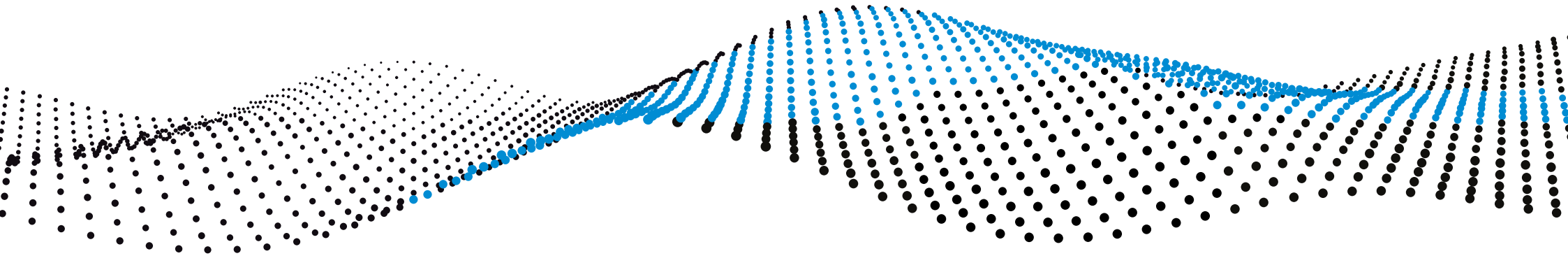


# SUSTAINABILITY REPORT

## 2019/20



ZEISS Group



Seeing beyond

# Key Figures from Fiscal Year 2019/20

(1 October 2019 to 30 September 2020)

More than  
**32,000** employees in almost 50 countries

**126**

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

More than **700** managers and **occupational health and safety (OHS) officers** were trained in the use of new OHS software

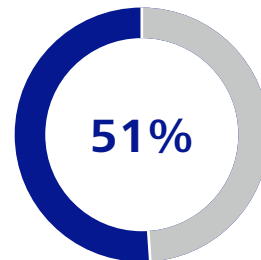
Almost **1** million euros in funding from the Carl Zeiss Promotion Fund for around 107 projects at the sites in Germany

**91** percent of the strategically relevant suppliers have confirmed their compliance with the RBA Code of Conduct or a comparable code of conduct

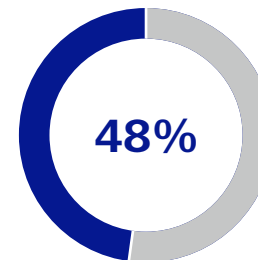
Revenue in fiscal year (FY)

2019/20 **6.3** billion euros

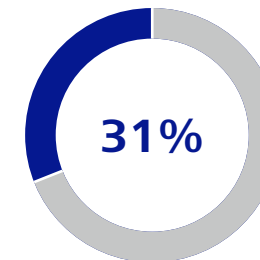
2018/19 **6.4** billion euros



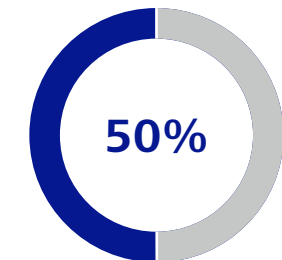
reduction in (relative) **energy consumption** as compared to FY 2009/10



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



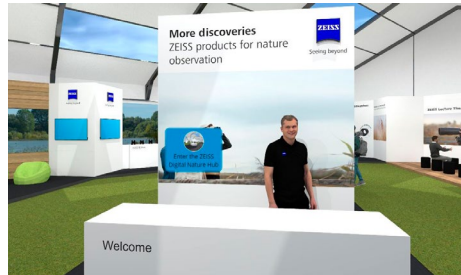
reduction in (relative) **waste volume** as compared to FY 2009/10



reduction in (relative) **CO<sub>2</sub> emissions** as compared to FY 2009/10 (Scope 1 and 2)

# Highlights from Fiscal Year 2019/20

(1 October 2019 to 30 September 2020)



## Discovering nature and technology virtually

In this time of social distancing, the importance of virtual visitor experiences is growing. And in order to meet changing demands, ZEISS has created its Digital Nature Hub: a platform that enables interested parties to discover binoculars and spotting scopes from ZEISS. Talks and videos explain how to use them, enabling viewers to find out more about the interplay between nature and technology. The Digital Nature Hub was initiated as a new virtual platform for the annual Birdfair trade fair in the UK and can be visited online at any time.



## Technical support in times of crisis

During the contact and travel restrictions imposed in response to the COVID-19 pandemic, ZEISS Remote Services proved its worth as our customers' preferred option for technical support. The ZEISS Service team stepped in with expert remote maintenance to compensate for the temporary lack of in-person assistance in many regions. Software installation, updates, and real-time support were all possible without an on-site appointment and helped keep ZEISS products fully operational worldwide.



## Energy-efficient night sky

The ZEISS ASTERION is a highly powerful, energy-efficient planetarium projector. Its design features both optomechanical components and a digital dome projection system that recreates the night sky in a way that is unmatched by projectors that work in a purely digital way. Thanks to LED light sources, the 220-watt projector is extremely efficient and built to last – in fact, you'll never need to replace the projector's bulbs. For customers, that means a reduction in power consumption of more than 75 percent as compared to previous models and devices from competitors, as well as annual savings of over 1,000 euros due to the elimination of replacement bulbs.



## New research partnerships

In spring 2020, ZEISS opened the ZEISS Innovation Hub on the campus of the Karlsruhe Institute of Technology (KIT) to enable high-tech and digital start-ups to settle there, and to pursue its own innovation and new business activities as well. KIT will offer new opportunities to join the experts at ZEISS in shaping the technologies of the future. The most recent examples of ZEISS's close links to the scientific community are a doctorate project involving machine learning and the Computer Vision Hackathons run in collaboration with the Computer Vision for Human-Computer Interaction Lab as the partner from academia. At the hackathon in September, ambitious and creative individuals came face to face with real-life challenges.

For more information, visit:

[www.zeiss.com/newsroom](http://www.zeiss.com/newsroom)

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## Foreword by the Executive Board



Ladies and Gentlemen,  
Dear Readers,

We can look back on an unusual fiscal year in which we have felt the impact of the COVID-19 pandemic both as a company and personally. Stamina and team spirit were – and still are – required to overcome this crisis. The resilience program we were working on prior to the pandemic also helped us to protect the company against any economic downturns. We have been focusing on four goals since the beginning of the pandemic: to protect employee health, ensure business continuity and support our customers, counter the economic impact of the pandemic as effectively as possible, and leverage the market opportunities resulting from the current changes.

As a result, together we achieved a good result for fiscal year 2019/20. For this reason and on behalf of the entire ZEISS Executive Board team, I would like to express my sincere gratitude to our customers and partners for continuing to

place their trust in us and support our successful collaborations. At the same time, I would also like to thank our over 32,000 employees for their exceptional discipline, tremendous flexibility, and unwavering commitment.

The COVID-19 pandemic triggered dynamic change processes in many areas. Our employees had to adapt to new working conditions quickly and flexibly. We expanded our digital learning platform, ZEISS CurioZ, so that our employees could emerge stronger from the pandemic, with additional competencies and skills. We were able to convert around 40 percent of all in-person training sessions into virtual training courses and blended learning formats.

During the lockdowns in particular, digital processes helped us to maintain the quality of our collaboration with our customers. Thanks to our Remote Services, we enabled software installations, updates, and real-time support for ZEISS products without the need for an on-site appointment. The pandemic also changed the meaning of virtual visitor experiences. With our Digital Nature Hub, we established a platform that interested parties can use to discover ZEISS binoculars and spotting scopes and experience the interplay between nature and technology virtually. But this shift to the digital world did not only meet the challenges of the special situation triggered by the pandemic. It also eliminated the CO<sub>2</sub> that would have been emitted to transport products and visitors to trade fairs.

It also helps us create sustainable value, make a global contribution to climate protection, and improve quality of life with our products. With its measuring and testing solutions,

ZEISS supports the expansion of e-mobility: from batteries and power electronics to e-motors. Our innovations in ophthalmology and medical technology raise the bar in healthcare, while our microscopy products help us drive progress in medicine and biotechnology.

It is imperative that sustainable activities are incorporated into the corporate strategy – and this is something we have continued to work on in the past fiscal year. With the newly created position of head of sustainability and the establishment of a central Sustainability team, sustainability has been accorded greater importance in the ZEISS Group's strategic orientation. And on the division level, sustainability officers ensure that our sustainability approach is reflected in the diversity of our product portfolio. With this structure, we want to achieve our goals of embedding sustainability throughout the company, rendering it measurable and developing it further. This Sustainability Report provides information on this and other pressing topics in fiscal year 2019/20 and shows how ZEISS has taken on responsibility along its value chain and positioned the Group as sustainable – in order to face both the pandemic and the challenges of the future.

Stay healthy!

A handwritten signature in blue ink, which appears to be 'K. Lamprecht'.

**Dr. Karl Lamprecht**  
President & CEO of the ZEISS Group

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

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

This Sustainability Report references fiscal year 2019/20 (1 October 2019 to 30 September 2020). All relevant departments were involved in its preparation, and the report has been approved by the Executive Board. Unless stated otherwise, the statements and performance indicators in the report refer to all ZEISS Group segments and sites worldwide.

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

# COMPANY PROFILE AND BUSINESS MODEL



ZEISS 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. ZEISS branded products such as eyeglass lenses, camera lenses and binoculars are popular, trendsetting products around the globe.

ZEISS is represented by more than 32,000 employees in almost 50 countries working at around 60 sales and service subsidiaries, 30 production facilities and 27 research and development sites around the world. 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. The strategic business units are assigned to the relevant segments. In fiscal year 2019/20, the ZEISS Group generated revenues of 6.3 billion euros. The Annual Report 2019/20 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.

Directly represented in almost **50 countries**

Around **100 sites** worldwide

Almost **1,000 new jobs** created

Approx. **9,800 patents** worldwide

Over **32,000 employees** worldwide

**13 percent** of revenues invested in research and development

**3,910 employees** in Research and Development

**520 trainees** worldwide

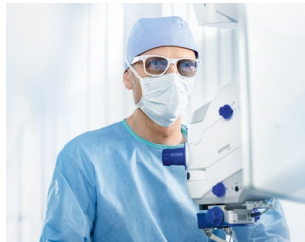




# The Four Segments and Their Products

## Semiconductor Manufacturing Technology

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



### Medical technology

- Ophthalmic Devices
- Microsurgery

### Semiconductor Manufacturing Technology

With its product portfolio and globally leading know-how, the Semiconductor Manufacturing Technology segment covers a variety of key processes in the production of microchips. ZEISS develops and manufactures products using semiconductor manufacturing technology, including lithography optics, photomask systems and process control solutions, key technologies for manufacturing extremely fine circuit



### Consumer Markets

- Vision Care
- Consumer Products

path structures on silicon wafers – the material from which the microchips are made. The technologies from ZEISS enable the continued miniaturization of semiconductor structures, resulting in smaller microchips that are more powerful, energy-efficient and cost-effective. The electronic applications equipped with this technology enable global progress in a variety of disciplines, including technology, electronics, communication, entertainment, mobility, energy and artificial intelligence.

## Industrial Quality & Research

- Industrial Quality Solutions
- Research Microscopy Solutions

## Industrial Quality & Research

The products and solutions developed in the Industrial Quality & Research segment are focused on quality assurance in production, increasing productivity, and visualizing and manipulating the tiniest of structures in the areas of science and research. The portfolio of coordinate measuring machines, optical and multi-sensor systems, software solutions, comprehensive services and innovative technologies such as 3D X-ray measurement in quality control is used by the automotive, aerospace, mechanical engineering and plastic industries, as well as in medical technology. In the areas of science and research, the segment covers the complete range of microscopy solutions with light, ion, electron and X-ray microscopy systems. The products and solutions are used in biomedical sciences and materials research, for training purposes and in clinical practice.

### Medical Technology

The Medical Technology segment develops, manufactures, markets and sells diagnostic and treatment systems, as well as implants and consumables in the field of ophthalmology. Its portfolio also includes visualization systems for neurosurgery, ENT surgery and spine surgery, and dentistry. Intra-operative radiotherapy solutions round off the product range. The segment aims to drive progress in medicine and assist doctors all over the world in improving their patients' quality of life. Digital technologies, with which the segment wants to shape the medical technology market, also come into play. The segment's activities are pooled primarily in the listed entity Carl Zeiss Meditec AG, in which Carl Zeiss AG holds a 59.1 percent stake.

## Consumer Markets

The Consumer Markets segment operates in the areas of ophthalmic optics, photography, cinematography, nature observation and sports optics. ZEISS develops, manufactures and distributes solutions for the entire ophthalmic optics 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 provides a combination of ophthalmic and optical expertise. With its camera and cine lenses, binoculars, spotting scopes and sports optics, ZEISS offers high-end products and applications for the hobbies and professional needs of discerning customers.

### Dealing with the COVID-19 pandemic

The COVID-19 pandemic also had an impact on the ZEISS Group in the reporting period. In order to tackle its influence and successfully sustain business operations, ZEISS made several adjustments to its operational procedures and work routines. In particular, the pandemic impacted supply chain management and occupational health and safety. Some scheduled audits that could not be performed on-site due to travel restrictions were conducted digitally, with the help of remote solutions.

## Consolidated revenue by segment

Revenue by segment	2019/20	2018/19	Change over prior year in %	
	€ million	€ million	Adjusted for currency influences	
Semiconductor Manufacturing Technology	1,833	1,634	12	12
Industrial Quality & Research	1,640	1,742	-6	-5
Medical Technology	1,647	1,760	-6	-6
Consumer Markets	1,099	1,211	-9	-8
Other	78	81	-4	-5
<b>ZEISS Group</b>	<b>6,297</b>	<b>6,428</b>	<b>-2</b>	<b>-1</b>

## Consolidated revenue by region

Revenue by region and cooperation partner	2019/20	2018/19	Change over prior year in %	
	€ million	€ million	Adjusted for currency influences	
Europe, Middle East, Africa (EMEA)	1,746	1,881	-7	-7
» Germany	588	626	-6	-6
Americas	1,180	1,347	-12	-11
Asia/Pacific (APAC)	1,738	1,716	1	2
Cooperation partners	1,633	1,484	10	10
<b>ZEISS Group</b>	<b>6,297</b>	<b>6,428</b>	<b>-2</b>	<b>-1</b>

## Corporate Governance

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

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

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

Further bodies of rules defining responsible and compliant corporate governance at the company are the ZEISS Identity, the company's Code of Conduct, governance and compliance guidelines, leadership principles and corporate directives.

### The Carl Zeiss Foundation

The Carl Zeiss Foundation is the sole owner of Carl Zeiss AG. The Carl Zeiss Foundation's statutes govern the activities and accounting of the foundation-owned companies, the duties

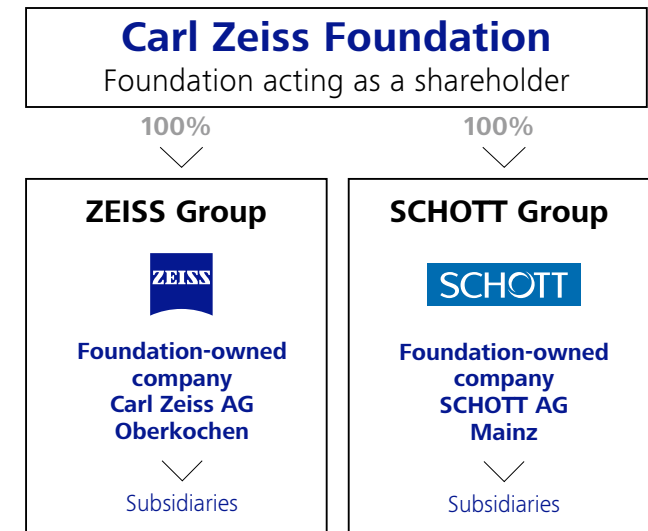
of the Executive Board and the collaboration between the Executive and Supervisory Boards. This special ownership structure ensures stability and enables the company to create long-term perspectives. The Foundation statutes prohibit the sale of shares through an initial public offering, for example. In 1889, physicist and entrepreneur Ernst Abbe founded the Carl Zeiss Foundation to which both Carl Zeiss AG and SCHOTT AG belong. The objectives of the Foundation stipulated by Abbe remain valid today:

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

With this unique corporate model, the Carl Zeiss Foundation and the two foundation-owned companies made industrial and social history in Germany. Since 2004, the Foundation has received dividends of EUR 321 million from Carl Zeiss AG in order to achieve its goals. 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.

For more information, visit:

[www.carl-zeiss-stiftung.de/english](http://www.carl-zeiss-stiftung.de/english)



## Business Model

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

The ZEISS Agenda 2020 charts a clear strategic course for the development of the ZEISS Group until the end of fiscal year 2019/20. It also pools the key elements of the portfolio strategy and those of each segment. The four cornerstones of the ZEISS Agenda 2020 – Customer, Competitive, Digital and Team – summarize what is needed to execute the strategy successfully. The aim is for ZEISS to focus more sharply on its customers, pay more consistent attention to its competitiveness, and fully utilize the possibilities of digitalization and the potential of the global ZEISS team. The new ZEISS Agenda 2025 has been gradually implemented throughout the company since October 2020.

### Products and Value Chain

Optics and optoelectronics are two of the key technologies of the future. The 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 make a pivotal contribution to 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 segments of the ZEISS Group collaborate with partners that supply either complete products or key components. Purchasing organizations around the globe source both production and non-production materials from local and international suppliers. The most important suppliers include those for glass, electronic elements and components, metals, mechanical components, plastics, software and IT solutions. The ZEISS business units generate around 50 percent of total purchasing volume via 510 major suppliers located throughout EMEA, APAC and the Americas.

Depending on the business, market, and customer segment, ZEISS relies on different distribution channels such as sales and service companies (SSCs), direct sales and distributors to provide all regions with access to ZEISS solutions.

### Business Development

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, ZEISS has a direct impact on the future-oriented development of different regions and the people who live there.

ZEISS invests in innovations and solutions, and uses patents to retain its innovative edge. At the end of the reporting period, ZEISS held around 9,800 patents worldwide (prior year: approximately 9,400). In the reporting period, the company applied for new patents for approximately 580 inventions (prior year: approximately 500).

### ZEISS Partners with Researchers

ZEISS invests 13 percent of its revenue in research and development work. ZEISS has a long tradition of high expenditure on research and development. This also represents 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 the cause of tuberculosis, establishing modern bacteriology in the process. Christiane Nüsslein-Volhard was honored for her studies on the genetic control of embryonic development. Eric Betzig, Stefan W. Hell and William E. Moerner performed groundbreaking work in the development of high-resolution microscopy methods as the basis for further progress in science and research.

# STRATEGY AND SUSTAINABILITY



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

Responsible behavior contributes greatly to the enormous trust that customers place in the ZEISS brand. This is also the reason why ZEISS actively funds research and training and helps to reduce social and health problems.

In fiscal year 2019/20, the ZEISS Group implemented further concrete steps to incorporate sustainability in the corporate strategy even stronger. For example, by creating the position of head of sustainability and a central Sustainability team at Corporate Strategic Development.

**Goals and values**

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

The company still upholds those ambitions today. With its products, ZEISS makes a contribution to research and devel-

**Seeing beyond**

The ZEISS brand is a promise to our customers. As a reliable partner, we keep that promise in the work we do every day. This results in trust and appreciation, which are the most important basis for any promise. It is the prerequisite for collaboration based on partnership. In order to keep our promise and prove that we are worthy of your trust time and time again, we approach the fulfillment of demanding, complex customer needs with an enormous capacity for innovation, leading technologies and sound application expertise. And with a very special attitude that distinguishes both us as a company and every ZEISS employee individually. This attitude is also expressed in our brand identity: "Seeing beyond."

opment worldwide and improves many people's lives. That is another aspect that sets ZEISS apart as a pioneer in the field of scientific optics: the profound belief that the company's fundamental mission goes far beyond simply generating profits.

The ZEISS Agenda 2020 set the strategic targets for corporate development until the end of fiscal year 2019/20. Customers are the focus of all activities because ZEISS always aspires to be their "preferred partner." To live up to its targets, ZEISS must meet the highest quality and service standards and demonstrate that it behaves responsibly along the entire value chain.

**Guidelines for entrepreneurial behavior**

Compliance with laws and regulations is the foundation of

sustainable corporate governance. The ZEISS Group's Code of Conduct became effective in 2007 and was last updated in 2020. It sets out binding principles for all of the company's sites worldwide. They help guide employees and managers as they carry out their daily activities in a responsible manner. The Code of Conduct contains rules on how to behave when dealing with employees and business partners, as well as on product safety, environmental and occupational protection and combating corruption. More detailed company directives are available for all the topics addressed in the Code of Conduct.

**Our sustainability concept**

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

The approach with which ZEISS addresses, implements and integrates the requirements for responsible and sustainable business practices in its day-to-day operations is divided into five key areas of activity: Integrity and Compliance, Products and the Value Chain, Environment, Employees and Social Engagement.

## Organizational Structure for Sustainability

At ZEISS, responsibility for sustainability lies with the Executive Board of Carl Zeiss AG. Since fiscal year 2019/20, its operational implementation has been the responsibility of the head of sustainability, who regularly reports to the CEO and is a member of the Corporate Strategic Development management team. Together with the Sustainability team, the head of sustainability is in charge of the ZEISS Group's central sustainability program. This function collaborates with those responsible for internal processes from the Environment and Energy Management, Supply Chain Management, and Compliance departments, for example, to embed sustainability topics throughout the ZEISS Group.

As a supplement to the central Sustainability team, the relevant management has appointed a person to look after sustainability management for each segment and the Shared Production Unit. Those in charge of sustainability possess expertise specific to their departments and report directly to their segment's management. They have been tasked with ensuring that a sustainability strategy based on the central approach is embedded and implemented in their segment, while ensuring that the ZEISS Group's central sustainability approach considers the specific requirements of the segment. Those in charge of sustainability in the segments meet regularly for the Sustainability Board organized by the head of sustainability and report on their segments' development.



Five Key Areas of Activity

### Drivers of Innovation

With its innovations, ZEISS drives progress, efficiency and the success of its customers as the basic requirement for its own economic success. That is why ZEISS strives to proactively shape markets through the evolution of existing products and the development of new ones. As part of this process, innovation at ZEISS is always placed within the context of society as a whole. The primary objective of all innovations is to meet customers' requirements now and in the future. The optical and optoelectronic technologies from ZEISS pave the way for new scientific findings and many innovations in other industries. Life sciences like bionics and medical technology will become more and more vital for a modern society. And the developments in semiconductor technology enable digitalization in industry and society. Intelligent sensor systems, different types of robotics and artificial intelligence increasingly shape how people live and work. In order to advance the ecological sustainability of its own products, ZEISS is supplementing its innovation management practices with sustainability themes such as circular economy and recycling.

### Contribution to the global Sustainable Development Goals

ZEISS pledges its commitment to the global Sustainable Development Goals (SDGs) that were adopted by the United Nations in the fall of 2015. The 17 goals indicate the path to the future to be achieved by 2030 and call on companies, politicians and society to play their part. ZEISS wants to do its part and gave due consideration to the global Sustainable Development Goals and the role it was able to play in fiscal year 2019/20, with a particular focus on SDG 13: Climate Action (see page 26).

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

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 implemented a systematic process to identify its key stakeholders. The company concentrates on issues relevant to these stakeholders when communicating with them. This was determined within the scope of a materiality analysis.

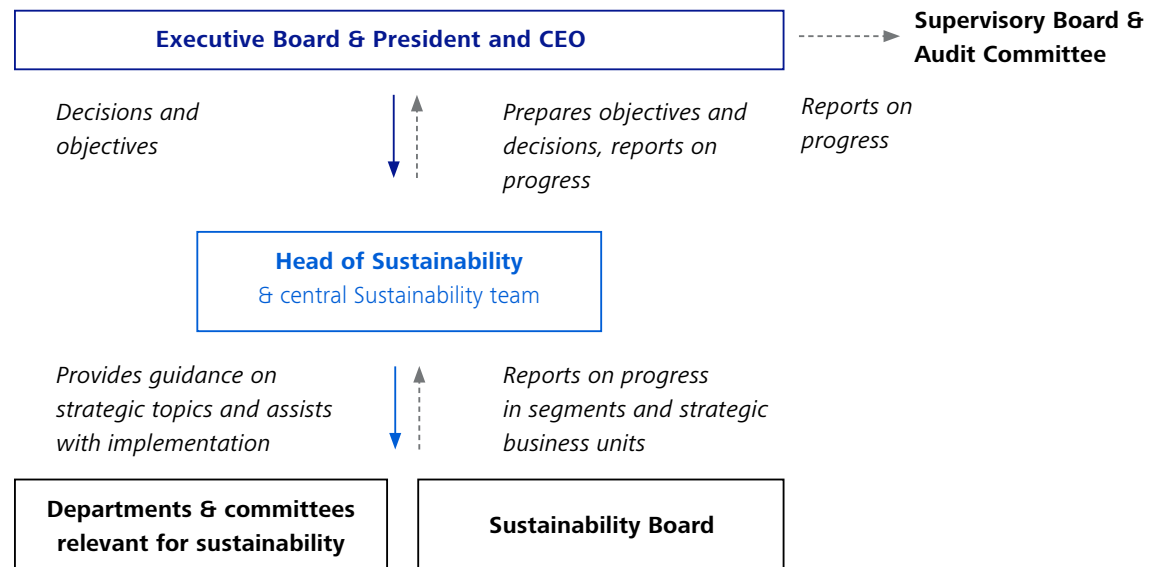
ZEISS receives questions about sustainability through many different channels. Stakeholders, including customers, suppliers, interested members of the public and employees, have the opportunity to ask questions and express their concerns via the ZEISS website. ZEISS has set up an email address specifically for this purpose: [responsibility@zeiss.com](mailto:responsibility@zeiss.com). Questions are either answered by the Sustainability team or

they are forwarded to an internal expert. This is how ZEISS ensures that requests are processed as quickly and accurately as possible.

Transparency with regard to the ZEISS Group's sustainability activities continues to be important for both internal and external stakeholders. The regular publication of a Sustainability Report and a Non-financial Report by the ZEISS Group is a decisive step toward intensifying communication with them. The publicly accessible reports quickly give a wide target

audience easy access to information relevant to them. In fiscal year 2019/20, there was considerable interest in climate protection activities, product quality and sustainable corporate leadership. Customers in particular wanted to find out about the ZEISS Group's corporate environmental management, and especially whether certification in accordance with ISO 14001 was in place. They also wanted to know what was being done to reduce potentially hazardous materials. More and more customers used external platforms that systematically request integrated sustainability information from companies and

**Overview of Roles and Responsibilities**



**The Sustainability Team at ZEISS**

The newly established Sustainability team at Corporate Strategic Development aims to strategically integrate sustainability within the entire organization and render it measurable. To achieve its goals, the team collaborates closely with the different segments and their representatives in order to live up to the diversity of the ZEISS product portfolio and identify the levers that make the greatest contribution to sustainable business practices.



## Memberships and Initiatives

As a global player, the ZEISS Group is active in many industry associations in Germany, participates in regional initiatives, and is involved in many associations that provide financial support and volunteer work for colleges, universities, and scientific and cultural institutions. Dr. Karl Lamprecht, the President & 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 intercompany cooperation project titled Wissensfabrik (Knowledge Factory) and is a longstanding member of the Max Planck Society. The company is also one of the signatories of the Diversity Charter, an initiative to promote diversity in 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 joins the global fight against tuberculosis with the initiative "Stop TB." Metrology from ZEISS is also a Blue Competence member of the German Engineering Federation (VDMA) to promote sustainability in mechanical and plant engineering and publicize the industry's sustainable solutions.

forward it to their users to ask their questions. Responsibility along the supply chain also played an important role. In that area, there were questions about how conflict minerals are handled and processes for ensuring human rights are upheld. Employees often asked questions about the company's

internal approaches and goals in relation to climate change and new mobility concepts. The Sustainability team also received questions on funding opportunities and the use of internal company information for degree theses and other projects.

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

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

**Material Sustainability Issues**

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

All topics that are very important for the different stakeholder groups of the ZEISS Group and whose own business activities have a significant economic, social and environmental impact are material for ZEISS and are included in this Sustainability Report. In fiscal year 2018/19, a comprehensive materiality analysis was conducted. Information on the detailed procedure is available in the 2018/19 Sustainability Report.

In fiscal year 2019/20, the importance of the topics was verified in order to take the impact of current development on the topics' materiality into consideration. All relevant departments and the appointed representatives of the segments evaluated the current relevance of the material topics that were identified in the previous year. Respondents were able to add topics that were missing.

The analysis showed that the identified topics continued to be material for the ZEISS Group. The results also clearly emphasize that the topics of work-life balance and the occupational health and safety of employees have become increasingly relevant. The respondents' main reason for this was the challenges posed by dealing with the COVID-19 pandemic.



**Results of the Materiality Analysis**

**Products and Value Chain**

- » Product safety, pp. 33-35
- » Human rights in the supply chain, pp. 39-40
- » Procurement and supplier management, pp. 36-38
- » Sustainable product development, pp. 33-35

**Environment**

- » Efficient use of natural resources, pp. 52-55
- » Climate protection, pp. 56-59
- » Environmental compliance, p. 60-61
- » Closed-loop waste management, pp. 52-55 and pp. 33 et seq.

**Integrity and Compliance**

- » Business ethics, pp. 28-31
- » Legal compliance, pp. 28-31
- » Data Protection, p. 30-31

**Employees**

- » Occupational Health and Safety, pp. 48-50
- » Work-life balance , pp. 47
- » Employee development, training and further education, pp. 44-45
- » Labor/management relations, pp. 42-43
- » Diversity, pp. 46-47

**Social Engagement**

- » Regional involvement, pp. 63-64
- » Promotion of scientific research and education, pp. 62 et seq.
- » Healthcare promotion, pp. 62 et seq.

**Results of the Materiality Analysis**

(GRI 102-49)

The material topics identified in fiscal year 2018/19 remained the same for fiscal year 2019/20.

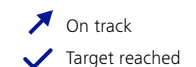
## Sustainability at ZEISS – Progress of the Activity Fields

### Integrity and Compliance (GRI 102-47)

Material issues	Targets	Status	Selected Measures in FY 2019/20
» Legal compliance	» Compliance with applicable law	↗	» Continuing the ZEISS Integrity Line for reporting open or anonymous information about possible compliance violations » Revising the e-training on compliance » Revising the ZEISS Code of Conduct » Creating and communicating guidelines for dealing with customer incidents correctly » Regular compliance training for all employees
» Business ethics	» Increased value orientation and behaving with integrity in accordance with the ZEISS Group Code of Conduct	↗	
» Data protection	» Protection of the ZEISS brand	↗	

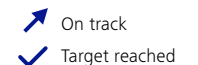
### Products and Value Chain (GRI 102-47)

Material issues	Targets	Status	Selected Measures in FY 2019/20
» Product safety	» Improved sustainability performance of ZEISS products and services	↗	» Continuation of the cross-divisional team of specialists to focus on sustainable product and process development with the aim of integrating sustainability aspects into development processes » Increased use of marine and rail transport as compared to air freight » Integrating industry risks, including human rights risks, into the supplier risk analysis » Carrying out the risk analysis for the 510 main suppliers » Compiling an annual report to evaluate the supply chain as concerns the origin of conflict minerals based on the Responsible Minerals Initiative standard » Carrying out around 50 global supplier quality audits, considering occupational health and safety and environmental aspects
» Sustainable product development	» Further development of logistics and shipping processes to integrate sustainability aspects	↗	
» Procurement and supplier management	» Raising supplier awareness of the ZEISS sustainability requirements	↗	
» Human rights in the supply chain	» Expanding the use of the mandatory supplier portal	↗	



**Employees (GRI 102-47)**

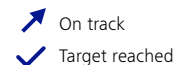
Material issues	Targets	Status	Selected Measures in FY 2019/20
» Labor/management relations	» Further strengthening and expanding the relationship between the company and its employees	➤	» Carrying out the global Pulse Check for determining employee satisfaction and initiating follow-up measures
» Employee development, training and continuing education	» Acquiring new employees and ongoing employee development	➤	» Launching a professional training or cooperative education program at ZEISS in Germany for 126 young people
» Diversity	» Reinforcing collaboration and promoting diversity in the company	➤	» Mentoring program for women at Aalen University, Ernst Abbe University in Jena and the University of Jena
» Work-life balance	» Encouraging a positive work-life balance	➤	» Continuing the cooperation network for international employees and their family members
» Occupational health and safety	» Standardizing and ongoing improvement of internal processes for occupational health and safety to reduce accident frequency and severity	➤	» Conferring of the Women’s Award for outstanding students of IT, business information systems and media information systems
	» Reducing the number of workplace accidents (KPI LTIFR) to below 2.25 by the end of 2023	➤	» Expanding the flexible working hours and workplace models
	» Rollout of an integrated software solution for the occupational health and safety management system in Germany by fiscal year 2020/21	➤	» Expanding the collaboration network for childcare and caring for family members at all sites in Germany
	» Worldwide rollout of the software solution for global accident reporting by fiscal year 2020/21	➤	» Establishing an organizational structure and hygiene concept for ensuring health protection during the COVID-19 pandemic
			» Conducting 38 fire safety inspections and 82 occupational safety inspections in Germany
			» Teaching more than 730 managers and occupational health and safety officers how to use the software solution





**Environment** (GRI 102-47)



Material issues	Targets	Status	Selected Measures in FY 2019/20
» Efficient use of natural resources	» Using all natural resources sparingly, to protect the environment	➤	» Continuing several projects, initiatives and measures for conserving energy and resources at ZEISS sites
» Closed-loop waste management	» 40 percent reduction in water consumption <sup>1</sup> by fiscal year 2019/20	✓	» Continuing the company suggestion scheme for measures to save resources at eight sites
» Environmental protection	» 30 percent reduction in waste accumulation <sup>1</sup> by fiscal year 2019/20	✓	» Revising the travel guidelines to support sustainable mobility
» Environmental compliance	» 50 percent reduction in energy use <sup>1</sup> by fiscal year 2019/20	✓	» Offsetting carbon emissions resulting from air travel and the use of natural gas
	» 50 percent reduction in CO <sub>2</sub> emissions (Scope 1 and 2) <sup>1</sup> by fiscal year 2019/20	✓	» Implementing a platform solution for collecting energy and emission data worldwide
	» Switching to a carbon-neutral energy supply at the main German production sites by fiscal year 2019/20	✓	» Participation in CDP climate reporting
	» Switching to a carbon-neutral energy supply at the main international sites by 2022	➤	» Independent EH&S audits at major production facilities to review legal compliance status
	» Standardizing energy and emission data collection in Europe by fiscal year 2021/2022	➤	
	» Worldwide rollout of the energy data platform by fiscal year 2021/22	➤	

<sup>1</sup>Reduction targets until fiscal year 2019/20 relative to the company's value added (base year: FY 2009/10)



**Social Engagement** (GRI 102-47)

Material issues	Targets	Status	Selected Measures in FY 2019/20
<ul style="list-style-type: none"> <li>» Promotion of scientific research and education</li> <li>» Regional involvement</li> <li>» Commitment to health</li> </ul>	<ul style="list-style-type: none"> <li>» Promotion of scientific knowledge from preschool children to doctoral students</li> <li>» Improved quality of life for patients through solutions and new standards in optometry and medical technology</li> </ul>	<ul style="list-style-type: none"> <li>» </li> <li>» </li> </ul>	<ul style="list-style-type: none"> <li>» Sponsoring over 100 projects with almost one million euros from the ZEISS Promotion Fund</li> <li>» Opening the ZEISS Innovation Hub @ KIT on the campus of the Karlsruhe Institute of Technology (KIT)</li> <li>» Sociopolitical commitment at multiple schools throughout Germany to support the 16+ MINT initiative</li> <li>» Maintaining existing programs to refurbish ZEISS products and donate them to disadvantaged regions without sufficient access to medical care</li> <li>» Funding six ophthalmology training centers in Indonesia, Paraguay, Nigeria, Sudan, Tanzania, India and Uganda</li> <li>» Developing solutions for protecting medical personnel who are treating COVID-19 patients</li> </ul>

 On track  
 Target reached

## 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. To ensure that the goals are achieved in the next ten years, the private sector is also called upon to do its part to ensure fair development worldwide that creates prosperity within the limits of what the planet can sustain. ZEISS has pledged its support for this agenda and wants to assist with its implementation.

ZEISS is aware that all sustainability goals are important and require support. In order to focus on the areas in which ZEISS as a company is capable of having a particularly big impact, in fiscal year 2018/19 an analysis of the 17 primary goals and 169 sub-goals was conducted. It is still valid for ZEISS today. In it, 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 – 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 protection measures



**Health and well-being:** Ensure healthy lives for all people of all ages and promote their well-being.

**Focus: Globally, 36 million people are blind and 217 million suffer from a visual impairment – 89 percent of blind people live in developing 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. Its mission 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 six diagnosis, treatment and training centers with devices for eye care. In line with the principle of "Helping people help themselves" the training centers aim to provide access to state-of-the-art medical technology in developing and emerging countries. This creates the necessary scope for teaching people how to use state-of-the-art medical technology and use it for treatment purposes. The centers are located in Nigeria, Indonesia, Tanzania, Paraguay, India and Sudan.

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

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

ZEISS also uses its ZEISS VISUHEALTH platform to further its mission. The platform addresses the challenges of rising patient numbers in underserved regions. For instance, it links three ophthalmic centers in major cities in India to some 60 mobile screening stations spread throughout the country. Patients can visit a screening station to have photos taken of their retina, which are then uploaded to the platform and examined by an ophthalmologist at one of the major eye clinics. This gives patients living in remote regions access to professional eye examinations.



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

**Focus: Germany needs more than 150,000 new science, technology, engineering and mathematics (STEM) specialists.**

ZEISS supports numerous educational programs to encourage up-and-coming young scientists – from preschool children to PhD students. In this way, ZEISS acts on the responsibilities set forth in its foundation statutes, shares educational content in an easily understandable way, and makes science easier to comprehend. Examples include the company's involvement in schools and its microscope donations to various educational initiatives and support for Germany's regional "Jugend forscht" contest for young, talented achievers in the STEM fields.

In order to encourage young people to pursue a career in science and research and get them thinking about the idea, ZEISS has sponsored Jugend forscht, Germany's oldest and best-known competition for young researchers, for 20 years. And ZEISS offers young people a host of opportunities to enter the field at its sites in Germany. Its program encompasses many different professions, as well as the option of pursuing a cooperative education degree. Further, both young talents and seasoned professionals around the world have access to a wide range of continuing education programs through the ZEISS CurioZ digital learning platform, which was expanded (see page 44-45).





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



**Industry, Innovation and Infrastructure:** Creating a resilient infrastructure, promoting broad-spectrum and sustainable industrialization and supporting innovation.

**Focus: 190 million people worldwide are unemployed.** As a global technology company, ZEISS employs more than 32,000 people. They are offered a safe and motivating work environment, where hard work and dedication are acknowledged and individual advancement is possible. A global survey of employees conducted on a regular basis identifies the state of the corporate culture at ZEISS (see page 43).

**Focus: In more than 50 countries worldwide, human rights are either under siege or egregiously violated.** When working with suppliers, ZEISS has pursued a centralized approach for integrating sustainability aspects into the supply chain since 2016. 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. As a leading global technology enterprise, the ZEISS Group is conscious of its responsibility to uphold human rights. ZEISS is successively driving the implementation of the five core elements of the German government's National Action Plan for Business and Human Rights (NAP) (see page 39-40).

**Focus: Investments in scientific research and innovation in developing countries are well under the global average.** 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 13 percent of revenue, research and development investment has increased as compared to the previous year, testifying to the ZEISS Group's continued strong focus on innovation. 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 lay the foundation for progress in advancing global digitalization and with it, the basis for modern infrastructures and communication and production structures. Revolutionary extreme ultraviolet (EUV) technology, for example, enables microchips to steadily improve their performance and energy efficiency. That protects the environment: chip manufacturers report 50 percent energy savings with EUV technol-

ogy as compared to the current technology. In 2018, a cross-divisional team of specialists for sustainable product and process development set itself the goal of integrating sustainability aspects into the development and improvement of products and production processes. The topics include aspects of closed-loop waste management, eco design, alternative materials and ways of increasing energy and resource efficiency in terms of global value added and the related risks.



**Responsible consumption and production:**

Ensuring sustainable consumption and production patterns.

**Focus: Humanity would require 1.6 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. This is made possible in part through investment in measures to boost energy efficiency, consistently reduce waste and integrate environmental aspects into product development. 3D printing technology, which ZEISS continuously expands, is one example of a sustainable production process. The process is primarily used to manufacture the tools required in production processes. The new printed tools are made of artificial resin and have largely replaced machined tools made of aluminum. The new process avoids negative effects associated with aluminum production such as very high energy consumption and limited recycling ability (see page 34). In addition, refurbishment programs are in place for several product groups, including electron microscopes and measuring machines. Older, pre-owned products are completely overhauled in accordance with certified ZEISS standards, equipped with new technology, and made available to customers again (see page 35).



**Climate protection measures:**

Implementing measures now to combat climate change and its impact.

**Focus: The measures already taken by policy-makers and companies around the world have achieved just one-third of the emissions reductions needed.**

SDG 13 calls upon states and governments to include effective measures for combating climate change in national policy. However, effective climate protection can only be achieved through a concerted effort and if companies support it too. ZEISS therefore believes it has a responsibility and makes a contribution to the global target set in the Paris Agreement of limiting global warming to less than 2°C. ZEISS has derived some ambitious measures to help achieve these targets. In March 2018, specific targets were agreed with the Executive Board of the ZEISS Group to reduce CO<sub>2</sub> emissions by 50 percent by fiscal year 2019/20. The target was achieved in the reporting period.

ZEISS aims to have a 100 percent climate-neutral energy supply by 2022. It has therefore switched to green power from a verified source and offsets its unavoidable emissions. This was implemented at all ZEISS sites in Germany during the reporting period. To do so, 170,000 megawatt hours of green power that meets rigorous quality criteria are procured from renewable energy sources.

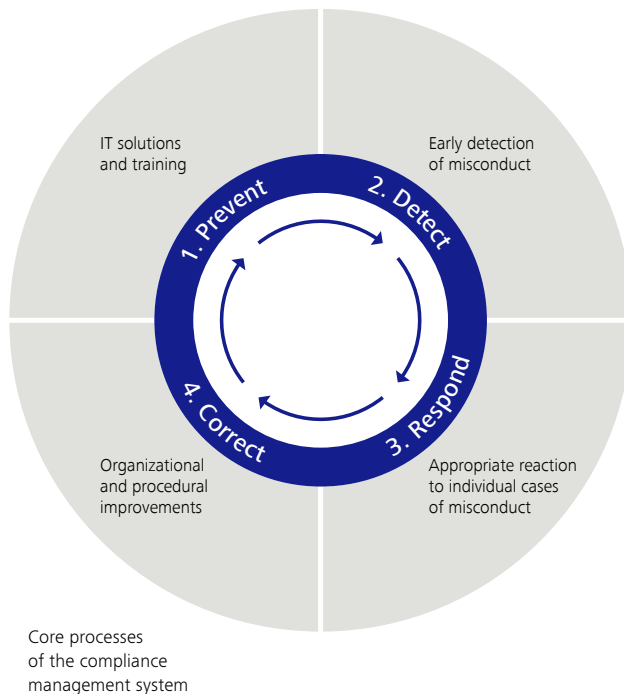
As a further measure, the travel guidelines were revised with a special focus on climate protection, standardized in a global version, and rolled out. As of fiscal year 2019/20, where possible, business trips are to be made using climate-conserving means of transportation. For the first time, ZEISS compensated for greenhouse gas emissions from unavoidable plane trips and natural gas procurement in Germany in fiscal year 2019/20. With selected carbon offset projects, ZEISS is supporting the construction of biogas and water treatment plants in Cambodia and Nepal, for example. In this way, emissions can be lowered and the quality of life of the people in the region improved.

# 01

## INTEGRITY AND COMPLIANCE



Business activities in line with statutory regulations and internal rules are an integral part of the ZEISS corporate culture. The company's aspiration to act with integrity stems from the values that were shaped by the history of the foundation-owned company ZEISS.



## Compliance

For ZEISS, legality and the proper treatment of business partners and employees are indispensable elements of successful business activity. This requires an open and respectful corporate culture which, alongside an effective compliance management system, ensures that any deficiencies at ZEISS are detected, identified and corrected.

Compliance with all laws and regulations forms the basis for sustainable corporate governance. The management level's behavior must set an example and it must be firmly embedded in the corporate culture.

### Guidelines, structures and processes

At ZEISS, the foundation for compliance management is the Code of Conduct, which was first published in 2007 and last updated in July 2020. It describes the risks inherent in business activities and provides specific recommendations on how to behave. As the basis for entrepreneurial activity, the Code of Conduct is mandatory for all employees and managers of the ZEISS Group worldwide. It contains rules on various issues, including data protection, product safety, environmental protection and combating corruption. More detailed company directives are available for all the topics addressed in the Code of Conduct.

At ZEISS, compliance is organized on three different levels. On the Group level, there is the chief compliance officer who reports to the Executive Board, and the Head of Corporate Compliance, who is responsible for the compliance management system. This area of responsibility encompasses the design of the compliance management system and assists with the identification and rectification of significant compli-

ance violations that might jeopardize the reputation of the entire ZEISS Group. Each strategic business unit has also appointed its own Group compliance officer, who coordinates compliance activities for a particular unit and its companies. In addition, each individual company has its own local compliance officer who is the on-site contact for employees and management for all compliance-related matters and can resolve any local compliance violations.

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

Moreover, the periodic inquiry into compliance risks - e.g. due to conflicts of interest, export control law, data protection and corruption - at all ZEISS companies is an important part of Group-wide risk management. Regular internal audits and assessments, and an annual external audit, are conducted to determine if all legal requirements are being met.

A compliance management system has been established for all units in the ZEISS Group. It enables the systematic management of all compliance measures and contains the following modules.

**Leadership:**

The management sets an example for the culture of compliance

**Shared Commitment/Communication:**

Managers and other internal stakeholders affirm the great relevance of compliance through their behavior and communication

**Risk Assessment:**

Compliance risks are systematically evaluated and minimized using established procedures

**Policies and Procedures:**

Guidelines and processes that give structure to dealing with compliance risks

**Organization:**

The module encompasses the provision of an effective compliance organization

**Training:**

Providing regular, suitable training for employees and compliance officers

**Oversight and Controls:**

Monitoring and reaction processes have been defined for violations of laws or regulations

The core processes in the compliance management system are:

**1. Prevent**

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

**2. Detect**

Despite all preventive measures, violations of the law and cases of noncompliance can still occur within the company. To identify such cases, employees are called on to actively cooperate and should report any suspected violations. Different departments and experts, such as Corporate Security and Internal Auditing, also support investigations of suspected compliance violations. Depending on the case, the company can also rely on external support.

**3. Respond**

The company will take appropriate measures to immediately remedy unlawful behavior.

**4. Correct**

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

Internal and external stakeholders alike have the opportunity to use the ZEISS Integrity Line whistleblower system openly or anonymously to report any indicators on possible compliance violations. The ZEISS Integrity Line is available in 22 languages and can be found on the website at [www.zeiss.com/responsibility/compliance](http://www.zeiss.com/responsibility/compliance) and on the ZEISS intranet.

**Objectives 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. As a result, every two years all employees - including the Executive Board members - must complete a basic compliance training course and pass a final test. The training program covers the topics found in the ZEISS Code of Conduct. Employees who work in areas where they are exposed to specific compliance risks, such as in Purchasing, Sales and Marketing, and managers as well, must complete additional training modules on topics related to anti-corruption and fair competition. The majority of ZEISS employees have access to online compliance training via the ZEISS CurioZ internal learning platform. Training is currently available in 13 languages. The learning management system enables courses to be assigned to specific employees and the centralized tracking of how many people have completed the courses. Employees who could not access the online training courses in fiscal year 2019/20 received in-person training. However, ZEISS is still trying to find ways to enable such employees to access the ZEISS learning platform.

In fiscal year 2019/20, the Code of Conduct as the key document for compliance management was revised and supplemented. A policy on the proper way to deal with ZEISS customer events was also compiled and communicated. A revision of the basic compliance training course and of the courses on "Fair competition" and "Anti-corruption" is planned for the next fiscal year.

## Anti-Corruption

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

To raise employee awareness of the topic, ZEISS has compiled internal company policies on granting and receiving benefits such as gifts or invitations. The guidelines are an important component of the "Anti-corruption" training module. A checklist for employees provides specific examples to help them assess whether or not particular benefits are permitted. Moreover, there are also binding policies for auditing distribution partners. They are supported by a screening tool from an external provider. The goal is to determine whether distribution partners have ever been suspected of corruption or involvement in a cartel, export control, money laundering or similar crimes, or exhibit any other risk factors that could damage ZEISS' reputation.

## Political Influence

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

The ZEISS Group does not make financial donations or other contributions to parties or political institutions because the Carl Zeiss Foundation statutes stipulate that all support must be based on political and religious neutrality.

## Data Protection

ZEISS is aware of how important it is to protect personal data privacy in order to ensure an ethical, future-oriented business model. The Group wants to do business in compliance with international guidelines and national law to remain a trustworthy partner for its customers, suppliers, business partners and consumers.

An increasing number of ZEISS segments handle highly sensitive personal data such as health data, and evidence of dependable and appropriate data privacy practices are a requirement for business relationships built on trust. Violations not only damage a company's reputation, but can also incur hefty fines.

### Guidelines, structures and processes

National and international regulations create a framework for data protection and the ZEISS Group observes the data privacy standards of the European Union in all markets in which it operates. They are supplemented by an internal guideline for handling personal data, which is binding worldwide. From an organizational standpoint, data protection matters are handled as a standalone division of Corporate Legal & Patents. The corporate data protection officer works with a five-person team to define principles and rules governing the protection of personal data privacy, supports and provides advice for their implementation, monitors compliance and reports to the Chief Financial Officer.

Executive Board members and/or the heads of ZEISS companies and the heads of business units are responsible for implementation and compliance. To support their efforts, Corporate Data Protection operates a data privacy management system.

Each individual company has a data privacy coordinator who is responsible for training measures, acts as the local point of contact for all questions from employees and management and remains in contact with the corporate data protection officer.

### Measures and results

ZEISS emphasizes the importance of a uniform level of data protection worldwide. Alongside the steeply rising challenges posed by product digitalization, increasing global regulation drives the further development of data protection processes at ZEISS. The focus here is on extended rules and regulations such as Trusted Information Security Assessment Exchange (TISAX) and the NIST Privacy Framework, national laws such as those in Australia and Taiwan, and court decisions – in the context of the validity of the EU-US Privacy Shield, for example. On this basis, the data privacy protection processes at ZEISS were further improved during the reporting period and additional international requirements were integrated into the existing SOPs for data protection. For example, toll-free telephone hotlines were created as simplified access options for data privacy complaints in California (USA) and standard contract clauses regarding data transfer to "third countries" (USA, China, Russia, Mexico, etc.) were supplemented by ancillary guarantees.

During the reporting period, 150 inquiries and complaints regarding the guaranteed rights of the persons affected, such as data deletion, retransfer, disagreement and correction, were answered.

# 02

## PRODUCTS AND VALUE CHAIN





## Product Safety and Product Development

With its solutions, ZEISS constantly advances the world of optics and helps shape technological progress. Alongside high quality and product safety, ZEISS considers the responsible shaping of the value chain an integral part of its business.

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

ZEISS products and solutions contribute to medical progress in ophthalmology and neuro/ENT surgery and support physicians on every continent in the effort to improve their patients' quality of life. Eyeglass lenses from ZEISS help people around the world enjoy better vision. And intelligent measuring systems from ZEISS increase efficiency and assure quality in a wide range of sectors, including the automotive and aerospace industries. For example, ZEISS provides comprehensive measuring and testing solutions for e-mobility, from batteries and power electronics to electric motors and transmissions. For instance, state-of-the-art coordinate technology is used to inspect the fit accuracy of powertrain components in vehicles to ensure low fuel consumption. In the aviation and wind energy industries, ZEISS measuring machines help increase the efficiency of wind turbines and aircraft engines.

At ZEISS, product safety begins in the development stage, accompanies the procurement and production process and remains an important aspect even later, when the product is being operated by the customer, or serviced. Digital product security and the applications related to them, secure networking of products and the interdisciplinary topic of Smart Production are playing an increasingly significant role. However, at ZEISS product responsibility means more than making products that are innovative, effective, and safe. It also includes the responsible design of the value chain - from the raw material supplier to product recycling.

### Guidelines and structures

ZEISS requires all applicable laws and standards governing product safety to be consistently implemented - from customer-compatible design and reliable application to proper recycling and disposal. After all, defective products may harm users and can also damage the company's reputation. In an effort to satisfy both legal requirements and customers' product quality and safety needs, all ZEISS units use a quality management system based on the requirements of the international standard ISO 9001. The systems and processes at multiple sites have been certified by authorized external and internal testing facilities. To meet the specific requirements regarding medical devices, various sites of the ZEISS segments Medical Technology, Consumer Markets and Industrial Quality & Research have implemented a quality management system in accordance with ISO 13485. It is verified as part of an independent, external certification process.

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

Responsibility for product safety and its importance for the company's success are enshrined in the ZEISS Group's Code of Conduct. All the country-specific laws and directives applicable for ZEISS' primary markets form the basis for product development, design and sales – in accordance with the applicable standards. Individual experts are involved in their ongoing development through European and international committees and standardization bodies, thereby bringing fresh ideas to product development at ZEISS. The trend toward digitalization, including the aspect of smart production, is also reflected in process standardization. Accordingly, a program consisting of a range of security measures, such as actively integrating the Security by Design and Privacy by Design principles, aims to provide information security throughout the product life cycle and, in particular, in the production development process.

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 provide the structures, resources and necessary skills for properly meeting all legal and internal ZEISS requirements.

The key elements of ensuring product safety are:

- » Observing product safety requirements during all stages of the product life cycle
- » Using customer feedback as the basis for product improvement

- » Performing ongoing market surveillance for selected product groups to ensure that products meet the highest safety requirements
- » Independent organizations inspecting selected products to ensure product safety

**Processes**

The Product and Solution Generation process is of fundamental importance. This guideline is binding for all ZEISS units. It defines the minimum requirements for a modern development process at the ZEISS Group and specifies mandatory minimum content. A checklist outlines the mandatory minimum content. The goal of this systematic focus on the development process is to give customers the right products and solutions with respect to customer expectations, customer benefit, quality, reliability, time and costs, thereby achieving a significant competitive edge. ZEISS products are only launched if the requirements defined for the development process were taken into consideration.

The approvals required in order to sell several products are obtained in accordance with the regulations. Relevant products are certified by independent testing centers to ensure a high safety standard. Certified products can be viewed on publicly accessible databases like that of the CSA Group, an international certification body.

In addition, ZEISS continuously strives to reduce the environmental impact of the product life cycle and therefore includes fields of research from Circular Economy in its innovation management. ZEISS' goal is to extend the service

**Tools from 3D Printers**

The ZEISS Consumer Products strategic business unit has been using 3D printing since 2018 and continuously expands its use. The process is primarily used to manufacture the tools required in production processes. The new printed tools made of artificial resin have largely replaced machined tools made of aluminum. The new process avoids negative effects associated with aluminum production such as very a high demand of energy and limited recycling ability due to the use of numerous different alloys. At the same time, 3D printers consume much less energy than cutting machines. In terms of energy balance, the process impresses on account of both the material used and its processing. Alongside improved sustainability performance, the new process has paid off, with ZEISS having achieved annual savings in the 6-figure range.

life of its products through the respective service, repair, and refurbishment programs. 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. This is how the company ensures that all ZEISS products meet the applicable

environmental regulations and guidelines (see the chapter on the environment, page 60). In particular, ZEISS ensures that:

- » The raw materials used are harmless to human health and the environment
- » Manufacturing and using the products generate as few effluents and emissions and as little waste as possible

### Objectives and results

ZEISS set itself the goal of providing innovative solutions that focus on customer needs, make technologies more efficient, and increase quality of life. ZEISS aspires to always manufacture safe and reliable products of high quality. A total of 580 new patent applications during the reporting period underscore the company's enormous capacity for innovation.

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 2019/20 as in the previous year, a total of around 100 business units had been certified in accordance with ISO 9001 and 16 business units in accordance with ISO 13485. In the current fiscal year, monitoring audits were conducted in line with requirements at all sites certified to ISO 13485 to ensure ongoing improvement. This serves to uphold a quality management system according to ISO 13485.

ZEISS continued pursuing its program for refurbishing microscopes in the reporting period. This involves pre-owned systems being updated and then sold at a discounted price. Customers receive a one-year warranty, and replacement parts

are guaranteed for a period of five years. Since the program was launched in 2015/16, around 125 electron microscopes and 210 light microscopes have been refurbished, including 15 electron microscopes and 70 light microscopes in the reporting year. In addition to economic advantages for our customers, the program reduces a system's ecological footprint because the raw materials used to produce it and the necessary energy are spread out over a longer service life.

### Resource Efficiency in Additive Manufacturing

Additive manufacturing – commonly known as 3D printing – is making serious headway in the manufacturing industry. It makes significant opportunities available to ZEISS and its customers in terms of in-house production and the conservation of resources. ZEISS 3D ManuFACT enables the integrated quality control of additive manufacturing and even encompasses "powder qualification." Powder is the basic material of additive manufacturing. If its quality is inadequate or it is distributed unevenly during the printing process, it may create hollows or result in material impurities. Quality checks before and during the 3D printing process can prevent such defects, reduce the powder reject rate and optimize the amount of powder used.

# Procurement and Supplier Management

Due to the significant amount of value created in the supply chain, the procurement process is critical to ZEISS' long-term success. Local purchasing organizations around the globe source both production and non-production materials from local and international suppliers. ZEISS business units generated around 50 percent of total purchasing volume with 510 suppliers who are the focus of a risk-based approach and are located in the following regions: 80 percent in EMEA (Europe, Middle East, Africa), five percent in APAC (Asia/Pacific), and 15 percent in the Americas.

## Guidelines and structures

The company works very closely with its global network of suppliers to reduce the negative effects of its business operations. 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 increasingly important role in the selection of and collaboration with suppliers. In complex supply chains, environmental pollution, inadequate occupational health and safety standards, human rights violations and child or forced labor all represent potential risks that ZEISS wants to proactively address. Respect for human rights is becoming a particular focus due to increased regulation, such as through the German National Action Plan (NAP) for Business and Human Rights (see page 39-40). ZEISS categorically rejects all forms of forced and child labor and actively works to ensure that environmental and social standards are met at its sites and along its supply chain.

The Supplier Sustainability team, which operates on the Group level, pools different activities for integrating sustainability into supply chain management, drives further development and supports their implementation in all ZEISS business units. The

Supply Chain Expert Panel supervises the company's efforts to integrate sustainability aspects into the supply chain. The panel is composed of representatives from supplier management in the different strategic business units. The committee of heads of purchasing meets regularly to discuss approaches and progress. A working group with representatives from the Supplier Sustainability team, the central Sustainability team and local compliance officers develops mechanisms for upholding human rights.

ZEISS suppliers must adhere to the provisions listed in the internationally recognized Code of Conduct from the Responsible Business Alliance (RBA), which are minimum standards for human rights, health and safety, environmental protection and business ethics. The RBA Code of Conduct is based on the UN Guiding Principles on Business and Human Rights and on international human rights standards such as those issued by the International Labour Organization (ILO). ZEISS expects all suppliers who have a direct business relationship with the company to meet the minimum standards in the Code of Conduct. Key strategic suppliers, who make up around 50 percent of the external purchasing volume, must recognize the RBA or an equivalent code of conduct, adhere to it and inform their sub-suppliers of the standards. Supplier audits are conducted on a risk-based approach to monitor compliance with the Code of Conduct. ZEISS never enters into business relationships if there is evidence of human rights violations.

Internal and external stakeholders can use the ZEISS Integrity Line whistleblower system on the company's website to anonymously report any human rights violations within the ZEISS supply chain (also see the chapter on Integrity and Compliance).

## Processes

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

- » New suppliers are selected on the basis of a self-assessment questionnaire that includes questions related to occupational safety, environmental protection, energy efficiency and the acceptance of the RBA Code of Conduct or a similar code. In addition, observing the RBA requirements also constitutes a key part of contractual agreements. Information exchanges and agreements pertaining to services, quality and various sustainability aspects are supported by the supplier portal that went live in fiscal year 2018/19.
- » Suppliers who share in the value created by ZEISS to a significant extent must undergo an on-site supplier audit by ZEISS Purchasing that includes a supplementary risk assessment. The goals are to become more familiar with existing and future partners and to identify and eliminate weak points in the supply chain.
- » Major suppliers undergo an annual evaluation using a software tool that includes occupational safety, environmental protection and energy management criteria. The results are discussed with the suppliers in order to define any necessary enhancement measures. Aspects such as occupational safety, fire prevention and environmental management have been a part of cross-divisional supplier quality audits since 2012.
- » In accordance with the established risk indices and the annual purchasing volume, major strategic suppliers are

assessed to determine if there are any potential sustainability risks depending on the context. The risk assessment is based on the established Corruption Perceptions Index, Human Development Index and Environmental Performance Index. In the reporting period, it was expanded to include the industry risks determined and evaluated as part of a study carried out by ZEISS. In order to plan further activities, a list of priorities will be compiled in consultation with the ZEISS units and action plans discussed. This makes it possible to define next steps such as completing on-site sustainability audits at particularly high-risk suppliers. 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.

If the results indicate inadequate compliance with ZEISS' sustainability requirements, a corrective action plan will be compiled and ZEISS will verify and monitor its implementation.

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 demand 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 relies on the globally recognized standards of the Responsible Minerals Initiative (formerly the Conflict-Free Sourcing Initiative) in its communication with relevant suppliers. ZEISS uses the available means and information to verify

### Remote Audits

ZEISS gained positive experience with remote audits in the reporting year – as both an audited company and auditor. Remote audits to check quality management were carried out with the help of a ZEISS software solution on suppliers with whom ZEISS has a working relationship. Since travel was prohibited, it was possible to save time and costs. Savings on carbon emissions related to business travel was another positive side effect. Encouraged by the positive experience, ZEISS plans to expand its remote audits and continue using them when the COVID-19 pandemic is over. Piloting remote factory tours – including interviews with production workers – in loud environments and with weak Wi-Fi coverage are thus the next challenge.

data on these smelting works listed in order to identify possible risks and raise supplier awareness for this topic.

### Objectives and results

Over the course of the COVID-19 pandemic, in fiscal year 2019/20 ZEISS compiled recommendations and directives to ensure the continuity of its procurement and logistics process: for example, for prioritizing shipments or safeguarding their receipt. As a result, it was possible to avoid this having a major impact on ZEISS customers and production processes. ZEISS assumes that the adjustments in logistics made in response to the pandemic have led to a smaller carbon footprint

from logistics processes. Above all, the conversion from air freight to marine or rail transport was able to contribute to climate-friendly logistics.

In fiscal year 2019/20 the sustainability risk of ZEISS' 510 major suppliers was assessed using established risk indices. In order to systematically identify risks in the supply chain, in the reporting year industry risks were integrated in the risk analysis, including those related to human rights.

International sustainability audits were planned in the reporting period but could not be carried out due to the travel ban in response to the COVID-19 pandemic. To continue monitoring the suppliers' sustainability performance in spite of the limitations that the pandemic imposed on business travel additional measures are planned, such as the integration of the supplier self-assessment into the supplier portal.

To raise employee and supplier awareness for sustainability issues and train them on how to meet requirements, ZEISS is offering an e-learning course on the RBA Code of Conduct. ZEISS will continue rolling the course out both internally and externally. A central supplier portal ensures the effective exchange of information. It requires suppliers to accept the RBA or an equivalent code of conduct. Numerous suppliers around the world have been required to use the supplier portal since 2019/20 and there are plans to expand the portal in the future.

In fiscal year 2019/20, no violations or complaints relating to human rights in the supply chain were reported via the ZEISS Integrity Line.

### Key figures

A total of 91 percent (previous year: 85 percent) of the 510 strategically relevant suppliers have replied or confirmed via the supplier portal that they will comply with the RBA Code of Conduct or an equivalent code of conduct.

In fiscal year 2019/20, approximately 50 supplier audits were performed worldwide, also covering aspects related to occupational health and safety and environmental management.

### Rail Transport

Today, many companies have shifted parts of their supply chain to China. A key component is the logistics between China and markets in Europe and other parts of the world. As a result, ZEISS increasingly transports its products via rail. This has proven essential during the current COVID-19 pandemic, since air freight costs are rising due to high demand and low availability. Further, freight transport via rail lowers carbon emissions as compared to air freight. Regardless of the COVID-19 pandemic, the Research Microscopy Solutions strategic business unit plans to shift around 800 pallets from air freight to the rails by summer 2021. That is equal to around two-thirds of the total air freight volume. This change will reduce carbon emissions due to transport by around 70 tons per year – around 95 percent.

## Implementing the German National Action Plan for Business and Human Rights (NAP)

The German government expects companies to begin integrating their due diligence obligations with regard to human rights – as described in the National Action Plan for Business and Human Rights (NAP) – into their business processes by the end of 2020 at the latest.

Five core elements have been defined as part of the NAP and ZEISS is successively driving their implementation. To this end, a working group was formed with representatives from the Supplier Sustainability team, the central Sustainability team, and some local compliance offices. Its mission is to initiate ideas for implementing the core elements and harmonize them with other legal requirements like the British and Australian Modern Slavery Act.

### 1.

**Policy statement on the respect of human rights:** The [ZEISS Code of Conduct](#) makes explicit reference to the ILO's core labor standards and recognizes the principles of the RBA Code of Conduct. ZEISS uses this public policy statement to emphasize that human rights – such as the ban on forced labor or slavery, and human trafficking, the ban on child labor and discrimination – apply to employees and business partners alike. Further information is available in the chapter "Integrity and Compliance" starting on page 28.

### 2.

**Procedure for determining actual and potential negative effects on human rights (risk analysis):** Considering ZEISS' business environment, the company has developed approaches for determining cases of actual and potentially disadvantageous effects on human rights. For the first time in fiscal year 2018/19, HR managers at different ZEISS sites took part in a standardized questionnaire to determine whether Human Resources processes pose any human rights risks. The results showed that employees perceived a low risk of human rights violations at ZEISS. Nevertheless, to raise awareness for potential risks, measures included a new e-learning course for employees and suppliers.

As part of the annual risk analysis, potential risks relating to the human rights of main suppliers are assessed using various indices and additional criteria as defined by ZEISS (see processes, page 37). In particular, violations of occupational health and safety regulations are possible risks that could arise in ZEISS supplier industries.

### 3.

**Measures for avoiding negative effects on those concerned, and evaluating measures:** The results of the risk analysis are used in the further planning of systematic measures. On this basis, ZEISS carries out sustainability audits on its suppliers and supports their efforts to compile appropriate corrective action plans. Negative effects were identified in the form of deficiencies in the areas of occupational safety and transparency concerning working conditions.

### 4.

**Reporting:** The ZEISS Group's existing reporting and communication formats provide the appropriate amount of information on the identified risks and measures. The Sustainability Report, the [ZEISS website](#) and the Non-Financial Report are the key reporting formats.

### 5.

**Complaints mechanism:** Since November 2018, the global ZEISS Integrity Line has been available to internal and external stakeholders for submitting information on possible human rights violations. In consultation with stakeholders such as the Works Council, it is available in 22 languages on the ZEISS website, creating an anonymous, effective complaints mechanism to supplement the existing processes for dealing with suspected violations (see the "Compliance" chapter on page 28).



# 03

## EMPLOYEES



## Employee Involvement

In the competition to attract new talent, ZEISS positions itself as an attractive employer. ZEISS benefits from its reputation as a global, innovative foundation-owned company with a strong focus on values that are embedded in the corporate culture.

Achieving precision, innovation and unparalleled quality requires motivated and qualified employees. In light of demographic change and the increasing shortage of skilled workers, the diversity and equal opportunities championed at the company will prove to be key competitive advantages. ZEISS is proactively meeting the challenges with a global recruiting strategy – fully in line with the corporate strategy. The goal is to make the ZEISS Group even more customer-oriented, more competitive and more digital. Further important aspects of ZEISS' responsibility toward its employees are co-determination within the company, promoting a work-life balance and employee development.

In 2020, a major challenge faced by ZEISS employees was to manage the impact of the global COVID-19 pandemic. ZEISS was able to rely on existing plans drawn up by the Group's crisis management team to ensure the occupational health and safety of employees with suitable preventive measures. These included digital tools for virtual collaboration and flexible working hours models that helped ensure business continuity. In response to the changes to the number of incoming orders caused by the pandemic and the associated decline in the capacity utilization of many employees, ZEISS deployed a variety of departmental- and site-specific instruments to safeguard jobs. These included loaning out employees to other Group companies, reducing overtime and, as a last resort, implementing the reduced working hours policy in Germany and similar programs abroad. The Semiconductor Manufacturing Technology segment was an exception, as it did not record a decline in demand or incoming orders.

In Germany, the co-determination instrument, a basic condition for high employee satisfaction, ensured that employees were actively integrated. But as a global player, ZEISS must also consider its employees outside Germany. To do so, ZEISS regularly conducts a global employee survey to keep its finger on the pulse of the general mood.

### Guidelines, structures and processes (GRI 102-41, 102-43)

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

Operational co-determination is firmly established at ZEISS, and the principles of the Foundation statutes are firmly embedded at the sites in Germany. Statutory matters and issues regulated by collective wage agreements are negotiated with the respective employee representatives. In addition, ZEISS regularly discusses planned changes within committees made up of employee representatives, thus going above and beyond the statutory requirements in Germany. In accordance with the provisions of the German Co-Determination Act, half the members of the Supervisory Board of Carl Zeiss AG represent the sole shareholder – the Carl Zeiss Foundation – while the other half represents the employees. The Executive Board regularly reports to the Supervisory Board on current issues and planned operational changes. The European sites of Carl Zeiss Vision International GmbH send employee representatives to the European Works Council.

With Pulse Check, a regular anonymous survey of employees worldwide, ZEISS measures the status of the corporate culture and the success of its strategy implementation. The results of the survey are a key indicator of the attractiveness of ZEISS as an employer. Pulse Check addresses the prevalence of the values SERVE – EMPOWER – ACT – WIN in daily activities, and other current cultural issues within the context of the ZEISS Agenda 2020. The most recent Pulse Check was held at the beginning of 2020 and almost three-fourths of employees participated in the survey and provided their feedback.

### Objectives and results

In order to meet our goal of becoming an attractive employer, ZEISS emphasizes the importance of a good relationship to its employees and takes various measures to maintain it on an ongoing basis. And this has proven successful: Pulse Check

2020 showed that more than 84 percent of all employees enjoy working at ZEISS and 75 percent of employees would recommend ZEISS as an employer. That means ZEISS has further improved on the results from the last survey in 2018, which were already very good. However, other focal points were identified for future cultural work, such as the ability to address necessary changes quickly. These positive trends and potential for improvement will continue to be addressed as part of cultural development. Employees addressed the necessary changes in different formats, such as workshops and team summits, examining aspects such as how to improve global collaboration and prepare the ZEISS Group for the digital future. The results of the Pulse Check were discussed with the Executive Board and subsequently communicated to the employees – due to the pandemic, this was done primarily through virtual means but also through a few in-person events. The goal for the years ahead is to continue on this positive trajectory to ensure employee satisfaction.

To enable employees to participate in ZEISS' successful business development, eligible employees have received a bonus in recent years. Due to the outbreak of the COVID-19 pandemic in fiscal year 2019/20, employees at ZEISS sites in Germany received a thank-you bonus of up to €1,500 (net) in place of the usual bonus. This was done in recognition of their achievements despite the difficult circumstances that prevailed and was paid out in October 2020, at the end of the reporting year. Some ZEISS sites outside Germany have their own country-specific rules that also allowed employees to share in the success of fiscal year 2019/20.

### Global employee structure

	2019/20	2018/19	2017/18
<b>Total</b>	<b>32,201</b>	<b>31,260</b>	<b>29,309</b>
» Part-time employees	1,787	1,725	1,483
» Employees with fixed-term contracts	1,512	1,511	1,354
Trainees and students in a cooperative education program	520	517	464
Contract workers	967	952	967
Percentage of female employees	34%	34%	34%
Turnover rate* (Germany)	1.7%		

\* The turnover rate refers to all ZEISS employees in Germany except for those at GOM GmbH and was published for the first time for FY 2019/20. The KPI does not include resignations due to limited-term employment contracts, retirement, early retirement, or death.

### Employees by region

	2019/20	2018/19	2017/18
Germany	13,692	13,310	12,067
EMEA (without Germany)	4,628	4,589	4,522
Americas	7,010	6,950	6,683
APAC	6,871	6,411	6,037

## Attracting and Developing Employees

ZEISS invests continually in the recruiting, promotion and professional development of its employees, positioning itself as an attractive employer in the competition to gain talented individuals and countering the shortage of skilled workers. ZEISS also aspires to recruit many skilled workers and managers from its own ranks. This creates attractive opportunities for professional development and keeps qualified, motivated employees loyal the company over the long term.

### Structures, guidelines 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 projects. CurioZ is the ZEISS venture responsible for learning at ZEISS. Through the ZEISS CurioZ digital learning platform, ZEISS contributes to the professional development of its employees. Innovative formats and programs systematically promote the expansion of expertise, knowledge and skills.

In order to attract young talents, ZEISS publishes target group-specific content on global and local online channels such as LinkedIn, YouTube, WeChat and ResearchGate. Company representatives also attend career events and visit universities to promote ZEISS as an international employer. During the COVID-19 pandemic, ZEISS continuously expanded its range of virtual informational events. The effectiveness of the measures is evident from the continually positive results it enjoys in employer rankings such as the Trendence Ranking of Germany's most attractive employers for graduates and young professionals, and how it receives many applications for vacant positions.

ZEISS offers plenty of training opportunities and works with various universities with cooperative study programs. In the reporting period, a total of 126 young people began a vocational training program or a cooperative study program at the German sites in Göttingen, Jena, Oberkochen and Wetzlar. The students are being trained in the fields of industrial mechanics, precision optics, mechatronics and industrial business management, or are completing a cooperative study program in business information systems, international business or data science. With its sophisticated cooperative study offering, ZEISS is contributing to the development of society, especially at its German sites.

Both young and more seasoned professionals have the chance to take part in a host of development programs and international networking events. Advanced training includes a focus on the development of managers. In addition to a mandatory program to prepare managers for their first leadership experience, ZEISS promotes job rotation for its employees – which also includes assignments abroad.

Numerous programs for identifying and developing talents support employees in their professional careers. They pay special attention to individual skills and the further development of competencies in particular. This way, ZEISS not only enables promising careers for managers, but also offers attractive career paths for R&D and innovation specialists, and employees in service and support.

### Measures and results

At the end of the reporting period, ZEISS employed a total of 520 vocational trainees and students in a cooperative study

### Digital Learning

To ensure that employees stay with the company and develop further in the future, ZEISS offers both in-person training sessions and innovative learning formats. Currently almost 900 in-person and online courses, as well as numerous e-books and audio books, are available on the ZEISS CurioZ learning platform. During the COVID-19 pandemic, ZEISS CurioZ helped the company convert some 40 percent of all in-person training sessions to virtual training courses and blended learning formats. Further, the range of relevant courses was expanded to include the topics of virtual collaboration and further qualification for employees working reduced hours, for example. To do this, ZEISS worked with an international training services provider. Employees were enthusiastic about signing up for the courses, which demonstrated their interest in developing their skills during the pandemic.

program in Germany (previous year: 517). To ensure that young talents remain interested in ZEISS in the years ahead, the company stays in touch with approximately 10 percent of its best interns through a retention program. In fiscal year 2019/20, around 500 young people completed a technical or business-related internship at the company's German sites or wrote their thesis at ZEISS. In addition, roughly 200 high school students had the opportunity to explore their future career options as part of a high school internship.

Employees also seized the opportunity to work abroad for ZEISS and develop their skills further there in fiscal year 2019/20 as well. At present, 40 employees from Germany are working in 16 different countries worldwide. At the same time, 18 employees from abroad have been assigned to work in Germany. Assignments in third countries, which see US-based employees working in countries like China, are becoming increasingly important. However, plans for further assignments abroad have been influenced by the COVID-19 pandemic and strict travel restrictions in various countries, and some had to be postponed.

### New Learning for the Digital Workplace

The digital future will require new expertise and skills, which ZEISS is systematically integrating into the training and continuing education of its employees. Learning on an iPad or in a fully networked Smart Factory are also part of the package, along with how to use a 3D printer and seminars on robotics. Since 2017, instructors at all sites have taken the course "Training instructors in the digital world," where they take a deep dive into learning new digital teaching methods and content. The new continuing education course "Digital Production Expert" makes Production employees fit for the digital workplace of tomorrow. Course participants learn how a modern, digitally networked production facility works and what related skills employees will need in the years to come. They work on learning projects where they organize themselves as a cross-functional team and manage the processes themselves. As they work through the modern learning content, participants are supported by experienced trainers based on training modules developed by ZEISS. This allows participants to raise their knowledge to a new level. It is through a pedagogic concept that teaches both technical skills and self-learning competency while encouraging teamwork among different occupational groups. The program increases the flexibility and usability of ZEISS employees in the production processes of tomorrow.

### Key figures

#### Figures on the use of ZEISS CurioZ learning platform in FY 2019/20\*

- » Number of active users worldwide who completed at least one online course: **24,116** (13,155 in Germany alone)\*
- » **200,110** online courses completed worldwide (78,486 in Germany)
- » Number of e-book downloads: **23,452**

#### Figures on learning in Germany

Fiscal year (FY)		2019/20	2018/19	2017/18
Total no. of completed courses	<b>Total</b>	<b>91,230</b>	<b>61,740</b>	<b>43,739</b>
	Share of men	74%	74%	
	Share of women	26%	26%	
Total no. of participant days**	<b>Total</b>	<b>30,560</b>	<b>24,722</b>	<b>22,402</b>
	Share of men	76%	76%	
	Share of women	24%	24%	

\* The number of active users refers to ZEISS employees. Customers and suppliers, who can also use the platform, are not included in the figures.  
 \*\* Based on the estimated length of the training course (one participant day corresponds to 7.5 training hours) without travel or preparation time

## Diversity and Equal Opportunities

With over 32,000 employees in almost 50 countries, diversity is part and parcel of everyday life at ZEISS. ZEISS is shaped by a diverse array of skills, ways of thinking, leadership and work styles, cultural backgrounds and lifestyles. This is a great advantage because diverse teams are more creative and solution-oriented, which helps them innovate. Diversity strengthens the company's ability to innovate and plays a key role in the implementation of the ZEISS company strategy.

At the same time, diversity in all its forms is the key to the global success of an international company like ZEISS – because employees know the markets, understand customers' different needs and know how to respond to business partners' cultural practices and customs. This 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 categorically rejects all forms of violence. Such values help to create a peaceful, prosperous and modern world in which everyone is equal before the law. ZEISS rejects all forms of intolerance, racism, violence and extremism. The company's commitment is enshrined in the Foundation statutes and in the ZEISS Code of Conduct, and prohibits all forms of discrimination, whether due to "ethnic or social origin, skin color, gender, age, marital status, disability, religion, nationality, sexual identity or any other features." ZEISS strengthened its commitment to diversity by signing the Diversity Charter in July 2017. The goal of this business initiative under the patronage of German Chancellor Angela Merkel is to promote the acceptance, appreciation and inclusion of diversity in the German workplace.

Corporate Human Resources is responsible for managing activities that promote diversity. It has the support of multiple committees and reports to the Executive Board. Executives and managers are obliged to model integrity through their own behavior, explain the rules to employees, monitor compliance with these rules and rectify any violations. Local HR departments assist Corporate Human Resources with clarifying and resolving any violations.

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

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

### Objectives and results

ZEISS aims to ensure that all employees can collaborate successfully and appreciate one another. To strengthen the diversity that ZEISS embraces, in fiscal year 2019/20 the ZEISS Group and its employees in Germany continued to pursue the following initiatives:

- » Cooperation network for international employees and their families
- » Women's Award for outstanding students of IT, business informatics and media informatics
- » Mentoring program for women at Aalen University, Ernst Abbe University in Jena and the University of Jena to promote equal opportunities
- » A network for new employees that transcends divisional and departmental boundaries to promote knowledge sharing and improve onboarding at ZEISS

Most further measures, such as events and programs related to German Diversity Day, have been postponed due to the COVID-19 pandemic.

## Work-Life Balance

### Global age structure of the ZEISS Group in FY 2019/20

Age distribution	Male	Female	Total
Under 30	3,879	2,384	<b>6,263</b>
30 to 49	12,296	6,134	<b>18,430</b>
50 and older	5,101	2,407	<b>7,508</b>

### Strong Women in IT

At ZEISS, diversity means being open to differences and promoting tolerance and equal opportunity. The advancement of women plays a central role in achieving diversity. Conferred for the 10th time in 2020, the Women's Awards are ZEISS' effort to focus on diverse career opportunities for women working in computer science. The award was available throughout Germany for the first time. Students of IT, business informatics, media informatics or a comparable degree program were invited to apply. A 10-member jury primarily composed of successful women from the fields of science and business selected the winners in 2020: three strong young computer science students who engage with social issues alongside their studies and have personalities that make them ideal role models.

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. In fiscal year 2019/20, the topic became even more important due to the COVID-19 pandemic, e.g. as a result of increased demand for flexible working hours or telecommuting due to limited childcare options. As a result, in this year's validation of the materiality analysis, the relevance of striking a good work-life balance received a much higher overall rating than it did last year.

### Guidelines, structures and processes

In Germany, overall responsibility for promoting work life balance lies with Corporate Human Resources. Discussions with the Works Council, employees and representatives of the different sites focus on evaluating employee requirements and implementing appropriate measures. In fiscal year 2019/20, the focus was on the need for greater transparency and better communication across Germany. By offering Group-wide agreements on the flexible design of workplaces and working hours, ZEISS is helping its employees to combine their work and family life 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, in fiscal year 2019/20 ZEISS, the Works Council

and the employees implemented measures that make it easier to balance work and family life:

- » Expansion of the cooperation network for childcare and caring for family members to all sites in Germany
- » Strengthening of the program with talks on caring for family members and scheduling consultations on caring for family members and children
- » Creation of a website to provide an overview of all programs for improving the work-life balance and regularly communicating offers via a mailing list and the intranet

ZEISS' experience thus far with flexible work models has played a key role in how the company faced the COVID-19 pandemic by quickly switching to virtual collaboration in the non-production environment to ensure business continuity. An internal survey of managers on virtual work and leadership revealed that the teams were able to quickly adapt to the new conditions and continue with their work. The employees and their families who were affected by the pandemic received further support through consultations, and work-related and other individual measures.

## Occupational Health and Safety

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

### Guidelines, structures and processes

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. The Chief Financial Officer is a member of the Executive Board and responsible for occupational health and safety. The respective heads of all ZEISS units are responsible for occupational safety and employee health, and consequently for developing, implementing, auditing and continuously improving occupational health and safety performance, as well as the implementation of Group-wide policies. The responsibilities of all ZEISS employees and managers with regard to occupational health and safety are outlined in a corporate policy.

A central Coordinator for Occupational Health and Safety (OHS) with global responsibility has been appointed. All ZEISS Group entities are obligated to appoint an OHS officer in writing. The duties of the OHS officer can differ in line with local legislation, but always include advising management and assessing workplace risks. Further, 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 accidents and unsafe situations, the relevant line managers at German sites are obligated 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 upon request. The company units organize their own training programs on occupational health and safety, and responsibility lies with the respective manager.

To ensure regular communication on occupational health and safety topics, the Chief Financial Officer, Head of Corporate Auditing, Risk and Quality Management and the global OHS coordinator meet three times a year. The Chief Financial Officer is informed about the frequency and severity of work-related accidents at ZEISS. A globally uniform KPI has been introduced for this purpose. The management's duties are set out in an internal guideline. It is binding for all ZEISS unit and describes the annual documentation that the management must provide in an annual management review:

- » 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 Germany, the head of occupational health and safety takes on an advisory role for all locations pursuant to Germany's Act on Occupational Physicians, Safety Engineers and Other Occupational Safety Specialists (Arbeits-sicherheitsgesetz). To this end, a set of rules has been compiled to regulate fundamental processes and procedures. All companies in Germany are obligated to implement them and they have been integrated

into the ZEISS management system. Occupational health and safety management at ZEISS sites in Germany encompasses all sites and covers the non-ZEISS employees commissioned by the sites. Therefore, contractors must consent to ZEISS' directive on external companies prior to accepting the commission.

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

A total of 13 business units at three German sites and four international ZEISS sites are certified in accordance with ISO 45001, the international standard for occupational health and safety management systems. 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 31 international production sites with a total of around 25,900 employees supply statistics on the frequency and severity of work-related accidents. The OHS coordinator reviews the statistics together



with the head of the business unit and the employee responsible for submitting the figures. Monitoring plausibility improves 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 included in the data because of their lower estimated risk potential.

ZEISS promotes occupational health management primarily in Germany, but individual initiatives are also run at sites worldwide. The broad program in the area of exercise, nutrition and mental health improves employee health and is also a key selling point when it comes to recruiting young talent.

### Objectives and results

The main objective of the ZEISS Group is to reduce the frequency and severity of work-related accidents. The Executive Board aims to achieve a lost time injury frequency rate (LTIFR)\* of less than 2.25 for all the ZEISS Group's production units by the end of 2023. The interim target for fiscal year 2019/20 of less than 3.5 was achieved (LTIFR = 2.65<sup>2</sup>), meaning that a significant improvement was made compared to the previous year (LTIFR = 3.82). 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. That is why ZEISS is currently implementing an occupational health and safety software with the goal of rolling it out at all German business units by the end of fiscal year 2020/21. Following implementation in Germany, the long-term goal is to use the software to establish an accident reporting system worldwide. This means work-related accidents, near accidents and unsafe situations can all be reported and monitored. In addition, the planning and documentation of safety trainings, creation of risk assessments and documentation and full transparency of measures derived from health and safety and fire safety inspections will be simplified. The implementation of the new software presents a key challenge: ensuring widespread acceptance among its future users. In order to ensure its smooth implementation, pilot projects were run at selected sites and employees received thorough training in the software. In fiscal year 2019/20, these measures were rolled out to even more ZEISS Group units. More than 730 managers and officers received health and safety training in the previous fiscal year. Due to the COVID-19 pandemic, the training

concept was successfully converted from classroom-based to web-based training.

One of the biggest challenges in terms of occupational health and safety in the past fiscal year was dealing with the impact of the COVID-19 pandemic. To do this, the company was able to rely on existing Group-wide crisis management plans. The task force's core team was expanded to include the Company Medical Center and a team of experts, as well as a site manager team at the German sites. The majority of the procedures adopted and decisions made were set forth as binding for the entire Group in line with national and regional statutory requirements. The measures included compliance with social distancing and hygiene rules, mandatory masks, travel guidelines and rules on the use of shared spaces. 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.

<sup>2</sup> However, due to reporting cultures that vary from country to country, it can be assumed that some workplace accidents are not reported in the same way as they are at the ZEISS locations in Germany. Such effects are not factored into the performance indicator of reported workplace accidents. In fiscal year 2019/20, more sites were involved in data collection than in fiscal year 2018/19.

## Key figures

- » **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  $\geq$  1 calendar day).
- » **Lost time injury frequency rate (LTIFR):** Workplace accidents per one million target working hours (corresponds to 500 full-time employees) in one fiscal year (frequency). Commuting accidents are not included.
- » **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 target hours worked (this corresponds to 500 full-time employees) within a specific time period.
- » **Target hours:** Total number of target working hours.

## Performance indicators for 2019/20

	LTI	LTIFR	SVR	LCDR	Target hours
Germany	88	3.14	16.21	50.90	28.039.609
EMEA (without Germany)	17	3.67	19.88	72.88	4.637.927
Americas	24	1.91	10.08	19.28	12.554.412
APAC	5	0.92	43	39.78	5.405.658
<b>Total</b>	<b>134</b>	<b>2.65</b>	<b>16.58</b>	<b>43.88</b>	<b>50.637.606</b>



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## Efficient Use of Natural Resources

Effective environmental and climate protection and the responsible use of resources are key concerns of the ZEISS Group. ZEISS believes that adhering to the highest standards holds potential for both greater competitiveness and innovations that reconcile environmental protection and economic efficiency.

As a responsible company, ZEISS acts in line with the Precautionary Principle, which means limiting its environmental impact wherever possible. A key lever for environmental protection and resource conservation is the efficient use of materials and energy – from product development and manufacturing to sales and customer use. Since every reduction in resource and energy consumption also decreases CO<sub>2</sub> emissions, ZEISS is also doing something to protect the climate.

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. The use of natural resources comes with certain challenges, including scarcity of the necessary natural resources or a negative impact on the environment resulting from the extracting, processing and disposing of materials. In addition, rising energy, material, or waste disposal prices can adversely affect the company's competitiveness. ZEISS therefore optimizes its business processes in line with environmental and economic aspects and organizes them so that fewer and fewer resources are required. Environmental aspects are also taken into account in product development in order to make many end-of-pipe activities unnecessary (see page 33).

### Guidelines, structures and processes

To ensure that the company continues to improve its environmental performance, ZEISS first drew up global environmental principles back in 1998. To implement them, the company uses an environmental management system in accordance with the international ISO 14001:2015 standard. The environmental performance requirements are laid out in a standard operating procedure on environmental protection that is binding throughout the Group. The potential and actual effects of different environmental aspects – including waste, soil and groundwater protection, and air quality maintenance – are evaluated using an analysis grid. Depending on the result, measures to minimize the environmental impact may be defined.

The Chief Financial Officer of Carl Zeiss AG bears overall responsibility for the implementation of the ZEISS Group's environmental management system. A Group-level environmental protection officer has also been appointed to work with the site managers to help business units identify and implement suitable measures. At the end of the reporting period on 30 September 2020, 32 business units at 15 of the ZEISS Group's production sites were certified in accordance with ISO 14001:2015. A company suggestion scheme is in place at eight ZEISS sites in countries like China, the US and Germany. The employees' submissions are assessed based on their feasibility, impact and efficiency. For example, ZEISS values suggestions for conserving energy, improving energy efficiency, reducing materials usage, finding substitutes for hazardous chemicals and increasing the efficiency of its production processes. Ideas from employees which meet ZEISS' stipulated criteria receive a small financial reward and often recognition on a local level.

For many years, the Environmental Protection working group of the ZEISS Group has successfully facilitated the exchange of information and best practices between the sites in Germany. The working group meets at least once per year and has held 28 meetings since it was established. These meetings are attended by officers for the integrated management system, environmental protection officers, environmental coordinators, representatives from the Waste Management, Waste-water Technology and Utilities Management departments, hazardous materials officers and specialists for environment, health and safety (EHS). And as of fiscal year 2019/20, representatives of the newly established central Sustainability team have also been invited to the meeting.

A cross-divisional team of experts also meets on a regular basis. It focuses on the more thorough integration of sustainability aspects such as energy and resource efficiency, and alternative materials into the development process. In fiscal year 2019/20, the team of experts held two meetings at which they shared valuable experiences among business units and identified the developers' concrete information needs. For example, more in-depth methods are needed to evaluate the sustainability profile of materials used and purchased products. Such information can be used to develop more sustainable products.

**Water and effluents**

Water primarily comes from the public drinking water supply and is used for manufacturing and cleaning processes, for cooling and as 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 quality standards at all sites are defined by local laws and official requirements. The responsible supervisory authorities are actively involved since the implementation of measures for saving water – above all in conjunction with permits for water treatment plants – is a clear, ongoing statutory requirement. Regular internal inspections ensure strict compliance with these standards. Appropriate measures are implemented in the event of discrepancies. The topic of water scarcity is particularly relevant for ZEISS at the sites located in regions where the climate is dry. Examples include the Vision Care strategic business unit's eyeglass lens plant in Tijuana (Mexico), the Medical Technology segment's assembly plant in Dublin (California) and the Semiconductor Manufacturing Technology segment's assembly plant in Israel. At

those sites in particular, ZEISS implements measures to reduce water consumption. At the Tijuana site, for example, wastewater from rinsing processes is reused for processes with lower water quality requirements, yielding annual water savings of around 32,000 m<sup>3</sup>.

**Materials**

When selecting and using raw materials, technologies and production processes, ZEISS considers their environmental compatibility. As an optics and optoelectronics company, the ZEISS Group primarily uses materials and production processes that have a low environmental impact and are easy to monitor. Wherever possible, potentially hazardous materials are replaced with less problematic substances. Recyclability is a key factor when selecting a material in order to create closed-loop material cycles and ensure resource efficiency. For example, measures for reducing the amount of residual oil on metal chips are taken at the Oberkochen site. By treating the metal chips, residual coolant is separated and the chips are compacted. This enables the metal chips to be recycled at higher value and the residual coolant can also be reprocessed. ZEISS has also been able to reduce its consumption of solvents in production and the associated environmental impact in recent years. This was achieved by sensitizing employees to use solvents sparingly, but also by making technical modifications such as using water-based cleaning technologies.

In order to advance new approaches to resource efficiency, ZEISS has been supporting the Industrial Resource Efficiency think tank at the Karlsruhe Institute of Technology (KIT) since 2017. Climate protection in global value chains through resource efficiency in the manufacturing sector is a key topic

that is being tackled with a number of approaches, including a partnership with a German university.

**Waste**

The ZEISS Group operates a waste management system whereby waste is generally avoided, minimized or recycled. This is taken into consideration during production and process planning. All managers are urged to work towards these goals. If it is not possible to avoid or recycle waste, the company aspires to use it to produce energy. 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.

**Upcycling in La Rochelle**

The ZEISS Medical Technology segment in La Rochelle, France, is collaborating with an organization that takes production waste and passes it along to other organizations. The waste material is used to manufacture a range of products. For example, transport pallets from the La Rochelle site are used to produce chairs, tables and shelving, giving them a new lease on life.

**Objectives and results**

In 2018, specific reduction targets for water consumption and waste accumulation to be achieved by fiscal year 2019/20 were agreed with the Executive Board of the ZEISS Group: a 40 percent reduction in water consumption and a 30 percent

reduction in waste accumulation relative to the company's own value added. The reference year for all targets is fiscal year 2009/10 and the new reduction targets are applicable as of fiscal year 2020/21.

Between the reference year 2009/10 and fiscal year 2019/20, ZEISS successfully reduced its water consumption relative to the company's value added (as sum of EBITDA and personnel expenses). However, due to the company's strong growth, absolute water consumption rose during the same period. The reduction in relative water consumption can be attributed to a number of causes, including the consistent reuse of water in rinsing processes and the internal circulation of water in production, cleaning and cooling systems. At the Oberkochen site, for example, a new cleaning plant has enabled an integrative closed-loop rinsing water system. It achieves monthly savings of between 10 and 20 m<sup>3</sup> in rinsing water.

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

In fiscal year 2019/20, the relative and absolute volume of waste increased, which was due in part to ongoing construction projects.

All of the business units certified in accordance with ISO 14001 have set their own targets for improving their environmental performance as part of their area-specific environmental programs. The targets are derived from the respective business unit's specific circumstances (such as products and processes). The attainment of these targets is subject to an annual review within the units.

Objectives	Target by FY 2019/20*	Reduction achieved in FY 2019/20*
Reduction in (relative) water consumption	40%	48%
Reduction in (relative) waste volume	30%	31%

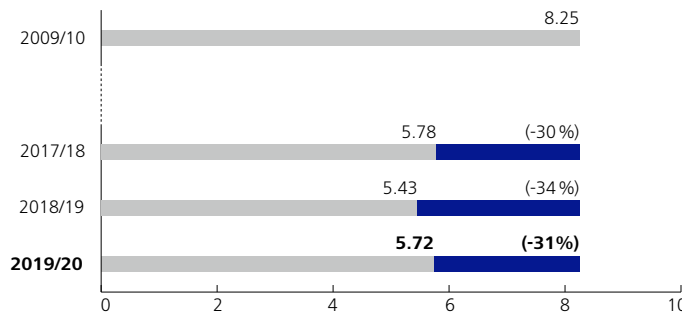
\* Relative change to reference year 2009/10

**Key figures**

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 (67 sites varying in size and activities).

The following charts show the respective values from the past fiscal years in relation to value added<sup>3</sup> and the percentage change since fiscal year 2009/10.

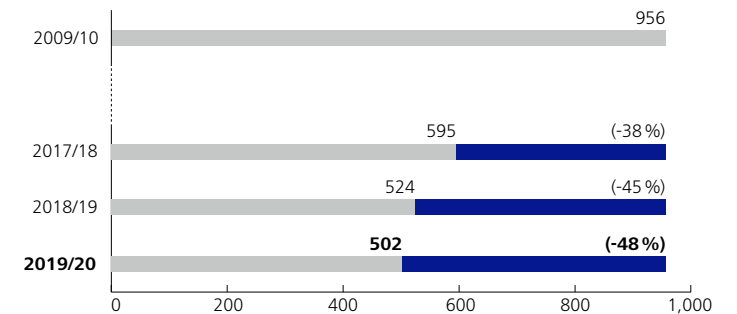
**Waste volume**



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

Fiscal year (FY)	2019/20	2018/19	2017/18	2009/10
Waste volume [in t]	20,266	19,684	17,327	12,975
» Hazardous	3,616	3,757	3,092	
» Non-hazardous	16,649	15,926	14,234	
Total value added at ZEISS [€ m]	3,541	3,623	2,998	1,572
Waste volume [in t]/€ m value added	5.72	5.43	5.78	8.25
Relative change to reference year 2009/10 [in %]	-31	-34	-30	0

**Water consumption**



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

Fiscal year (FY)	2019/20	2018/19	2017/18	2009/10
Water consumption [in 1,000 m³]	1,777	1,901	1,783	1,503
Total value added at ZEISS [€ m]	3,541	3,623	2,998	1,572
Water consumption [in 1,000 m³]/€ m value added	502	525	595	956
Relative change to reference year 2009/10 [in %]	-48	-45	-38	0

<sup>3</sup> At ZEISS, value added is defined as the sum of earnings before interest, taxes, depreciation and amortization (EBITDA) and personnel expenses.

**31** percent reduction in (relative) waste volume in FY 2019/20 as compared to 2009/10

**48** percent reduction in (relative) water consumption in FY 2019/20 as compared to 2009/10

## Climate Protection at ZEISS

One of today's most urgent tasks is to counter climate change and its impact. ZEISS adheres to the global goal stipulated in the Paris Agreement of limiting global warming to below 2°C and has taken its own measures in order to achieve this. In fiscal year 2018/19, the status quo was analyzed in order to identify the key influencing factors for reducing CO<sub>2</sub> emissions. And as part of risk management, the company regularly assesses the potential effects and opportunities associated with climate change.

### Guidelines, structures and processes

ZEISS Energy Management is tasked with keeping energy-related KPIs stable or improving them, even if production quantities increase. All of the ZEISS Group's sites within the European Union (EU) have been certified in accordance with ISO 50001, the internationally applicable standard for energy management. 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 company's (production) processes, machines, systems and equipment, along with its buildings and infrastructure.

In order to continue improving the energy and emissions data collection process, ZEISS is currently implementing a global energy data platform. The platform is designed to collect data on all ZEISS sites worldwide with significant energy consumption and connect them. The aim is to collect data on all major European sites by the end of fiscal year 2020/21, and subsequently roll out the platform to include all sites worldwide.

### Objectives and results

Based on the results of the carbon savings potential analysis

from fiscal year 2018/19, ZEISS decided to gradually have its major sites convert their energy supply to carbon neutrality by 2022. The following priority measures will be implemented to achieve this:

- » Purchasing green power from certified providers
- » Enhancing company plants to generate renewable energy: for example via photovoltaic and geothermal energy
- » Offsetting unavoidable emissions: for example, those caused by procuring natural gas

The company selects carbon offset projects that meet strict quality criteria in line with the ZEISS sustainability approach, and only supports projects that satisfy the defined, internationally recognized standards. ZEISS also revised its travel rules in fiscal year 2019/20. All employees are encouraged to use climate-friendly means of transportation, for example by supplementing the guidelines for company cars and a bonus/malus rule to promote the use of greener cars. Since October 2019, ZEISS has also fully offset the greenhouse gas emissions produced by the flights taken by its business travelers in line with defined criteria. The reduction targets agreed in 2018 – a 50 percent reduction in carbon emissions and a 50 percent reduction in energy consumption relative to the company's own value added (as sum of EBITDA and personnel expenses) in relation to the base year 2009/10 – expired in fiscal year 2019/20. Both targets were attained. New targets will come into effect in fiscal year 2020/21.

The company is also able to contribute to climate protection through its own products, such as the new ZEISS CONTURA measuring machine that uses an optimized electronic control

system, thus achieving an energy savings potential of up to 40 percent. At the same time, the company identifies and achieves potential carbon savings at its sites. Examples include energy management and increased efficiency in production with the help of lean management methods. Despite an increasing number of employees and growing revenues, ZEISS has been able to keep energy consumption and carbon emissions more or less constant and even significantly reduce them at certain facilities.

Objectives	Target by FY 2019/20*	Reduction achieved in FY 2019/20*
Reduction in (relative) carbon emissions(Scope 1 and 2)	50%	50%
Reduction in (relative) energy consumption	50%	51%

\* Relative change to reference year 2009/10

In fiscal year 2019/20, ZEISS once again participated in the CDP (previously: Carbon Disclosure Project). For the 2020 CDP report, which also contains a financial assessment of risks and opportunities, for the first time CDP gave ZEISS a rating of "A-" based on a scale of A to D (2019: "B"). ZEISS aims to maintain this high level in the future. The results have been published at [www.cdp.net](http://www.cdp.net).

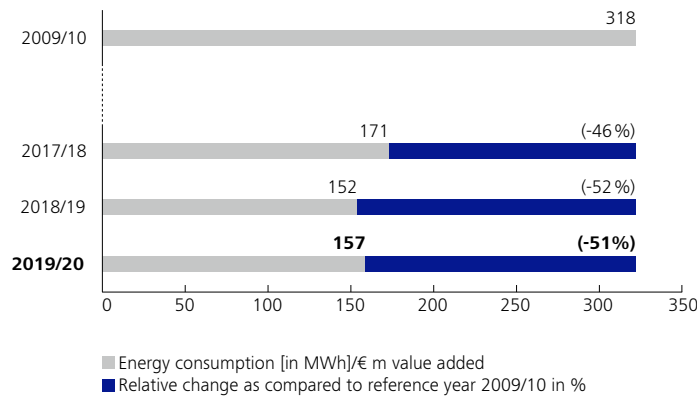


**Key figures**

The key 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 (67 sites varying in size and activities). The carbon emissions are recorded in accordance with ISO 14064-1, which takes the Greenhouse Gas Protocol into account.

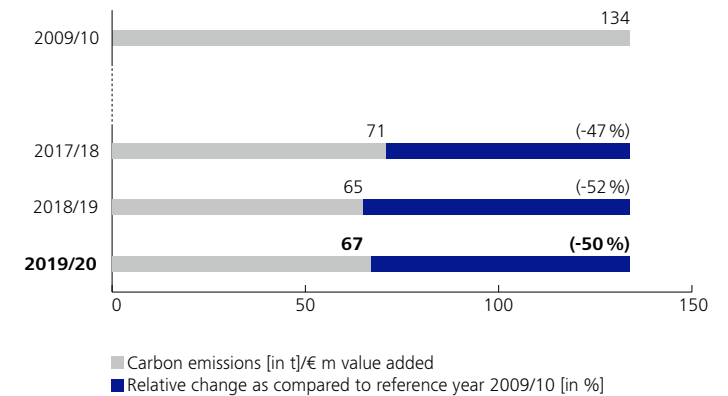
The following charts show the values from past fiscal years in relation to value added<sup>4</sup> and the percentage change since fiscal year 2009/10.

**Energy consumption**



Fiscal year (FY)	2019/20	2018/19	2017/18	2009/10
Energy consumption [in GWh]	555	549	514	500
» Electricity	369	366	332	
» Gas	156	153	150	
» Heating oil	1	2	1	
» District heating	28	29	32	
Total value added at ZEISS [in € m]	3,541	3,623	2,998	1,572
Energy consumption [in MWh]/€ m value added	157	152	171	318
Relative change to reference year 2009/10 [in %]	-51	-52	-46	0

**Carbon emissions (Scope 1 and 2)<sup>5</sup>**



Fiscal year (FY)	2019/20	2018/19	2017/18	2009/10
CO <sub>2</sub> emissions [in t]	236,043	234,791	213,308	210,223
» Scope 1	31,963	31,386	30,524	
» Scope 2	204,080	203,405	182,784	
Total value added at ZEISS [in € m]	3,541	3,623	2,998	1,572
Carbon emissions [in t]/€ m value added	67	65	71	134
Relative change to reference year 2009/10 [in %]	-50	-52	-47	0

<sup>4</sup> At ZEISS, value added is defined as the sum of earnings before interest, taxes, depreciation and amortization (EBITDA) and personnel expenses.

<sup>5</sup> Since fiscal year 2017/18, separate statements have been published for Scope 1 and Scope 2 emissions. The emissions were calculated with current emissions factors as per the VDA list (updated Jan. 2018).

**51** percent reduction in (relative) energy consumption in FY 2019/20 as compared to 2009/10

**50** percent reduction in (relative) carbon emissions in FY 2019/20 as compared to 2009/10

## Focus on Climate Risks

ZEISS intends to encounter the risks and opportunities resulting from climate change in an integrated way. Based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) with its four pillars, ZEISS presents excerpts of its management approaches and measures related to climate risks and opportunities. The complete approach is available in the 2020 ZEISS CDP climate report.

### 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 staff function has been regularly reporting on the measures and their progress to the President & CEO and the entire Executive Board since October 2019. Further, central Risk Management discusses the company's entire risk report and process – including climate risks – with the Executive Board on a quarterly basis.

#### The role of the management

The head of sustainability is responsible for topics related to sustainability and for recommending environment-related targets for the ZEISS Group, such as those for emission reduction. This is done in close coordination with the environmental protection officers of the ZEISS Group. Information on climate-related risks and opportunities is also regularly shared between the central Sustainability team and the central Risk Management team.

### 2. Strategy

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

Climate-related risks may have an effect on ZEISS' business operations. In the long term, ZEISS expects oil, gas, and coal to become scarce – due to decreasing supplies and new laws such as the German carbon tax effective 2021. In addition, ZEISS expects extreme weather events to become more frequent and possibly have an effect on ZEISS production sites or the supply chain.

The increasing push from politics, industry and civil society to reduce greenhouse gas emissions means both opportunities and risks for ZEISS' operations. For example, the e-mobility trend generates demand for measuring and testing solutions but electric vehicles contain fewer components and therefore require less measuring and testing technology. However, the requirements on precision rise significantly. ZEISS is taking advantage of other opportunities including the advanced development of microscopes that help to increase the reliability of energy systems and reduce their susceptibility to repairs. Intelligent measuring systems from ZEISS also enable increased efficiency in sectors such as the automotive and aerospace industries. In its strategic planning, ZEISS always considers the customer expectations and regulatory requirements that are changing in conjunction with climate change.

#### Preparation of climate scenarios

In a first step, ZEISS ran a small 2-degree climate scenario based on its carbon and energy footprint for fiscal year 2017/18. The underlying criteria and methods were based on those of the

### Global Climate and Environmental Protection

ZEISS sites implemented global measures for effective climate and environmental protection in the reporting year. At the site in Varese, Italy, ZEISS has been meeting its energy needs from 100 percent renewable sources – a mixture of photovoltaic power, water power, geothermal energy and wind power – since December 2019. The site now saves around 2,112 tons of carbon annually. In India, meanwhile, ZEISS procures most of its power from renewable energy sources and saves more than 3,600 tons of carbon annually. With the help of a rainwater system, ZEISS also collects around 4,320 m<sup>3</sup> of water there and uses it in production processes. In Spain, the ZEISS sales and service company tapped its employees' creativity to define local initiatives for effective environmental protection. For example, a travel planning matrix was created based on the most popular local travel routes to help employees to find the most environmentally friendly travel option. In a cross-site process, ZEISS Brazil collected ideas for reducing water consumption.

Science Based Targets (SBTi) initiative. In addition, ZEISS intends to run an enhanced resiliency assessment in the coming years as a means of enabling the potential effects of climate change to become even more of a factor in the company's strategic orientation.

### 3. Risk management

#### Assessment of climate-related risks

ZEISS systematically analyzes and assesses several risk groups and includes climate risks in the analysis. Special emphasis is placed on potential economic effects and their probability of occurrence. They include the potential impact of emissions trading, plans to introduce a carbon tax, and other regulatory developments. The company also monitors potential physical phenomena such as extreme weather events as a consequence of climate change. ZEISS has added a due diligence process on interim and physical climate risks to its M&A processes in an effort to take aspects such as the risk of flooding at potential sites into consideration.

#### Management of climate-related risks and measures for risk minimization

As part of the ZEISS risk management process, climate-related risks are featured in quarterly reports. In so doing, climate-related risks are identified and measures for their reduction or control defined. The implementation status and effectiveness of the defined measures are regularly tracked by the central Risk Management team. 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.

### 4. Targets and key performance indicators

The main key performance indicators and targets for climate protection are listed under "Objectives and results" on page 56-57.

#### E-mobility Expansion at ZEISS

ZEISS is relying more and more on climate-friendly e-mobility at its sites. Since 2020, a total of 14 charging options for electric vehicles have been in operation at the Oberkochen site and ZEISS Innovation Hub @ KIT in Karlsruhe. By the end of 2021, around 100 charging stations will be installed at the ZEISS sites in Germany. This is ZEISS' response to the clear shift toward personal electric vehicles and it plays a part in expanding the charging infrastructure. ZEISS is also using a pilot project supervised by Aalen University to herald the use of electric commercial vehicles in the company's logistics processes. As part of a test phase, the MAN eTGM all-electric truck has provided preliminary products to ZEISS production facility three to four times a day since mid-2020. The electric truck is charged while it is being loaded in the logistics center. As much power as possible comes from the solar panels on the roof of the logistics center. ZEISS is also breaking new ground at its site in Bengaluru (India) and plans to equip its field sales force with electric motorcycles to replace the ones with combustion engines they have been using.

## Environmental Compliance

At ZEISS, strict compliance with all relevant laws worldwide, as well as international and national standards and directives, is the foundation of daily business success. It is also a condition for complying with the declared quality promise and is thus a key obligation towards all stakeholders.

### Guidelines, structures and processes

Environmental officers at the ZEISS sites are responsible for ensuring compliance with laws, stipulations for official approval and other rules related to the environment. They ensure that the relevant regulations and guidelines are stored in the management system. If action is required, the environmental officers must make the necessary arrangements, such as issuing procedural and work instructions for their specific site.

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

### Chemical management

Through effective chemical management, ZEISS ensures that hazardous substances and materials are handled safely throughout the entire process chain and, in doing so, protects employees and the environment. The respective system operators are responsible for handling chemicals safely. These employees are supported by the on-site occupational 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 registered for the EU in accordance with REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) are used and are authorized for use. In addition, considerable care is taken to only use substances that have not been identified as substances of very high concern whenever possible.

Material safety data sheets provide users with information on how to safely handle chemical products, 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

To implement the EU directive on the Restriction of Hazardous Substances (RoHS), ZEISS implemented the legal regulations in 2005 with the help of a software application to monitor the

relevant chemicals. This software is now used in all ZEISS segments. Suppliers must confirm that the supplied materials, substances and mixtures are compliant with the applicable directives, laws and regulations. The suppliers are asked to submit certificates of conformity for verification. They are a requirement for product approvals as part of the CE conformity assessment process. With the CE marking, the manufacturer or distributor declares that the product meets the applicable requirements. Conformity requires that certificates of conformity are available for all items in the parts list for a product. In case of doubt, ZEISS will conduct its own chemical analysis of the supplied parts.

### Disposal

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

### Targets

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



## Derived from its responsibility as a foundation-owned company, ZEISS promotes scientific and technological progress in its four segments and advocates for better living conditions worldwide.

More than 130 years ago, the Carl Zeiss Foundation statutes established a clear course. In addition to business growth and accepting responsibility for the company's employees, they stipulate high standards for social engagement and the continued promotion of science and education as a corporate responsibility. ZEISS thus has the express company mission of using its core business to improve the lives of people everywhere.

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

### Structures, processes and results

Clear policies governing the ZEISS Group's social engagement are in place. Three different organizational levels provide sponsorship support. As the sole owner of the companies Carl Zeiss AG and SCHOTT AG, the Carl Zeiss Foundation carries out non-profit activities. Its non-profit activity is 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 sponsorship as part of a defined process. The guidelines are laid out in an internal policy that applies to the entire company. One vehicle for supporting scientific research and education, healthcare, nature conservation and regional companies is the ZEISS Promotion Fund. In honor of the 20th anniversary of the reunification of the two ZEISS companies, the ZEISS Promotion Fund was established, initially as a Site Fund to promote the main sites in Oberkochen and Jena. Since 2011, the company has been utilizing the ZEISS Promotion Fund to sponsor newcomers in the natural sciences, from preschool children right up to PhD students, as well as social and cultural projects.

Fund managers oversee the funding budget and the applications for sponsorship. Together with the relevant colleagues from the different corporate functions, they decide which applications for donations or sponsoring to accept in accordance with the budget, and consult with the Executive Board of the ZEISS Group as needed.

The third level comprises initiatives that are launched through global employee civic engagement. These activities usually receive indirect support from ZEISS, and the company and managers show their sincere appreciation to the employees involved in the form of credited working hours and the opportunity to organize using the company's internal structures.

In fiscal year 2019/20, the ZEISS Promotion Fund invested almost one million euros to sponsor around 107 projects

(previous year: 1.1 million euros for 150 projects). The drop in the number of projects and funding is due to the fact that fewer sponsorship requests were submitted during the COVID-19 pandemic.

ZEISS' social engagement was honored by the GemeinwohlAtlas study. In 2019, the company was included in the study on the general population's perception of the public value of companies and organizations for the first time. ZEISS was ranked number one among all companies.

### Sponsorship areas

Social engagement at the ZEISS Group promotes research and education, healthcare, nature conservation and societal topics.

#### Eye Exams for Children with Albinism

People with albinism not only have less melanin in their skin, but also often suffer from visual impairment, limited spatial vision and are near- or far-sighted. This prompted ZEISS to partner with the Ruta de la Luz Foundation to improve eye care for children with albinism in Kabanga (Tanzania). For two years, optometrists have been examining such children free of charge and providing them with eyeglasses to improve their vision and completely protect their eyes against harmful UV radiation. Around 650 eye exams have already been performed, and glasses with special filters supplied for light-sensitive eyes.

**Scientific research and education**

ZEISS in Germany uses the Education and Science Fund established in 2012 under the umbrella of the ZEISS Promotion Fund to sponsor newcomers in the natural sciences. The spotlight is on education initiatives for young people – primarily high school students who have not yet chosen a degree program and college graduates who have not yet entered the world of work – and on encouraging them to develop their scientific skills and take part in projects and initiatives at universities and research institutes. The focus is on the natural sciences and engineering, particularly optics and photonics.

The ZEISS Innovation Hub @ KIT, which opened on the campus of the Karlsruhe Institute of Technology (KIT) in spring 2020, also helps shape technological progress. The Hub will attract high-tech and digital start-ups and drive the development of innovation (see page 3).

**Healthcare**

ZEISS is raising the bar in healthcare by offering solutions for ophthalmology and medical technology and helps to drive medical progress with microscopy products. Its mission is to help improve the lives of patients everywhere. Further, ZEISS makes financial and in-kind donations in the form of ZEISS products and solutions through a variety of different projects in order to give people around the globe access to high-quality medical care. One example of ZEISS' long-term commitment to improving global health is the Back to Bush program that was launched in 2007, which gives people living in disadvantaged areas, particularly the outback regions of Australia and Oceania, access to better surgical equipment. The Aloka Vision Program pursues a similar cause. Since 2015, ZEISS has been teaming

up with non-governmental organizations, foundations and small local businesses to deliver basic eye care to remote parts of rural India. Thanks to these partnerships, user-friendly digital platforms and an optimized supply chain, the Aloka Vision Program has made it possible to perform several thousand eye exams a month and supply glasses or eye care to patients as needed. In addition to setting up a basic infrastructure, it is essential to train small business owners and educate the population. After all, eyeglasses for the correction of defective vision are still often considered a luxury or even unnecessary. In response to the COVID-19 pandemic and the lockdown in India, all of these activities were put on hold. NGOs and ZEISS focused on the essentials: providing food to families who lost their source of income due to the lockdown and simultaneously occurring natural disasters. But the Aloka Vision Program has now adapted its processes to comply with the relevant hygiene practices and ZEISS has resumed the initiative.

**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 sponsors BirdLife International's scientific work on the Red List of Birds. The partnership among multiple bird conservation organizations with a total of 13 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

**Training Centers in India and Uganda**

In emerging countries, people often lack access to adequate medical care. One example is cataracts, which can be treated but affect around one-third of blind people worldwide. That is why in remote regions in particular, the training and continuing education of ophthalmologists and medical personnel are a key aspect of the fight against preventable blindness. Together with the Christoffel Mission for the Blind (CBM) and a local partner, the Poona Blind Men's Association, ZEISS opened a new training center for treating cataracts in Pune, India, in 2019. The center's mission is to train ophthalmologists and medical personnel throughout the country in phacoemulsification, a modern surgical technique. Twenty doctors were already trained in the new training center in 2019. In Kyamulibwa (Uganda), ZEISS and the Development Service for German Eyecare Professionals (Entwicklungsdienst Deutscher Augenoptiker, EDA) have also opened a training center. Eight local experts have been successfully trained there since August 2019.

of Nature and Natural Resources (IUCN) and used as the basis for effective conservation efforts.

**Regional involvement**

ZEISS' strong position and a portfolio targeted to mega trends have ensured stability during the COVID-19 pandemic and continue to lead to investment in innovations and digitaliza-

## Outstanding Protection of Animals

Since 2015, ZEISS has supported Rhino Conservation Awards, which were also presented in four categories on World Ranger Day in 2020. The focus was originally on the conservation of endangered species and not just on protecting rhinos. Due to the COVID-19 pandemic, the awards ceremony was held online and on various social media channels. The awards have been presented annually in South Africa since 2012 and aim to raise awareness for conservation. They honor those who actively campaign for the conservation of endangered animal species. The winners in 2020 include Samuel Loware from the Uganda Wildlife Authority and Don English from the South African National Parks. Mr. Loware has used effective surveillance and data capture to ensure that the giraffe and lion populations in Kidepo Valley National Park grow and Mr. English plays a leading role in the fight against rhino poachers in the Kruger National Park.

tion, and 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, Göttingen, Jena, Oberkochen and Wetzlar.

## Assisting with Intubation for COVID-19 Patients

Since the start of the pandemic, the ZEISS Medical Technology segment has been working on solutions that shield medical staff from infections. The ZEISS NURA video laryngoscope, for example, enables healthcare professionals to maintain a greater distance between themselves and patients, thereby reducing the risk of infection.



# GRI Content Index

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



GRI Standard	Page Reference	Comments
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
<b>Organizational Profile</b>		
GRI 102-1: Name of the organization	P. 8	
GRI 102-2: Activities, brands, products, and services	PP. 8-10	
GRI 102-3: Location of headquarters	P. 8	
GRI 102-4: Location of operations	P. 8	
GRI 102-5: Ownership and legal form	P. 8	
GRI 102-6: Markets served	PP. 8, 10, 33	
GRI 102-7: Scale of the organization	PP. 2, 8, 43; <a href="#">Annual Report 2019/20: P.48</a>	
GRI 102-8: Information on employees and other workers	P. 43	
GRI 102-9: Supply chain	PP. 12, 36-38	
GRI 102-10: Significant changes to the organization and its supply chain		No significant changes during the reporting year
GRI 102-11: Precautionary Principle or approach	PP. 28-30, 33, 34, 52; <a href="#">Annual Report 2019/20: P.37</a>	
GRI 102-12: External initiatives	PP. 15, 17, 23	
GRI 102-13: Membership of associations	PP. 17, 30	
<b>Strategy</b>		
GRI 102-14: Statement from senior decision-maker	P. 5	
GRI 102-15: Key impacts, risks and opportunities	PP. 14-22, 58, 59	
<b>Ethics and Integrity</b>		
GRI 102-16: Values, principles, standards, and norms of behavior	PP. 14, 28, 29	

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GRI Standard	Page Reference	Comments
<b>Governance</b>		
GRI 102-18: Governance structure	PP. 11, 39; <a href="#">Annual Report 2019/20</a> : P. 17,18,20	
GRI 102-19: Delegating authority	PP. 15, 16, 28, 30, 52, 53	
<b>Stakeholder Engagement</b>		
GRI 102-40: List of stakeholder groups	PP. 6, 17	
GRI 102-41: Collective bargaining agreements	P. 42	
GRI 102-42: Identifying and selecting stakeholders	PP. 16	
GRI 102-43: Approach to stakeholder engagement	PP. 16-18, 42	
GRI 102-44: Key topics and concerns raised	PP. 16, 18	
<b>Reporting Practice</b>		
GRI 102-45: Entities included in the consolidated financial statements	P. 6; <a href="#">Annual Report 2019/20</a> : PP. 101-106	
GRI 102-46: Defining report content and topic boundaries	PP. 18	
GRI 102-47: List of material topics	PP. 19-22	
GRI 102-48: Restatements of information		None
GRI 102-49: Changes in reporting		None
GRI 102-50: Reporting period	P. 6	
GRI 102-51: Date of most recent report		January 2020
GRI 102-52: Reporting cycle	P. 6	
GRI 102-53: Contact point for questions regarding the report	P. 72	
GRI 102-54: Claims of reporting in accordance with the GRI Standards	P. 6	
GRI 102-55: GRI content index	PP. 65-71	
GRI 102-56: External assurance		None

# GRI Content Index

## Material issues

GRI Standard	Page Reference	Comments
<b>GRI 201 Economic Performance 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 12, 14, 15, 62	
GRI 201-1: Direct economic value generated and distributed	PP. 2, 8, 62; <a href="#">Annual Report 2019/20</a> : P. 46	
GRI 201-2: Financial implications and other risks and opportunities due to climate change	P. 58, 59	
<b>GRI 203 Indirect Economic Impacts 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 12, 14, 22, 24, 62-64	
GRI 203-1: Infrastructure investments and services supported	PP. 25, 62-64	
<b>GRI 205 Anti-corruption 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 19, 28-30	
GRI 205-2: Communication and training about anti-corruption policies and procedures	PP. 28-30	
<b>GRI 206 Anti-competitive behavior 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 19, 28-30	
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.
<b>GRI 302 Energy 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 21, 26, 34, 35, 52-54, 56, 57, 59	
GRI 302-1: Energy consumption within the organization	P. 57	
GRI 302-3: Energy intensity	P. 57	

## GRI Content Index

GRI Standard	Page Reference	Comments
<b>GRI 303 Water and Effluents 2018</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 21, 34, 35, 52-55	
GRI 303-1: Interactions with water as a shared resource	P. 53	
GRI 303-2: Management of water discharge-related impacts	P. 53	
GRI 303-5: Water consumption	P. 55	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 fresh water and other water. This information is collected at individual sites but is impossible to consolidate to yield worldwide statistics.
<b>GRI 305 Emissions 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 21, 26, 35, 38, 52, 56-59	
GRI 305-1 Direct (Scope 1) GHG emissions	P. 57	
GRI 305-2: Energy indirect (Scope 2) GHG emissions	P. 57	
GRI 305-4: GHG emissions intensity	P. 57	
<b>GRI 306 Effluents and Waste 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 21, 34, 35, 52-55	
GRI 306-2: Management of significant waste-related impacts	P. 55	
<b>GRI 307 Environmental Compliance 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 14, 15, 21, 60	
GRI 307-1: Non-compliance with environmental laws and regulations		ZEISS was not informed of any relevant incidents during the reporting period.
<b>GRI 308 Supplier Environmental Assessment 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 19, 25, 36-38, 60	
GRI 308-1: New suppliers that were screened using environmental criteria	P. 36	
GRI 308-2: Negative environmental impacts in the supply chain and actions taken	PP. 36-38	

## GRI Content Index

GRI Standard	Page Reference	Comments
<b>GRI 401 Employment 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 20, 42-44	
GRI 401-1: New employee hires and employee turnover	PP. 43	Currently, ZEISS cannot report the turnover outside Germany as this data is not available. The company has started collecting the relevant data. Thus far, ZEISS has not reported any data on new hires as the data was not collected in a consistent manner. In FY 2019/20, data collection was adjusted to allow ZEISS to report on new hires as of FY 2020/21.
<b>GRI 402 Labor/Management Relations 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 20, 42, 43	
GRI 402-1: Minimum notice periods regarding operational changes	P. 42	
<b>GRI 403 Occupational Health and Safety 2018</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 20, 48-50	
GRI 403-1: Occupational health and safety management system	PP. 48, 49	
GRI 403-2: Hazard identification, risk assessment, and incident investigation	PP. 48, 49	
GRI 403-3: Occupational health services	P. 48	
GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	P. 48	
GRI 403-5: Worker training on occupational health and safety	PP. 48, 49	
GRI 403-6: Promotion of worker health	PP. 48, 49	
GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P. 60	
GRI 403-9: Work-related injuries	P. 49, 50	Since the LTIFR target applies until 2023 and is control-related, ZEISS shall continue reporting this key figure in the interests of comparability. At this time, no predictions can be made as regards the collection and reporting of further data on work-related injuries. Currently, ZEISS cannot report the number of work-related accidents for non-ZEISS employees because this data is not available. The data collection planned for FY 2019/20 was postponed due to the COVID-19 pandemic and will now be launched in FY 2020/21.

## GRI Content Index

GRI Standard	Page Reference	Comments
<b>GRI 404 Training and Education 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 20, 42, 44, 45	
GRI 404-1: Average hours of training per year per employee	P. 45	
<b>GRI 405 Diversity and Equal Opportunities 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 20, 42, 46, 47	
GRI 405-1: Diversity of governance bodies and employees	PP. 39, 43, 47; <a href="#">Annual Report 2019/20</a> : P. 4–5, 20	
<b>GRI 406 Non-discrimination 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 20, 42, 46	
GRI 406-1: Incidents of discrimination and corrective actions taken		ZEISS does not report on cases of discrimination and corrective action taken as any disclosures on these matters are subject to confidentiality agreements.
<b>GRI 407 Freedom of Association and Collective Bargaining 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 19, 20, 36, 39, 40, 42, 43	
GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	PP. 36-40, 42	
<b>GRI 408 Child Labor 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 19, 36-40	
GRI 408-1: Operations and suppliers at significant risk for incidents of child labor		During the reporting period, ZEISS was not informed of any significant risks of child labor incidents at sites belonging to ZEISS or its suppliers.
<b>GRI 409 Forced or Compulsory Labor 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 19, 36-40	
GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor		During the reporting period, ZEISS was not informed of any significant risks of forced or compulsory labor incidents at sites belonging to ZEISS or its suppliers.

# GRI Content Index

GRI Standard	Page Reference	Comments
<b>GRI 413 Local Communities 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 22, 24, 62-64	
GRI 413-2: Operations with significant actual and potential negative impacts on local communities	PP. 52, 60	
<b>GRI 414 Supplier Social Assessment 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 19, 25, 36-40	
GRI 414-1: New suppliers that were screened using social criteria	P. 36	
GRI 414-2: Negative social impacts in the supply chain and actions taken	PP. 36-40	
<b>GRI 415 Public Policy 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 19, 30	
GRI 415-1: Political contributions	P. 30	
<b>GRI 416 Customer Health and Safety 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 19, 33-35	
GRI 416-1: Assessment of the health and safety impacts of product and service categories	PP. 33-35	
GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services		ZEISS was not informed of any relevant incidents during the reporting period.
<b>GRI 418 Customer Data Privacy 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 19, 28-31	
GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data		ZEISS was not informed of any relevant incidents during the reporting period.
<b>GRI 419 Socioeconomic Compliance 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	PP. 19, 28-31	
GRI 419-1: Non-compliance with laws and regulations in the social and economic area	<a href="#">Annual Report 2019/20</a> : PP. 39, 40	

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