		33 Political Influence		50 Attracting and Developing Employees	
		34 Data Privacy		52 Diversity and Equal Opportunities	
		35 Information Security		54 Work-Life Balance	
		36 Tax		55 Occupational Health and Safety	
		02		04	
		37 Products and Value Chain		58 Environment	
		38 Product Development		59 Efficient Use of Natural Resources	
		40 Product Safety		63 Climate Protection at ZEISS	
		41 Procurement and Supplier Management		67 Focus on Climate Risks	
		44 Focusing on Human Rights Due Diligence		69 Environmental Compliance	
		44 Implementation of the Requirements of the German Supply Chain Act			

Foreword by the Executive Board



Dr. Karl Lamprecht

Ladies and Gentlemen, dear Readers,

The ZEISS Group can once again look back on another very successful fiscal year. We continued to expand our business and provided our customers with comprehensive support through our products and solutions. Despite ongoing challenges such as the energy crisis, political tensions and high market volatility, ZEISS has continued its exceptionally dynamic growth. We would like to thank our business partners and customers for their excellent collaboration which has made us successful as a company. We would also especially like to thank our employees. We

would especially like to thank our employees whose number has risen by around 5,000. This growth demonstrates our attractiveness as an employer. We want to maintain and consolidate this position. To this end, we are creating a working environment in which our employees can contribute their strengths and develop themselves. Over the next five years, we will be investing around 3.5 billion euros in infrastructure worldwide. A significant portion alone of this is going towards infrastructure projects in Germany such as the continued expansion of the Oberkochen site and new sites in Aalen-Ebnat as well as the site of our foundation in Jena.

In the past fiscal year, we invested a total of 15% of our revenue in research and development – that's how we continue to drive innovation. Our solutions for semiconductor production are one example: we are enabling chip manufacturers all over the world to produce ever smaller, ever more powerful and energy-efficient microchips.

For us, the past fiscal year was also characterized by sustainable procurement because we want to contribute to promoting human rights and protecting the environment worldwide above and beyond our own activities. As a company operating internationally, we realize that we have a clear

responsibility here. The German Supply Chain Act lends greater weight to these issues – a development that we support. That's because we are absolutely convinced that our economic success can only be achieved in the long term through sustainable value creation. Our Group Policy Statement, which we adopted in September 2023, reflects this conviction. With the appointment of our Human Rights Officer during fiscal year 2022/23, we defined a contact person for all matters relating to human rights – and as such are embedding this topic strategically in our processes.

We are also focusing our climate action efforts on our supply chain: already well on the way to reducing Scope 1 and 2 emissions, we are now stepping up our efforts to tackle emissions along the entire value chain. To this end, we have launched a project to calculate significant Scope 3 categories. This will enable us to reduce emissions effectively and efficiently in the next step.

ZEISS has been successful for many years with innovative and market-defining products that secure the company's global market leadership in many areas. This success enables sustainable and profitable growth. ZEISS intends to continue its successful course in the future and continue to grow sustainably and profitably. The company is therefore embarking on a

comprehensive transformation to become a data- and process-driven company.

As a foundation-owned company, we have a special responsibility for our environment and society. To ensure a decisive and comprehensive response, we are increasingly embedding these topics in our individual business units. We want to ensure that sustainability is incorporated, enhanced and practiced in all areas and we are gradually adapting our internal structures with this in mind.

In this report, we explore our challenges, progress and our plans for the future with a view to sustainable development. I would like to thank all our employees whose daily motivation is to help us achieve our goals.

I wish you an informative read and look forward to your continued interest and participation in our transformation.

Yours,
Karl Lamprecht

Dr. Karl Lamprecht
President and CEO of Carl Zeiss AG

Interview with Dr. Nicole Ziegler, Head of Sustainability at Zeiss



Dr. Nicole Ziegler,
Head of Sustainability

"We are working consistently to further integrate sustainability into our processes."

In recent years, ZEISS has significantly expanded its sustainability activities, set Group-wide priorities and driven them forward with determination. Which sustainability issues will be highly relevant for the company in the years ahead?

When we look at issues such as climate change or global resource consumption, the need to act is set to become ever more urgent in the coming years. For us this means: We must take on even more responsibility, and we are ready and willing to do so. In the future, we will feel the effects of climate change more and more keenly along with growing market volatility. We therefore need to adapt our processes and products to the new conditions and think about sustainability within a global context. We view greater transparency as essential, whether it relates to the supply chain or our products. After all, only clear information and

data will allow us to achieve change. Our customers are also increasingly focusing on sustainable products and requesting information such as product carbon footprints or life cycle assessments. We want and have to meet their expectations. Regulatory challenges also play a role for us. We welcome the move towards greater transparency and obligations relating to sustainability, be these extended reporting obligations as part of the Corporate Sustainability Reporting Directive (CSRD) or the requirements of the German Supply Chain Act (LkSG). Our sustainability report, which we have been producing for many years, provides us with a foundation on which we can grow.

What steps is ZEISS taking to address these challenges?

We are aware that we must continue to evolve in order to master the challenges we are faced with. We are working consistently to further integrate sustainability into our processes from product development through to purchasing and logistics and are also aiming to reduce our indirect emissions. And, we have started to take a closer look at our emissions, i.e. the emissions that arise in the upstream and downstream value chain in order to achieve this. This will subsequently enable us to identify potential for reduction and implement effective measures. In addition, we want to be more transparent about sustainability-related issues both within the company and in dealings with our stakeholders. One of the current focal points is compliance with the LkSG in supply chain management: human rights-related issues and risks in the supply chain are being afforded greater prominence in reporting and in our conversations with stakeholders. We are also making thorough preparations

for the extended disclosure requirements under the CSRD and EU taxonomy. This applies in particular to our listed subsidiary Carl Zeiss Meditec AG. We view this development as an opportunity because increased transparency over processes can flag up potential for improvement and lead to more effective management. Investments in climate-friendly technologies and innovations are growing in importance for us on this context. In order to take a rigorous approach to these issues, it is crucial for us to intensify the collaboration between individual units and functions within the company because this cross-cutting disclosure obligation requires such close cooperation. We also want to take advantage of the opportunities offered by digitalization in sustainability management.

How will ZEISS deal with the numerous sustainability issues in the future?

We view sustainability as an integral part of our business activities. This belief is reflected in the fact that we are currently anchoring our sustainability program even more firmly in our line organization. By doing so, we are also successively integrating topics that were previously managed centrally into the individual business units. We have created new structures in order to operationally consolidate and drive forward the large number of sustainability issues in the business units: both the individual business units and the country and regional managers are gradually setting up their own sustainability teams. They are in close contact with each other and with the Corporate Sustainability department. In this way, we ensure that sustainability is always factored into what we do and advanced in all areas.

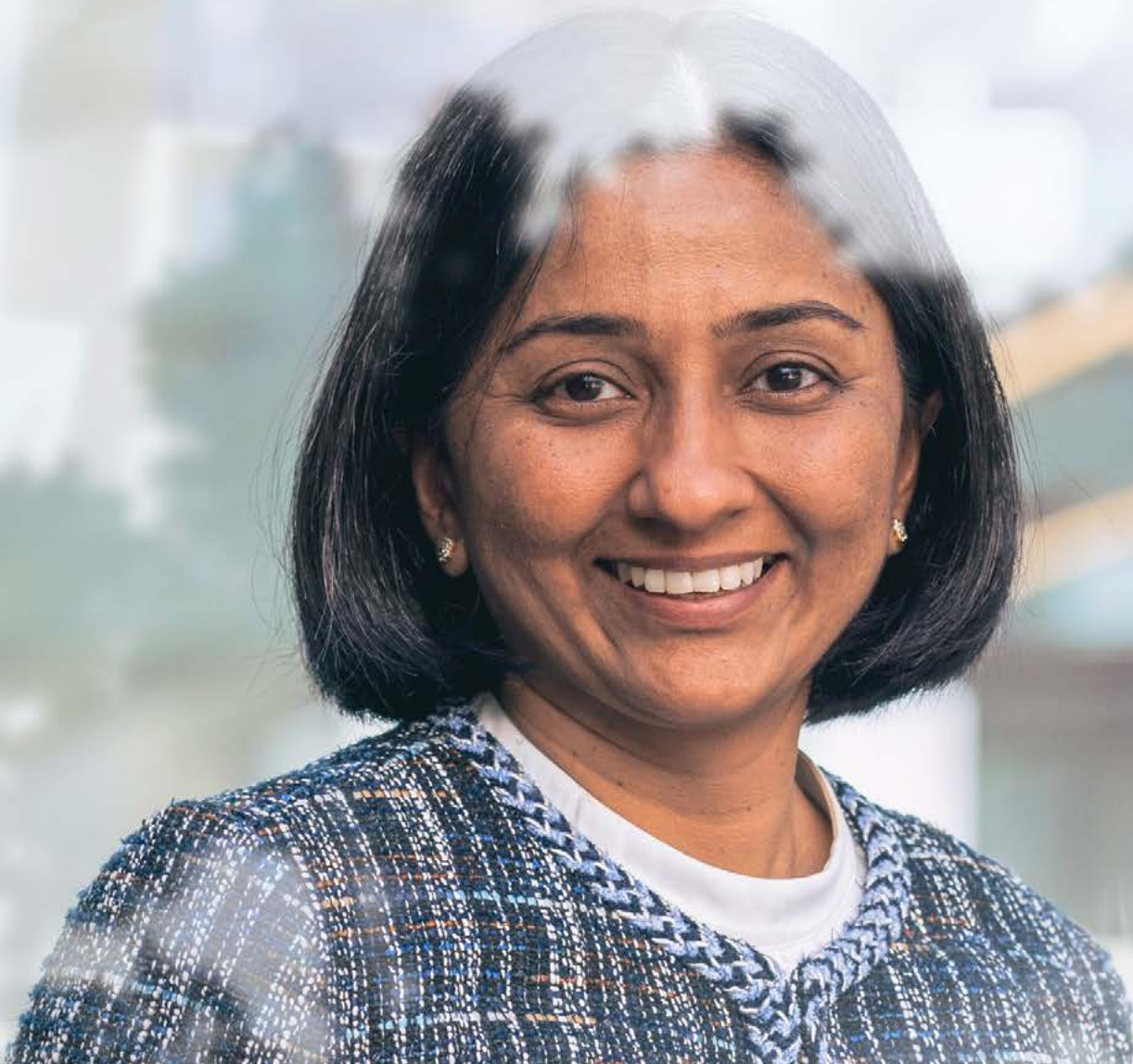
About the Report

This Sustainability Report is intended for the ZEISS Group's customers, business partners, employees and investors. We also want to address interested stakeholders from business, science, politics and society, and especially the people living in the vicinity of our sites. The report illustrates how the ZEISS Group contributes to sustainable development, what goals it has set for itself, what 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 references fiscal year 2022/23 (1 October 2022 to 30 September 2023). All relevant departments were involved in its preparation, and the report has been approved by the Executive Board. Unless stated otherwise, this report applies to the entire ZEISS Group as per the bases of consolidation for financial reporting; see the Annual Report 2022/23, p. 112.

The report was prepared to comply with the standards set out by the Global Reporting Initiative (GRI), the internationally recognized framework for sustainability reporting. The ZEISS Group publishes its Sustainability Report annually. This report was published on 7 February 2024.

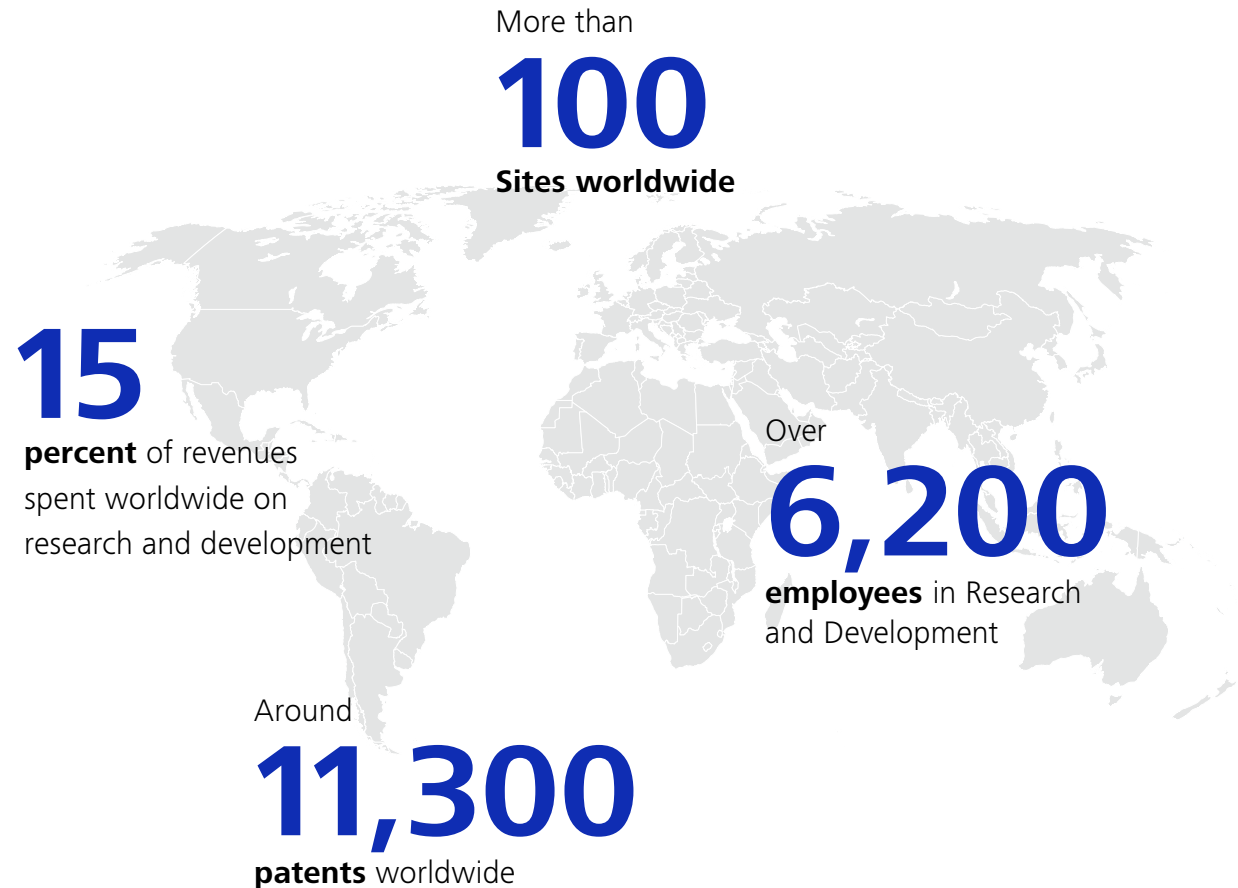
Company Profile and Business Model



ZEISS at a Glance

ZEISS develops, produces and distributes highly innovative solutions for industrial metrology and quality assurance, microscopy solutions for the life sciences and materials research, and medical technology solutions for diagnostics and treatment in ophthalmology and microsurgery. The name ZEISS is also synonymous with the world's leading lithography optics, which are used by the chip industry to manufacture semiconductor components, and for its branded products, including eyeglass lenses, camera lenses and binoculars.

With around 43,000 employees, ZEISS operates in some 50 countries worldwide with more than 60 sales and service companies, 35 production sites and 35 research and development facilities. Founded in 1846 in Jena, the company is now headquartered in Oberkochen, Germany. The Carl Zeiss Foundation, one of the largest German foundations committed to the promotion of science, is the sole owner of Carl Zeiss AG. ZEISS is divided into four segments: Semiconductor Manufacturing Technology, Industrial Quality & Research, Medical Technology, and Consumer Markets. The ZEISS Group encompasses a business portfolio that is divided into nine strategic business units. These strategic business units are allocated to the respective segments. In fiscal year 2022/23, the ZEISS Group generated revenues of 10.1 billion euros (in 2021/22: 8.8 billion euros). The Annual Report 2022/23 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.



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 expertise, 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, photomask systems, and process control solutions, key technologies for the manufacture of extremely fine circuit path structures on silicon wafers – the material



Consumer Markets

- Vision Care
- Consumer Products

from which the microchips are made. ZEISS technologies enable the continued miniaturization of semiconductor structures, resulting in smaller microchips that are more powerful and more energy-efficient. The majority of all microchips worldwide are manufactured using lithography optics from the strategic partner and customer ASML, headquartered in the Netherlands. The lithography optics from ZEISS Semiconductor Manufacturing Technology are at the

Industrial Quality & Research

- Industrial Quality Solutions
- Research Microscopy Solutions

heart of wafer scanners. Electronic applications fitted with such microchips foster global advancement in a variety of disciplines, including technology, electronics, communications, entertainment, mobility, energy and artificial intelligence.

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 the tiniest of structures in science and research. 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, are used in many industries and are important tools for the energy transition. The main fields of application are electric drivetrains, power generation, but also aerospace, medical technology, electronics and mechanical engineering. In the fields of science and research, the segment also covers the entire spectrum of microscopy with light, electron and X-ray microscopes. The products and solutions are used in biomedical sciences and materials research, as well as in workflows in the electronics and pharmaceuticals industries.

Medical Technology

The Medical Technology segment develops, manufactures, markets and sells diagnostic and treatment systems, as well as implants and consumables for ophthalmology and microsurgery. The portfolio also includes visualization systems for neuro/ENT and spine surgery as well as for dentistry. Solutions for intraoperative radiotherapy supplement the product offering. The segment's objective is to use new

technologies to shape the healthcare system in such a way as to promote medical progress and support digital transformation. Accordingly, cutting-edge technology in medical applications is to be made accessible to doctors and patients. In order to meet today's requirements for safe and efficient treatment, the Medical Technology segment offers integrated solutions that improve clinical performance and the patient experience throughout the continuum of care. A deep understanding of the challenges faced by customers and a range of services tailored to them are therefore key to the Group's long-term success.

Consumer Markets

The Consumer Markets segment operates in the areas of vision care, photography, cinematography, mobile imaging, nature observation and sports optics. ZEISS develops, produces and sells solutions for the entire eyeglass value chain. Alongside ZEISS precision eyeglass lenses, this includes devices for eye examination and vision testing, digital consultation and measurement applications and 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. With its camera and cine lenses, smartphone photography technology, and binoculars, thermal imaging cameras, spotting scopes and sports optics, ZEISS offers discerning customers high-end products and applications for their hobbies and professional needs.

Consolidated revenue by segment

Revenue by segment	2022/23	2021/22	Change compared to prior year as a %	
	€ million	€ million	Adjusted for currency influences	
Semiconductor Manufacturing Technology	3,555	2,757	29	29
Industrial Quality & Research	2,295	2,066	11	13
Medical Technology	2,504	2,251	11	14
Consumer Markets	1,624	1,569	4	5
Other	130	111	17	18
ZEISS Group	10,108	8,754	15	17

Consolidated revenue by region

Revenue by region and cooperation partners	2022/23	2021/22	Change compared to prior year as a %	
	€ million	€ million	Adjusted for currency influences	
Europe, Middle East, Africa (EMEA)	2,283	2,090	9	10
» thereof Germany	723	661	9	9
Americas	1,802	1,679	7	5
Asia/Pacific (APAC)	2,742	2,467	11	17
Cooperations	3,281	2,518	30	30
ZEISS Group	10,108	8,754	15	17

Business Model

ZEISS has a broad and balanced business portfolio that is geared to the attractive future-oriented markets of optics, precision mechanics and optoelectronics. The objective of portfolio management is to ensure the sustainable business success of the ZEISS Group. In keeping with this, the corporate strategy is aligned with ongoing value increases. 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.”

By focusing on shaping markets, creating networks and making an impact, #agenda25 provides direct impetus for the future strategic development of the ZEISS Group. In addition, it pools the key elements of the portfolio strategy and the individual segments. The ZEISS Agenda underscores the aspiration of ZEISS to be a global technology leader and a market shaper. Through these focus areas, the global Team ZEISS can significantly contribute to the success of its customers.

Products and solutions

Optics and optoelectronics are two of the key technologies of the future. Technological and scientific applications will make ever more inroads into our lives and continue to improve people's quality of life. 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 ZEISS Group segments collaborate with partners that supply either complete products or key components. Depending on the business, market, and customer segment, ZEISS uses different distribution channels including around 60 sales and service companies (SSCs) on all continents, direct sales and distributors to provide all regions with access to ZEISS solutions. ZEISS relies on long-standing partnerships with customers worldwide and offers customer segment-dependent business models such as project orders or end-to-end processes through to various maintenance and service options. More information about value creation and the supply chain is available in the chapter entitled Products and Value Chain on pages 38 to 46.

Business development and investments

Positive business development makes it possible to invest in infrastructure and innovations, pay a reliable dividend to the Carl Zeiss Foundation and fairly compensate employees around the world. By paying taxes where value is created, the company has a direct impact on the future-oriented development of different regions and the people who live there. ZEISS invests 15% of its revenue (prior year: 13%) in research and development, and uses patents to retain its innovative edge.

At the end of the reporting period, ZEISS held around 11,300 patents worldwide (prior year: approximately 10,500). In the reporting period, the company applied for new patents for approximately 670 inventions (prior year: approximately 638).

Drivers of innovation

Through its research and development work, and the innovations this spawns, ZEISS helps its customers be efficient and successful. These innovations are however placed within the context of society as a whole. 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 become more and more vital for a modern society. The advancing 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. To promote its products' environmental sustainability, in its approach to sustainable governance and in its sustainability strategy ZEISS is focusing on aspects such as ensuring greater resource efficiency and increased deployment of closed-loop waste management as part of the product development process. Further information is available in the chapter entitled Products and Value Chain on page 38.

ZEISS partners with researchers

ZEISS has a long tradition of high expenditure on research and development. This is our investment in the future. Robert Koch, Christiane Nüsslein-Volhard, Eric Betzig, Stefan W. Hell and William E. Moerner – for more than 100 years, over 35 Nobel laureates have advanced scientific progress using ZEISS devices. For example, Robert Koch discovered what caused tuberculosis, establishing modern bacteriology in the process.

Corporate Governance

Carl Zeiss AG is the strategic management holding company that manages the ZEISS Group. It develops the ZEISS Group's corporate business activities and portfolio, and provides central management and service functions.

The seven-member Executive Board of the unlisted Carl Zeiss AG manages the company and the Executive Board members divide their tasks along the departmental allocation plan. Most recently, the new role of Chief Transformation Officer for the Executive Board was created in July 2022.

The Executive Board is appointed and overseen by the Supervisory Board. In accordance with the provisions of the German Co-Determination Act (*Mitbestimmungsgesetz*), it is subject to equal representation and currently comprises 16 people. In future, the number of members is to be increased to 20 due to the higher employee headcount. Half of the Supervisory Board is made up of representatives of the sole shareholder – the Carl Zeiss Foundation – and half of employee representatives. Six of the employee representatives are elected by the employees and two are appointed by the unions. The selection process for the Executive Board and Supervisory Board ensures that members have the knowledge, skills and professional experience required to properly perform their duties.

The special ownership structure with the Carl Zeiss Foundation as the sole shareholder ensures stability and enables the company to create long-term perspectives, as the Foundation statutes prohibit the sale of shares through an initial public offering, for example. More about the background of the Foundation can be found in the next but one section.

The 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 remuneration 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. The procedure for evaluating the performance of the Executive Board is based on the economic success of ZEISS.

The framework for defining responsible and compliant corporate governance at the company is set by the ZEISS Identity, Code of Conduct, governance and compliance guidelines, leadership principles and corporate directives.

Committees of the Supervisory Board

The Supervisory Board's Audit Committee met three times as scheduled in the reporting year. It evaluated the effectiveness of risk management and discussed compliance, internal auditing, the internal control system, accounting and the areas of audit focus, as well as the annual and consolidated financial statements. The Chairman's Committee convened three times. The achievement of targets and Executive Board remuneration were subject to regular review.

The Mediation Committee did not convene during the year under review. The Digital Committee, which was newly formed in September 2022, convened five times in fiscal year 2022/23.

In the past fiscal year, the Supervisory Board oversaw and advised the Executive Board in accordance with the duties entrusted to supervisory boards by law, the articles of association and rules of internal procedure. The Supervisory Board was involved in all decisions of importance and passed the resolutions required by law, the articles of association and rules of internal procedure. The decisions of the Supervisory Board were based on the reports and decisions proposed by the Executive Board, which the Supervisory Board subjected to in-depth scrutiny.

The Carl Zeiss Foundation

The Carl Zeiss Foundation is the sole owner of Carl Zeiss AG. This special ownership structure ensures stability and enables the company to create long-term perspectives. The Foundation statutes prohibit the sale of shares through an initial public offering, for example. 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 remain valid to this very day:

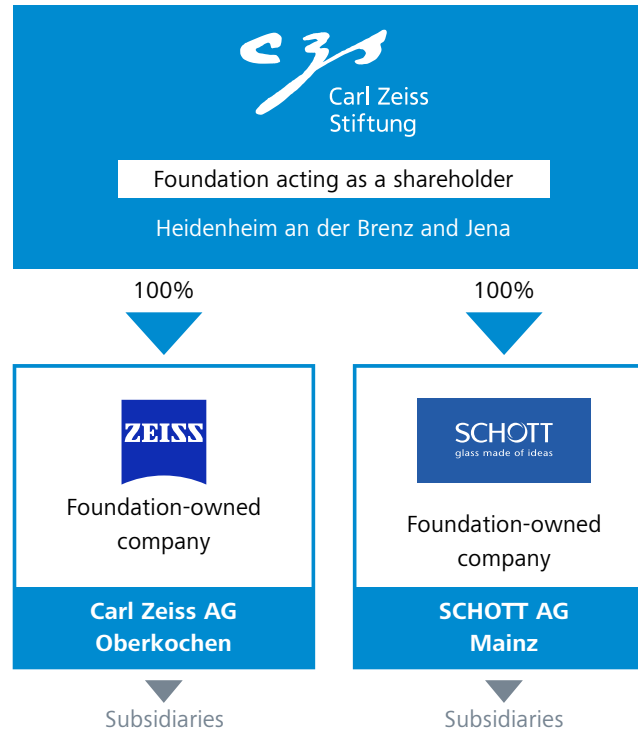
- » Safeguarding the future and responsible management of the two Foundation companies
- » Fulfilling its special responsibility toward employees
- » Meeting its responsibility toward society through the commitment of its member companies to non-profit activities in their surrounding regions
- » Promoting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

With this unique corporate model, the Foundation and its two member companies made industrial and social history in Germany. Since 2004, the Foundation has received dividends

of 530 million euros from Carl Zeiss AG. The Foundation uses the dividends from Carl Zeiss AG and SCHOTT AG to promote science – particularly the natural and engineering sciences, 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. Since the end of 2021, the Foundation has also been specifically promoting the technical side of sustainability with the focus topic "Resource Efficiency". Currently, 31 research projects with an invested funding budget of 56.6 million euros are running on the topics of "Fair raw materials for new technologies", "Sustainable material innovations", "Resource-conserving digitalization" and "Energy systems of the future". The focus of the Foundation's work is on promoting interdisciplinarity and transdisciplinarity, putting knowledge into practice, and anchoring resource efficiency and sustainable development in teaching.

Further information:

www.carl-zeiss-stiftung.de/english



Strategy and Sustainability



Focus Topics and Strategy

As a foundation-owned company, sustainability and success in business are inextricably linked at ZEISS. ZEISS aims to anchor sustainable value creation as an integral part of its business activities, which focus on innovative solutions that contribute to positive development in society and enable long-term, profitable growth. This approach contributes greatly to the trust that customers place in the ZEISS brand. This is also the reason why ZEISS actively funds research and teaching and helps address social and health problems.

Sustainability in the corporate strategy

ZEISS' commitment to sustainability is firmly anchored in its strategy. The strategy also aims to improve the company's social and environmental impact, view sustainability as a value driver and leverage sustainability challenges as opportunities. ZEISS focuses on three strategic topics:



Climate action

ZEISS aims to achieve carbon neutrality in its own activities (Scope 1 and 2 emissions) by 2025.

ZEISS takes a three-pronged approach to reducing emissions: prevention, reduction and, if there are no other options, compensation. An important lever in this regard is the worldwide switch to green power and increasing energy efficiency. Furthermore, ZEISS will be looking at the emissions in its upstream value chains.

Circular economy



ZEISS strives for a circular use of resources with a view to reducing the impact on the environment.

To achieve this, more renewable energy resources and recycled materials will be deployed while loops are being closed. Water consumption and the amount of waste are set to be further reduced.

Value for society



ZEISS intends to provide added value for society and contribute to providing as many people as possible with access to education, high-quality healthcare and rewarding job opportunities.

A Group-wide sustainability program has been in place since the start of 2021 to work on these strategic focus topics and on the further integration of sustainability in key processes. Two Executive Board members are responsible for the program, which is coordinated by the central Sustainability department.

Five topic-specific working groups were formed as part of the program to work on the following priorities:

- » Sustainable energy supply and infrastructure
- » Sustainable product development
- » Implementation of new environmentally sustainable business models
- » Sustainability in procurement and logistics
- » Strengthening social engagement and social business models

Approach to sustainable corporate governance

ZEISS believes the basis for the focus topics and the aims of the working groups can be summarized as follows: growth is only possible in an intact environment that is open to innovation. At ZEISS, generating acceptance for the company's own activities and assuming responsibility for the environment, employees and society is thus an integral part of its business philosophy. As part of sustainable corporate governance, ZEISS is pursuing a long-term holistic approach that will define day-to-day operations. This approach is split into five fields of action: employees, the environment, social and societal engagement, integrity and compliance, as well as products and the value chain.



The five fields of action of the ZEISS approach to sustainable corporate governance

Aims, values and guidelines for business dealings

In its day-to-day operations, ZEISS pursues aims and values that were set out by the creator of the Carl Zeiss Foundation. These include profitable growth, responsibilities toward employees, social and societal engagement, and the promotion of science and education. This attitude thus also means that the basis of ZEISS' own sustainable corporate governance must be strict compliance with laws and regulations.

The ZEISS Code of Conduct sets out all binding principles for the Group. They help guide employees and managers as they carry out their activities in a responsible manner. The Code of Conduct contains rules on how to deal with employees and business partners fairly, on product safety, the environment and occupational and environmental protection as well as on combating corruption. More detailed company directives are available for all the topics addressed in the Code of Conduct.

Contribution to the global Sustainable Development Goals

ZEISS is committed to the global Sustainable Development Goals (SDGs) that were adopted by the United Nations in the fall of 2015. The 17 goals in total outline the path to 2030 and call for corresponding contributions from companies, politicians and society. ZEISS wants to play its part and has given due consideration to the global Sustainable Development Goals and the role it can play. Read more about ZEISS' contribution to the SDGs on page 25 to 29.

Organizational Structure for Sustainability

At ZEISS, responsibility for sustainability ultimately lies with the Executive Board of Carl Zeiss AG. The CEO reviews and approves the Sustainability Report and ensures that all material topics are addressed. Its strategic and operational implementation is the responsibility of the Head of Sustainability, who regularly reports to the CEO and the full Executive Board and is a member of the Corporate Strategic Development management team. Along with the Sustainability team, the Head of Sustainability is responsible for the central and cross-divisional sustainability program of the ZEISS Group and recommends environment-related targets, for example to reduce emissions. She also collaborates with the internal process owners, e.g. from the Environment and Energy Management, Supply Chain Management, and Compliance departments, to embed sustainability topics throughout the ZEISS Group. The sustainability program is overseen by the Executive Board members responsible for two ZEISS segments and strategically managed in terms of market and customer relevance.

The Sustainability team at Corporate Strategic Development aims to strategically integrate sustainability within the entire organization and render it measurable. To do this, the team collaborates closely with the different ZEISS units in order to do justice to the diversity of the ZEISS product portfolio and identify the levers that make the greatest contribution to sustainable business practices.

As a supplement to the central Sustainability team, officers were appointed to look after sustainability management in each segment and in the Shared Production Unit as well as in the key corporate departments such as Communications and Infrastructure Management. They report directly to

their segment's Management Board. They ensure that a segment-specific sustainability strategy based on the central approach is embedded and implemented, while ensuring that the ZEISS Group's central sustainability approach considers the specific requirements of the units. The sustainability officers at the units regularly liaise with the Head of Sustainability to report on progress at the units and on ongoing initiatives. As part of the ZEISS sustainability program, there are also quarterly committee meetings with the two members responsible from the Executive Board.

Dialog with the stakeholders

To ensure the company's continued business success, it is essential to incorporate the interests of stakeholders in strategic considerations and acquire stakeholders for collaborative partnerships with ZEISS. The ZEISS Group has implemented a systematic process to identify its key stakeholders and focuses on issues relevant to these stakeholders when communicating with them. They were identified during a materiality assessment.

ZEISS receives questions about sustainability via 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 a dedicated email address for this purpose: responsibility@zeiss.com. Questions are either answered by the Sustainability team or are forwarded to an internal expert.

Internal and external stakeholders attach great importance to the transparency of the ZEISS Group's sustainability activities. The Sustainability Reports and the Non-Financial Reports of the ZEISS Group are instrumental in this regard. In the reporting year, there was a great deal of interest in climate protection activities, sustainable corporate governance and the implementation of regulatory frameworks such as the German Supply Chain Act (LkSG), the EU Taxonomy Regulation and the Corporate Sustainability Reporting Directive (CSRD). Customers were also interested in product carbon footprints and the reduction of potentially hazardous materials. Responsibility throughout the supply chain, especially with regard to processes for upholding human rights, also played an important role. Customers made more and more use of external platforms that systematically request and evaluate integrated sustainability information from companies. Employees often asked questions about the company's internal approaches and goals in relation to climate and environmental protection.

Overview of Roles and Responsibilities



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 for colleges, universities, and scientific and cultural institutions. Dr. Karl Lamprecht, President and CEO of the ZEISS Group, is Chairman of the Aalen University Council and a member of the Baden-Württemberg Board of Trustees of Stifterverband für die Deutsche Wissenschaft, an innovation agency for the German scientific sector. In Germany, ZEISS is involved in the Wissensfabrik (Knowledge Factory) intercompany cooperation project and is a longstanding member of the Max Planck Society. The company is a signatory to the German Diversity Charter, an initiative to promote greater diversity at German companies. On the global 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 has joined the global fight against tuberculosis with the Stop TB initiative. ZEISS Industrial Metrology is also a Blue Competence member of the German Mechanical Engineering Industry Association (VDMA) that promotes sustainability in mechanical and plant engineering and publicizes the industry's sustainable solutions. In addition, the company is a member of the *Unternehmensnetzwerk Klimaschutz*, the sustainability network of German industry.

ZEISS Group stakeholders and communication formats

Stakeholder groups	Key communication formats
Supervisory Board	Regular reporting at meetings of the Supervisory Board and its committees
Banks	Ongoing communication between ZEISS and banks
Company committees/unions	Staff meetings, Works Council committees
Carl Zeiss Foundation	Executive Board members of the Carl Zeiss AG sit on the Management Advisory Board of the Foundation, and the Chairman of the Supervisory Board sits on the Shareholder Council, exchange of ideas on specialist topics
Research institutes and universities	Partnerships with universities; funding for professorships, PhD dissertations, bachelor and master theses; lectures given by managers at universities
Investors	Personalized communications with the Investor Relations department, Annual Report, ZEISS website, Sustainability Report, Non-Financial Report of Carl Zeiss Meditec AG
Customers (business customers and private consumers)	Consultations, training, global customer satisfaction survey via Net Promoter Score, external communication channels such as newsletters and social media
Suppliers	Supplier meetings and audits, subject-specific dialog, 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 managers	Internal communication channels, annual performance reviews, satisfaction surveys, company meetings and dialog tours
Governments, including municipal and state authorities (Baden-Württemberg and Thuringia)	Financial reporting, compliance reports, dialogue with Foundation representatives (i.e. with the ministries responsible for the scientific universities in the German federal states)

Material sustainability issues

All topics that are very important for the different stakeholder groups of the ZEISS Group and whose own business activities have a significant economic, social and environmental impact are material for ZEISS and are included in this Sustainability Report. A comprehensive materiality analysis was carried out in fiscal year 2018/19, in which the impact of the individual topics was a key assessment criterion. Details on the procedure are available in the relevant Sustainability Report. In fiscal year 2022/23, the topics defined in 2018/19 were verified in order to take the impact of new developments into consideration. At the same time, a project to implement the Corporate Sustainability Reporting Directive (CSRD) was initiated and work began on a CSRD-compliant materiality assessment. The results will be incorporated into future sustainability reporting.

Results of the materiality assessment

The material topics identified in fiscal year 2018/19 remained the same for fiscal year 2022/23. In addition, information security was defined as another material topic. This was not previously part of the materiality analysis, but now plays an important role for ZEISS due to the increased use of digital products and services and the associated data and information processing.



Results of the Materiality Analysis

Integrity and compliance

- » Business ethics
- » Legal compliance
- » Data privacy
- » Information security
- » Tax

Products and Value Chain

- » Product development
- » Product safety
- » Procurement and supplier management
- » Human rights in the supply chain

Employees

- » Employer-employee relationship
- » Employee development, training and further education
- » Diversity
- » Work-life balance
- » Occupational health and safety

Environment





- » Efficient use of natural resources
- » Circular economy
- » Climate action
- » Environmental compliance



Social and societal engagement

- » Promotion of scientific research and education
- » Healthcare promotion
- » Regional involvement

Sustainability at ZEISS – Progress of the Activity Fields

Integrity and compliance

Material topics	Aims	Status	Selected Measures in FY 2022/23
<ul style="list-style-type: none"> » Legal compliance » Business ethics » Data privacy » Information security » Tax 	<ul style="list-style-type: none"> » Compliance with applicable law » Increased value orientation and behaving with integrity in accordance with the ZEISS Group Code of Conduct » Protection of the ZEISS brand » Confidentiality, integrity and availability of information and systems 	<ul style="list-style-type: none"> »  »  »  »  	<ul style="list-style-type: none"> » Enhancing the ZEISS Integrity Line whistleblower system » Revising the publicly accessible compliance website » Revising the ZEISS Code of Conduct to take effect on 1 October 2023 » Enhancing the ZEISS Compliance Management System » Enhancing the ZEISS Data Privacy Management System » Enhancing the ZEISS Information Security Management System » Setting up the Data Privacy community of practice as a regular event format for interested employees worldwide

 On Track
 Achieved

Products and value chain

Material topics	Aims	Status	Selected Measures in FY 2022/23
<ul style="list-style-type: none"> » Product safety » Sustainable product development » Procurement and supplier management » Human rights in the supply chain 	» Improved sustainability performance of ZEISS products and services	➤	<ul style="list-style-type: none"> » Rolling out software to calculate product carbon footprints » Continuing projects to evaluate sustainability aspects in the ZEISS segments, taking into account the adapted product development process » Adopting a Group Policy Statement on Respecting and Promoting Human Rights and Environmental Protection » Appointing a Human Rights Officer » Continuing a cross-segment working group to strategically establish supplier management incorporating different sustainability aspects and deriving targets for the supply chain » Developing digital solutions for collecting sustainability data from the supply chain, including the creation of a questionnaire in the central supplier portal » Adjusting processes to meet the requirements of the German Supply Chain Act » Carrying out a risk analysis for 686 strategically relevant suppliers as well as for all ZEISS suppliers within the framework of the German Supply Chain Act » Compiling an annual report to evaluate the supply chain as concerns the origin of conflict minerals based on the Responsible Minerals Initiative standard
	» Systematic anchoring of sustainability in product development process	➤	
	» Further development of logistics and shipping processes to integrate sustainability aspects	➤	
	» Raising supplier awareness of the ZEISS sustainability requirements	➤	
	» Organizational and strategic expansion of sustainability at Purchasing and in Supplier Management	➤	

➤ On Track
 ✓ Achieved

Employees

Material topics	Aims	Status	Selected Measures in FY 2022/23
» Employer-employee relationship	» Further strengthening and expanding the relationship between the company and its employees (on track)	➔	» Continuously advancing the Cultural Journey – Walk the Talk to improve collaboration and personal development opportunities for employees
» Employee development, training and education	» Acquiring new employees and ongoing employee development	➔	» Further transformation of HR organization and processes
» Diversity	» Reinforcing collaboration and promoting diversity at the company	➔	» Launching a vocational training or cooperative study program at ZEISS in Germany for 199 and 329 young people, respectively, in the 2022 and 2023 training years
» Work-life balance	» Encouraging a positive work-life balance	➔	» Mentoring program for women at Aalen University, Ernst Abbe University in Jena and the University of Jena
» Occupational health and safety	» Standardization and ongoing improvement of internal processes for occupational health and safety to reduce accident frequency and severity	➔	» Continuing the cooperation network for international employees and their family members
	» Reducing the number of work-related accidents measured by reference to the Lost Time Injury Frequency Rate (LTIFR) across the company to below 1.95 by the end of the fiscal year 2024/25	➔	» Continuing existing employee networks and establishing further networks, e.g. Proud@ZEISS or Women@ZEISS
	» Establishment of a worldwide OHS officer network (global OHS officer) and a nationwide safety officer network by the end of fiscal year 2022/23	✓	» Conferring the ZEISS Women Award for outstanding students of IT, business information systems and media information systems
	» Implementation of global accident reporting via Quentic by the end of fiscal year 2022/23	✓	» Conducting 144 fire safety inspections and 144 occupational safety inspections in Germany
			» Training 2,546 managers and occupational health and safety officers in the use of OHS software since introduction
			» Deploying an all-electric shuttle bus to facilitate mobility for employees in Oberkochen
			» Kick-off event of global OHS officer network in Oberkochen and quarterly health and safety expert calls
			» Global accident report using Quentic occupational safety software for all ZEISS group production sites



Environment

Material topics	Aims	Status	Selected Measures in FY 2022/23
» Efficient use of natural resources	» Efficient use of all natural resources to protect the environment	➔	» Continuing several projects, initiatives and measures for conserving energy and resources at ZEISS sites
» Circular economy	» 20% ¹ reduction in relative energy consumption by fiscal year 2024/25	➔	» Converting electricity procurement to green electricity at all major international ZEISS sites
» Climate action	» 15% ¹ reduction in relative water consumption by fiscal year 2024/25	➔	» Procuring renewable energies from wind turbines in Germany as part of direct power purchasing agreements (PPAs) and from a solar field with power supply starting in 2023
» Environmental compliance	» 10% ¹ reduction in relative waste generation ¹ by fiscal year 2024/25	➔	» Rolling out the platform solution for the collection of energy and emissions data as well as expanding it to include water consumption, waste generation and other environmental indicators worldwide
	» Carbon neutrality in Scope 1 and 2 by fiscal year 2024/25	➔	» Continuing the company suggestion scheme for measures to conserve resources
	» Consolidating the capture of global environmental performance indicators by expanding the platform solution by fiscal year 2022/23	✓	» Offsetting carbon emissions resulting from air travel and the use of natural gas and district heating
			» Independent EH&S audits at major production facilities to review legal compliance status
			» External verification of ZEISS greenhouse gas balance according to Greenhouse Protocol

¹ 1 Reduction targets by fiscal year 2024/25 relative to the company's own value creation (base year: fiscal year 2018/19)



Social and societal engagement

Material topics	Aims	Status	Selected Measures in FY 2022/23
<ul style="list-style-type: none"> » Promotion of scientific research and education » Regional involvement » Health promotion 	<ul style="list-style-type: none"> » Promotion of scientific knowledge from preschool children to doctoral students » Improved patient quality of life through solutions and new standards in optometry and medical technology 	<ul style="list-style-type: none"> ↗ ↗ 	<ul style="list-style-type: none"> » Carl Zeiss AG sponsors over 171 projects to the tune of 2 million euros » A Heart for Science initiative already has more than 360 volunteers » Funding ophthalmology training centers in Indonesia, Paraguay, Nigeria, Sudan, Tanzania, India and Uganda » Supporting Birdability, to support inclusion in birdwatching » Implementation of local measures to protect biodiversity with the participation of employees (e.g. construction of insect hotels, waste collection campaigns)

↗ On Track
 ✓ Achieved

How ZEISS Contributes to the Global Sustainable Development Goals



In the fall of 2015, the United Nations adopted globally applicable Sustainable Development Goals (SDGs) to be achieved by 2030. There are only six years to go. That's why private companies are being called on to play their part. It is the only way 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.

ZEISS is aware that all sustainability goals are important and require support. In order to focus on the areas in which the company is capable of having a particularly big impact, in fiscal year 2018/19 an analysis was performed of its 17 primary goals and 169 subgoals. This is still valid for ZEISS today. In the process, six goals were identified where ZEISS can have the greatest impact on people, the environment and society through its business processes, product portfolio and services:

- SDG 3 – Good health and well-being
- SDG 4 – Quality education
- SDG 8 – Decent work and economic growth
- SDG 9 – Industry, innovation and infrastructure
- SDG 12 – Responsible consumption and production
- SDG 13 – Climate action



Health and well-being: Ensure healthy lives and promote well-being for all at all ages.

Focus: Around 43 million people worldwide are blind and 295 million suffer from a severe visual impairment. Roughly 90% of those affected live in the world's poorest countries. ZEISS is raising the bar in healthcare with its solutions for ophthalmology and medical technology, and helps to drive medical progress in ophthalmology and microsurgery with its products. The aim is to help improve the lives of patients everywhere. ZEISS is determined to do its part for society in the fight against preventable blindness and, since 2005, has equipped diagnosis, treatment and training centers with devices for eye care. In line with the principle of "Helping people help themselves", training centers are being made accessible in remote regions of the world. This creates the necessary scope for teaching people how to operate state-of-the-art medical technology and use it for treatment purposes. The centers are located in Nigeria, Indonesia, Tanzania, Paraguay and Sudan. In order to specifically enhance cataract surgery, ZEISS also supports the establishment of training centers in Paraguay and India.

Focus: Around half of the world's population does not have sufficient access to basic healthcare. ZEISS medical technology is intended to provide as many people as possible with access to modern healthcare in regions that lack adequate facilities. Good medical training forms the basis of good healthcare. For many years, ZEISS Medical Technology has therefore supported scholarship programs that enable young doctors from resource-poor and underserved regions to spend several months doing internships at hospitals in Europe. From 2012 to 2020, ZEISS supported the fellowship program of the Foundation of the International Confederation of Ophthalmology (ICO) and funded ten fellowships. ZEISS has supported the fellowship program of the International Ophthalmological Fellowship Foundation (IOFF) e. V. since 2020. In recent years, ZEISS Medical Technology has facilitated an internship lasting several months as part of this program and also co-financed three IOFF annual fellowships. ZEISS Medical Technology will continue to support this program.

Furthermore, ZEISS launched the Aloka Vision Programme, which has provided ophthalmic optical services in unserved, rural regions of India and Nepal since 2015. The steadily growing network exceeded the 1.5 million patient mark in fiscal year 2022/23.



Quality education: Ensure inclusive and equitable quality education and promote life-long learning opportunities for all.

Focus: Germany needs around 310,000 STEM employees. ZEISS fosters aspiring young scientists – from kindergarten kids right up to doctoral candidates – through numerous educational programs. In this way, ZEISS acts on the responsibilities set forth in its Foundation statutes, sharing educational content in an easily understandable way and making science easier to comprehend. Examples include the company's involvement in schools, microscope donations to various educational initiatives and support for Jugend forscht, Germany's oldest and best-known competition for young researchers: as a sponsor company, ZEISS has been helping to give young people access to science and research for over 20 years.

On the occasion of the company's 175th anniversary, ZEISS launched A Heart for Science – an international initiative run by ZEISS that aims to get young people aged 12 to 18 interested in STEM (science, technology, engineering and mathematics). What is special about it is that all ZEISS employees join the team and impart their knowledge to the explorers of tomorrow. Through the initiative, ZEISS is enhancing its commitment to encouraging children and young people to get into science and research. As part of the company volunteering program, employees worldwide take part in numerous and varied projects. More information on A Heart for Science can be found in the Social and Societal Engagement chapter on page 72.



Decent work and economic growth:

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

Focus: Over 200 million people worldwide are unemployed. As a global tech company, ZEISS employees more than 43,000 people. They are offered a safe and motivating work environment, where hard work and dedication are acknowledged and individual advancement is possible. Worldwide, ZEISS consistently trains several hundred vocational trainees and students pursuing combined study programs. This prepares them to enter the job market. ZEISS also conducts a regular global employee survey to determine how its people perceive its own corporate culture (see page 49).

Focus: Worldwide, human rights are under siege or are being egregiously violated. The ZEISS Group is conscious of its responsibility to uphold human rights. When working with suppliers, ZEISS has therefore been pursuing a centralized approach to integrating sustainability aspects in the supply chain since 2016, which is continuously enhanced by the Sustainability in Procurement and Logistics working group as part of the ZEISS Agenda. The 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. From 1 January 2023 ZEISS has been subject to the German Supply Chain Act (LkSG). The company has made extensive preparations and successively incorporated the human rights and environmental due diligence requirements into the processes for the ZEISS business units concerned. To this effect, ZEISS published its Group Policy Statement on Respecting and Promoting Human Rights and Environmental Protection in September 2023. More information is available on pages 44 to 46.



Industry, innovation and infrastructure:

Industry, innovation, and infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Focus: Innovation is one of the cornerstones of the transformation toward a circular and decarbonized economy. ZEISS invests in upgrading its sites worldwide and supports the company's development and innovative power by making above-average investments in research and development. At 15% of revenue (prior year: 13%), research and development investment has increased as compared to the previous year, testifying to the ZEISS Group's continued strong focus on innovation.

The updated Product and Solution Generation Process (PSGP) is of fundamental importance in this context. It is the responsibility of the Corporate Research and Technology department. The rules associated with the PSGP are binding for all ZEISS units, define the minimum requirements for a modern development process at the ZEISS Group and requirements for the longevity and environmental performance of products.

As a result, ZEISS is able to offer its diverse customers the right solutions from its broad portfolio of products. They include intelligent quality control systems for networked production, or the world's only semiconductor exposure systems. ZEISS lithography optics lays the foundation for advancing global digitalization and with it, the basis for modern infrastructures and communication and production structures. Revolutionary extreme ultraviolet (EUV) technology, for example, enables the production of microchips that are ever higher-performing and energy-efficient. That protects the environment: chip manufacturers report up to 40% energy savings with EUV technology as compared to the current technology.



Responsible consumption and production:

Ensure sustainable consumption and production patterns.

Focus: Humanity would require 1.7 Earths to sustain the current global consumption of resources. ZEISS continues to work on finding ways to use natural resources as efficiently as possible and prevent pollution. A cross-divisional working group for sustainable product development aims to systematically integrate sustainability aspects into the development process for products and solutions. Aspects including circular economy, alternative materials and ways of increasing energy and resource efficiency during product manufacturing and use are all taken into account. This is being done through investment in measures to boost energy efficiency, consistently reduce waste and integrate sustainability aspects into product development. Against this background, the systematic evaluation and use of alternative and more resource-efficient technologies is gaining in importance and is considered both centrally and in the business units. In addition, refurbishment programs are in place for several product groups, including electron microscopes and measuring machines. Pre-owned products are overhauled in accordance with certified ZEISS standards, equipped with new technology, and made available to customers again (see page 61).



Climate action

Take urgent action to combat climate change and its impacts.

Focus: Depending on the scenario, global warming could range from 1 – 5.7°C by the end of the century compared to pre-industrial conditions. SDG 13 calls upon states and governments to include effective measures for combating climate change in their national policies. However, effective climate action can only be achieved through a concerted effort and if companies support it too. ZEISS believes it has a responsibility and makes a contribution to the global target set in the Paris Agreement of limiting global warming to well below 2°C. The purchase of electrical energy (Scope 2) is already carbon-neutral at almost all locations with measurable energy consumption. By fiscal year 2024/25, direct emissions from combustion processes in the company's own facilities or vehicles (Scope 1) are to follow (see also page 63).

ZEISS is focusing on reducing energy consumption in a bid to lower emissions. Moreover, ZEISS avoids emissions by using renewable energies and purchasing green power through power purchasing agreements or from suppliers with certificates of origin. ZEISS is also expanding its own generation of renewable energy. ZEISS compensates for unavoidable emissions or those that cannot be reduced by supporting selected projects. To manage the emissions produced by the value chain in future, ZEISS calculated its Scope 3 emissions for fiscal year 2019/20 for the first time in fiscal year 2022/23. In fiscal year 2022/23, Scope 3 emissions were recorded for fiscal year 2021/2022. Hotspots were defined on this basis. In addition, all 15 Scope 3 categories were prioritized in terms of emission levels and impact. An extended calculation will be carried out for these priority categories in fiscal year 2023/24.

01

Integrity and Compliance

Computers & smartphones are in safe hands with you.

A single day — much like in real life — full of IT challenges that you have navigated perfectly. Here is a short summary of the most important points we covered.



Using your workstation computer in a secure fashion



Sending and receiving email securely



Storing and exchanging data securely



Using smartphones and tablets in a secure fashion



Compliance

“In a nutshell, compliance for us means doing the right thing. This also includes a 'speak-up culture' in which undesirable developments are pointed out with the aim of achieving a lasting improvement in our business processes. Compliance therefore makes an important contribution to the long-term success of the company.”

Klaus Birkle, Chief Compliance Officer, ZEISS Group

Operating in line with statutory regulations and internal rules is an integral part of the ZEISS corporate culture. The company's aspiration to act with integrity stems from the values that were shaped by its history as a foundation-owned company. For this reason, legality and the fair treatment of business partners and employees are indispensable elements of successful business operations. Equally important is an open and respectful corporate culture.

These values are reflected in the ZEISS Compliance Management System, which establishes Group-wide standards and processes to ensure compliance in day-to-day work. The Compliance Management System therefore has a positive impact on relationships with business partners and employees. ZEISS also addresses the challenges associated with rising regulatory requirements, as well as the specific requirements of our business partners.

Guidelines, structures and processes

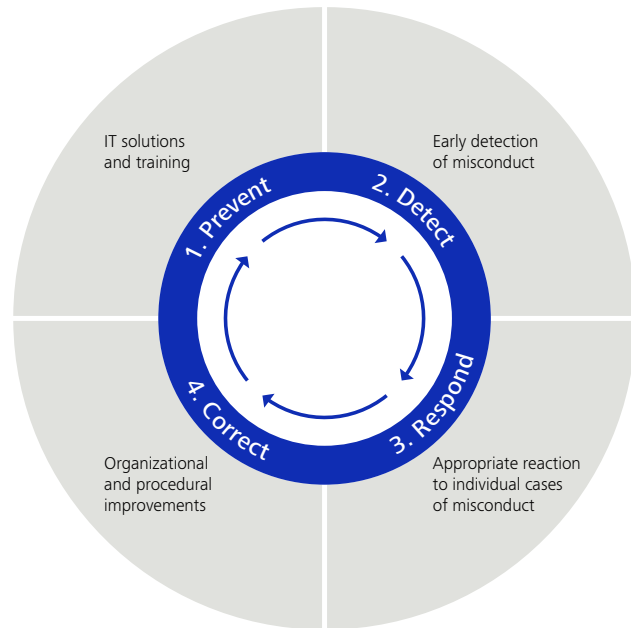
At ZEISS, the foundation for compliance management is the ZEISS Code of Conduct, which was first published in 2007. It was updated in fiscal year 2022/23 with effect from 1 October 2023. The Code of Conduct describes the risks inherent in business activities, sets out specific rules and recommendations on how to behave and is binding on all ZEISS employees worldwide. It contains rules on various issues, including data privacy, product safety, environmental protection and anti-corruption. More detailed company directives are available for all the topics addressed in the ZEISS Code of Conduct. These include policies on screening distribution partners, granting and accepting benefits such as gifts or invitations, and the proper conduct in competition.

At ZEISS, compliance is organized into three levels; both the Chief Compliance Officer, who reports to the Group Executive Board and the Head of Corporate Compliance are jointly responsible for the ZEISS Compliance Management System at Group level. This area of responsibility encompasses the design and implementation of the Compliance Management System. All strategic business units have also appointed Group Compliance Officers, who coordinate the compliance activities in their particular unit and its associated companies. In addition, all individual companies have their own local Compliance Officers, who are responsible for training activities on-site and for resolving any local compliance violations. The Compliance Officers are the contact persons for employees and managers alike on compliance topics.

The Executive Board and managing directors of the ZEISS companies bear the overall responsibility for acting in accordance with the rules in all business activities of ZEISS. These include compliance with data privacy, customs and export control provisions, environmental regulations as well as regulations on occupational and product safety, and combating corruption.

As part of the Group-wide risk management process, the ZEISS companies are requested to report compliance risks, for example due to export control law, data privacy and anti-corruption or environmental protection. Regular assessments, as well as internal and external audits, are conducted to evaluate compliance with the legal requirements.

The Compliance Management System has been established for all units in the ZEISS Group. It enables the systematic management of all compliance measures and encompasses these core processes:



Core processes of the ZEISS Compliance Management System

1. Prevent

A clearly structured framework of policies and mandatory training courses for all employees raise awareness and prevent incidents.

2. 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 to the compliance organization. Relevant departments and experts, such as Corporate Security and Internal Auditing, also support investigations of suspected compliance violations. Depending on the case, the company can also rely on external support.

3. Respond

In order to respond adequately to individual misconduct, the company takes appropriate measures.

4. Correct

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

All employees and Executive Board members must complete a basic compliance training module on the ZEISS Code of Conduct at least every two years, including a final test. Employees who work in areas where they may be particularly exposed to compliance risks, such as in Purchasing, Sales and Marketing, as well as managers, must complete additional training modules on anti-corruption and fair competition. The majority of ZEISS employees have access to online

compliance training via the ZEISS CurioZ learning platform. The training modules are currently available in 13 languages. Employees who could not access the online training courses in fiscal year 2022/23 received in-person training. However, ZEISS is continuously working on ways to provide these employees access to ZEISS CurioZ.

Internal and external stakeholders alike have the opportunity to use the ZEISS Integrity Line whistleblower system openly or anonymously to report any indications of possible compliance violations. The ZEISS Integrity Line can be found on the official compliance website at www.zeiss.com/compliance and on the ZEISS intranet TEAM ZEISS and is available in 23 languages. ZEISS employees can also report compliance violations by email, post, telephone or in person to the responsible Compliance Officer at the respective location or directly to the Corporate Compliance department. ZEISS employees can also contact their managers, the responsible HR department or specialist department and the Works Council if they have any questions about compliance issues.

Objectives, measures and results

ZEISS' primary aim in terms of compliance is to act in line with statutory regulations and internal rules. Compliance violations not only endanger the company's reputation, but can also involve consequences under criminal law or sales slumps. Continuous refinement of the existing policies and processes is essential: in fiscal year 2022/23, the content, wording and design of the ZEISS Code of Conduct, the compliance website, which is publicly accessible in 24 languages, and the ZEISS Integrity Line whistleblower system

were revised as part of the implementation of regulatory requirements. Particular attention was paid to making the policies and processes easily accessible and easier to understand for internal and external stakeholders. In addition, the ZEISS Compliance Management System was enhanced. Internal implementation will take place in fiscal year 2023/24.

Anti-Corruption

In the knowledge that corruption impedes progress and innovation, ZEISS has issued clear rules to prevent and fight corruption. The internal anti-corruption rules are a vital part of the ZEISS Compliance Management System described above. To raise employee awareness of the topic, internal company policies on granting and accepting benefits such as gifts or invitations form part of the basic compliance training as well as the Anti-Corruption training module for specific target groups. A checklist provides concrete examples to help employees assess whether or not particular benefits are permitted.

Moreover, there are internal policies for screening distribution partners. This is supported by a screening tool supplied by an external service provider. The goal is to determine whether distribution partners have ever been suspected of corruption or cartel deals, export control, money laundering or similar crimes, or exhibit any other risk factors that could damage ZEISS' reputation.

Political Influence

The government lays key foundations and creates rules for business activities. Associations and interest groups help negotiate standards and common development goals in this context. This is the reason why ZEISS is a member of academic, industry, and employer associations. The company explicitly affirms the independence and integrity of parliaments, parties, and governments as the cornerstones of basic democratic order and repeatedly makes it clear that a free, democratic framework is necessary for successful business activities in a globalized world.

The ZEISS Group does not make financial donations or other contributions to political parties or institutions. And there's a good reason for that: the Carl Zeiss Foundation statutes stipulate that all support must be based on political and religious neutrality.

Data Privacy

Responsible handling and protection of personal data is a priority at ZEISS. To ensure customer trust, clear values and principles are defined that determine how personal data is handled. Above all, this means transparency so that data subjects retain control and sovereignty over their personal data. Data privacy cannot be viewed in isolation because data is an integral part of the business models at ZEISS. Consequently, data privacy is not static, but must adapt to challenges and opportunities in equal measure. Trust in ZEISS and its products is influenced by environmental dynamics and constant change, especially in the digital world.

Guidelines, structures and processes

The level of dynamics has increased significantly, both in the regulatory and technical fields. A resilient response to this constantly changing environment calls for a realignment of data privacy management. To this end, we intend to make greater use of international standards to promote and secure the ongoing integration of data privacy in business processes. Corporate Data Privacy defines the principles and rules governing the protection of personal data, supports and advises on implementation and actively monitors compliance. This department reports to the Chief Financial Officer.

Executive Board members and/or the managing directors of ZEISS companies and the heads of business units are responsible for implementation and compliance. Each individual company has a data privacy coordinator who is the local contact person for all employees' and managers' questions and maintains contact with Corporate Data Privacy.

Measures and results

Data privacy audits activities are constantly on the rise – ZEISS had both internal and external audits carried out during the reporting period. These activities enable the company to continuously improve.

ZEISS has launched the Data Privacy community of practice to promote professional exchange and collaboration. This event format offers the opportunity to discuss current developments across all segments and with all employees worldwide who are interested in data privacy. It helps promote a deeper understanding and awareness among employees and identify the company's practical needs. The knowledge and insight gained can then feed directly into the provision of advice on privacy.

One example of interdisciplinary collaboration in response to rapid technical developments is the topic of generative artificial intelligence. ZEISS was quick to develop internal processes in order to provide a practical response to this technology. In addition, over 130 inquiries from data subjects regarding guaranteed data subject rights such as data erasure, access, objection or rectification were answered in the reporting period. Data privacy incidents were reported to the responsible supervisory authority and/or the affected parties, depending on their severity. In the reporting period, ZEISS was not the subject of any in-depth audits or sanctions by the supervisory authorities.

Information Security

The security of the information systems deployed at ZEISS is of great importance for business operations and the success of ZEISS digital products and services. This the only way to prevent production downtime or the loss of intellectual property (IP), industrial property rights and, consequently, the loss of the company's own competitive advantage.

The triad of confidentiality, integrity and availability of information and systems describes the overarching goals of the ZEISS Information Security Management System (ISMS). The ISMS is the responsibility of ZEISS Information Security and sets the framework for the security of all information processing in the ZEISS Group. It has been certified to ISO 27001 for the centrally provided services related to information technology and information security equipment, mechanisms and processes since the end of 2021 and is regularly audited as part of the certification process and thus updated. It is also guided by the rules enshrined in international regulations such as those of the National Institute of Standards and Technology (NIST) in the US and established industry standards. ZEISS thus ensures a high security posture that is in line with the requirements of ZEISS customers.

Over the past five years, ZEISS has established, continuously expanded and further developed a Security Operation Center at its site in Bangalore, India. The IT systems operated at ZEISS are monitored around the clock for security issues in order to intervene immediately in the event of discrepancies and thus minimize any potential damage.

Through the introduction of Business Information Security Officers (BISOs) and their decentralized organization, the company has improved information security both in the individual segments and in central service centers – such as the Shared Production Unit or ZEISS Digital Partners. The BISOs form the link between ZEISS Information Security and the business.

In addition, the company deploys a continually growing network of ZEISS Security Engineers to address security in a rapidly evolving environment of agile software and product development. They can be software developers who are trained in a multi-stage training program according to the principles of security by design and security by default, among others.

During the reporting period, ZEISS received numerous inquiries from partners and customers requesting proof of the established safeguards. The requests were handled by the Regional Information Security Officers, who liaise between ZEISS Information Security and the regions. In the reporting period, the company worked with a consulting firm to determine the maturity level of information security within the entire ZEISS Group. In an industry comparison, ZEISS scored above average. In order to continuously increase security in the future, ZEISS – guided by the global CyberFIT program, which is working specifically on twelve cybersecurity initiatives - will implement further global measures in the coming years to meet the increasing demands of ever stricter regulation, as well as the growing requirements of customers and partners.

Tax

Taxes are very important for ensuring a functioning welfare state, its future and its people. As a foundation-owned company that actively takes responsibility for society, ZEISS is aware that it needs play its part in funding the public good. This also means paying taxes where value is created and ensuring consistent compliance with the applicable national laws. In Germany, companies of the ZEISS Group pay significant amounts of local trade tax which makes them important partners for the maintenance and improvement of local infrastructures in the communities that are home to the individual ZEISS sites. At the same time, breaches of the relevant laws and regulations would damage confidence in ZEISS.

Guidelines, structures and processes

At ZEISS, the guidelines for handling taxes are defined by the Group-wide tax strategy. It stipulates that tax-related OECD rules like the arm's-length principle are applied during internal and external transactions and that the local transfer pricing rules and guidelines are complied with. The tax strategy is evaluated on an event-driven basis rather than at regular intervals. The Corporate Tax department ensures that the tax strategy is compliant with the regulations and is always involved in decisions of considerable importance. This includes acquisitions of companies, other acquisitions, arrangements related to existing parts of companies, or the establishment of transfer pricing policies. Ultimate responsibility for complying with the tax strategy lies with the Chief Financial Officer.

For specific transactions ZEISS relies on process guidelines that define duties and responsibilities in greater detail.

Employees working in the Tax department are trained through external formats and internal knowledge sharing on specialist subjects and in line with their needs. At ZEISS, tax-related risks are monitored as part of the Group-wide risk management process. Risk field controls are defined annually and their operating effectiveness is assessed. In addition, potential tax risks – such as those relating to acquisitions or new regulatory requirements like country-by-country or DAC6 reporting – are identified using a general tax compliance system. Risks are continuously monitored in quarterly risk reporting. If necessary, measures to mitigate them are adopted and implemented.

Internal and external stakeholders can use the ZEISS Integrity Line whistleblower system to report possible compliance violations openly or anonymously.

The information on the tax burden was published in the Consolidated Financial Statements of Carl Zeiss AG as part of the ZEISS Group Annual Report. It was audited by audit firms as part of the audit of the Consolidated Financial Statements.

ZEISS is a partner that attaches importance to transparency, fairness, trust, reliability and respect. This applies in particular to its collaboration with tax authorities. ZEISS represents its own interests in relation to tax legislation through its memberships in the finance and tax committee of the Ostwürttemberg Chamber of Industry and Commerce and the German Association of Chambers of Industry and Commerce (DIHK), Berlin, in specialist tax groups and other panels.

Results

For the reporting period, ZEISS reported tax expenses in the amount of 477 million euros (prior year: 407 million euros). The Group's global effective tax rate stood at 27% in fiscal year 2022/23 (prior year: 26%).

02

Products and Value Chain



Product Development

“ZEISS offers innovative and high-quality products. Sustainability is an important parameter in this context and one which we have firmly integrated into the product development process. We are working to evaluate and optimize the resource and energy consumption of our products throughout their entire life cycle, which includes close cooperation with our suppliers.”

Dr. Michelangelo Masini, Head of Corporate Research and Technology, Carl Zeiss AG

ZEISS offers a wide variety of highly specialized products that are as diverse as its different customer groups and their particular requirements. These groups range from hospitals, doctor's offices and eye care specialists to research labs, tech companies, car manufacturers and end consumers. For all of them, the name ZEISS is a promise of quality, innovation, safety, reliability and responsibility – and for many, ZEISS is also synonymous with better health and improved quality of life. In order to live up to this promise and meet the needs of these different customers both today and in the future, ZEISS has been conducting its own comprehensive research and development activities right from the start.

Its collaborations with partners such as universities and the work of diverse teams make a tremendous contribution to its success. The greatest effect product development can have is on the potential impact of a product. Accordingly, awareness of potential environmental impacts and the pursuit of a far-reaching circular economy are increasingly shaping the process of product development. The goal is to increase the positive impact of ZEISS products through factors such as ease of use, greater energy efficiency, longevity and, in the future, more circularity.

Guidelines, structures and processes

The Product and Solution Generation Process (PSGP) is of fundamental importance. It is the responsibility of the Corporate Research and Technology department. The rules associated with the PSGP are binding for all ZEISS units, define the minimum requirements for a modern development process at the ZEISS Group and specify mandatory minimum content in the shape of a checklist. The aim is to provide

customers with the products and solutions they require - in terms of expectations, benefits, quality and reliability, as well as time and costs. ZEISS products are only marketed if the requirements defined for the development process have been implemented.

Green product design: learning and teaching

ZEISS offers its employees various training courses on the topic of green product design. In fiscal year 2022/23, for example, a Group-wide education and training plan was rolled out on the contribution of sustainable products to climate protection and on the implementation of life cycle assessments. ZEISS offers basic training on the CurioZ learning platform for a fundamental understanding of product-related sustainability criteria. Product-facing employees can also complete further training on product carbon footprints where they learn how to identify and implement reduction potential for products. A total of 343 product managers have already been trained globally. In addition to the training plan, a Group-wide software solution for conducting life cycle assessments was introduced during the reporting period. Since then, ZEISS has offered training courses on the use of this software and the associated product carbon footprint calculations.

ZEISS strives to reduce the environmental impact, such as through resource consumption or waste, of the entire product life cycle and also leverages fields of research from the circular economy in its innovation management. Increasing the longevity of products through service, repair and refurbishment programs is a key requirement in this context.

Thus, 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 throughout the entire product 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. Since fiscal year 2021/22, this has meant that sustainability plans are now mandatory for ZEISS business units when developing new products and must be supported by a product carbon footprint analysis, for example. This process ensures that all ZEISS products meet the applicable environmental regulations and guidelines (see the chapter on the environment, page 59).

In particular, ZEISS ensures that:

- » the raw materials used are harmless to human health and the environment
- » as little effluent, waste and emissions as possible generated during the manufacture and use of products

Objectives and results

ZEISS has set itself the goal of providing innovative solutions that focus on customer needs, make technologies more efficient and increase quality of life. In doing so, ZEISS aspires to always manufacture safe and reliable products of high quality. 670 new patent applications were filed during the reporting period. This underscores the company's enormous capacity for innovation.

As part of the ZEISS Agenda and the associated strategic focus on sustainability, a working group was responsible for more systematically enshrining sustainability in product development. This is the only way ZEISS can reduce the negative impact of resource and energy usage. The aim is to specifically evaluate energy efficiency, suitability for closed-loop material flows or alternative materials when developing new products. Based on the adjusted PSGP, the development process was realigned in the business units in fiscal year 2021/22 in order to ensure that various sustainability aspects are evaluated more systematically. New developments in the reporting period already followed this new process.

In addition, a software solution for carrying out life cycle assessments was rolled out throughout the Group in fiscal year 2022/23, product-facing employees were trained in the basics of product carbon footprint calculations and further training was provided on how to use the software.

Hope in the Fight against Breast Cancer

A breast cancer diagnosis is frightening and stressful, as is the treatment and its side effects. Intraoperative irradiation using INTRABEAM® from ZEISS offers an alternative to conventional external radiation therapy. It is administered in a single dose lasting approximately 30 minutes directly after surgical removal of the tumor and while the operation is still in progress. This means that conventional post-operative irradiation over several weeks can be shortened or, ideally, even eliminated altogether. Surrounding healthy tissue and skin are not affected. The result is the same effectiveness and shorter irradiation time with less radiation exposure.¹ Over 45,000 people have already been treated with the TARGIT method.² In addition to the significantly shorter duration of irradiation and the lower level of pain for patients, using INTRABEAM® can save 1,200 tons of carbon emissions annually in the UK alone.³

More on INTRABEAM® in the [Sustainability Booklet](#) from p. 11

¹ www.zeiss.de/meditec/media-news/pressemitteilungen/2020/targit-a-brustkrebs-studie-langzeit-ergebnisse.html

² <https://doi.org/10.1038/s41416-020-01233-5>

³ Per year, based on nationwide use, for UK only <https://pubmed.ncbi.nlm.nih.gov/27160842/>

Product Safety

A multitude of legal stipulations relating to the development, production, approval and sale of products serve to guarantee their safety. It is imperative that these rules are adhered to as defective products may cause damage or harm users. In addition, the company's reputation could suffer. The goal of product safety management at ZEISS is to avoid any such negative effects.

For ZEISS, the challenges come from both increasing regulatory requirements on product safety and ever greater product and application complexity. Digitalization plays a particularly important role in this context. At ZEISS, product safety starts during development, goes hand in hand with the procurement and production process and is a key aspect for customers when they use the products and for the after sales service.

Guidelines, structures and processes

ZEISS requires all applicable laws governing product safety to be implemented consistently. Responsibility for product safety and its importance for the company's success are therefore enshrined in the ZEISS Group's Code of Conduct. Within the ZEISS Group, specifications and monitoring ensure compliance with laws, standards and guidelines. Responsibility for product safety lies with the Executive Board or the heads of the individual companies, 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 and internal ZEISS requirements.

An important tool for ensuring product safety is the quality management system. It is based on the international standard

ISO 9001 and covers all ZEISS units. Multiple sites have their systems and processes certified by authorized testing centers. To meet the specific requirements for medical devices, various sites of the ZEISS Medical Technology segment have implemented a quality management system certified to ISO 13485. This system is also verified as part of an independent, external certification process.

As part of a comprehensive risk assessment during product development and production ZEISS ensures that, prior to a product launch, all measures have been taken to guarantee that all those involved can use the product safely. Operating instructions, training sessions, security features for products, as well as different kinds of support and dialog options, help users operate ZEISS devices safely. Some products require approvals before they can be deployed. Certification by independent testing centers ensures a high safety standard.

One set of guidelines applicable across all ZEISS units enables employees to deal with customer issues and complaints. In these cases, the guidelines provide for suitable action. ZEISS can thus quickly identify potential for product improvements and take the requisite corrective measures without delay.

In recent years, information security has become a key product safety aspect due to the increasing digitalization of ZEISS' product portfolio. That's because ZEISS products and services result in rising amounts of sensitive data. This includes health-related patient information, confidential research results or even secret product design drafts. To protect this information, ZEISS relies on the triad of data confidentiality, integrity and availability. Cross-segment security expert

groups, which are supervised and managed by ZEISS Information Security, play a key role in this context, promoting discussion among developers on security issues and defining guidelines on the security of digital products and services. It thus drives the appropriate integration of the principles of security by design and privacy by design in digital product development in order to ensure information security across the entire product life cycle. More information on information security at ZEISS can be found in the Integrity and Compliance chapter on page 31.

Objectives and results

To ensure the safety and quality of its products, the ZEISS Group relies on an effective management system that has been certified accordingly at numerous sites. At the end of fiscal year 2022/23, a total of around 120 business units had been certified to ISO 9001 and 21 business units to ISO 13485. Conformity with the requirements is regularly verified at all certified locations by independent surveillance audits.

Procurement and Supplier Management

Due to the significant amount of value created along the supply chain, the procurement process is critical to the ZEISS Group's long-term success. Around the globe, the local procurement organizations purchase materials used both for production and for non-production from local and international suppliers. In fiscal year 2022/23, ZEISS business units generated around 38% (previous year: 34%) of the total purchasing volume from 686 (previous year: 661) strategically relevant suppliers. These are distributed geographically as follows: EMEA (Europe, Middle East, Africa) 73% (prior year: 75%), APAC (Asia/Pacific) 13% (prior year: 13%) and Americas 14% (prior year: 12%).

Guidelines and structures

The company works very closely with its global supplier network to reduce the negative impact of its business operations on people and the environment. To do this, ZEISS takes a risk-based approach to the systematic management of suppliers with regard to sustainability. Environmental and social aspects play an important role in the selection of and collaboration with suppliers. In complex supply chains, environmental pollution, human rights violations inadequate occupational health and safety standards, human rights violations and child or forced labor all represent risks that ZEISS wants to proactively address. Non-compliance with environmental and social standards can have a negative impact on people and the environment along the supply chain and subsequently also harm ZEISS itself. ZEISS strives to positively influence environmental and human rights standards along the supply chain through fair and long-term business relationships and thus create jobs, for example.

In recent years, ZEISS has been driving the implementation of the five core elements of the German government's National Action Plan for Business and Human Rights (NAP). As such, the company was already well prepared for the German Supply Chain Act – LkSG for short – which Carl Zeiss AG and Carl Zeiss SMT GmbH have been subject to since 1 January 2023. Since the end of 2021, a project group led by the ZEISS Sustainability team has been working on implementing the requirements of the LkSG (for information on the implementation of the LkSG at ZEISS, see page 44).

The Supplier Sustainability Team, which operates at Group level within the Supplier Quality department, pools different activities for the operational implementation of sustainability aspects in supply chain management, thus supporting the ZEISS units. In the reporting year, new positions for Sustainability Managers were created in the purchasing departments of the ZEISS units for operational implementation. They are involved in several Group-wide projects that primarily serve to achieve and fulfill the objectives and requirements of the LkSG. Decisions on targets and approaches for embedding sustainability aspects in procurement are made in the steering committee of purchasing managers. Steering by the Executive Board on sustainability aspects in the supply chain takes place within the steering committee of the central sustainability program.

Moreover, a variety of working groups have been formed to drive the integration of selected sustainability topics in ZEISS' supply chain. For example, a cross-divisional working group is enhancing supplier management with regard to various sustainability aspects – from supplier communication and carbon reporting in logistics to the evaluation of packaging.

ZEISS categorically rejects all forms of forced and child labor and works to ensure that environmental and social standards are met at its sites and in its supply chain. In order to promote sustainability in the supply chain, ZEISS requires its suppliers to comply with the Responsible Business Alliance (RBA) Code of Conduct. This sets out standards for human rights, health and safety, environmental protection and business ethics that are based on international agreements. In 2023, the ZEISS Group defined supplier standards in response to the entry into force of the LkSG. These standards set out human rights and environmental requirements for suppliers that go beyond the RBA Code of Conduct as well as their obligations to cooperate, and mandatory compliance is now being rolled out in stages and on a risk basis.

Processes

Within the scope of the risk-based approach at ZEISS, relevant sustainability issues are also a part of the supplier management process. Likewise, processes are needed in order to raise awareness of sustainability requirements in the supply chain both internally and externally and to identify and follow up any related violations and risks.

- » New suppliers are selected on the basis of a self-assessment questionnaire that includes questions related to occupational safety, environmental protection, energy efficiency and acceptance of the supplier standards. Strategically relevant suppliers must recognize the RBA or a similar code of conduct and adhere to it. They are also obligated to share the standards with their sub-suppliers and contractors. ZEISS does not enter into any business relationship with any suppliers who violate human rights.

Information sharing and agreements pertaining to services, quality and various sustainability aspects are supported by the Supplier Portal.

- » In accordance with the established risk indices and the annual purchasing volume, strategic suppliers are assessed to determine if there are any potential sustainability risks. This risk assessment is based on the established Corruption Perceptions Index, the Human Development Index, the Global Slavery Index and the Environmental Performance Index. In addition, the ratification status of various ILO conventions as well as the Minamata, Stockholm and Basel Conventions are used to analyze potential supplier risks. In order to plan further activities, a list of priorities is compiled in consultation with the ZEISS units and action plans are discussed. This makes it possible to define further action such as conducting on-site sustainability audits at suppliers who are particularly high-risk. During these audits compliance with the RBA Code of Conduct is assessed. In preparation for an on-site sustainability audit, suppliers are asked to complete a sustainability supplier self-assessment questionnaire to assess their own sustainability performance. The sustainability survey on the ZEISS Supplier Portal is part of the supplier self-assessment.

- » Strategically relevant suppliers undergo an annual evaluation using a specific software tool. The assessment includes occupational safety, environmental protection and energy management criteria. Aspects such as occupational safety, fire prevention and environmental management have been part of cross-divisional supplier quality audits since 2012.
- » In the event of insufficient compliance with ZEISS' sustainability requirements, an action plan is agreed upon, with the company monitoring and overseeing its implementation. ZEISS will check and monitor its implementation.

The requirements must be made known so that they can be met. To this end, and to raise employee and supplier awareness of sustainability, ZEISS offers an e-learning course on the RBA Code of Conduct. One focus is on upholding human rights. Internal and external stakeholders can use the ZEISS Integrity Line whistleblower system on the company's website to report any human rights violations within the ZEISS supply chain (see also the chapter on Integrity and Compliance on page 31). Human rights and environmental concerns can also be reported directly to the Human Rights Officer by email (humanrights@zeiss.com).

Conflict minerals reporting

Within the scope of its due diligence obligations, ZEISS has also established a process for identifying and assessing risks in the supply chain with regard to dealing with conflict minerals. Conflict minerals are mined in conflict or high-risk areas, sometimes under illegal, inhumane conditions. ZEISS does not directly purchase metals such as tantalum,

tungsten, tin or gold, but does insist that its direct suppliers do not use any ores from conflict areas. To support this effort, ZEISS collects risk-based information. As part of its annual reporting the company applies the globally recognized standards of the Responsible Minerals Initiative (formerly known as the Conflict-Free Sourcing Initiative) in its communications with relevant suppliers. ZEISS uses the available means and information to verify data on the specified smelting works in order to identify possible risks and raise supplier awareness of this topic.

Objectives and results

Since the establishment of the sustainability program across all segments at the end of 2020, an international working group has been addressing the systematic embedding of social and environmental sustainability in the supply chain. It has created a program, defined specific targets for supplier management and suggested additional measures that can create an impact in the supply chain as part of the ZEISS Agenda. These targets and measures for the supply chain are aligned with the focus topics of the ZEISS Sustainability Strategy: climate action, circular economy and value for society.

In fiscal year 2022/23, the company notified its suppliers about the steps taken as part of the ZEISS sustainability goals for the supply chain and raised awareness with regard to corresponding measures. To this effect, initial data has already been collected and measures implemented at suppliers. The focus was on creating transparency with the help of digital solutions: a separate carbon database was set up for logistics service providers in order to meet the

special requirements. ZEISS compiled a questionnaire on sustainability goals and data for suppliers.

At the end of fiscal year 2022/23, 93% (prior year: 73%) of the 686 (prior year: 661) strategically relevant suppliers had confirmed via the supplier portal that they will comply with the RBA Code of Conduct or an equivalent code of conduct. In future, confirmation of compliance with the new supplier standards will also be assessed. ZEISS assessed the sustainability risks posed by the strategically relevant suppliers using the aforementioned risk assessment. The assessment was revised to take into account new and changing requirements. Approximately 20 supplier audits were performed worldwide, covering aspects related to occupational health and safety and environmental management. The planning and implementation of international sustainability audits were resumed after a suspension due to the pandemic. ZEISS also implements measures as needed.

In the context of the LkSG, a separate report on risks as well as information and incidents relating to human rights in the supply chain and at our own sites is being prepared for the first time for the reporting year. This report will be submitted to the competent authority and will be available from June 2024 at the latest and thus after publication of the Sustainability Report.

Focusing on Human Rights Due Diligence

In June 2021, the German Parliament passed the German Supply Chain Act (LkSG). As a result, affected companies, including individual ZEISS business units are required to explicitly integrate human rights and environmental due diligence even into their corporate processes from 2023 onwards.

As an internationally operating company with global supply and value chains, ZEISS is aware of its responsibility to people and the environment. This responsibility is set out in the Group-wide ZEISS Code of Conduct which makes clear the importance of human rights in our own company and in the supply chain and fully complies with the requirements of the Responsible Business Alliance (RBA) Code of Conduct. Further information on the ZEISS Code of Conduct can be found in the Integrity and Compliance chapter starting on page 31.

In order to drive forward the effective implementation and continuous development of human rights and environmental due diligence requirements and processes after the LkSG came into force, the Group's Executive Board has appointed a Human Rights Officer with effect from 1 January 2023. Working with the project group that has been in place since fiscal year 2021/22, it successively implemented the requirements of the law in the processes for the affected business units during the reporting period and implemented further LkSG-relevant measures in the ZEISS Group. This ensures that every ZEISS company can meet all legal requirements on time.

Implementation of the Requirements of the German Supply Chain Act

1.

Risk management system: the risk management system defines uniform rules and processes for the early identification, assessment and management of risks to the company's own business and the supply chain. Risk coordinators in the various business units provide support for implementing central requirements and guidelines.

The Human Rights Officer is responsible for overseeing human rights management; the management of the respective ZEISS business unit is responsible for identifying, managing and reporting human rights and environmental risks. At least once a year and on an ad hoc basis, the Human Rights Officer reports the results of the risk analysis, findings from the review of complaints received, and information on the effectiveness of remedial and preventive measures to the Executive Board.

2.

Group Policy Statement on Respecting and Promoting Human Rights and Environmental Protection: the Executive Board of Carl Zeiss AG adopted a Group Policy Statement in September 2023. It supplements the ZEISS Code of Conduct and makes it clear that ZEISS considers respect for and promotion of human rights and environmental protection to be an integral part of its business activities and that it also expects its business partners to do the same.

The [policy statement](#) can be found on the company website.

3.

Procedure for the identification of actual and potential adverse impacts on human rights (risk analysis) ZEISS performs an annual risk analysis and assessment both for its own business and for its direct suppliers. In addition, event-driven risk analyses are carried out in response to substantiated knowledge and a changed risk situation, with indirect suppliers also being considered.

ZEISS uses a staggered procedure for this purpose. To identify risks, external data sources, mainly country-specific indices, are first used to determine whether abstract

human rights and environmental risks exist in the company's own business operations or at suppliers. In a second step, information to which ZEISS has access, either in a tool or on a case-by-case basis, is added as part of a concrete risk analysis, and the resulting results are subjected to an evaluative overall assessment. The identified risks are then prioritized on the basis of the legally prescribed criteria.

The results of the risk analysis as well as insights from the measures and complaint management will be considered as additional data points in future risk analyses.

4.

Measures to avoid adverse impacts on those affected as well as an evaluation of them ZEISS takes appropriate preventive and remedial measures to avoid, eliminate or minimize risks in its own operations or those of its suppliers. The company builds on long-established processes and structures from compliance and risk management in its own business and supplier management in procurement.

In addition to regular training courses on the content of the Code of Conduct, area- and topic-specific training courses provide the necessary knowledge for effective implementation of human rights and environmental due diligence processes.

As part of the procurement strategy, suppliers at ZEISS undergo a comprehensive clearance check before a business relationship is entered into. This also takes due account of criteria concerning human rights and environmental standards. Based on the identified and prioritized risks, suppliers are informed and trained as appropriate. ZEISS reserves the right to carry out risk-based control procedures such as on-site audits. Suppliers are obligated – on the basis of representations – to comply with ZEISS' human rights and environmental requirements, to propagate the same along their own supply chain and to cooperate in the implementation of preventive and remedial measures.

5.

Remedial measures: if ZEISS discovers, for example through reports, audits or complaint management, that a violation of a human right or environmental obligation has occurred or is imminent in its own business or at a direct supplier, the company takes immediate action to prevent or end these violations or to minimize the extent of the violation. In the event of substantiated knowledge, ZEISS also takes such action at indirect suppliers to the extent of its legal means.

Depending on the severity of the violation, ZEISS reserves the right to react appropriately in relation to the business partners in question. The company endeavors to improve the situation on site before contractual relationships are terminated.

6.

Complaints procedure: Internal and external stakeholders have the opportunity to report open or anonymous information on possible compliance violations, such as human rights or environmental violations, via the ZEISS Integrity Line whistleblower system, which is available in many different languages. The ZEISS Integrity Line is on ZEISS websites and on the ZEISS intranet, which contains additional information on the procedure for dealing with compliance reports. Incoming human rights and environment-related reports are confidentially reviewed by the Corporate Compliance department (see chapter on Integrity and Compliance, page 31) and forwarded to the Human Rights Officer for further handling.

Human rights and environmental concerns can also be reported directly to the Human Rights Officer by emailing humanrights@zeiss.com. The Human Rights Officer is also not bound by instructions and is obliged to maintain confidentiality.

7.

Effectiveness checks: As part of regular effectiveness checks, ZEISS examines at least once a year and on an ad hoc basis whether the established risk management system effectively prevents or counteracts human rights and environmental risks. In this context, the company uses findings from stakeholder surveys, internal audits, supplier audits and risk analyses to validate the effectiveness of preventive and remedial measures taken. If it is determined in the course of these audits that existing processes have not adequately identified risks or that measures introduced have failed to have the desired effect, the Human Rights Officer initiates the necessary changes.

8.

Documentation and reporting: The fulfillment of due diligence obligations under the LkSG is systematically documented. Moreover, a report on the status quo and progress of efforts to prevent human rights and environmental violations is published annually.

03

Employees



“As a globally growing company, we need a culture that enables us to develop new perspectives and solutions without losing our innovation-driven ZEISS DNA. We need a culture that promotes a mindset of continuous development and that capitalizes on the different global perspectives of our diverse teams. Our managers around the world are asked to live and breathe this attitude in their daily work together with their teams and to continuously refine it. Our Cultural Journey shows them how we achieve this: by empowering people, actively fulfilling our role model function, promoting diverse teams and regularly providing constructive feedback.”

Georg von Erffa, Head of Corporate Human Resources, Carl Zeiss AG

Success through Employees Employee Involvement

Precision, innovation, and unparalleled quality can only be achieved with 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 are key competitive advantages. ZEISS meets the challenges associated with recruiting and retaining professionals through a global recruitment strategy on the one hand and clear approaches to personnel and cultural development on the other. This is set to make the ZEISS Group even more customer-oriented, more competitive and more digital. Important priorities in this context are the promotion of work-life balance and a wide range of internal training and development opportunities.

The activities and training courses offered at ZEISS directly benefit employees and also have a positive impact on society because they strengthen the innovative power and future viability of an important employer and thus also secure jobs. At the same time, the demands of the changing world of work are increasing, for example through digitalization and more complex task profiles. Motivated, qualified employees who continue to develop are a success factor for ZEISS in effectively meeting these new challenges.

The more involved employees feel at the company, the more motivated they will be. In Germany, co-determination is one tool for involving employees. As a globally operating company, ZEISS also takes into account the different co-determination arrangements around the world. Moreover, ZEISS regularly conducts a global employee survey to keep its finger on the pulse of the general mood.

Guidelines, structures and processes

Around 43,000 people in some 50 countries work for ZEISS. Corporate Human Resources is the main partner for dialog and negotiation for employee representatives and the point of contact for the HR departments at all ZEISS units. It works with people managers and department representatives to define standards and procedures for strategic and overarching areas of activity and implements them within the scope of its functional management worldwide.

Operational co-determination is one of the basic conditions for ensuring a high level of employee satisfaction. At ZEISS Germany, it is firmly established as one of the principles of the Foundation statutes. ZEISS negotiates with the employee representatives on those issues regulated by legal stipulations or collective wage agreements. Around 90% of employees in Germany are covered by a collective agreement. For employees not covered by a collective agreement, comparable working conditions are offered in other ways. In addition, ZEISS regularly discusses planned changes within committees made up of employee representatives, thus going above and beyond the statutory requirements in Germany. The European sites of Carl Zeiss Vision International GmbH

send employee representatives to the European Works Council (EWC).

The ideas@ZEISS ideas management program is available to all employees in Germany. This means that each and every individual can play an active role in improving the company and help shape ZEISS' ideas and corporate culture. The submissions are assessed based on their feasibility, impact and efficiency. Employees are rewarded financially. ZEISS Industrial Quality Solutions also offers employees at the Minneapolis (USA) and Shanghai (China) sites a company suggestion scheme.

ZEISS also employs temporary workers to a small extent in order to manage peaks in the operating schedule. ZEISS offers them fair wages and working conditions comparable to those of permanent employees, and provides companies that hire out personnel with all legally required and necessary information.

Objectives and results

ZEISS has set itself the target of enhancing and expanding the relationship between the company and its employees. Every two years, ZEISS uses a global and anonymous employee survey – Pulse Check – to measure the development of the corporate culture and the implementation of its associated strategy. The survey is also a key indicator of ZEISS' attractiveness as an employer and it reflects the prevalence of the values SERVE – EMPOWER – ACT – WIN in day-to-day operations. The most recent Pulse Check survey in 2022 showed that 85% of people enjoy working at ZEISS and that 81% of them would recommend ZEISS as an employer.

In the past, ZEISS paid out a bonus to all employees, allowing them to share in the company's successful business development. In fiscal year 2022/23, a profit participation bonus was again approved for eligible employees at the German sites. This bonus was paid after the end of the reporting year in December 2023. Some ZEISS sites outside Germany have their own country-specific rules that also allowed employees to share in the success of fiscal year 2022/23.

agenda25: making strategy tangible

Since 2020, #agenda25 and its three focus fields – shape markets, build networks and create impact – have provided a clear strategic direction and supported ZEISS on the path to becoming a global technology leader. In 2023, the company presented to its employees the progress ZEISS has already made in implementing the strategy and the milestones that are still planned at a virtual trade fair and on the ground at the Oberkochen (Germany) site. One focus of the presentation was on the Group-wide sustainability activities. Over 400 employees from seven countries took part online, with around 300 participants on-site.

¹ Data query cutoff date: 30 September 2023. Data collection in headcount.

² New hires refers to ZEISS employees worldwide. The indicator takes into account permanent and fixed-term employees

³ The turnover rate refers to all ZEISS employees in Germany. The KPI indicator does not include exits due to fixed-term employment contracts, retirement, early retirement, or death.

Global employee structure¹

	2022/23	2021/22	2020/21
Total	42,992	38,770	35,375
» Part-time employees	2,308	2,023	1,863
» Employees with fixed-term contracts	949	1,402	1,698
Trainees and students in a cooperative study program	735	570	552
Temporary workers	1,548	1,385	1,103
New hires ²	7,531	9,229	5,025
Percentage of female employees	33 %	33 %	34%
Turnover rate ³ (Germany)	2.5 %	2.1 %	2.6 %

Employees, temporary and part-time positions by region

	2022/23	2021/22	2020/21
Germany	20,067	17,058	14,848
» Part-time employees	1,896	1,631	1,483
» Employees with fixed-term contracts	647	878	999
EMEA (excluding Germany)	5,355	5,041	4,818
» Part-time employees	358	344	342
» Employees with fixed-term contracts	97	125	85
Americas	7,601	7,620	7,913
» Part-time employees	17	16	10
» Employees with fixed-term contracts	173	373	586
APAC	9,969	9,051	7,796
» Part-time employees	37	32	28
» Employees with fixed-term contracts	32	26	28

Attracting and Developing Employees

ZEISS invests continually in the recruitment, promotion and professional development of its employees, showcasing itself as an attractive employer in the battle to gain talented individuals and counter the shortage of skilled workers. It always aims to recruit many skilled workers and managers from its own ranks. This creates attractive opportunities for professional development and helps qualified, motivated employees stay loyal to the company over the long term.

Guidelines, structures and processes

Corporate Human Resources is responsible for training, strategic personnel development and talent management. It works closely with local HR departments within functional teams, service areas, and on projects. CurioZ is the ZEISS venture that focuses on learning at ZEISS. Through the CurioZ digital learning platform, ZEISS contributes to the professional development of its employees. Using a variety of formats and offerings – ranging from in-person and online courses to blended learning – CurioZ specifically promotes the expansion of expertise, knowledge and skills.

In order to attract new employees, the company also leverages target group-oriented global and local online channels like LinkedIn, YouTube, WeChat and ResearchGate. It also takes part in careers events and gives presentations at universities to elevate its reputation as an international employer. The measures' efficacy can be seen in the consistently positive results the company achieves in employer rankings. These include the Trendence list of Germany's most attractive employers for graduates and young professionals, and the certifications "Great place to work" in India and "Top Employer" in China.

ZEISS offers plenty of training opportunities and works with various universities offering cooperative education programs. With its cooperative study offering, ZEISS is contributing to the development of society, especially at its German sites.

Numerous programs also support up-and-coming scientists and seasoned professionals in their careers. They pay special attention to individual skills and the further development of competencies. One focus is on the development of managers. In addition to a mandatory program that prepares managers for their first leadership challenges, ZEISS also offers individual training and development opportunities for managers, such as coaching. ZEISS also attaches great importance to job-related development measures such as rotation, including foreign assignments. In research and development, innovation, and service and support, ZEISS also offers attractive career paths for technical experts that are also geared to the individual needs of employees.

Measures and results

In order to promote young talent, ZEISS employs vocational trainees and students at universities offering cooperative study programs. At the end of the reporting period, ZEISS employed a total of 707 vocational trainees and students enrolled in cooperative study programs. In 2023, a total of 329 (prior year: 199) trainees and students began a vocational training program or a combined degree-and-vocational-training program at the German sites Göttingen, Jena, Oberkochen and Wetzlar. They are being trained in areas such as industrial mechanics, precision optics, mechatronics and industrial business management, or completing a cooperative study program in business information systems, international

business or data science. New additions include the vocational training program in information technology for data and process analysis as well as cooperative study programs such as international management for business and information technology, information systems with a focus on data science or security management.

Fit for the working world of the future - with new approaches to learning

ZEISS wants to build up broad general knowledge in areas that are of particular importance for the future of the company. This is why the company offers its employees learning paths, for example on digitalization: in interactively designed 360-degree worlds, employees learn about the core aspects of digital transformation at ZEISS – explained in an entertaining and understandable way at their own pace. The learning path was created in collaboration with ZEISS employees from various departments and countries, who contributed their content and comments. Another learning path on the topic of intrapreneurship, i.e. the entrepreneurial activities of employees within a company, was also published during the reporting period. Further learning paths are being planned.

Proud@ZEISS: LGBTIA+network

The Proud@ZEISS network aims to make people in the LGBTQIA+ community at ZEISS more visible, give them a voice and incorporate their perspectives into the further development of ZEISS' corporate culture. The call to all LGBTQIA+ people and straight allies has already been taken up by more than 170 employees worldwide and brought to life. Proud@ZEISS offers a platform for mutual support, facilitates discussions with like-minded people and promotes diversity and acceptance at ZEISS. Members in Germany and North America liaise within the network at regular intervals. In fiscal year 2022/23, an international online meeting was held to reflect on the past year and discuss plans for the future. There is an active exchange with LGBTQIA+ networks of other companies in order to support each other in the development process of the respective networks.

In fiscal year 2022/23, around 694 (2021/22: 415) young people also completed a technical or business internship at the company's German sites or wrote their thesis at ZEISS. In addition, roughly 390 (2021/22: 400) high school students in Oberkochen had the opportunity to explore their future career options as part of a high school internship.

Employees also took the opportunity to work abroad for ZEISS to further develop their skills in fiscal year 2022/23. At present, 70 employees from Germany are working in 23 countries worldwide. At the same time, 25 employees from abroad

have been assigned to work in Germany (as of October 2023). Assignments in third countries, which see US-based employees working in places like China or being posted from India to Dubai and Japan, are becoming increasingly important.

In the year under review, ZEISS CurioZ introduced an upgrade of the learning platform of the same name. The CurioZ upgrade is the beginning of internationally joined-up learning for ZEISS, taking the company to the next step on its path toward becoming a learning organization. All ZEISS employees worldwide now have access to numerous new functions that promote their personal development and enable them to shape their own learning journey. These include the clearly set out, personalized start page, an event calendar with current live training courses and an extensive range of course recommendations – including offerings from external learning providers.

Digital participation for employees in production and operational areas is also important to ZEISS. For this reason, all employees in Germany have had an electronic account since fiscal year 2020/21, which they can use to access their digital ZEISS workplace applications from a wide range of devices.

Figures on learning

The introduction of the upgrade to the CurioZ learning platform supports the enhancement of learning formats and the global focus of the learning system at ZEISS. Due to the platform changeover, CurioZ adjusted its reporting accordingly in the year under review. From fiscal year 2023/24 onward, it should be possible to report more detailed figures on training once again.

Figures on learning in Germany¹

Fiscal year (FY)	2022/23	2021/22	2020/21
Total courses completed (online and in person)	174,469	136,196	94,735

¹ This data is generated via the CurioZ platform. Certain inaccuracies may arise due to any local activities that are not recorded centrally. The figures refer to ZEISS employees. Customers and suppliers, who can also use the platform, are not included in the figures. In prior years, the genders were also shown (2021/22: 72% male, 28% female; 2020/21: 73% male, 27% female). The current system cannot provide these figures.

Diversity and Equal Opportunities

With around 43,000 employees in some 50 countries, diversity is firmly anchored in the corporate identity at ZEISS. The company is shaped by a diverse array of experiences, skills, ways of thinking, leadership and work styles, cultural backgrounds and lifestyles. By forming teams with a wide range of backgrounds and skills, ZEISS can innovate, make better decisions and develop creative solutions. In this inclusive environment, everyone should feel equally involved, supported and respected. This approach applies not only to ZEISS employees, but also to customers, partners and suppliers around the world. That's why the company is continuing to focus on equal opportunities while actively promoting diversity among its workforce. By creating a working environment in which all people feel safe and welcome regardless of their origin, gender, religion, sexual identity or other characteristics, ZEISS is making a positive contribution to reducing discrimination in society and setting a good example.

At the same time, diversity is another key to the global success of an international company like ZEISS. That's because employees know the markets, understand customers' different needs and can respond to business partners' cultural practices and customs. This plays a major role in securing local acceptance and trust for the company.

Guidelines, structures and processes

Around the globe, ZEISS stands for diversity, tolerance and openness, and rejects all forms of violence. These values help to create a peaceful, prosperous and modern world in which everyone is equal before the law. The company rejects intolerance, racism, violence and extremism. This

commitment is anchored in the Foundation statutes and in the ZEISS Code of Conduct.

It prohibits any form of discrimination, whether based on "ethnic or social origin, skin color, gender, age, marital status, disability, religion, nationality, sexual identity or other characteristics". The ZEISS Integrity Line is in place to respond appropriately to violations of the Code of Conduct. It can also be used to make anonymous reports. Further information can be found in the Integrity and Compliance chapter on page 31.

ZEISS reinforced its commitment to diversity by signing the Diversity Charter in July 2017. This business initiative aims to promote recognition, appreciation and the inclusion of diversity in the German workplace. In order to actively promote the career advancement of women, ZEISS is a member of the initiative *Chefsache* – a network that promotes a balanced gender ratio in leadership positions. Getting more women into management positions is seen as a great opportunity at ZEISS. ZEISS has also joined the Employers for Equality program to benefit from the cross-company exchange of experience and to offer training and skill-building workshops to network managers within the company.

Corporate Human Resources is responsible for managing activities that promote culture (Cultural Journey) and diversity. It has the support of multiple committees and reports to the Executive Board. Managers are encouraged to exemplify the ZEISS values, ensure compliance with rules and set a good example when it comes to acting with integrity. Managers should ensure an open feedback culture, tolerance and

respectful behavior in their teams. This reflects the objective of the Cultural Journey, which is divided into the guiding themes of empowerment, role modeling, diverse teams and feedback and thus also supports the strategic goals of #agenda25, the strategic agenda of the ZEISS Group. In this context, ZEISS provides its managers with material on #agenda25 communication as well as a toolbox with templates for team workshops on the key topics.

Cultural ambassadors: creating understanding

More than a hundred cultural ambassadors support the continuous development of the ZEISS corporate culture and carry out local activities at their sites. They shed light on cultural change and thus ensure that all employees at ZEISS have the same vision for collaboration. They help their colleagues understand different aspects of the guiding themes of the Cultural Journey – empowerment, role modeling, diverse teams – and feedback. These employees come from across the ZEISS world and organize their work on individual thematic focal points independently in overarching teams.

You can find out more about the ZEISS Cultural Journey in the ZEISS Sustainability Booklet starting from page 24.

The global network of cultural ambassadors also plays an important role. They support the local management teams and HR departments in designing and implementing cultural development activities, provide feedback and share their experience across segments and countries.

ZEISS has developed a strategy for promoting diversity. The basis of this approach are the individual skills of the employees. ZEISS has a special focus in this context on five dimensions:

Gender: accepting and seeing the potential of every individual is our priority. Everyone has the same opportunities - regardless of their gender identity and sexual orientation. ZEISS strives for equal treatment when it comes to filling senior management positions and remuneration. All employees have access to family-friendly working time models.

Generations: five different generations work together at ZEISS and the company views this generational diversity as a great opportunity. ZEISS therefore promotes effective intergenerational collaboration by securing experience and knowledge in the workforce through knowledge management and lifelong learning.

Physical and mental abilities: people with physical or mental disabilities are part of our ZEISS team and contribute their talents to our joint performance. The company optimizes its work processes accordingly by providing opportunities for training and employment as well as individual solutions. Managers are also sensitized to the need

to adapt jobs to the respective capabilities of employees at different stages of their lives.

Internationality: ZEISS brings people from all cultural backgrounds together and views them as one team – regardless of language, ethnicity, religion, skin color or culture. Diversity is an opportunity and the key to new markets because our openness enables us to attract new customers and talent worldwide. ZEISS therefore specifically promotes dialog among employees across borders.

Work culture, ways of working and social background: ZEISS offers modern working time models to all employees in different life situations. This sets the company apart from the competition and makes us an attractive employer for all employees. It is also the responsibility of ZEISS as an employer to create an environment in which the potential of every employee can be unlocked, regardless of social background and personal experience.

Objectives and results

ZEISS aims to ensure that all employees can collaborate successfully and respectfully with one another – regardless of their professional background, age, gender, origin and working culture. To strengthen the diversity that ZEISS embraces, the company and its employees in Germany have initiatives and networks: They bring together employees with different viewpoints, personal backgrounds, specialist knowledge and experience across departments and countries. They thus contribute to enhancing diversity and inclusion in the company. In addition, in fiscal year 2022/23, the following initiatives continued both in Germany and worldwide:

» **International Club**

The International Club (INC) aims to promote intercultural exchange and support ZEISS employees and their families in building a network – especially if they live abroad. The club currently has more than 400 members from over 60 countries. Smaller groups, usually between ten and 30 participants, come together at meetings organized by the International Club in the Ostalb region and, as of fiscal year 2022/23, also in Munich, Jena and Berlin. Through the meetings, employees get to know each other and build up a private and professional network.

» **Young ZEISS**

The Young ZEISS network has set itself the goal of putting employees from different ZEISS segments and professional fields as well as from different sites in touch with each other through recreational events. Over 1,700 employees at 13 different sites are now part of the network and take part in activities such as hikes and plant tours. Young ZEISS also organizes “speed networking” events where new and old colleagues can network online.

» **ZEISS Women Award**

ZEISS highlights the diverse career opportunities for women working in Digital & IT through its Women Award and recognizes ambitious female graduates and students from this field. The award also serves as a platform to encourage more women to choose a career in this field. The award is open to entries from across Germany. The winners are selected by a jury composed of successful women from the worlds of science and business. The three ZEISS Women Award winners received staggered cash prizes.

Work-Life Balance

» Including You

The aim of the Including You initiative is to promote diversity, inclusion and a sense of belonging through networks. So far Parents@ZEISS, disABILITY@ZEISS and Veterans@ZEISS have been set up in addition to Proud@ZEISS and Women@ZEISS. The groups are run by employees for employees. The aim is to raise awareness of diversity issues, promote a sense of community and offer mutual assistance. ZEISS supports the networks with training and advice and provides communication and financial support for the groups' activities. In addition, one or two experienced managers are assigned to each network as sponsors.

The opportunity to balance work and family life at different stages of one's personal life and career is a key part of how ZEISS supports its employees. The goal is to increase employee satisfaction and the company's appeal as an employer. The topic of work and personal life has become an important issue, not least due to the COVID-19 pandemic. By providing individualized offers for balancing work and family life, ZEISS has a positive impact on the private lives of its employees and the needs of their relatives, for example with regard to childcare or nursing care. Not providing such flexible solutions could potentially have a negative impact on the workforce.

Guidelines, structures and processes

Overall responsibility for promoting a work-life balance lies with Corporate Human Resources. Needs are generally assessed and relevant measures taken locally at the regional companies. In Germany, Corporate Human Resources engages with the Works Council, the employees and representatives from the different German sites.

With Group works agreements on flexibility in where and when employees work, the company is helping its employees to balance their individual life situation and work at ZEISS in the best possible way. Agreements on working models are reached with the relevant Works Council.

Objectives and results

In addition to expanding flexible working hours and workplace models, ZEISS, the Works Council and employees implemented further measures in fiscal year 2022/23 to make it easier to balance work and private life:

- » Adoption of a Group works agreement on mobile working at the sites in the European Union (supplementary to the Group works agreement for Germany)
- » Additional childcare places have been available since September 2023 thanks to the new Einstein crèche in Oberkochen
- » Reduced prices for children's vacation programs at selected sites throughout Germany

Global age structure of the ZEISS Group in FY 2022/23

Age distribution	Male	Female	Diverse	Total
Under 30	5,364	2,908	4	8,276
30 to 49	17,386	8,267	4	25,657
50 and older	6,092	2,966	1	9,059

Occupational Health and Safety

ZEISS considers guaranteeing a healthy work environment and a safe workplace a fundamental obligation toward its employees. This commitment also applies to employees of third-party 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. Possible negative effects for employees such as accidents at work need to be minimized.

With its corporate health management program, ZEISS aims to promote a safe working environment and healthy behaviors to maintain employee performance and job satisfaction. Corporate health management also helps to make ZEISS more attractive as an employer.

Until the middle of fiscal year 2022/23, the COVID-19 pandemic and the associated return to work for employees was one of the biggest challenges in occupational health and safety. The structures and processes previously created remained a good foundation for this purpose. Measures such as social distancing and hygiene rules, mandatory masks, travel guidelines and rules on the use of shared spaces were either retained or adapted to the current pandemic situation. The defined measures were implemented by segment-specific task forces, meaning the segments and countries were able to respond according to their particular situation as needed.

Guidelines, structures and processes

Occupational safety and protecting the health of all employees are principles enshrined in both the Carl Zeiss Foundation statutes and the ZEISS Code of Conduct. At Executive Board level, the Chief Financial Officer is responsible for this topic. The respective heads of all ZEISS business units are responsible for the continuous improvement of occupational health and safety performance as well as the implementation of Group-wide policies. Group-wide guidelines set out the obligations and state that the management must provide evidence at the annual management review that:

- » All relevant laws and stipulations related to occupational health and safety have been complied with, fulfilled and monitored
- » All employees have taken part in general training on occupational health and safety

In 2022, the Health&Safety@ZEISS project was launched. A common vision of how the topic of health should be addressed at ZEISS in the future was developed. As part of this, the Corporate Health, Safety & Security function was created, which combines occupational health and safety, fire protection, insurance and physical security. Corporate Health, Safety & Security is a business partner for all issues relating to security, health and risk prevention. In this way, people working at ZEISS and the company itself can be protected from hazards and risks and their impacts. With a holistic approach to occupational health and safety, ZEISS guarantees safe and healthy workplaces and conditions.

The operational responsibilities of all ZEISS employees and managers with regard to occupational health and safety are

outlined in a corporate policy. The Head of Health & Safety is responsible for occupational health and safety (OHS) worldwide. All ZEISS Group entities are required to appoint an OHS Officer in writing. The duties of an OHS Officer can vary in line with local legislation. However, they always include advising management and assessing occupational health and safety risks. Appropriate training is organized by each company unit. Furthermore, all ZEISS employees are called on to actively promote occupational safety and report risks to their supervisors or the respective OHS officer. In addition to reporting near misses and emergencies, the relevant line managers at German sites are required to carry out a cause analysis and define and implement measures if necessary. Occupational safety experts and/or company physicians can assist with defining these measures, where necessary.

To ensure ongoing communication on occupational health and safety topics, the Chief Financial Officer, the Head of Corporate Auditing, Risk and Quality Management and the Head of Health & Safety meet at regular intervals. The Chief Financial Officer is informed about the frequency and severity of work-related accidents at ZEISS. There are globally standardized KPIs for this (see page 57).

In Germany, the Head of Occupational Health and Safety takes on an advisory role for all sites 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 processes and procedures. All companies in Germany are obligated to implement them and they have been integrated into the ZEISS management system. This set of rules is certified to the globally

recognized standard ISO 45001. The occupational health and safety management system at ZEISS in Germany covers all sites including non-ZEISS employees. Therefore, contractors must consent to ZEISS' policy for external companies prior to accepting the commission.

As per the German Law on Occupational Health and Safety, ZEISS must form safety committees (OSCs) at each business unit. They meet every quarter to discuss topics related to occupational health and safety and accident prevention. Since at least one representative from each company management team belongs to an OSC, it is not only an advisory committee, but also a decision-making body. The committees also include members of the Works Council, company physicians, occupational health and safety experts, safety officers and, if applicable, a representative for severely disabled employees.

A total of 22 strategic business units at three German sites and ten international sites are certified to ISO 45001, the international standard for occupational health and safety management systems. (prior year: 19 strategic business units). An occupational health and safety management system based on the requirements stipulated in ISO 45001 has been implemented at all other ZEISS sites in Germany.

Each month, 28 business units in Germany and 40 international production sites with a total of around 36,000 employees supply statistics on the frequency and severity of work-related accidents. Health & Safety reviews the statistics with the head of the 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 work-related accidents among employees who primarily work in administration and sales outside of Germany are currently not fully included in the data because of their lower estimated risk potential.

In fiscal year 2022/23, 32 OHS Officers from 20 ZEISS sites worldwide met for the first OHS Officer Meeting in Oberkochen. The participants used the three days to share information and network with each other. In the workshops, they discussed work-related accidents and their causes in depth and laid the foundations for further cooperation.

Taking into account new health trends and risks in the work context, nationwide and site-specific prevention services are offered in Germany on the key topics of exercise, nutrition, mental health and healthy leadership, both in person and online. As part of a partnership with the health insurance company BARMER, employees in Germany are offered preventive health measures free of charge. These include tailored offerings for different groups of employees, such as employees in production, shifts or field service or trainees.

As part of the cooperation with the health insurance company BARMER, a toolbox was created over the past fiscal years and finalized in fiscal year 2022/23 – this will be made available to the health promotion work stream, consisting of representatives from works councils, representatives of severely disabled employees, corporate safety, medical services, occupational health management and HR. It can be used to select preventive health measures for employees, such

as prevention courses, modules for health days or offers for specific target groups on exercise, nutrition and mental health and implement them at the sites. Work with the toolbox is supported and managed by Corporate Health, Safety & Security.

In addition, ZEISS offers its employees digital health measures – for example, a health portal with online courses for more exercise, relaxation and energy or a variety of online seminars on topics such as good nutrition, healthy sleep or relaxation techniques. At the same time, regular face-to-face events such as prevention courses, workshops and lectures are held at the sites. After the ZEISS Health Days were held at many sites in Germany in September and October 2022, a Germany-wide step challenge followed in 2023. The international sites have already implemented various health initiatives.

Objectives and results

The ZEISS Group's main objective is to reduce the frequency and severity of workplace accidents and to create and maintain healthy working conditions. ZEISS is pursuing the goal of achieving a Lost Time Injury Frequency Rate (LTIFR) of less than 1.95 by the end of fiscal year 2024/25. The interim goal for fiscal year 2022/23 of less than 2.75 was achieved (LTIFR = 2.5). Compared to the previous year (LTIFR = 2.55), the accident figures have fallen slightly. At the same time, it is clear that additional measures are needed to reduce the number of accidents still further, and that these measures must be aimed above all at developing a culture of safety and health protection. The occupational health and safety goals of the ZEISS Group were therefore specified in greater detail and adjusted in order to both improve the health of employees and further reduce the number of work-related accidents.

To achieve these goals, ZEISS has initiated a pilot project in Germany to introduce and implement a behavior-based safety program, which will be rolled out to other areas of the ZEISS Group once it has been implemented and evaluated. The aim is to prevent behavior-based accidents at work and contribute to a culture of health and safety.

There were no fatal work-related accidents in the reporting year. The majority of accidents that occurred within the ZEISS Group in Germany were caused by personal conduct such as ignoring work instructions or not paying attention. ZEISS primarily responds to this challenge by organizing training for managers and running information campaigns to raise employee awareness.

The ZEISS Group aims to increase the level of standardization in its internal processes related to occupational health and safety. For this reason, global accident reporting was completely converted to the Quentic occupational health and safety management software on 1 October 2022. This software allows work-related accidents, near misses and critical situations to be reported and monitored. It also simplifies the planning and documentation of safety training, the preparation of risk assessments and documentation and creates a high level of transparency in terms of occupational health and safety measures and fire safety inspections. Thus, starting in fiscal year 2022/23, OHS Officers at manufacturing sites globally report their accident figures in Quentic. Overall, 2,546 managers and OHS Officers have been trained to use the new software since it was introduced.

Performance Indicators for Occupational Health and Safety in Fiscal Year 2022/23

	LTI	LTIFR	SVR	LCDR	Working hours
Germany	123	3.18	10.19	32.69	38,670,739
EMEA (excluding Germany)	15	2.66	25.20	66.93	5,647,726
Americas	24	2.11	14.71	28.46	11,354,588
APAC	6	0.52	28.50	14.68	11,648,440
Total	168	2.5	12.82	31.68	67,321,493

- » **Lost Time Injury (LTI):** a severe workplace injury that must be treated by a physician who is neither employed by 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):** Work-related accidents per one million target working hours (corresponds to 500 full-time employees) in one fiscal year (frequency).
- » **Severity Rate (SVR):** describes the average severity of all accidents that occurred in a specific time period.
- » **Lost Calendar Day Rate (LCDR):** describes the number of lost calendar days (LCD) per one million regular hours worked (this corresponds to around 500 full-time employees) within a specific time period.
- » **Target hours:** Total number of target working hours.

[← BACK TO CONTENTS](#)

| 04

Environment



Efficient Use of Natural Resources

“ZEISS is working to rigorously reduce emissions. In addition to our targets for Scope 1 and 2 emissions, our next step is to take a decisive approach to address emissions along our upstream and downstream value chain, i.e. our Scope 3 emissions: To this end, we are working across departments to expand targets and drive forward targeted measures.”

Dr. Nicole Ziegler, Head of Sustainability, Carl Zeiss AG

Raw materials, semi-finished goods and preliminary products, as well as energy and water, are all used to manufacture the company's various products. Emissions, effluents and waste are generated that cannot subsequently be reused in the manufacturing process. ZEISS' corporate activities also require the use of natural resources and therefore contribute to the growing scarcity of required raw materials and to negative environmental impacts due to the mining, processing and disposal of materials. The result can be rising prices for energy, raw materials, other materials and waste disposal, which in turn affect competitiveness. ZEISS therefore optimizes its business processes in line with environmental and economic aspects and organizes them in such a way as to keep the use of resources to a minimum. ZEISS also takes environmental aspects into account, from product development through to deployment at customer sites in order to render many end-of-pipe activities superfluous (see the chapter on Products and Value Chain, page 38).

Guidelines, structures and processes

In order to reduce its impact on the environment and climate, ZEISS works continuously toward reducing its consumption and emissions. To this end, the company set itself new environmental targets with regard to water, waste, energy and CO₂ emissions that it aims to achieve by fiscal year 2024/25. ZEISS embarked on the path of making more efficient use of resources early on. The company set out globally applicable environmental principles. To implement them, the company uses an environmental management system in accordance with the international ISO 14001 standard. The environmental performance

requirements are laid out in a standard operating procedure on environmental protection that is binding throughout the Group.

The Chief Financial Officer of Carl Zeiss AG holds overall responsibility for the implementation of the ZEISS Group's environmental management system. An environmental officer appointed at Group level assists the ZEISS business units with the implementation and helps them identify suitable measures. Additional officers are appointed at each site. At the end of the reporting period on 30 September 2023, 37 business units at 19 of the ZEISS Group's production sites were certified to ISO 14001:2015.

For many years, the Environmental Protection working group of the ZEISS Group has successfully facilitated the sharing of information and best practices between the sites in Germany. The annual meetings are attended by officers for the integrated management system, environmental officers, environmental coordinators, representatives from the Waste Management, Wastewater Technology and Utilities Management departments, hazardous materials officers and environment, health and safety specialists (EHS), and representatives from the central Sustainability team.

As part of ideas management at ZEISS (see chapter on Employee Involvement, page 48), employees also submit a large number of suggestions for environmental protection and improving environmental management at ZEISS. In the past, suggestions were submitted, for example, on how to improve energy efficiency, conserve water and chemicals, and reduce the amount of waste.

Water and effluents

Water is a valuable resource that is becoming increasingly scarce in many parts of the world due to climate change. It is therefore a top priority to use it responsibly. ZEISS procures water primarily from the public drinking water supply and uses it for manufacturing and cleaning processes, and as cooling and sanitary water. Effluents resulting from production processes are treated in the company's own treatment plants and subsequently drained into the municipal sewer system. The relevant quality standards at all sites are defined by local laws and official requirements. The implementation of measures for saving water – above all in conjunction with permits for water treatment plants – is a clear statutory requirement that is implemented on an ongoing basis. Regular internal inspections ensure compliance with these standards.

ZEISS supports measures to save water at all its sites, especially in regions characterized by a dry climate. These include ZEISS Vision Care sites in Mexico, India, China and California (USA), for example. ZEISS initiated an intensive water-saving program at the site in Mexico due to the steadily increasing water shortage in recent years. This has enabled fresh water consumption to be significantly reduced, for example through process optimization and the cascaded use of process water. Overall, these measures reduced fresh water consumption by around 65% compared to fiscal year 2018/19. On average, this corresponds to an annual saving of over 100 million liters of water. ZEISS is consistently transferring this experience and these measures to its other production sites. Another example is the renovation of ZEISS Vision Care's water treatment plant at the Chinese site

in Guangzhou. In the future, this will centrally treat all wastewater from the ZEISS Knowledge Campus. In this way, 450,000 m³ of water are to be saved each year - equivalent to more than half of the annual water consumption at the site.

Further information on water-saving measures can be found in the [ZEISS Sustainability Booklet](#) on page 7.

Create Green Impact!

During the reporting period, ZEISS employees were asked to put forward clever ideas for more environmentally friendly practices that were ready for implementation: A total of 75 ideas were submitted as part of the "Create Green Impact" competition. The nine-member sustainability jury evaluated them based on the criteria of innovative strength, benefits, feasibility and team performance. Two projects took first place: one team looked at ways to save energy in the laboratory, for example by switching systems off manually or automatically after use. The other first-placed team developed an energy-efficient control system for microscopy systems.

Materials

When selecting and using raw materials, technologies and production processes, ZEISS considers their environmental compatibility. This primarily concerns product development (see chapter on Products and Value Chain page 38). However, ZEISS is constantly looking for more environmentally friendly alternatives and processes in production. As an optics and optoelectronics company, the ZEISS Group primarily uses materials and production processes that have a low environmental impact and are easy to monitor. Wherever possible, potentially hazardous materials are replaced with less problematic substances.

Supporting environmental research

There is a growing awareness in society of the impact of human activities on natural habitats, their pollution, the decline in biodiversity and climate change. To gain a better understanding of the human impact on European coasts and seas, ZEISS is supporting the European Molecular Biology Laboratory (EMBL). In the Traversing European Coastlines (TREC) research expedition launched by EMBL, samples have been taken along the European coasts since April 2023 and the diversity of organisms examined – from viruses, bacteria and protists to multicellular groups such as algae and animals. The mobile laboratories are equipped with ZEISS microscopes and will visit over 100 sites in 24 European countries. ZEISS and EMBL agreed on a strategic, long-term collaboration in 2023.

Moreover, recyclability is a key criterion when selecting a material. The aim is to close material cycles.

ZEISS also continued pursuing its program for refurbishing microscopes in the reporting year. This involved pre-owned systems being upgraded and then sold at a discounted price. Customers receive a one-year warranty, and replacement parts are guaranteed for a period of five years. In the reporting year, 11 electron microscopes and 36 light microscopes were refurbished. In addition to economic advantages for our customers, the program reduces a system's carbon footprint because the raw materials used to produce it and the necessary energy are spread out over a longer service life.

In addition, ZEISS Semiconductor Manufacturing Technology is pursuing a refurbishment strategy over several years. In this context, employees were able to save around 1,500 tons of CO₂ equivalents in fiscal year 2022/23 by repairing coated extreme ultra violet (EUV) optics.

Waste

Closed-loop waste management is a key part of using resources responsibly. The production and the complete life cycle of the product must always be considered. In this context, particularly durable products are an important way to avoid waste in the downstream supply chain.

In keeping with this, ZEISS runs service, repair and refurbishment programs for its products in order to increase their service life. Further information is available in the chapter entitled "Products and Value Chain" on page 38.

To manage the waste produced at its sites, 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 managers are urged to work toward these goals. If it is not possible to avoid or reuse waste, it should be recycled for energy as far as possible. 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.

Objectives and results

ZEISS has set itself specific reduction targets related to water consumption and waste. Water consumption is to be reduced by 15% relative to the company's value added – the sum of EBITDA and personnel expenses – by fiscal year 2024/25. During the same period, the amount of waste generated is to be reduced by 10% relative to the company's own value added. The reference base year for all targets is fiscal year 2018/19.

In the reporting year, ZEISS achieved the target for reduction in water consumption by fiscal year 2024/25: as compared to the base year 2018/19, it was able to reduce relative water consumption by around 34%. The aim is to sustain or build on this improvement. In the same period, absolute water consumption also fell slightly despite the increased value added thanks to significant efficiency gains.

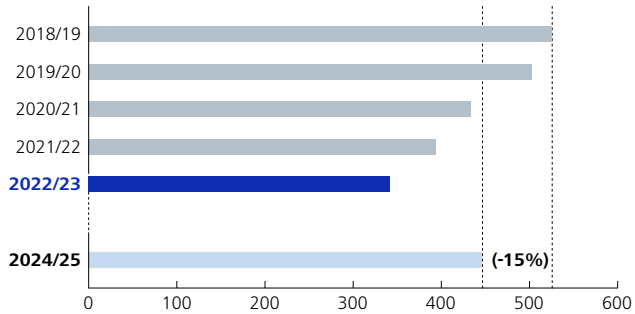
The reduction in water consumption can be attributed in part to the reuse of water in rinsing processes and the internal circulation of water, e.g. in production and cleaning

systems. In addition, special water-saving measures were implemented at several sites, see page 60.

In the reporting year, ZEISS was able to reduce the relative amount of waste by 35% as compared to the base year 2018/19. Thus, ZEISS has once again achieved the target value for waste reduction by fiscal year 2024/25. Here, too, the aim is to sustain or build on this improvement in the coming years. In the same period, the absolute amount of waste increased marginally.

Key performance indicators for water and waste are recorded and consolidated globally at ZEISS. They include all of the ZEISS Group's major production sites (65 sites varying in size and activities). Moreover, all of the business units certified to ISO 14001 set their own targets for improving their environmental performance as part of their business-specific environmental programs. One goal, for example, is that solvent requirement does not exceed a defined total annual quantity or a certain amount per manufactured product.

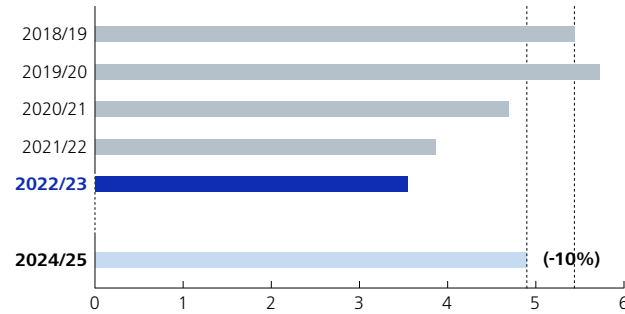
Water consumption¹



■ Water consumption [in m³/€m value added]
 ■ Target set for 2024/25

Fiscal year (FY)	2022/23	2021/22	...	2018/19
Total water consumption [in 1,000 m³]	1,931	1,958		1,901
» of which groundwater	108	115		
» of which surface water	11	10		
» of which third-party	1,812	1,833		
Total value added at ZEISS ² [€m]	5,597	4,947		3,623
Water consumption [in m³/€m value added]	345	396		525
Relative change to base year 2018/19 [in %]	-34	-25		0

Waste volume



■ Waste [in t/€m value added]
 ■ Target for 2024/25

Fiscal year (FY)	2022/23	2021/22	...	2018/19
Waste volume [in t]	19,755	19,146		19,684
» Hazardous	5,296	4,811		3,757
» Non-hazardous	14,459	14,336		15,926
Total value added at ZEISS [€m]	5,597	4,947		3,623
Waste volume [in t/€m value added]	3.53	3.87		5.43
Relative change to reference year 2018/19 [as a %]	-35	-29		0

¹ ZEISS collected water consumption data by source for the first time in fiscal year 2020/21.

² At ZEISS, value added is defined as the sum of earnings before interest, taxes, depreciation and amortization (EBITDA) and personnel expenses.

Climate Action at ZEISS

One of the most pressing tasks at present is to reduce the impact of climate change. ZEISS acknowledges the global goal formulated in the Paris Agreement of limiting global warming to below 2°C and has accordingly derived its own targets and measures. In this context, ZEISS has set itself the goal of achieving carbon neutrality in its Scope 1 and Scope 2 emissions by 2025. In addition, the company is striving to decarbonize the upstream supply chain. The upstream Scope 3 emissions were calculated for the first time in fiscal year 2020/21 and updated in fiscal year 2022/23.

Guidelines, structures and processes

When it comes to reducing its emissions, ZEISS takes a three-pronged approach that involves prevention, reduction and – if there are no other options or if not economically viable – compensation. ZEISS views Scope 1 and Scope 2 emissions as top priorities.

The best way to reduce emissions is to not produce them in the first place. To this end, ZEISS has accorded energy-saving highest priority. ZEISS Energy Management is tasked with keeping energy-related KPIs stable or improving them, even if production quantities increase. 103 companies in the ZEISS Group in the European Union and the UK have been certified to the ISO 50001 for energy management standard. Each of the units has appointed an Energy Manager who is responsible for continuously improving energy-related performance. The focus is on all of the operational processes, machines, appliances and equipment, along with its buildings and infrastructure.

Reliable and consistent energy and emissions data form the basis for managing consumption. ZEISS set up a global energy data platform in order to further improve the data collection process. It is designed to collect the data on all ZEISS sites worldwide with significant energy consumption. By the end of fiscal year 2022/23 around 120 sites had been included in the program. The platform will now be rolled out at the remaining sites.

ZEISS aims to procure from renewable sources any energy that cannot be saved. The company is doing this in two ways: by generating its own energy and by purchasing green power. To produce its own energy, ZEISS is expanding its photovoltaic and geothermal systems.

In Germany, green power can be sourced from wind energy via power purchase agreements (PPAs). In this case, green power is purchased straight from the source under long-term agreements. Additional green electricity with a guarantee of origin is purchased at a global level. ZEISS has defined strict quality criteria for this: the company only sources green power that has been listed in official registers and rejects green electricity from nuclear power or large hydroelectric power stations. ZEISS also bases its selection criteria on the age and technology of the systems, regions of origin and additional aspects. For instance green power, which is generated through solar and wind energy from systems that are no more than five years old and which bear the “Green-e” or “EcoEnergy” label is preferred. This change is being accompanied and strategically driven forward by the “Green Infrastructure” working group as part of the Group-wide sustainability program of the ZEISS Agenda. It has set itself the

goal of ensuring the worldwide conversion to green power at all main sites and increasing the volume of green power generated on-site.

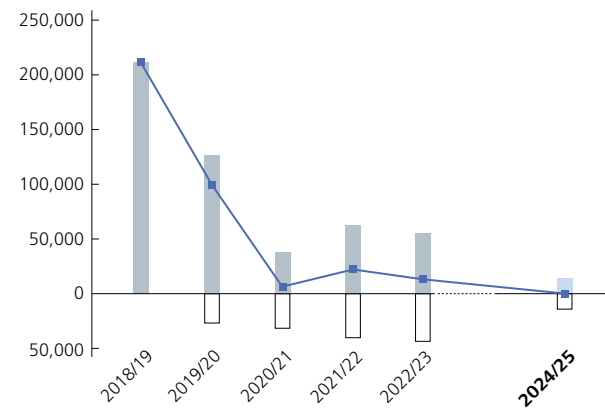
ZEISS compensates for certain emissions that are either unavoidable or very hard to avoid for economic reasons, such as the sourcing of gas and district heating, by purchasing CO₂ certificates and thus supporting selected projects. The company only procures CO₂ certificates from offsetting projects that meet internationally recognized standards: Gold Standard CER, Gold Standard VER, Verified Carbon Standard (VCS) in conjunction with the Climate, Community & Biodiversity (CCB) standards or VCS in conjunction with the Social Carbon Standard.

Due to the focus on emissions, the decarbonization strategy developed in fiscal year 2022/23 will initially focus on the factories in Germany. Accordingly, the company plans to largely phase out the combustion of fossil fuels such as natural gas in particular as quickly as possible. To this end, ZEISS will turn to new technologies such as heat pumps and make greater use of waste heat when constructing new buildings and making replacement investments. The higher demand for power resulting from the electrification of heat generation should preferably be covered by regional renewable energy sources. Where possible, the company will also invest in its own high-performance generation factories in future.

In addition to Scope 1 and 2 emissions, ZEISS is increasingly focusing on its Scope 3 emissions. These emissions are produced in the supply chains, e.g. through the mining of

raw materials, the production of primary products or their transport to ZEISS. This also includes waste disposal, employee commuting and business trips. To gain a better understanding of the Scope 3 emissions and to reduce them in a targeted way, they were analyzed for the first time in fiscal year 2020/21 with respect to the upstream value chain. For this purpose, ZEISS first identified key categories in the upstream value chain. An external partner helped the company perform a multi-regional, environmentally expanded input/output analysis. This analysis was carried out again in fiscal year 2022/23 based on the purchasing data from the merchandise management system for fiscal year 2021/22. Furthermore, ZEISS launched a project to calculate its Scope 3 emissions along the entire value chain (upstream and downstream) for fiscal year 2021/22. To this end, significant Scope 3 categories were first identified and calculated. In the next step, a reduction plan with targets for Scope 3 emissions can be drawn up.

Carbon emissions in t CO₂-eq (Scopes 1 and 2)



□ Compensation: ZEISS aims to achieve CO₂ neutrality in its Scope 1 and 2 emissions by fiscal year 2024/25. Since ZEISS cannot avoid all GHG emissions, it will compensate for the remaining GHG emissions. The GHG emissions presented here for fiscal year 2024/25 and the respective compensations are based on estimates.

— Net emissions refer to the difference between the GHG emissions that ZEISS produces and the GHG emissions that have been compensated for. The figure refers only to Scope 1 and Scope 2 emissions.

■ Carbon emissions

Fiscal year (FY)	2022/23	2021/22	2018/19
CO ₂ Emissions [in t CO ₂ -eq]	57,977	62,255	209,406
» Scope 1	52,493	56,089	31,686
Gas	30,766	34,469	31,038
Heating oil	1,333	584	648
Fuel ³	14,532	16,549	n/a
Volatile gases ⁴	5,861	4,487	n/a
» Scope 2	5,484	6,165	177,720
District heating	5,484	6,083	6,975
Electricity	0	82	170,745
Total value added at ZEISS ¹ [€m]	5,597	4,947	3,623
CO ₂ emissions [in t/€m value added]	10	13	58
CO ₂ compensation [in t CO ₂ -eq]	44,000	40,500	0

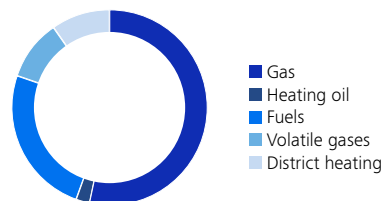
¹ At ZEISS, value added is defined as the sum of earnings before interest, taxes, depreciation and amortization (EBITDA) and personnel expenses.

² Since fiscal year 2018/19 ZEISS has been collecting data on both location-based Scope 1 and Scope 2 emissions. Market-based emissions are calculated using specific emission factors relating to the energy providers. The site-based survey uses emission factors from the respective federal state where energy is consumed. For this purpose, ZEISS uses the current emission factors according to the VDA list (as of 2020, published in December 2022). Market-based emissions have been reported since fiscal year 2020/21. The site-based Scope 1 and Scope 2 emissions amounted to 252.012 t CO₂-eq in FY 2022/23, 243,538 t CO₂-eq in FY 2021/22, 265,737 t CO₂-eq in FY 2020/21, 237,308 t CO₂-eq in FY 2019/20 and 236,052 t CO₂-eq in FY 2018/19.

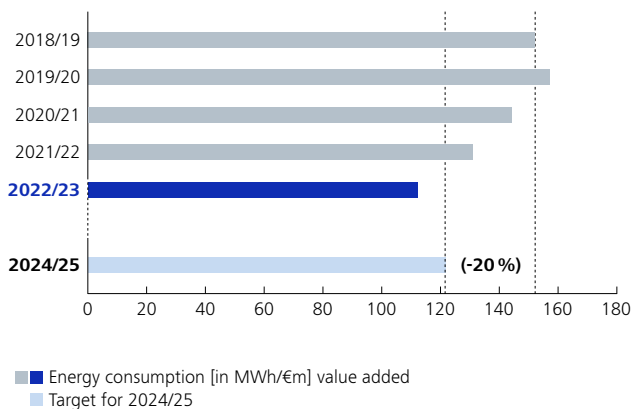
³ Combustion of fuels by vehicle fleet

⁴ Contains cooling/solvent losses

CO₂ Emissions in t CO₂-eq 2022/23 (Scopes 1 and 2)



Energy consumption



Fiscal year (FY)	2022/23	2021/22	...	2018/19
Energy consumption [in GWh]	628	644		555
» Electricity	441	440		366
» Gas	152	169		153
» Heating oil	5	2		2
» District heating	30	33		29
Total value added at ZEISS ¹ [€m]	5,597	4,947		3,623
Energy consumption [in MWh/€m] value added	112	130		152
Relative change to base year 2018/19 [in %]	-26	-14		0

Objectives and results

ZEISS aims to achieve carbon neutrality for its Scope 1 and Scope 2 emissions by fiscal year 2024/25. Since fiscal year 2021/22, the purchase of electrical energy (Scope 2) at the main production sites has already been carbon-neutral. By fiscal year 2024/25, energy procurement at all ZEISS sites and the direct emissions from combustion processes in its own systems or vehicles (Scope 1) will follow.

Furthermore, ZEISS set itself the target of reducing energy consumption by 20% by fiscal year 2024/25 relative to the company's own value added¹. The base year is 2018/19. In the reporting year, ZEISS was able to reduce its relative energy consumption by 26% as compared to the reference year 2018/19 and thus provisionally reached the target. This improvement needs to be upheld or even extended in the next few years. Compared to the financial year 2021/22, absolute energy consumption fell by 2.5%. ZEISS was able to further reduce carbon emissions as compared to fiscal year 2021/22. To offset emissions from the use of gas and district heating, around 44,000 tons of carbon equivalents were offset in the reporting period.

The performance indicators for energy and carbon emissions are recorded and consolidated globally at ZEISS. They include all of the ZEISS Group's major production sites (65 sites varying in size and activities). Carbon emissions are recorded in accordance with the ISO 14064-1 standard, which takes into account the Greenhouse Gas Protocol.

ZEISS has been sourcing green power worldwide since fiscal year 2020/21. To meet its electricity requirements,

calculated on the basis of consumption data and projections, the company is procuring green power – to the greatest possible extent – via a global tender. Certificates of origin and power purchase agreements (PPAs) were used to do this. A total of 488 GWh of green electricity was purchased for the main production, sales and administrative sites for fiscal year 2022/23. This enabled the ZEISS Group's total electricity consumption to be fully covered.

ZEISS Vision Care: reducing energy consumption

In the reporting period, ZEISS Vision Care succeeded in reducing its energy consumption by around 24% relative to its own value added – as the sum of EBITDA and personnel expenses – compared to fiscal year 2018/19. Energy-intensive processes were optimized on the basis of a consistent analysis of electricity consumption in production. For example, more energy-efficient production facilities were procured. The modernization of production sites and their infrastructure also contributes to reduced electricity consumption. For example, ZEISS Vision Care has modernized and consolidated the cooling systems at its site in China. In this way, energy savings of around 250,000 kilowatt hours per month were achieved. In order to drive these energy-saving measures forward, ZEISS Vision Care is increasingly focusing on the digital recording and analysis of energy data.

¹ At ZEISS, value added is defined as the sum of earnings before interest, taxes, depreciation and amortization (EBITDA) and personnel expenses.

In Germany, ZEISS has been sourcing renewable energy from wind power through PPAs since 2021, i.e. via suppliers who have signed a direct and individual agreement with the company. Since 2023, this electricity has been supplemented by another large-volume photovoltaic PPA. The facilities linked to the PPAs produce electricity directly for the company and cover over 30% of ZEISS' electricity requirements in Germany. In fiscal year 2022/23, three additional photovoltaic systems were installed at the South Factory in Oberkochen, which will produce around 600,000 kilowatt hours of electricity annually for the company's own consumption. This is equal to the average annual power consumption of around 175 family homes. Overall, the factory's maximum photovoltaic generation capacity was increased to almost two megawatts.

With regard to its Scope 3 emissions, ZEISS has set itself the goal of improving the data collection process, identifying ways to reduce Scope 3 emissions, and when engaging with suppliers, of seeking reduction potential and defining joint approaches. In total 1,356,284 tons of emissions were calculated for fiscal year 2021/22 based on expenditure, which fall under Scope 3 upstream (category 1-6). The calculation was therefore compared to the calculation in FY 2020/21 by adding categories 4 and 6. The total amount of emissions has risen in absolute terms due to this and in view of the increase in the purchase volume in absolute terms. The two largest contributors were the Purchased goods and services (1,024,179 tons) and Capital goods (116,971 tons). ZEISS has been offsetting Scope 3 emissions caused by business air travel since 2019.

With its products, ZEISS also ensures that energy is saved, thus reducing downstream Scope 3 emissions. This applies to the ZEISS CONTURA measuring machine that enables energy savings of up to 40%, or the retrofitting of old ZEISS portal measuring machines through Retrofit packages. More information is available in the chapter on Products and Value Chain on page 38.

In fiscal year 2022/23, ZEISS once again participated in the CDP (previously known as the Carbon Disclosure Project). In addition to the report on climate action, the report on water security was also prepared again in the reporting year. For the 2023 report, which also contains a financial assessment of risks and opportunities, the CDP gave ZEISS a rating of B, based on a scale of A to D (2022: A-). For the 2023 CDP report on water safety, CDP rated ZEISS B on a scale of A to D (2022: B).

The results are publicly available at www.cdp.net.

Focus on Climate Risks

ZEISS intends to address the risks and opportunities resulting from climate change in a holistic way. Based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) with its four pillars, the company presents excerpts of its management approaches and measures related to climate risks and opportunities. The detailed approach – with corresponding examples of climate-related opportunities and risks as well as the results of the climate scenario analyses – can be found in the ZEISS CDP Report 2023.

1. Governance

The Executive Board's responsibility for climate-related risks and opportunities

The Executive Board of Carl Zeiss AG is responsible for approving all climate policy measures and specifying and monitoring their targets. It receives information as part of the annual Sustainability Report and releases the relevant reports. The Head of Sustainability regularly reports on these measures and progress to the President & CEO and the full Executive Board. Enterprise Risk Management also prepares the comprehensive quarterly risk report for the Executive Board. This also includes climate-related risks and is assessed by the Executive Board, and further measures are derived as required.

The role of management in assessing and handling climate-related risks and opportunities

Responsibility for defining the sustainability strategy, including the climate strategy, lies with the Head of Sustainability. She is responsible for proposing environment-related targets for the ZEISS Group - for example with regard to emission reductions. This is done in close coordination with the environmental protection officers of the ZEISS Group. The status of implementation of sustainability targets is discussed every six months by the Chief Financial Officer and Head of Corporate Audit, Risk Management and Quality Management. These discussions also focus on how to manage climate-related risks and opportunities. Information on these risks and opportunities is also regularly shared between the central Sustainability team and the central Risk Management team.

2. Risk management

Assessing and Managing Climate-Related Risks

The central risk management system at ZEISS stipulates uniform rules and processes to detect, assess and manage risks at an early stage. The main objective is to exploit business opportunities and manage the associated risks, as well as to identify at an early stage any developments that could jeopardize the company's continued existence.

Risk management coordinators implement the central policies and procedures in the relevant business areas. The management of the segments and strategic business units detects, manages and reports on operating and strategic risks. Overall responsibility lies with the Executive Board.

ZEISS systematically analyzes and evaluates risks. These include climate risks. Risks are viewed as short-term if the respective impact is within up to one year. Medium-term risks are those that will have an impact in one to three years. Long-term risks are those that will have an impact in more than three years' time and possibly even in ten years' time or later.

When it comes to the risk analysis and assessment, special emphasis is placed on potential economic effects and how likely they are to occur. The quantified and classified risks are assessed on their risk-bearing capacity. The greater the potential financial impact or probability of occurrence, the higher ZEISS prioritizes the management of the risk. The central Sustainability team and the central Risk Management team jointly decide.

how to manage the risks. Depending on the individual case, risks are accepted, regularly monitored, transferred or measures are taken to reduce them. Moreover, ZEISS has added a due diligence process on transitory and physical climate risks to its M&A processes which, for example, take into account the risk of flooding at potential sites.

In order to minimize the possible effects of climate change such as extreme weather events, ZEISS uses business continuity plans that are checked and updated at regular intervals.

3. Strategy

Climate-related risks and opportunities and their effects on the business model

Both physical and transitory climate-related risks can have an impact on ZEISS' business model. The former are a direct or indirect result of climate change. The latter are caused by the transformation toward a decarbonized economy. Potential physical risks for ZEISS include increasing extreme weather events such as persistent heat, floods or forest fires, which may also affect ZEISS production sites or supply chains. Permanently increased temperatures, for example, can have a negative impact on the productivity and health of employees as well as on manufacturing processes and building air conditioning requirements.

ZEISS also monitors transitory risks such as emissions trading, the CO₂ tax policy and other regulatory developments. In the long term, ZEISS expects oil, gas and coal to become very scarce. The reasons for this lie in decreasing supply and new laws. One example of this is the new German carbon tax. For

the risk assessment, ZEISS calculated the effects of various carbon prices on the company's earnings.

In fiscal year 2021/22, climate scenarios were determined for the first time for ten plant locations worldwide, which together cover 90% of Group-wide energy consumption and are also the most relevant to the business. A time horizon of 20 years was used and the three risks of heat stress, floods and forest fires were examined. Necessary adaptation measures at the sites can be determined from the results.

The increasing push from politics, industry and civil society to reduce greenhouse gas emissions offers opportunities for ZEISS' operations. For example, the e-mobility trend generates demand for measuring and testing solutions. ZEISS is taking advantage of other opportunities such as the further development of microscopes that help to increase the reliability of energy systems and reduce the need for repairs. Intelligent measuring systems from ZEISS also enable increased efficiency in sectors such as the automobile and aerospace industries, thus helping to conserve natural resources. ZEISS always factors the changing expectations of customers due to climate change and regulatory requirements into its strategic planning. ZEISS expects sustainability aspects and product carbon footprints to become increasingly important in purchasing decisions. Climate action is therefore a core part of the Group-wide sustainability program.

4. Targets and key performance indicators

The main key performance indicators and targets for climate protection are on pages 63-66.

Environmental Compliance

Strict compliance with all relevant laws worldwide as well as international and national standards and directives form the basis of daily business at ZEISS. It is also a prerequisite for living up to our quality promise and is thus a fundamental obligation toward all stakeholders.

Guidelines, structures and processes

One major challenge of environmental protection – particularly with regard to waste, chemicals, water and effluents – is complying with laws, stipulations for official approval and other rules related to the environment. Environmental officers at the sites ensures that the relevant rules and regulations are logged in the management system and that all processes are in compliance with the law. If action is required, the environmental officers must make the necessary arrangements. This may be done by issuing a site-specific procedural or work instruction. Regular internal and external audits, as well as compliance checks ensures compliance with the legal and internal requirements. If this results in opportunities to optimize processes and actions, ZEISS defines specific measures. The implementation is assessed through regular follow-up audits and their results are included in the annual management reviews.

ZEISS expects its suppliers and other service providers to fully comply with environmental laws and regulations and with its internal guidelines. The company monitors whether such contractual agreements are being put into practice by conducting on-site audits, both planned and event-driven. More information about this is available in the chapter titled “Products and Value Chain” on page 38.

Chemicals management

Through its chemicals management activities, 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 on-site occupational health and safety specialists and environmental protection officers.

A substance database and list of hazardous materials form the basis of the Group-wide information system for hazardous substances used at the company. This is how ZEISS ensures that only chemicals that are authorized for the EU in accordance with REACH (registration, evaluation, authorization, and restriction of chemicals) are used. In addition, considerable care is taken to only use substances that have not been identified as substances of very high concern whenever possible.

Safety data sheets provide users with information on how to safely handle chemical products, helping to ensure that chemicals are used 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 ensures that suppliers observe the list of prohibited and declarable substances listed in a factory standard and requests the corresponding certificates of conformity.

Substance restrictions

ZEISS meets the requirements of the EU directive on the Restriction of Hazardous Substances (RoHS) with the help of a software application to monitor the relevant chemicals. This software is now used across all of ZEISS' segments. Suppliers must confirm in writing that the materials, substances and mixtures they supply are compliant with the applicable directives, laws and regulations.

ZEISS also monitors and evaluates legislative initiatives on substance restrictions. During the reporting period, the main focus was on the planned restriction of the use of perfluorinated and polyfluorinated alkyl substances (PFASs) in the European Union. Some of them are suspected of having harmful effects on health and the environment; at the same time, their special properties, such as resistance to temperature or low outgassing, make them indispensable in many products and production processes. Five European countries, including Germany, submitted a restriction proposal for the entire group of substances to the European Chemicals Agency (ECHA) in February 2023. Since a blanket ban on the entire group of substances in the European Union would have enormous technical, economic and socio-economic consequences, the ZEISS business units assessed the associated risks at an early stage and made evidence-based contributions to ECHA's public consultation process. The company advocates a nuanced and risk-based regulatory approach with appropriate exemptions and transitional provisions. Concurrently, ZEISS is already driving forward its own efforts to substitute PFASs in processes and products - also involving the supply chain.

The environmental and health hazard potential of PFAS lies in their production and disposal. Such risks do not exist in controlled production processes or products containing PFAS used as intended. Nevertheless, ZEISS is strongly committed to the substitution of PFASs wherever this is technologically feasible and economically viable.

Waste management

Modern technologies consist of many materials and components. If not disposed of properly, hazardous components may be overlooked due to their composition. As such, they can cause environmental and health problems. In accordance with the requirements of 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 in all EU countries as a distributor of electrical and electronic devices.

Aims

The company's top priority is to operate its facilities in a legally compliant manner. This is associated with the objectives of preventive emergency management and preventive maintenance, which saves retrofitting costs.

Social Engagement



Social and Societal Engagement

“It has become a tradition at ZEISS to promote education and science and it is part of the company’s very fabric. A Heart for Science is primarily about opening the door to the world of research for young people and stimulating enthusiasm for nature and technology.”

Dr. Karl Lamprecht, President and CEO of Carl Zeiss AG

Since 1889, the Carl Zeiss Foundation statutes have established a clear course. In addition to business growth and accepting responsibility for the company's employees, they stipulate social and societal engagement and the continued promotion of science and education as a corporate responsibility. It is thus the express corporate purpose of ZEISS to ensure that its core business improves the lives of people everywhere. ZEISS raises the bar in healthcare, for example, by offering solutions for optometry and medical technology, and helps drive medical progress through supplying microscopy products. The company also helps to train tomorrow's scientists through supplying microscopes to education facilities.

Armed with this brief, ZEISS assumes an active role in society and makes a contribution to sustainable development at its sites. The company supports various projects financially and with donations in kind, initiates its own programs and engages with partners directly on the ground to give more people around the world access to optical and medical care.

Structures and processes

The ZEISS Group's social responsibility follows clearly defined guidelines: activities are sponsored on three different organizational levels.

The Carl Zeiss Foundation, as the sole shareholder of Carl Zeiss AG and SCHOTT AG, carries out funding activities. Its funding activities are defined by the Foundation statutes and financed by the dividend payments from the two companies. Particular attention is paid to providing sustainable, balanced support.

The ZEISS Group provides funding as part of a defined process. The guidelines are laid out in an internal policy that applies across the entire company. One vehicle for supporting scientific research and education, healthcare, nature conservation and regional involvement in Germany is the ZEISS Promotion Fund. The company uses it to encourage people to get involved in the natural sciences, from preschool children right up to PhD students, as well as to fund social and cultural projects. Fund managers oversee the funding budget and the applications for sponsorship. Working with the responsible employees from the different corporate functions, they apply fixed criteria to decide which funding requests for donations or sponsoring to accept within the budget, and consult with the Executive Board of the ZEISS Group as needed.

Clear framework conditions have been defined for the commitment of the divisions, strategic business units and international sites of ZEISS. The focus is on activities that create added value for local communities, future generations or disadvantaged social groups. Measures should have a long-term impact, funds should always be used in a targeted manner, and the impact achieved should subsequently be evaluated.

The third level comprises local initiatives such as donation campaigns that are made possible by the direct commitment of employees worldwide. ZEISS sponsors these activities indirectly. Employees receive great recognition for their commitment from the company and their managers and are given the opportunity to organize themselves across the company's structures.

Sponsorship areas

Corporate social responsibility at the ZEISS Group aims to promote research and education, healthcare, conservation and regional society.

In fiscal year 2022/23, Carl Zeiss AG supported 171 projects with a total of two million euros (prior year: 113 projects with 1.7 million euros). Of these, 149 projects (prior year: 90 projects) were provided with more than one million euros (prior year: 600,000 euros) by the ZEISS Promotion Fund. A sponsorship amount at the level of the previous years has been earmarked for fiscal year 2023/24. More than 50% of funding will continue to be provided in the STEM fields – mathematics, information technology, natural sciences and technology – for school pupils and students as well as pre-school children.

Scientific research and education

Alongside business growth and accepting responsibility for the company's employees, the Carl Zeiss Foundation statutes stipulate high standards for societal engagement. ZEISS uses the Education and Science Fund established in 2012 under the umbrella of the ZEISS Promotion Fund to sponsor young scientists in Germany. At the heart of the ZEISS Promotion Fund are initiatives to promote the education of young people. The spotlight is on students who are choosing their field of study and college graduates who have not yet entered the world of work, as well as projects and initiatives at universities and research institutes. The focus is on the natural sciences and engineering, particularly optics and photonics.

The ZEISS Innovation Hubs in Karlsruhe and Dresden are also helping to shape technological progress. They cooperate closely with partners from research and industry and investigate topics such as novel treatments for ophthalmology or innovative sensor technology for the food industry.

In addition, the ZEISS Innovation Hub in Dresden is implementing the first research project in the field of organoid models together with the Dresden Technical University, the University Hospital Dresden, the Leibniz Institute and the Max Planck Institute. Organoid models are artificially produced organ-like microstructures that open up whole new opportunities in the development of medicines, for example. In Karlsruhe, the Innovation Hub @KIT team is not only working on the future fields of miniaturized photonics and medical robotics, but also on various projects relating to the circular economy. New optical solutions that enable the recycling of materials – from plastic packaging to technical polymers and batteries – are being explored.

Another mission of the hubs is to promote education. Accordingly, numerous students and doctoral candidates are employed. In addition, the hubs are actively involved in teaching at the respective universities - for example with the lecture "Business Innovation in Optics & Photonics" and the "Student Innovation Lab" at the Karlsruhe Institute of Technology. Since the hubs' establishment in 2020 and 2021, the number of hub employees has grown to 25.

One important measure to bring the requirements of the Statutes to life is A Heart for Science – an international STEM promotion initiative for young people between the ages of 12 and 18. As part of the company volunteering program, over 360 employees around the world got involved in numerous projects in fiscal year 2022/23. In Italy, for example, a workshop for children was held in collaboration with the TEDx organization to awaken a fascination for technology and science. The children explored the world of plants and insects with ZEISS microscopes and discovered optical phenomena. In a mentoring program with Dublin High School in the US, students were able to gain insights into STEM (science, technology, engineering and mathematics) professions and receive support in choosing a career at regular meetings with ZEISS employees. In Japan, ZEISS employees combine knowledge of technology with environmental and climate protection. The aim is to raise awareness of issues such as biodiversity, reducing carbon emissions and the impact of microplastics. The vision behind A Heart for Science is for ZEISS employees worldwide to awaken young people's interest in STEM subjects and thus contribute to the development of innovative solutions in the future.

Healthcare

ZEISS raises the bar in healthcare by offering solutions for ophthalmology and medical technology and helps to drive medical progress by supplying microscopy products. The aim is to help improve the lives of patients everywhere.

Good medical training forms the basis of good healthcare. For many years, ZEISS has therefore supported scholarship programs that enable young physicians from resource-poor and underserved regions to spend time in hospitals in Europe. During placements lasting several months, scholarship holders can improve their skills in ophthalmology and later harness the knowledge gained for their work in their home countries. From 2012 to 2020, ZEISS supported the fellowship program of the Foundation of the International Confederation of Ophthalmology (ICO) and funded ten fellowships. ZEISS has supported the fellowship program of the International Ophthalmological Fellowship Foundation (IOFF) e. V. since 2020. In the last three years, the company has facilitated an internship lasting several months as part of this program and also co-financed three IOFF annual fellowships. ZEISS will continue to support this fellowship program in the future.

The training and continuing education of medical professionals is a key feature in the battle against preventable blindness – especially in remote regions. Against this background, ZEISS supports the establishment of phaco training centers for targeted training in cataract surgery. At these special training centers, ophthalmologists and medical professionals are trained in the use of the state-of-the-art phacoemulsification technique. In addition, ZEISS is supporting the Development Service of German Opticians in Kyamulibwa in Uganda with the establishment and operation of a training and vocational school center, where local experts are trained as opticians. In addition, the first year of training for vocational school teachers for ophthalmic optics started in 2023.

Nature conservation

For ZEISS, protecting plant and animal species is particularly important. Binoculars and spotting scopes from ZEISS have an excellent reputation among nature lovers around the globe and they enable people to get closer to nature. In collaboration with professional associations, the company supports numerous nature conservation activities, educational programs for children and adults, and research programs to protect endangered animal species.

ZEISS also supports BirdLife International's scientific work on the Red List of Birds as a sponsor and species champion for the endangered spotted greenshank. The partnership among multiple bird conservation organizations with more than 10 million members uses the list to record 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 used as the basis for effective conservation efforts such as habitat conservation and for educating the local population.

In addition, there have been several arks for wild bees on the Oberkochen site since 2022. This provides the animals with ideal conditions for laying their eggs. In addition, Oberkochener South Factory borders on a biodiversity-sensitive landscape area. The fauna and flora were mapped in the landscape area and internally for the first time in 2023. Butterflies were counted, breeding pairs of birds were observed and a wild bee and butterfly-friendly green area was created. ZEISS works closely with experts from NABU Aalen and participates in NABU's Corporate Nature project.

Ophthalmic care in rural regions of India and Nepal

Since 2015, ZEISS has been providing ophthalmic services for disadvantaged communities in rural regions of India and Nepal as part of the Aloka Vision Programme. Working with partners, particularly non-governmental organizations, universities and eye clinics, the company is establishing regular basic care in previously unserved areas. The focus is on the quality, affordability and availability of optical and ophthalmic care. Almost 900,000 patients were treated in fiscal year 2022/23 (previous year: 335,000). The significant increase in impact is due in particular to the expansion of partnerships, for example with the Optometry Council of India, eye clinics and optometry colleges as well as with the Lions Club for programs for disadvantaged children. ZEISS also provides the equipment needed to perform the eye screenings, covers treatment costs, and is active on-site with specialist staff and ensures the supply of glasses. Another example of this collaboration is the Vision Together Nepal initiative: supported by the Aloka Vision Programme, optometrists and ophthalmologists provide eye examinations, eye tests, supply of glasses and cataract operations locally in remote regions of Nepal.

ZEISS has also been working with the Cornell Lab of Ornithology in the USA for many years and supports young birdwatchers at annual events. The Young Birders Weekend for example, brings together young people with a passion for birdwatching. In this way, ZEISS is supporting the development of a network of young ornithologists. The company is also a sponsor of the “eBird” project. As part of this citizen science project, the online database collects real-time data on the distribution and abundance of birds around the world and provides the basis for scientific questions.

Local conservation measures

Biodiversity has declined sharply in many ecosystems due to human influence. The reasons for this are numerous. Since 2022, ZEISS has therefore been supporting the work of the Jordsand non-profit association, which was founded in 1907 and is one of the oldest nature conservation organizations in Germany, with a whole host of joint measures, particularly in the protected areas of Helgoland, Sylt and the Schleim estuary. The main objective of the association is to protect the habitat of migratory and breeding birds on the North Sea and Baltic Sea. Given the great importance of Jordsand's work, ZEISS hopes to maintain a long-term working relationship with the association.

You can read more about the cooperation with Jordsand in the ZEISS Sustainability Booklet from page 9.

Regional involvement

ZEISS' strong position and a portfolio tailored to megatrends lead to investments in innovations and digitalization, and in the expansion of a modern infrastructure. 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 therefore enable scientific, technological, social, medical and environmental services to grow. In Germany, the ZEISS Site Fund supports regional projects, under the umbrella of the ZEISS Promotion Fund. The sponsorship program covers the company's German sites in Aalen, Berlin, Braunschweig, Dresden, Göttingen, Jena, Munich, Oberkochen and Wetzlar.

GRI Content Index

Statement of use	Carl Zeiss AG is reporting on fiscal year 2022/23 in accordance with the GRI Standards.
GRI used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI 2: General Disclosures 2021

GRI Standard	Page(s)	Note/reason for omission
The organization and its reporting practices		
GRI 2-1: Organizational details	p. 8	
GRI 2-2: Entities included in the organization's sustainability reporting	p. 6	See also Annual Report 2022/23 , p. 116-119
GRI 2-3: Reporting period, frequency and contact point	p. 6, p. 88	
GRI 2-4: Restatements of information		None
GRI 2-5: External assurance		None
Activities and employees		
GRI 2-6: Activities, value chain and other business relationships	p. 2, 8-10, 11, 41, 42, 44-46, 49	See also Annual Report 2022/23 , p. 26-28
GRI 2-7: Employees	p. 49	
GRI 2-8: Workers who are not employees	p. 49	
Corporate Governance		
GRI 2-9: Governance structure and composition	p. 12, 13, 15-17, 44	
GRI 2-10: Nomination and selection of the highest governance body	p. 12, 13	
GRI 2-11: Chair of the highest governance	p. 12	There is no overlap between the Supervisory Board and the Executive Board.
GRI 2-12: Role of the highest governance body in overseeing the management of impacts	p. 12, 13, 16-19, 31-32	
GRI 2-13: Delegation of responsibilities for managing impacts	p. 15-17, 31, 33, 43, 59, 60, 66, 68	
GRI 2-14: Role of the highest governance body in sustainability reporting	p. 16	
GRI 2-15: Conflicts of interest	p. 31-33	See also Annual Report 2022/23 , p. 112-113
GRI 2-16: Communication of critical concerns	p. 31, 32	
GRI 2-17: Collective knowledge of the highest governance body	p. 12, 13	

GRI Content Index

GRI Standard	Page(s)	Note/reason for omission
GRI 2-18: Evaluation of the performance of the highest governance body	p. 12, 13	
GRI 2-19: Remuneration policy		See Annual Report 2022/23 , p. 115, and Corporate Governance Statement of Carl Zeiss Meditec AG
GRI 2-20: Process to determine remuneration	p. 12, 13	See Annual Report 2022/23 , p. 22
GRI 2-21: Annual total compensation ratio		For reasons of confidentiality, ZEISS does not disclose information on the salaries of its employees.
Strategy, policies and practices		
GRI 2-22: Statement on sustainable development strategy	p. 4	
GRI 2-23: Policy commitments	p. 16, 31, 41, 42	
GRI 2-24: Embedding policy commitments	p. 16, 31, 32, 34, 35, 40, 42, 44, 56, 59, 60, 67, 70, 71	
GRI 2-25: Process to remediate negative impacts	p. 31, 32, 41, 42	
GRI 2-26: Mechanisms for seeking advice and raising concerns	p. 31, 32	
GRI 2-27: Compliance with laws and regulations	p. 31-36	ZEISS does not report on legal proceedings, as this information is subject to confidentiality.
GRI 2-28: Membership of associations	p. 18, 33	
Stakeholder engagement		
GRI 2-29: Approach to stakeholder engagement	p. 6, 17-19, 48	
GRI 2-30: Collective bargaining agreements	p. 48	

GRI Content Index

GRI 3: Material topics

GRI Standard	Page(s)	Note/reason for omission
Material topics		
GRI 3-1: Process to determine material topics	p. 19	
GRI 3-2: List of material topics	p. 20-24	

GRI Content Index

Integrity and Compliance

GRI Standard	Page(s)	Note/reason for omission
Business ethics		
GRI 3-3: Management of material topics	p. 20 and 33	
GRI 415 Public Policy 2016		
GRI 415-1: Political contributions	p. 33	
Legal compliance		
GRI 3-3: Management of material topics	p. 20, 31, 32, 33	
GRI 205 Anti-corruption 2016		
GRI 205-2: Communication and training about anti-corruption policies and procedures	p. 33	
GRI 206 Anti-Competitive Behavior 2016		
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.
Data privacy		
GRI 3-3: Management of material topics	p. 20, 34 and 40	
GRI 418 Customer Privacy 2016		
GRI 418-1: Non-compliance with laws and regulations in the social and economic area		ZEISS did not become aware of any relevant incidents during the reporting period.

GRI Content Index

Integrity and Compliance

GRI Standard	Page(s)	Note/reason for omission
Information Security		
GRI 3-3: Management of material topics	p. 20, 35	
Tax		
GRI 3-3: Management of material topics	p. 11, 20, 36	
GRI 207 Tax in 2019		
GRI 207-1: Approach to tax	p. 11 and 36	
GRI 207-2: Tax governance, control, and risk management	p. 36	
GRI 207-3: Stakeholder engagement and management of concerns related to tax	p. 36	
GRI 207-4: Country-by-country reporting		There is no detailed country-by-country report as revealing this data would expose competitor-relevant information. All legally required information about taxation is provided in the ZEISS Group management report and consolidated financial statements. All required information is communicated to the relevant tax authority.

GRI Content Index

Products and Value Chain

GRI Standard	Page(s)	Note/reason for omission
Product development		
GRI 3-3: Management of material topics	p. 21, and 38-39	
Product safety		
GRI 3-3: Management of material topics	p. 21, 40, 69, 70	
GRI 416 Customer Health and Safety 2016		
GRI 416-1: Assessment of the health and safety impacts of product and service categories	p. 40	
GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services		ZEISS did not become aware of any relevant incidents during the reporting period.
Procurement and supplier management		
GRI 3-3: Management of material topics	p. 15, 21, 41-46, 69, 70	
GRI 308 Supplier Environmental Assessment 2016		
GRI 308-1: New suppliers that were screened using environmental criteria	p. 41-43	
GRI 308-2: Negative environmental impacts in the supply chain and actions taken	p. 42-43, 45-46	
GRI 414 Supplier Social Assessment 2016		
GRI 414-1: New suppliers that were screened using social criteria	p. 41-43	
GRI 414-2: Negative social impacts in the supply chain and actions taken	p. 42-43, 45-46	

GRI Content Index

Products and Value Chain

GRI Standard	Page(s)	Note/reason for omission
Human rights in the supply chain		
GRI 3-3: Management of material topics	p. 15, 21, 41-46, 48	
GRI 407 Freedom of Association and Collective Bargaining 2016		
GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 41, 42 and 48	
GRI 408 Child Labor in 2016		
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 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 Content Index

Employees

GRI Standard	Page(s)	Note/reason for omission
Employer-employee relationship		
GRI 3-3: Management of material topics	p. 22, 48, 49, 54	
GRI 402 Labor/Management Relations 2016		
GRI 402-1: Minimum notice periods regarding operational changes	p. 48, 49	
Employee development, training and education		
GRI 3-3: Management of material topics	p. 22, 48, 54	
GRI 401 Employment 2016		
GRI 401-1: New employee hires and employee turnover	p. 49	Currently, ZEISS cannot report the turnover outside Germany as this data is not available. The company has started collecting the relevant data.
GRI 404 Training and Education 2016		
GRI 404-1: Average hours of training per year per employee	p. 49	
Diversity		
GRI 3-3: Management of key issues	p. 22, 48, 52-54	
GRI 405 Diversity and Equal Opportunities in 2016		
GRI 405-1: Diversity of governance bodies and employees	p. 49, 54	See also Annual Report 2022/23 , p. 6-7, 24
GRI 406 Non-discrimination in 2016		
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 Content Index

Employees

GRI Standard	Page(s)	Note/reason for omission
Work-life balance		
GRI 3-3: Management of material topics	p. 22, and 54	
Occupational health and safety		
GRI 3-3: Management of material topics	p. 22, 55 and 57	
GRI 403 Occupational Health and Safety in 2018		
GRI 403-1: Occupational health and safety management system	p. 55 and 57	
GRI 403-2: Hazard identification, risk assessment, and incident investigation	p. 55-57	
GRI 403-3: Occupational health services	p. 55-57	
GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	p. 55-57	
GRI 403-5: Employee training on occupational health and safety	p. 55-57	
GRI 403-6: Promotion of worker health	p. 55-56	
GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 69-70	
GRI 403-9: Work-related injuries	p. 56, 57	The LTIFR target has been defined and extended up to fiscal year 2024/25. Since the LTIFR target applies until the end of this period and is relevant for management purposes, ZEISS will continue reporting this key figure for the sake of comparability. Further occupational health and safety metrics were introduced for the ZEISS Group in fiscal year 2022/23. Currently, ZEISS cannot report the number of work-related accidents for non-ZEISS employees because this data is not available. In fiscal year 2022/23, the collection of corresponding data began at selected sites. Data collection is to be expanded in fiscal year 2023/24.

GRI Content Index

Environment

GRI Standard	Page(s)	Note/reason for omission
Efficient use of natural resources		
GRI 3-3: Management of material topics	p. 23, 59-61	
GRI 303 Water and Effluents 2018		
GRI 303-1: Interactions with water as a shared resource	p. 60	
GRI 303-2: Management of water discharge-related impacts	p. 60	
GRI 303-3: Water withdrawal	p. 61-62	Currently, ZEISS does not report on water extraction or water consumption broken down by source and regions of water stress. It does not differentiate between freshwater and other water. This information is collected at individual sites and worldwide consolidation is not possible.
Circular Economy		
GRI 3-3: Management of material topics	p. 15, 21, 23, 38, 39, 41, 59-61 p. 69-70, 74	
GRI 306 Waste 2020		
GRI 306-1: Waste generation and significant waste-related impacts	p. 60-62, 69-70	
GRI 306-2: Management of significant waste-related impacts	p. 60, 61, 69, 70	
GRI 306-3: Waste generated	p. 62	
Climate action		
GRI 3-3: Management of material topics	p. 11, 15-17, 21, 23, 29, 38-41 p. 60-62, 64	
GRI 201 Economic Performance 2016		
GRI 201-2: Financial implications and other risks and opportunities due to climate change	p. 68-69	
GRI 302 Energy 2016		
GRI 302-1: Energy consumption within the organization	p. 66	
GRI 302-3: Energy intensity	p. 66	

GRI Content Index

Environment

GRI Standard	Page(s)	Note/reason for omission
GRI 305 Emissions 2016		
GRI 305-1: Direct (Scope 1) GHG Emissions	p. 64	
GRI 305-2: Energy indirect (Scope 2) GHG emissions	p. 64	
GRI 305-3: Other indirect (Scope 3) GHG emissions	p. 64	
GRI 305-4: GHG emissions intensity	p. 64	
Environmental compliance		
GRI 3-3: Management of material topics	p. 23, 69, 70	

GRI Content Index

Social and societal engagement

GRI Standard	Page(s)	Note/reason for omission
Promotion of scientific research and education		
GRI 3-3: Management of material topics	p. 11, 15, 16, 24, 26-29, 70-73	
GRI 203 Indirect Economic Impacts 2016		
GRI 203-1: Infrastructure investments and services supported	p. 28, 73-76	
Healthcare promotion		
GRI 3-3: Management of material topics	p. 26, 74, 75	
Regional society		
GRI 3-3: Management of material topics	p. 12,13, 26, 27, 73-76	
GRI 201 Economic Performance 2016		
GRI 201-1: Direct economic value generated and distributed	p. 8, 10, and 73	See also Annual Report 2022/23 , p. 54-57
GRI 413 Local Communities 2016		
GRI 413-2: Operations with significant actual and potential negative impacts on local communities	p. 60, 70, 71	

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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 deviations. 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.