



## **Statement on modern slavery and human trafficking**

### **Year ended 30 September 2016**

This statement fulfils the obligation set out in Section 54, Part 6 of the Modern Slavery Act 2015 and is made by each of the 4 companies listed at the end of the statement. Each of the 4 companies is a member of the Carl Zeiss AG group of companies ("ZEISS"). ZEISS does not tolerate any form of slavery, whether in production, in the supply chain or in any other area of its business. The group has made considerable efforts in order to minimize the risk and promote fair working conditions within its own business and supply chain, but still acknowledges the need to continue its efforts. This statement refers to the activities undertaken in the financial year ended 30 September 2016.

By issuing this statement on the Modern Slavery Act, we want to give our customers and all stakeholders the opportunity to make better, more informed decisions concerning our products and services.

### **The ZEISS Group's Position on Modern Slavery and human trafficking**

According to the Global Slavery Index, modern slavery affects some 45.8 million people around the world. This practice can take many forms, such as forced labour, human trafficking, child labour or undignified working conditions. ZEISS does not tolerate or accept any form of modern slavery within its operations or in its supply chain. In case any allegations of modern slavery are reported, ZEISS will handle them very seriously and take appropriate steps to stop further harm. Where ZEISS finds that it has contributed to harm it will look to see what steps it could take to remedy that harm.

The responsible, law-abiding and ethical behaviour of a company and its employees are therefore of key importance for business partners, customers, authorities and the public. A good reputation and compliance with applicable laws are major factors that help determine a company's success. Employees also want to take pride in their company. It is equally important to make stringent demands on business partners and suppliers so that they also take social responsibility seriously in their supply chain and wider operations.

ZEISS is a top international player in the fields of optics and optoelectronics and works closely with a global supplier network. We can therefore only meet our own expectations, as well as societal and customer expectations, when our suppliers also adhere to social standards and play their part in ensuring sustainable development. Consequently ZEISS runs numerous activities in order to minimise the risk of modern slavery and human trafficking, and to promote fair working conditions.



## **The ZEISS organizational structure**

As a global technology company, ZEISS offers optical and optoelectronic products and solutions in four areas:

- Semiconductor Manufacturing Technology
- Research & Quality Technology
- Medical Technology
- Vision Care / Consumer Products

ZEISS is represented in over 40 countries and employs more than 25,000 people worldwide. The Group has over 30 production sites, more than 50 sales and service companies and around 25 research and development centres. ZEISS is headquartered in Oberkochen in southwestern Germany.

## **Rules and responsibilities**

The ZEISS headquarters sets rules and policies that apply to all ZEISS companies, including in relation to the fight against modern slavery. The companies on behalf of which this statement is made, together with all other ZEISS group companies, are responsible for implementing and complying with them. The "Responsibility at ZEISS" working group has defined central specifications for how regulatory compliance in areas including modern slavery is to be handled throughout the organization and the supply chain. The "Supplier Sustainability" working group supports the business groups and all entities as they implement these specifications.

All ZEISS group employees are expected to report any suspected cases of modern slavery via established internal compliance channels. This has been, and continues to be, clearly communicated internally. Should any such incidents occur at a ZEISS company, they shall be forwarded to Human Resources and assessed on an individual basis. Should any such incidents involve a supplier, they shall be forwarded to the Supplier Sustainability working group and dealt with there.

The [Electronic Industry Citizenship Coalition Code of Conduct](#) (EICC) is the official code of conduct for ZEISS suppliers. It states that all employees are to be treated with respect and that business operations must be conducted in line with environmental and ethical considerations. This covers the importance of freely chosen employment, the avoidance of child labour, working hours, humane treatment and wages and benefits. The provisions are based on the UN Guiding Principles on Business and Human Rights and are derived from international standards. Since financial year 2015/16, ZEISS has been sending the EICC Code of Conduct to its suppliers





assigned the status “managed” and requiring them to sign a declaration in which they agree to comply with the requirements set out in the EICC.

In 2007, ZEISS approved a Code of Conduct for the ZEISS group that is valid throughout the world. It specifies and explains the general rules of behaviour for various aspects of its business activities. ZEISS firmly believes that sustainable economic success and compliance with laws and internal standards go hand in hand. As a result, the Code of Conduct has always referred to all legal regulations without explicitly mentioning individual ones. In financial year 2015/16, the Code of Conduct was revised in order to explicitly mention the international labour standards (ILO standards) and therefore the ban on all forms of modern slavery. The new version of the internally applicable Code of Conduct for all ZEISS employees was published in January 2017.

### **Supplier selection and assessment**

New suppliers are selected on the basis of both technical and logistical requirements and a supplier self-assessment, as well as through a status query on specific business topics. To date these have included occupational health and safety, environmental protection and energy efficiency, and in the future (as referenced below) will also cover social and ethical aspects. Moreover selected ZEISS suppliers will undergo an on-site inspection, a supplier audit that also takes these social and ethical aspects into account. The aim of these audits is to identify any weaknesses in the supply chain with reference to modern slavery and to find and implement appropriate solutions.

### **Five-stage supply chain approach to evaluate aspects of sustainability and standards of good conduct**

ZEISS believes that, amongst other things, reducing the risks of modern slavery occurring in its supply chains also makes those supply chains more sustainable. ZEISS, and the companies on behalf of which this statement is made, take a five stage risk-based approach to improving the sustainability of supply chains (including but not limited to by reducing the risks of modern slavery occurring):

In the first stage, ZEISS informs all suppliers of the minimum standards of the EICC Code of Conduct.

Secondly, selected suppliers must then confirm their compliance with the minimum standards in writing.

A third stage sees the suppliers subjected to a specific risk analysis.

Next, ZEISS sends the Sustainability Self-Assessment Questionnaire to the suppliers who were



categorized as “critical” in the analysis.

In the final stage, on-site sustainability assessments are carried out for selected suppliers in the form of an on-site audit.

If it is found, in stages four or five, that the supplier does not fulfil the minimum standards that ZEISS has for its suppliers regarding sustainability, ZEISS shall define action plans with the suppliers and will then monitor them until their successful implementation.

The first three stages were integrated into the supply chain in financial year 2015/16. The implementation of stages four and five shall follow in financial year 2016/17.

### **Combatting modern slavery**

In the financial year 2015/16, ZEISS ran a number of activities globally in an effort to combat modern slavery. These included:

- Internal training for employees on how to deal with modern slavery.
- Corporate announcement on the ZEISS intranet on modern slavery and human trafficking, and on the duty of all colleagues to report any suspected infringements.
- Discussion on different executive committees of the ZEISS business groups about the meaning of modern slavery.
- Start of update of internal ZEISS Code of Conduct in relation to modern slavery and human trafficking (this was completed after the year end).
- Establishment of the EICC Code of Conduct as a uniform minimum standard for suppliers (It includes minimum standards in relation to all forms of modern slavery).
- Communication of the EICC Code of Conduct to its suppliers.
- Requesting and obtaining a signed declaration from our suppliers assigned the status “managed” agreeing to comply with the requirements of the EICC Code of Conduct.
- Definition and communication of internal escalation channels in order to report suspected cases of modern slavery.

In addition ZEISS took further steps during the year to train its UK employees on combatting modern slavery, starting with those in functions which are most likely to come into contact with forms of modern slavery. The target groups were the local management boards, and colleagues in Quality Assurance, HR and Procurement.



## Objectives for financial year 2016/17 in the fight against modern slavery and human trafficking

We understand that the fight against modern slavery and human trafficking is an ongoing process and we will constantly review and refine the steps we take as we learn more about how to mitigate this risk in the future. Specific targets for ZEISS (including the companies on behalf of which this statement is made) over the coming year include:

- Publication of the updated internal Code of Conduct with explicit mention of topics related to modern slavery.
- Continuation of target group-oriented employee training on the topic of modern slavery.
- Integration of the topic of modern slavery into general compliance seminar (training session on ZEISS Code of Conduct), which is compulsory for all ZEISS employees.
- Introduction to and implementation of the Supplier Sustainability Self-Assessment Questionnaire and the on-site audit for the integration of sustainability aspects in the supply chain.

This statement was approved by the Boards of each of the companies listed below on 23 March 2017, and is signed on behalf of each respective entity.

Mr Paul Adderley  
Carl Zeiss Limited

Mr Robert Taylor  
Carl Zeiss Microscopy Limited

Mr Andrew LeongSon  
Carl Zeiss Vision UK Limited

Mr Charles Wood  
SILS Limited