



Statement on modern slavery and human trafficking

Year ended 30 September 2020

This statement fulfils the obligation set out in Section 54, Part 6 of the Modern Slavery Act 2015 and is made by each of the four companies listed at the end of the statement. Each of the four companies is a member of the Carl Zeiss AG group of companies ("ZEISS").

ZEISS does not tolerate any form of slavery, whether in production, in the supply chain or in any other area of its business. The group has made and continues to make considerable efforts to minimise the risk of slavery and to promote fair working conditions within its own business and its supply chain, and acknowledges that this work is an ongoing commitment. This statement refers to the activities undertaken in the financial year ended 30 September 2020.

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

The ZEISS Group's position on modern slavery and human trafficking

As part of its wider Sustainability agenda, ZEISS recognises the United Nations 17 Sustainable Development Goals (SDGs) and has pledged its support for that agenda. Six of these goals have been identified as being particularly relevant to the processes, products and services within the ZEISS businesses. SDG 8, Decent Work and Economic Growth, is the goal which is particularly relevant to ZEISS's actions against modern slavery.

ZEISS does not tolerate or accept any form of modern slavery within its operations or in its supply chains. Modern slavery can take many forms, such as forced labour, human trafficking, child labour or undignified working conditions, and according to the most recent Global Slavery Index modern slavery affected more than 40 million people around the world in 2018. In the event that any allegations of modern slavery are reported to ZEISS, ZEISS will take those allegations very seriously and take appropriate steps to stop any further harm. Where ZEISS finds that it has contributed to harm it will look to see what steps it can take to remedy that harm.

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



Employees also want to take pride in their company and its good standing.

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

The ZEISS organisational structure

As a global technology company, ZEISS offers optical and optoelectronic products and solutions through four areas known as Business Segments:

- Semiconductor Manufacturing Technology
- Industrial Quality and Research (IQR)
- Medical Technology
- Consumer Markets

ZEISS is headquartered in Oberkochen in southwestern Germany and is represented in nearly 50 countries. As of September 2020 the Group has over 30 production sites, more than 60 sales and service companies and around 27 research and development centres around the world employing in total more than 32,000 people.

The companies covered by this report represent the IQR, Medical Technology and Consumer Markets business segments in the UK.

Rules and responsibilities

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

All ZEISS group employees are expected to report any suspected cases of modern slavery via established internal compliance channels. This has been, and continues to be, clearly communicated internally. If



any such incidents occur at a ZEISS company, they should be reported either to Human Resources or through the recently set-up whistleblowing channel. Should any such incidents involve a supplier, they should be reported to the Supplier Sustainability working group and dealt with there.

The Code of Conduct of the Responsible Business Alliance (RBA, formerly the Electronic Industry Citizenship Coalition, EICC) is the official code of conduct for ZEISS suppliers. It states that all employees are to be treated with respect and that business operations must be conducted in line with environmental and ethical considerations. This covers the importance of freely chosen employment; the avoidance of child labour; working hours; humane treatment; and wages and benefits. The provisions are based on the UN Guiding Principles on Business and Human Rights and are derived from international standards. Since 2015/16, ZEISS has been sending the EICC / RBA Code of Conduct to its key suppliers and requiring them to sign a declaration in which they agree to comply with the requirements set out in the Code. 510 suppliers have now been identified as strategically important to ZEISS operations globally, many of which are relevant to the UK companies covered by this report. Where ZEISS entities use the SAP system all orders placed automatically include acceptance of the RBA Code of Conduct as part of the terms of the order, and since 2018 a digital supplier interaction platform has facilitated information exchange with direct suppliers. Using this portal, 91% of those strategically important suppliers have confirmed that they will comply with the RBA Code of Conduct or an equivalent code of conduct.

ZEISS firmly believes that sustainable economic success and compliance with laws and internal standards go hand in hand. Since 2007, ZEISS has been using a Code of Conduct for all of its employees globally. It specified and explained the general rules of behaviour for various aspects of its business activities, and referred from the beginning to all legal regulations without explicitly mentioning individual ones. In 2016 the Code of Conduct was updated in order to mention explicitly the international labour standards (ILO standards) and therefore the ban on all forms of modern slavery. The Code was updated again in April 2020, and satisfies in full the requirements found in the Code of Conduct of the RBA. ZEISS explicitly condemns all forms of forced and child labour and takes proactive measures to ensure fair and humane working conditions worldwide.

The ZEISS Code of Conduct is fully integrated into the induction programme for all new employees and is refreshed to all employees every two years through an online e-learning platform. The Code of Conduct is signed by all the members of the ZEISS Executive Board and is freely accessible both on the Group's internal intranet site and on the external website.

Supplier selection and assessment

ZEISS believes that, amongst other things, reducing the risks of modern slavery occurring in its supply chains also makes those supply chains more sustainable. ZEISS, and all the companies on behalf of which this statement is made, take a risk-based approach to improving the sustainability of supply



chains which includes, but is not limited to, reducing the risks of modern slavery occurring.

Suppliers are selected on their ability to meet both technical and logistical requirements as well as on the results of a supplier self-assessment and a status query on specific business topics. To date these topics have included occupational health and safety, environmental protection and energy efficiency, as well as social and ethical aspects.

All suppliers are informed of the minimum standards of the RBA Code of Conduct which are expected of them and they are provided with that Code. As part of an annual risk analysis, key suppliers are then assessed regarding potential risks related to human rights and modern slavery. Various criteria are used, such as the Corruption Perceptions Index, the Human Development Index and the Environmental Performance Index. Of the key suppliers covered in this analysis, 70% are located in EMEA region, 10% in Asia Pacific and 20% in the Americas. Some of these suppliers are then selected to complete a self-assessment questionnaire followed by an onsite inspection, a supplier audit which also takes these social and ethical aspects into account. The aim of these audits is to identify any weaknesses in the supply chain with reference to modern slavery risks, to agree appropriate solutions and to monitor those suppliers for successful implementation of those solutions.

Combatting modern slavery

In the financial year 2019/20, ZEISS continued its activities globally and in the UK in an effort to combat modern slavery. A programme of supplier audits was drawn up at Group level, but this had to be curtailed early in 2020 as a result of the coronavirus pandemic which made travel impossible both internationally to global suppliers and nationally to domestic suppliers. Travel restrictions have continued around the world since then and are still in force at the time of writing this report. Some of the planned supplier audits were able to be carried out onsite before the pandemic struck, others were able to be carried out remotely using new digital solutions, and the remainder have had to be postponed.

These supplier audits were performed by an internal trained team consisting of members from different departments such as sustainability and compliance, and the audit scope covers aspects of sustainability related to human rights such as occupational health management, labour conditions including housing, payment standards and working hours, as well as environmental management aspects. Where deviations are identified, particularly in the areas of occupational health and safety and working hours, as well as transparency concerning working conditions, and in the use of ZEISS sustainability requirements in their own upstream supply chains, corrective measures are agreed with the relevant suppliers and their implementation is then monitored.

The activities which were undertaken in the year included:

- Continuing training of all employees about modern slavery and human trafficking, and how to



identify potential risks and how to report concerns.

- Further development of supplier risk analyses covering human rights risks and other industry risks.
- Bedding in the Integrity Line, a Group-wide whistleblowing system available to employees and external stakeholders to report concerns confidentially to a central point. This is accessible through the group intranet site and the external ZEISS website in 22 languages. There were no reports or complaints relating to human rights made in 2019 / 20 to the Integrity Line.
- Sustainability audits onsite at 9 suppliers relevant to the UK market operating within their global supply chains. These audits were conducted in Asia and Europe. There were no major findings from these audits relating to modern slavery or human rights.

ZEISS also uses a proprietary risk alert tool, provided by a third party, which in addition to identifying risks to the logistics of supply chain operations (weather events, other disruptions, etc) is also capable of reporting identified compliance or legal breaches at entities worldwide which are known or thought to be suppliers in global supply chains.

Objectives for financial year 2020/21 in the fight against modern slavery and human trafficking

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

- Creation of a working group to initiate ideas for implementing the core elements of the German government's National Action Plan for Business and Human Rights into business processes across the whole Group, and to harmonise these with the legal and reporting requirements already in place in under the UK Modern Slavery Act and similar legislation in Australia.
- Consideration of how to improve the process for determining the actual and potentially negative impact on human rights in major supply chains and to identify any hot spots..
- Further implementation of risk-based approaches, using identified industry risks, to ensuring that key suppliers are systematically monitored with regard to modern slavery and other sustainability criteria.
- Continuation of the programme of audits at significant suppliers covering human rights and employment aspects as well as other topics, both onsite when conditions allow again and using digital technology to conduct remote audits where this is possible.



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

A handwritten signature in black ink, appearing to read "P. Adderley", with a long horizontal line extending to the right from the end of the signature.

Mr Paul Adderley
Carl Zeiss Limited
15 March 2021

A handwritten signature in black ink, appearing to read "D. Aldridge", with a long horizontal line extending to the right from the end of the signature.

Mr Daniel Aldridge
Carl Zeiss Microscopy Limited
15 March 2021

A handwritten signature in black ink, appearing to read "A. P. M. Leong-Son", with a long horizontal line extending to the right from the end of the signature.

Mr Andrew Leong-Son
Carl Zeiss Vision UK Limited
18 March 2021

A handwritten signature in blue ink, appearing to read "C. Wood", with a long horizontal line extending to the right from the end of the signature.

Mr Charles Wood
SILS Limited
18 March 2021