



Seeing beyond

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# **Thinking and acting sustainably**

**Sustainability Report 2021/22**  
**ZEISS Group**

# KPIs from fiscal year 2021/22

(1 October 2021 until 30 September 2022)

**210**

new **vocational trainees** and dual students  
enrolled in Germany

More than **296** managers and  
**occupational health and safety (OHS) officers**  
were trained in the use of new OHS software

**1.7** million euros in funding from  
Carl Zeiss AG and the Carl Zeiss Promotion Fund  
for around 113 projects at the sites in Germany

More than

**38,000** employees in almost 50 countries

Revenue in fiscal year

2021/22 **8.8** billion euros

2020/21 **7.5** billion euros



## Results

**70%**

**reduction in CO<sub>2</sub> emissions**  
compared to the 2018/19 fiscal year

**14%**

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

**25%**

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

**29%**

**Waste reduction**  
(relative to value added) compared  
to the 2018/19 fiscal year

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## Foreword by the Executive Board



Dr. Karl Lamprecht

### Ladies and Gentlemen, dear Readers,

Last year was not easy for many reasons. The geopolitical situation was economically challenging and is also felt in the personal environment.

Nevertheless, we the ZEISS Group, can look back on another successful fiscal year: our annual revenue of around 8.8 billion euros is higher than it has ever been in our long history. My thanks go to our more than 38,000 employees for their high degree of flexibility, considerable achievements, and high level of personal commitment. Without that, it

would not have been possible to get through this period successfully.

We can be satisfied with both the development of our business and the major steps we took toward sustainable management in the past fiscal year. A commitment to the common good and to finding solutions for key societal issues are part and parcel of the company's ethos. Our goal is to embed sustainability ever more firmly in our culture at ZEISS and in the everyday lives of our employees.

Both economic success and sustainability are founded upon the same factor: our innovative strength. With the will to always break new ground, we support our customers in researching, helping people or developing pioneering products. The question as to why innovation is our driving force to such a high degree can be answered simply: as a foundation company, we take responsibility for the world in which we live. That is also why sustainability is a central component of our corporate strategy, the #agenda25. The focus here is on the three topics of climate action, circular economy and value for society.

Our work over the last few years is already showing very gratifying results already today.

In fiscal year 2021/22, for example, we made good progress toward our goal of becoming carbon-neutral in our own operations worldwide by 2025. A major contribution to this was made by the global procurement of green electricity, which enabled us to almost cover the energy requirements of our sites. The amount of self-generated renewable energy has also increased, helping make us more resilient to upcoming challenges.

Our segments' product development processes were fine-tuned in terms of sustainability in the reporting year. For example, the assessment of various sustainability requirements along the product life cycle, such as durability, recyclability and emissions reduction, became increasingly important.

In order to further successfully align the company's development and accelerate the transformation of the digital infrastructure of the ZEISS Group, the Supervisory Board of Carl Zeiss AG resolved to expand the Executive Board to include the function of Chief Transformation Officer (CTO) and to appoint Susan-Stefanie Breikopf to the Executive Board for this purpose effective 1 July 2022. Among other things, she is responsible for accelerating the transformation of the ZEISS Group's digital infrastructure, which, in turn, affects our sustainability performance

through more efficient operating processes for example.

Sustainable actions and business activities are to be measured by their ability to create value for society. Our "A Heart for Science" initiative for the future, which we launched in the year of our 175<sup>th</sup> anniversary, is a shining example of this, as the initiative is helping to awaken enthusiasm for STEM subjects among young people aged between 12 and 18. In our future lives, these young people will be indispensable in developing innovations to benefit humanity. With initiatives like this, we are helping to shape a future that we look forward to with optimism.

Yours,  
Karl Lamprecht

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

## Sustainability Insights

How innovative solutions help to make the future more sustainable.

The new Sustainability Insights booklet introduces promising projects and the people behind them. They show, from various perspectives, how ZEISS products and solutions play their part in a sustainable future and how ZEISS puts diversity and cooperation into practice. This makes it tangible that at ZEISS, business success and sustainable management and practices are inextricably linked. Our people live this responsibility, which is made possible by collaboration both within and outside ZEISS.

This is reflected in a large number of projects that aim for energy and water reduction or to use more recycled raw materials: a 3D printer for ceramic components operates with 40% less energy - thanks to a partnership between ZEISS and one of its suppliers. In India, 95% of the water used in the production of eyeglass lenses is recycled. And by making product bags from recycled PET bottles, over 16,000 bottles were recycled in 2021 alone.

More information in the [ZEISS Sustainability Booklet](#)



## About the Report

This Sustainability Report is intended for the ZEISS Group's customers, business partners, employees and investors. We also want to address interested stakeholders from business, science, politics and society, and especially the people living in the vicinity of the sites. The report illustrates how the company contributes to sustainable development, which 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 2021/22 (1 October 2021 to 30 September 2022). All relevant departments were involved in its preparation, and the report has been approved by the Executive Board. Unless stated otherwise, this report applies to the entire ZEISS Group as per the bases of consolidation for financial reporting, see the Annual Report 2021/22 p. 54.

The report was prepared to comply with the standards set out by the Global Reporting Initiative (GRI), the internationally recognized framework for sustainability reporting. The ZEISS Group publishes its Sustainability Report annually. This report was published on 7 February 2023.

# COMPANY PROFILE AND BUSINESS MODEL



## ZEISS at a Glance

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

With over 38,000 employees, ZEISS operates in almost 50 countries worldwide with around 60 sales and service companies, 30 production sites and 30 research and development facilities. Founded in 1846 in Jena, the company is now headquartered in Oberkochen, Germany. The Carl Zeiss Foundation, one of the largest German foundations committed to the promotion of science, is the sole owner of Carl Zeiss AG. ZEISS is divided into four segments: Semiconductor Manufacturing Technology, Industrial Quality & Research, Medical Technology, and Consumer Markets. The ZEISS Group encompasses a business portfolio that is divided into nine strategic business units. The strategic business units are assigned to the relevant segments. In fiscal year 2021/22, the ZEISS Group generated revenues of 8.8 billion euros (in 2020/21: 7.5 billion euros). The Annual Report 2021/22 provides information on the economic framework for the company's development and lists the Group's revenue by region in the Report on Economic Position.





# The Four Segments and Their Products

## Semiconductor Manufacturing Technology

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



### Medical Technology

- Ophthalmic Devices
- Microsurgery

### Semiconductor Manufacturing Technology

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



### Consumer Markets

- Vision Care
- Consumer Products

on silicon wafers – the material from which the microchips are made. ZEISS technologies enable the continued miniaturization of semiconductor structures, resulting in smaller microchips that are more powerful and more energy-efficient. These applications foster global advancement in a variety of disciplines, including technology, electronics, communications, 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 range of coordinate measuring machines, optical and multi-sensory systems, software solutions, comprehensive service offerings and innovative technologies such as 3D X-ray measurement in quality assurance, are used in the automobile industry, aircraft construction and mechanical engineering as well as in the plastics industry and 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, as well as in workflows in the electronics and pharmaceuticals industries.

### Medical Technology

The Medical Technology segment develops, manufactures, markets and sells diagnostic and treatment systems, as well as implants and consumables for ophthalmology. Its portfolio also includes visualization systems for neurosurgery, ENT surgery and spine surgery, and dentistry. Solutions for intraoperative radiotherapy supplement the product offering. 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 market for medical technology also play a role here.

## Consumer Markets

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

## Consolidated revenue by segment

Revenue by segment	2021/22	2020/21	Change compared to prior year as a %	
	€ million	€ million	Adjusted for currency influences	
Semiconductor Manufacturing Technology	2,757	2,298	20	19
Industrial Quality & Research	2,066	1,801	15	10
Medical Technology	2,251	1,951	15	9
Consumer Markets	1,569	1,394	13	7
Other	111	85	31	32
<b>ZEISS Group</b>	<b>8,754</b>	<b>7,529</b>	<b>16</b>	<b>12</b>

## Consolidated revenue by region

Revenue by regions and cooperation partners	2021/22	2020/21	Change compared to prior year as a %	
	€ million	€ million	Adjusted for currency influences	
Europe, Middle East, Africa (EMEA)	2,090	1,953	7	7
» of which Germany	661	602	10	10
Americas	1,679	1,416	19	9
Asia/Pacific (APAC)	2,467	2,020	22	15
Cooperations	2,518	2,140	18	18
<b>ZEISS Group</b>	<b>8,754</b>	<b>7,529</b>	<b>16</b>	<b>12</b>

## Business Model

ZEISS has a broad and balanced business portfolio focused on attractive future-oriented markets for optics, precision mechanics and optoelectronics. The objective of portfolio management is to ensure the sustainable business success of the ZEISS Group. In keeping with this, the corporate strategy is aligned with ongoing value increases. The ZEISS mission statement is: "As the pioneer of science in optics, we continue to challenge the limits of our imagination. With our passion for excellence, we create value for our customers and inspire the world to see in new ways."

In fiscal year 2020/21, the new ZEISS Agenda defined new focal points: #agenda25 uses the Focus Fields shape markets, build networks and create impact to gain specific impetus for the strategic advancement of the ZEISS Group. It brings together the key elements of the portfolio strategy and those of each segment. The ZEISS Agenda underscores ZEISS' aspiration to be a global technology leader and a market shaper. The global Team ZEISS can use these Focus Fields to help shape its customers' success.

### Products and solutions

Optics and optoelectronics are two of the key technologies of the future. Technological and scientific applications will make ever more inroads into our lives and continue to improve people's quality of life. When developing new technologies and solutions, ZEISS partners with renowned universities, research institutes, customers and experts through global networks. Suppliers and business partners around the world play a pivotal role in ZEISS' products and services and thus strongly impact the company's sustainability performance. ZEISS develops the products and solutions itself.

When it comes to manufacturing, the ZEISS Group segments collaborate with partners that supply either complete products or key components. Depending on the business, market, and customer segment, ZEISS uses different distribution channels including around 60 sales and service companies (SSCs) on all continents, direct sales and distributors to provide all regions with access to ZEISS solutions. ZEISS relies on long-standing partnerships with customers worldwide and offers customer segment-dependent business models such as project orders or end-to-end processes through to various maintenance and service options. More information about added value and the supply chain can be found on pages 36-44.

### Business development and investments

Positive business development makes it possible to invest in infrastructure and innovations, pay a reliable dividend to the Carl Zeiss Foundation and fairly compensate employees around the world. By paying taxes where value is created, the company has a direct impact on the future-oriented development of different regions and the people who live there (see page 72). ZEISS invests 13 percent of its revenue (2020/2021:13) in research and development, and uses patents to retain its innovative edge. At the end of the reporting period, ZEISS held around 10,500 patents worldwide (prior year: approximately 10,900). In the reporting period, the company applied for new patents for approximately 638 inventions (prior year: approximately 500).

### Drivers of innovation

Through its research and development work, and the innovations this spawns, ZEISS helps its customers be efficient and

successful. These innovations are however placed within the context of society as a whole. The optical and optoelectronic technologies from ZEISS pave the way for new scientific findings and many innovations in other industries. Life sciences like bionics and medical technology will become more and more vital for a modern society. The advancing developments in semiconductor technology enable digitalization in industry and society. Intelligent sensor systems, different types of robotics and artificial intelligence increasingly shape how people live and work. To promote its products' environmental sustainability, in its approach to sustainable governance and in its sustainability strategy ZEISS is focusing on aspects such as ensuring greater resource efficiency and increased deployment of closed-loop waste management as part of the product development process. Further information is available in the chapter titled "Products and Value Chain" on page 36.

### ZEISS Partners with Researchers

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

## Corporate Governance

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

The seven-member Executive Board of the unlisted Carl Zeiss AG manages the company and the Executive Board members divide their tasks along the departmental allocation plan. A new role, Chief Transformation Officer (CTO), was created for the Executive Board of Carl Zeiss AG in July 2022. The Executive Board is appointed and overseen by the Supervisory Board. In accordance with the provisions of the German Co-Determination Act (Mitbestimmungsgesetz), it subject to equal representation and currently comprises 16 people. Half its members represent the sole shareholder – the Carl Zeiss Foundation – while the other half represents the employees. Six of the employee representatives are elected by the employees and two are appointed by the unions. The selection process for the Executive Board and Supervisory Board ensures that members have the knowledge, skills and professional experience required to properly perform their duties.

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

The Foundation's statutes govern the activities and accounting of its subsidiaries as well as the duties of the Executive Board and the collaboration between the Executive and

Supervisory Boards. For example, when determining total remuneration paid to the individual members of the Executive Board, including any severance or pension payments, the Supervisory Board must ensure that the compensation paid is commensurate with the duties and performance of the board member and the company's financial position. The procedure for evaluating the performance of the Executive Board is based on the economic success of ZEISS.

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

### Committees of the Supervisory Board

The Supervisory Board's Audit Committee met three times as scheduled in the reporting year. It evaluated the efficacy of risk management and discussed the topics compliance, internal auditing, the internal control system, accounting and the key issues of the annual audit, as well as the annual and consolidated financial statements. The Chairman's Committee convened four times. The achievement of targets and Executive Board remuneration were subject to regular review. The Mediation Committee did not convene during the reporting year. On 1 September 2022, the Supervisory Board formed a Digital Committee which met for the first time on 20 October 2022.

In the past fiscal year, the Supervisory Board oversaw and advised the Executive Board in accordance with the duties entrusted to supervisory boards by law, the articles of association and rules of internal procedure. The Supervisory Board was

involved in all decisions of importance and passed the resolutions required by law, the articles of association and rules of internal procedure. The decisions of the Supervisory Board were based on the reports and decisions proposed by the Executive Board, which the Supervisory Board subjected to in-depth scrutiny.

### The Carl Zeiss Foundation

The Carl Zeiss Foundation is the sole owner of Carl Zeiss AG. This special ownership structure ensures stability and enables the company to create long-term perspectives. The Foundation statutes prohibit the sale of shares through an initial public offering, for example. In 1889, physicist and entrepreneur Ernst Abbe created the Carl Zeiss Foundation to which both Carl Zeiss AG and SCHOTT AG belong. The objectives of the Foundation remain valid to this very day:

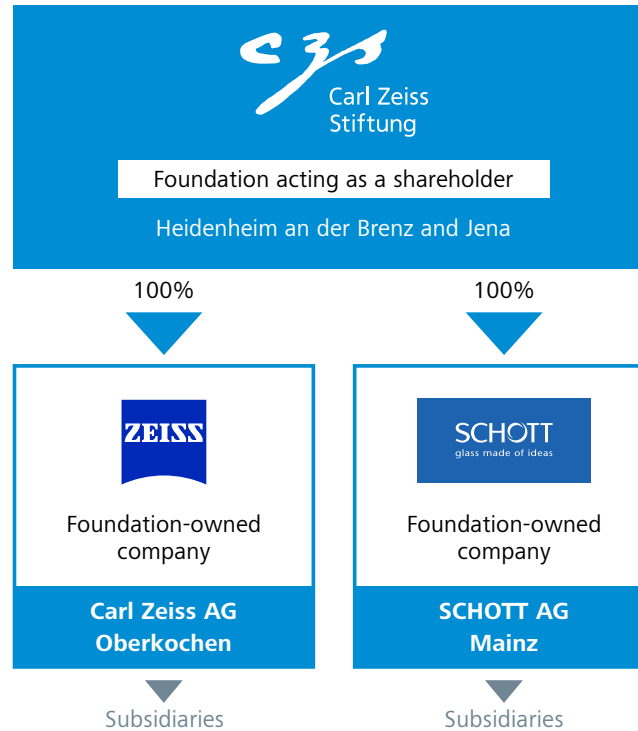
- » Safeguarding the future and responsible management of the two Foundation companies
- » Fulfilling its special responsibility toward employees
- » Meeting its responsibility toward society through the commitment of its member companies to non-profit activities in their surrounding regions
- » Promoting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

With this unique corporate model, the Foundation and its two member companies made industrial and social history in Germany. Since 2004, the Foundation has received dividends of 429 million euros from Carl Zeiss AG. The Foundation uses the dividends generated by Carl Zeiss AG and SCHOTT AG to promote science – particularly the natural and engineering sciences, mathematics and information technology – at

universities in the German federal states of Baden-Württemberg, Rhineland-Palatinate and Thuringia. Today, the Carl Zeiss Foundation is one of Germany's largest foundations focused on the promotion of science. Since the end of 2021, the Foundation has also been specifically promoting the technical side of sustainability with the focus topic "Resource Efficiency". Currently, 34 research projects with an invested funding budget of 58 million euros are running on the topics of "Fair raw materials for new technologies", "Sustainable material innovations", "Resource-conserving digitalization" and "Energy systems of the future". The focus of the Foundation's work is on promoting interdisciplinarity and transdisciplinarity, putting knowledge into practice, and anchoring resource efficiency and sustainable development in teaching.

Further information:

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



# STRATEGY AND SUSTAINABILITY

## Focus Topics and Strategy

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

### Sustainability in the corporate strategy

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



#### Climate Action

ZEISS aims to operate in a carbon-neutral way in its own activities by 2025. Furthermore, ZEISS will be looking at the emissions in its upstream value chains. The company also intends to use energy as efficiently as possible. Here, too, ZEISS has set specific targets to be met by 2025.



#### Circular Economy

ZEISS strives for a circular use of resources with a view to reducing the impact on the environment. To achieve this, more renewables and recycled materials will be deployed and loops closed. Water consumption and the amount of waste are set to be further reduced.



#### Value for Society

With its products and solutions, ZEISS also wants to generate added value for a more sustainable society. This includes providing as many people as possible with access to high-quality healthcare. ZEISS will therefore continue its existing activities and sponsorships, such as in education and research, human rights and diversity.

To work on these strategic focus topics and on the further integration of sustainability in key processes, a Group-wide sustainability program was created as part of the ZEISS Agenda. Two

Executive Board members are responsible for the program, which is coordinated by the central sustainability department.

Five topic-specific working groups were formed as part of the program. They work on the following topics:

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

### Approach to sustainable corporate governance

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

### Aims, values and guidelines for entrepreneurial behavior

In its day-to-day operations, ZEISS pursues aims and values that were set out by the creator of the Carl Zeiss Foundation. These include profitable growth, responsibilities toward employees, social and societal engagement, and the promotion of science and education. This attitude thus also means



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

that the basis of ZEISS' own sustainable corporate governance must be strict compliance with laws and regulations. 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. They help guide employees and managers as they carry out their activities in a responsible manner. The Code of Conduct contains rules on how to deal with employees and business partners fairly, on product safety, the environment and occupational and environmental protection as well as on combating corruption. More detailed company directives are available for all the topics addressed in the Code of Conduct.

**Contribution to the global Sustainable Development Goals**

ZEISS 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 what needs to be achieved by 2030 and call on companies, politicians, and society to play their part. ZEISS wants to play its part and has given due consideration to the global Sustainable Development Goals and the role it can play. Read more about ZEISS' contribution to the SDGs on pages 25-29.

## Organizational Structure for Sustainability

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

The Sustainability team at Corporate Strategic Development aims to strategically integrate sustainability within the entire organization and render it measurable. To do this, the team collaborates closely with the different ZEISS units in order to do justice to the diversity of the ZEISS product portfolio and identify the levers that make the greatest contribution to sustainable business practices. Moreover, in fiscal year 2020/21 ZEISS formed topic-specific working groups to implement the new ZEISS Agenda (see chapter on Strategy and Sustainability p. 15).

As a supplement to the central Sustainability team, officers were appointed to look after sustainability management at



each segment and at the Shared Production Unit. They report directly to their segment's Management Board. They ensure that a segment-specific sustainability strategy based on the central approach is embedded and implemented, while ensuring that the ZEISS Group's central sustainability approach considers the specific requirements of the units. The sustainability officers at the units regularly meet with the Head of Sustainability to report on progress at the units and on

ongoing initiatives. As part of the ZEISS sustainability program, there are also quarterly committee meetings with the two members responsible from the Executive Board.

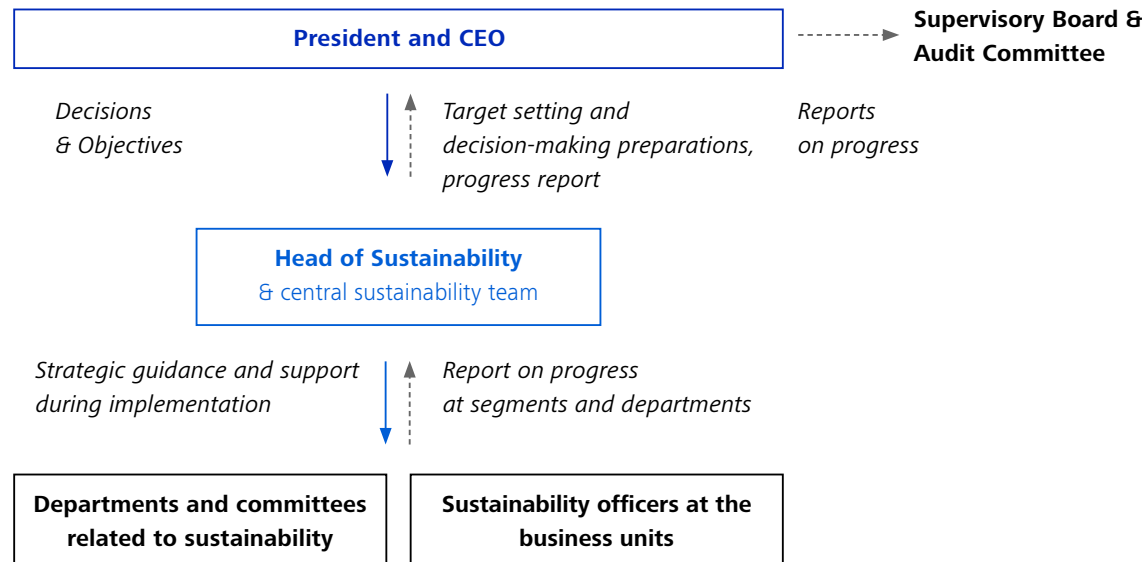
**Dialog with the stakeholders**

To ensure the company's continued business success, it is essential to incorporate the interests of stakeholders in strategic considerations and acquire stakeholders for collaborative

partnerships with ZEISS. The ZEISS Group has implemented a systematic process to identify its key stakeholders and focuses on issues relevant to these stakeholders when communicating with them. This was determined during a materiality analysis.

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

**Overview of Roles and Responsibilities**



Internal and external stakeholders attach great importance to the transparency of the ZEISS Group's sustainability activities. The Sustainability Reports of the ZEISS Group and the Non-Financial Report of the Carl Zeiss Meditec Group, which has been published for the first time, are instrumental in this regard. In fiscal year 2021/22, there was great deal of interest in ZEISS' climate protection activities, sustainable corporate governance and its implementation of the German Supply Chain Act (LkSG) and the EU Taxonomy Regulation. Customers were particularly interested in product carbon footprints and ZEISS' efforts to reduce potentially hazardous materials. More and more customers are using external platforms that systematically request and evaluate integrated sustainability information from companies. Responsibility throughout the supply chain, especially with regard to processes for upholding human rights, also played an important role. Employees often asked questions about the company's internal approaches and goals in relation to climate protection and environmental measures.

## Memberships and Initiatives

As a global player, the ZEISS Group is active in many industry associations in Germany, participates in regional initiatives, and is involved in many associations that provide financial support for colleges, universities, and scientific and cultural institutions. Dr. Karl Lamprecht, President & CEO of the ZEISS Group, is Chairman of the Aalen University Council and a member of the Baden-Württemberg Board of Trustees of Stifterverband für die Deutsche Wissenschaft, an innovation agency for the German scientific sector. In Germany, ZEISS is involved in the Wissensfabrik (Knowledge Factory) intercompany cooperation project and is a long-standing member of the Max Planck Society. The company is a signatory to the German Diversity Charter, an initiative to promote greater diversity at German companies. On the global level, ZEISS is a member of the non-profit trade association The Vision Council. It is also committed to the initiative run by the World Health Organization (WHO) and the International Agency for the Prevention of Blindness (IAPB), VISION 2020: The Right to Sight, which aims to prevent blindness and has joined the global fight against tuberculosis with the Stop TB initiative. ZEISS Industrial Metrology is also a Blue Competence member of the German Mechanical Engineering Industry Association (VDMA) that promotes sustainability in mechanical and plant engineering and publicizes the industry's sustainable solutions. In addition, the company is a member of the Unternehmensnetzwerk Klimaschutz (corporate network for climate protection and econsense), the sustainability network of German industry.

## ZEISS Group Stakeholders and Communication Formats

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

**Material sustainability issues**

All topics that are very important for the different stakeholder groups of the ZEISS Group and whose own business activities have a significant economic, social and environmental impact are material for ZEISS and are included in this Sustainability Report. A comprehensive materiality analysis was carried out in fiscal year 2018/19, in which the impact of the individual topics was a key assessment criterion. Details on the procedure are available in the relevant Sustainability Report. In fiscal year 2021/22, the topics defined in 2018/19 were verified in order to take the impact of new developments into consideration. All relevant departments and the appointed unit representatives evaluated the relevance of the material topics that were identified in the prior year. Respondents were able to add any topics that were missing.

**Results of the materiality analysis**

The material topics identified in fiscal year 2018/19 remained the same for fiscal year 2021/22.



**Results of the Materiality Analysis**

**Employees**

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

**Environment**

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

**Social engagement**

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

**Integrity and compliance**

- » Business ethics
- » Legal compliance
- » Data privacy
- » Taxes

**Products and Value Chain**

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

## Sustainability at ZEISS – Progress of the Activity Fields

### Integrity and Compliance

Material issues	Aims	Status	Selected measures in FY 2021/22
<ul style="list-style-type: none"> <li>» Legal compliance</li> <li>» Business ethics</li> <li>» Data privacy</li> <li>» Tax</li> </ul>	<ul style="list-style-type: none"> <li>» Compliance with applicable law</li> <li>» Increased value orientation and behaving with integrity in accordance with the ZEISS Group Code of Conduct</li> <li>» Protection of the ZEISS brand</li> </ul>	<ul style="list-style-type: none"> <li>↗</li> <li>↗</li> <li>↗</li> </ul>	<ul style="list-style-type: none"> <li>» Continuing the ZEISS Integrity Line for reporting open or anonymous information about possible compliance violations</li> <li>» Revising and publishing the existing model contracts for distribution partners – such as dealers, sales agents or sales representatives</li> <li>» Revising and publishing the proper conduct in competition policy</li> <li>» Aligning the ZEISS Compliance Management System with the new DIN ISO 3730</li> <li>» Successfully completing an external readiness assessment of the current state data privacy organization with a focus on corporate governance (based on the requirements of the international standard ISO/IEC 27701 as a basis for assessment)</li> <li>» Implementating new requirements from additional local data privacy laws, such as in Brazil and China</li> <li>» Establishing new full-time data privacy positions (data privacy area coordinators) to further professionalize the data privacy organization</li> <li>» Mandatory data privacy training for all employees as well as various campaigns on International Data Protection Day to increase awareness</li> <li>» All employees take part in compliance basic training every two years</li> </ul>

↗ On Track  
 ✓ Achieved

**Products and Value Chain**

Material issues	Aims	Status	Selected measures in FY 2021/22
» Product safety	» Improved sustainability performance of ZEISS products and services	➔	» Creating a plan for the introduction of software to calculate product carbon footprints
» Sustainable product development	» Systematic anchoring of sustainability in product development process	➔	» Implementing pilot projects to evaluate sustainability aspects in the ZEISS segments, taking into account the adapted product development process
» Procurement and supplier management	» Further development of logistics and shipping processes to integrate sustainability aspects	➔	» Continuing a cross-divisional working group to strategically establish supplier management incorporating different sustainability aspects and deriving targets for the supply chain
» Human rights in the supply chain	» Raising supplier awareness of the ZEISS sustainability requirements	➔	» Adopting a policy for sustainability in purchasing and in supplier management (ZEISS Sustainable Procurement Policy)
	» Organizational and strategic expansion of sustainability into purchasing and supplier management	➔	» Making initial adjustments to existing ZEISS processes to meet the requirements of the German Supply Chain Act, evaluation of the scope of application for ZEISS, and development of an action plan
			» Carrying out a risk analysis for 661 strategically relevant suppliers
			» Compiling an annual report to evaluate the supply chain as concerns the origin of conflict minerals based on the Responsible Minerals Initiative standard
			» Establishing guidelines to prioritize marine and rail transportation over air freight

➔ On Track  
 ✓ Achieved

Employees

Material issues	Aims	Status	Selected measures in FY 2021/22
» Employer-employee relationship	» Further strengthening and expanding the relationship between the company and its employees	➔	» Ongoing advancement of the Cultural Journey – Walk the Talk to improve collaboration and personal development opportunities for employees
» Employee development, training and further education	» Acquiring new employees and ongoing employee development	➔	» Further transformation of HR organization and processes
» Diversity	» Reinforcing collaboration and promoting diversity at the company	➔	» Launching a training or cooperative education program at ZEISS in Germany for 210 young people
» Work-life balance	» Encouraging a positive work-life balance	➔	» Mentoring program for women at Aalen University, Ernst Abbe University in Jena and the University of Jena
» Occupational health and safety	» Standardization and ongoing improvement of internal processes for occupational health and safety to reduce accident frequency and severity	➔	» Continuing the cooperation network for international employees and their family members
	» Reducing the number of work-related accidents across the Group (KPI LTIFR) to below 2.25 by the end of 2023	➔	» Continuing existing employee networks and establishing further networks, e.g. Proud@ZEISS or Women@ZEISS
	» Rolling out the software solution worldwide for global accident reporting by fiscal year 2021/22	✓	» Conferring of the ZEISS Women Award for outstanding students of IT, business information systems and media information systems
			» Expanding the flexible working hours and workplace models
			» Concluding a partnership for free preventive healthcare measures
			» Conducting 82 fire safety inspections and 119 occupational safety inspections in Germany
			» Training of 2,216 managers and occupational health and safety officers in the use of the OHS software since introduction
			» Introducing the first all-electric employee shuttle bus in Oberkochen



Environment

Material issues	Aims	Status	Selected measures in FY 2021/22
» Efficient use of natural resources	» Efficient use of all natural resources to protect the environment	➔	» Continuing several projects, initiatives and measures for conserving energy and resources at ZEISS sites
» Circular economy	» 20% reduction in relative energy use <sup>1</sup> by fiscal year 2024/25	➔	» Converting electricity procurement to green electricity at all major international ZEISS sites
» Climate action	» 15% reduction in relative water consumption <sup>1</sup> by fiscal year 2024/25	➔	» Procuring renewable energies from wind turbines in Germany as part of direct power purchasing agreements (PPAs) and from a solar field with power supply starting in 2023
» Environmental compliance	» 10% reduction in relative waste accumulation <sup>1</sup> by fiscal year 2024/25	➔	» Rolling out the platform solution for the collection of energy and emissions data as well as expanding it to include water consumption, waste generation and other environmental indicators worldwide
	» Carbon neutrality in Scope 1 and 2 by fiscal year 2024/25	✓	» Continuing the company suggestion scheme for measures to conserve resources at eight sites
	» Switching to a carbon-neutral energy supply at the main sites worldwide by fiscal year 2021/22	✓	» Offsetting carbon emissions resulting from air travel and the use of natural gas and district heating
	» Standardizing energy and emissions data collection in Europe via a platform solution by fiscal year 2020/21	✓	» Participating in climate reporting and first-time participation in the Carbon Disclosure Project (CDP) water reporting
	» Consolidating the capture of global environmental performance indicators by expanding the platform solution by fiscal year 2022/23	✓	» Independent EH&S audits at major production facilities to review legal compliance status
			» First external verification of ZEISS greenhouse gas balance according to Greenhouse Protocol in FY 21/22

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

Social Engagement

Material issues	Aims	Status	Selected measures in FY 2021/22
<ul style="list-style-type: none"> <li>» Promotion of scientific research and education</li> <li>» Regional involvement</li> <li>» Health promotion</li> </ul>	<ul style="list-style-type: none"> <li>» Promotion of scientific knowledge from preschool children to doctoral students</li> <li>» Improved patient quality of life 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>» Carl Zeiss AG sponsors over 110 projects with 1.7 million euros</li> <li>» A Heart for Science initiative already has more than 150 volunteers</li> <li>» Funding six ophthalmology training centers in Indonesia, Paraguay, Nigeria, Sudan, Tanzania, India and Uganda</li> <li>» Supporting Birdability, to support inclusion in birdwatching</li> <li>» Implementation of local measures to protect biodiversity with the participation of employees (e.g. construction of insect hotels, waste collection campaigns)</li> </ul>

 On Track  
 Achieved



## How ZEISS Contributes to the Global Sustainable Development Goals



In the fall of 2015, the United Nations adopted globally applicable Sustainable Development Goals (SDGs) to be achieved by 2030. There are only seven years left. That's why private companies are being called on to play their part. It is the only way to ensure fair development worldwide that creates prosperity within the limits of what the planet can sustain. ZEISS has pledged its support for this agenda and wants to assist with its implementation.

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

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



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

**The focus is on around 43 million people worldwide who are blind and 295 million who suffer from a severe visual impairment. Roughly 90% of those affected live in the world's poorest countries.**

ZEISS is raising the bar in healthcare with its solutions for optometry and medical technology, and helps to drive medical progress in ophthalmology and microsurgery with its products. The aim is to help improve the lives of patients everywhere. ZEISS is determined to do its part for society in the fight against preventable blindness and, since 2005, has equipped diagnosis, treatment and training centers with devices for eye care. In line with the principle of "Helping people help themselves", training centers are being made accessible in remote regions of the world. This creates the necessary scope for teaching people how to operate state-of-the-art medical technology and use it for treatment purposes. The centers are located in Nigeria, Indonesia, Tanzania, Paraguay and Sudan. In order to specifically enhance cataract surgery, ZEISS also supports phaco training centers in Paraguay and India.

**Focus: around half of the world's population does not have sufficient access to basic healthcare.**

Carl Zeiss Meditec Group would like to provide as many people as possible with access to modern healthcare in regions that lack adequate facilities. Good medical training forms the basis of good healthcare. ZEISS supports the Fellowship Program of the International Ophthalmological Fellowship Foundation e.V. (IOFF, formerly ICO Fellowship Program) to promote education and training. The scholarship program enables young doctors from developing and emerging countries to spend several months in a clinical internship in Europe. Furthermore, ZEISS has been committed to providing ophthalmic optical services in unserved, rural regions of India and Nepal since 2015 as part of the Aloka Vision Program.



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

**Focus: Germany needs around 320,000 STEM employees.**

ZEISS fosters aspiring young scientists – from kindergarten kids right up to doctoral candidates – through numerous educational programs. In this way, ZEISS acts on the responsibilities set forth in its Foundation statutes, sharing educational content in an easily understandable way, and making science easier to comprehend. Examples include the company's involvement in schools and its microscope donations to various educational initiatives, as well as its support for Germany's regional "Jugend forscht" contest for young, talented achievers in the STEM fields. With the goal of bringing young people closer to science and research, ZEISS has been sponsoring Jugend forscht, Germany's oldest and best-known competition for young researchers, for more than 20 years.

On the occasion of the company's 175<sup>th</sup> anniversary, ZEISS launched A Heart for Science - an international initiative run by ZEISS that aims to get young people aged 12 to 18 interested in STEM. What is special about it is that any of our employees can impart their knowledge to the explorers of tomorrow. Through the initiative, ZEISS is enhancing its commitment to encouraging children and young people to get into science and research. Corporate volunteering is a key part of this. Colleagues across the world can get involved in this by giving talks to kids' unis, organizing workshops at schools or STEM events.



**Decent work and economic growth:**

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

**Focus: Over 200 million people worldwide are unemployed.**

As a global tech company, ZEISS employs more than 38,000 people. They are offered a safe and motivating work environment, where hard work and dedication are acknowledged and individual advancement is possible. Worldwide, ZEISS consistently trains several hundred vocational trainees and students pursuing combined study programs. This prepares them to enter the job market. ZEISS also conducts a regular global employee survey to determine how people think it is helping to shape its own corporate culture (see page 47).

**Focus: in more than 60 countries worldwide, human rights are either under siege or egregiously violated.**

The ZEISS Group is conscious of its responsibility to uphold human rights. When working with suppliers, ZEISS has therefore been pursuing a centralized approach to integrating sustainability aspects in the supply chain since 2016, which is continuously enhanced by the Sustainability in Procurement and Logistics working group as part of the ZEISS Agenda. The approach focuses on compliance with environmental and social standards at suppliers' sites. To monitor this, demand-driven assessments and audits are conducted based on risk. In recent years, ZEISS has been driving the implementation of the five core elements of the German government's National Action Plan for Business and Human Rights (NAP). Based on this ZEISS has already taken the first steps towards complying with the German Supply Chain Act. In the reporting year, ZEISS prepared for the law and is now successively transferring these legal requirements into the processes for the ZEISS business units concerned. More information is available on pages 43-44.



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

**Focus: innovation is one of the cornerstones of the transformation toward a circular and decarbonized economy.**

ZEISS invests in upgrading its sites worldwide and supports the company's development and innovative power by making above-average investments in research and development. At 13% of revenue (2020/21:13%), research and development investment has remained at a constantly high level as compared to the prior year, testifying to the ZEISS Group's continued strong focus on innovation.

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

As a result, ZEISS is able to offer its diverse customers the right solutions from its broad portfolio of products. They include intelligent quality control systems for networked production, or the world's only semiconductor exposure systems. ZEISS lithography optics 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 the production of microchips that are ever higher-performing and energy-efficient. That protects the environment: chip manufacturers report 50% energy savings with EUV technology as compared to the current technology.



**Responsible consumption and production:** Ensuring sustainable consumption and production patterns.

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

ZEISS continues to work on finding ways to use natural resources as efficiently as possible and prevent pollution. A cross-divisional working group for sustainable product development aims to systematically integrate products and solutions into the development process. Aspects including circular economy, alternative materials and ways of increasing energy and resource efficiency during product manufacturing and use are all taken into account. This is being done through investment in measures to boost energy efficiency, consistently reduce waste and integrate sustainability aspects into product development. Against this background, the systematic evaluation and use of alternative and more resource-efficient technologies is gaining in importance and is considered both centrally and in the business units. In addition, refurbishment programs are in place for several product groups, including electron microscopes and measuring machines. Pre-owned products are overhauled in accordance with certified ZEISS standards, equipped with new technology, and made available to customers again (page 64).



**Climate protection measures:** Implementing measures now to combat climate change and its impact.

**In focus: with the emission reduction pledges made so far by the parties to the Paris Climate Agreement, the world is set to heat up by at least 2.5 °C by the end of the century.**

SDG 13 calls upon states and governments to include effective measures for combating climate change in their national policy. However, effective climate action can only be achieved through a concerted effort and if companies support it too. ZEISS believes it has a responsibility and makes a contribution to the global target set in the Paris Agreement of limiting global warming to below 2°C. Until fiscal year 2021/22 it was the goal to make the use of electrical energy (Scope 2) at the major production sites CO<sub>2</sub>-neutral. This goal has been achieved. By fiscal year 2024/25, the energy consumption of all other locations as well as the direct emissions from combustion processes in the company's own facilities or vehicles (Scope 1) are to follow (see also page 62).

ZEISS is focusing on reducing energy consumption in a bid to lower emissions. Moreover, ZEISS avoids emissions by using renewable energies and purchasing green power through power purchasing agreements or from suppliers with certificates of origin. ZEISS also wants to expand its own generation of renewable energy. ZEISS compensates for unavoidable emissions or those that cannot be reduced by supporting selected projects. To manage the emissions produced by the upstream value chain, ZEISS assessed its Scope 3 emissions for the first time in fiscal year 2020/21. A reduction target will be set on this basis.

# 01

## INTEGRITY AND COMPLIANCE



## Compliance

*"Compliance is a central element of sustainable corporate success at ZEISS. Our aim is to ensure that business activities always comply with the law and our internal standards. We therefore promote a corporate culture in which compliance is lived as a matter of course - from the Executive Board and executives to all employees."*

*Sina Schneller, Head of Corporate Compliance, Carl Zeiss AG*

Operating in line with statutory regulations and internal rules is an integral part of the ZEISS corporate culture. The company's aspiration to act with integrity stems from the values that were shaped by its history as a foundation-owned company. For this reason, legality, and the fair treatment of business partners and employees are indispensable elements of successful business operations. Equally important is an open and respectful corporate culture, which is anchored at the company and championed by the management. To this end, the ZEISS Compliance Management System ensures adequate handling of potential compliance violations. ZEISS also addresses the challenges associated with rising regulatory requirements, as well as the specific requirements of our business partners.

Compliance management has a positive impact on relations with ZEISS' business partners because it brings the Group's convictions and values to our daily dealings with each other. Last but not least, compliance management prevents negative consequences for business partners and for society in general, such as consequences that could result from non-compliance with laws.

### **Guidelines, structures and processes**

At ZEISS, the foundation for compliance management is the ZEISS Code of Conduct, which was first published in 2007 and last updated in July 2020. It describes the risks inherent in business activities, provides specific recommendations on how to behave and is binding on all ZEISS managers and employees worldwide. The ZEISS Code of Conduct contains rules on various issues, including data privacy, product safety, environmental protection and combating corruption.

More detailed company directives are available for all the topics addressed in the ZEISS Code of Conduct. These include guidelines on evaluating distribution partners, granting and accepting benefits such as gifts or invitations, and the proper conduct in competition policy.

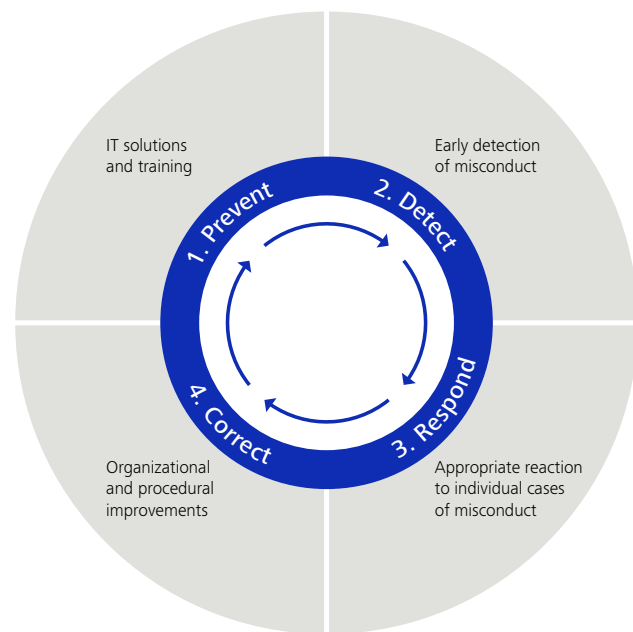
At ZEISS, compliance is organized on three different levels: at Group level, the Chief Compliance Officer, who reports to the Executive Board, and the Head of Corporate Compliance are responsible for the compliance management system. This area of responsibility encompasses the design and implementation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

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. These include compliance with data privacy, customs and export control provisions, environmental regulations as well as regulations on occupational and product safety, and combating corruption.

As part of the Group-wide risk management process, compliance risks, for example due to export control law, data privacy and corruption, or environmental protection, are also queried at all companies. Assessments every two years,

as well as internal and external audits, are regularly conducted to evaluate compliance with the legal requirements.

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



Core processes of the Compliance Management System

1. Prevent

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

2. Detect

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

3. Respond

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

4. Correct

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

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

The majority of ZEISS employees have access to online compliance training via the ZEISS CurioZ learning platform. The training modules are currently available in 13 languages. Employees who could not access the online training courses in the 2021/22 fiscal year received in-person training. However, ZEISS is continuously working on ways to provide these employees access to ZEISS CurioZ.

Internal and external stakeholders alike basically have the opportunity to use the ZEISS Integrity Line whistleblower system openly or anonymously to report any indications of possible compliance violations. The ZEISS Integrity Line is available in 23 languages and can be found on the website [www.zeiss.com/compliance/en/home.html](http://www.zeiss.com/compliance/en/home.html) and on the ZEISS intranet TEAM ZEISS. ZEISS employees can also contact their supervisor, the responsible specialist department, the works council or the responsible compliance officer at the respective location.

Objectives, measures and results

ZEISS' primary aim in terms of compliance is to act in line with statutory regulations and internal rules. Compliance violations not only endanger the company's reputation, but can also involve consequences under criminal law or sales slumps. A continuously updated training program is essential.

In fiscal year 2021/22, the proper conduct in competition policy was revised. In addition, the existing model contracts for distribution partners - such as dealers, sales agents or sales representatives – were updated. Furthermore, the internal alignment of the ZEISS Compliance Management System with the new DIN ISO 37301 was commenced.



## Anti-Corruption

Being aware that corruption impedes progress and innovation, ZEISS has issued clear rules to prevent and fight corruption. The internal anti-corruption rules are a vital part of the ZEISS Compliance Management System described above. To raise employee awareness of the topic, internal company policies on granting and accepting benefits such as gifts or invitations are part of the basic compliance training as well as the "Anti-Corruption" training module for specific groups of employees. A checklist provides specific examples to help employees to assess whether or not particular benefits are permitted. Moreover, there are internal policies for screening distribution partners. This is supported by a screening tool supplied by an external provider. The goal is to determine whether distribution partners show any abnormalities in regards to corruption or cartel deals, export control, money laundering or similar crimes, or exhibit any other risk factors that could damage ZEISS' reputation.

## Political Influence

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

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

## Data Privacy

ZEISS is aware of the importance of protecting personal data to ensure the integrity of our business model both today and in the future. More and more ZEISS units are handling highly sensitive personal data like healthcare information. Avoiding potential negative effects due to failure to fully protect such information is a priority at ZEISS. For this reason, being able to demonstrate legally compliant and reliable data privacy is essential for us to remain a reliable partner for customers, suppliers, partners and consumers. It also prevents both damage to the company's reputation and high fines.

### Guidelines, structures and processes

National and international regulations create the framework for data privacy – and the European Union's data privacy standards are particularly relevant. These are supplemented by a mandatory internal guideline at ZEISS for handling personal data, which is applicable worldwide. The guideline was updated in the reporting year. In addition, legally binding contracts were concluded within the Group with all ZEISS entities for compliance with data privacy standards. From an organizational standpoint, data privacy matters are handled as a standalone division of Corporate Legal & Patents. The Corporate Data Protection Officer works with a ten-person team to define principles and rules governing the protection of personal data, support and provide advice for their implementation, and monitor compliance. They report to the Chief Financial Officer.

Executive Board members and/or the managing directors of ZEISS companies and the heads of business units are responsible for implementation and compliance. To support these efforts, the Corporate Data Protection department utilizes a privacy management system. Each individual company has a data pro-

## Information Security

tection coordinator who is responsible for training measures, is the local contact person for all employees' and managers' questions and maintains contact with Corporate Data Protection.

### Measures and results

ZEISS emphasizes the importance of globally consistent data privacy standards. Alongside the steeply rising challenges posed by product digitalization, increasing global regulation drives the further development of data privacy processes at ZEISS. The focus is on aspects like extended rules and regulations such as the Data Security Law of the People's Republic of China (DSL), the EU's updated rules on cross-border personal data transfer to countries outside the EU, and further national laws such as the Personal Information Protection Law in China, specific state-level laws in the US or court decisions, e.g. in connection with the validity of the EU-US Privacy Shield. In the reporting year, ZEISS thus assessed over 3,000 internal and external cross-border data transfers and adapted its internal processes to the new conditions. The switch to the new EU standard contractual clauses as the valid legal basis is currently being implemented. What is more, the ZEISS Group defined binding corporate rules for internal data transfer based on consistent standard contract clauses. These rules are still being assessed under the certification process of the European supervisory bodies. During the reporting period, more than 120 inquiries and complaints were answered regarding guaranteed data subject rights, such as data deletion, retransfer, objection and correction. Data privacy incidents were reported to the responsible supervisory authority and/or the affected parties, depending on their severity. In the reporting period, no reports to the supervisory authorities resulted in an in-depth review or sanction.

The security of the information systems used at ZEISS is of great importance for business operations and the success of digital products and services. The triad of confidentiality, integrity and availability of information and systems describes the overarching goals of the ZEISS Information Security Management System (ISMS). The ISMS is the responsibility of ZEISS Information Security, which has now been organizationally merged into Corporate IT, and sets the framework for all information processing in the ZEISS Group. Since late 2021, the ISMS has been certified to ISO 27001 for the centrally provided services related to information technology and information security equipment, mechanisms and processes. It is guided by the rules enshrined in international rules, regulations and standards (e.g. China's Cyber Security Law, NIST Cyber Security Framework, VDA ISA/TISAX). This way, ZEISS ensures an appropriate security posture that is in line with the requirements of ZEISS' customers.

In the last few years, ZEISS has established a Security Operation Center at its site in Bangalore, India, in order to monitor the ZEISS IT systems around the clock for security issues, intervene in the event of discrepancies and thus minimize any potential damage. In addition, the company has a network of security engineers to address security in a rapidly evolving environment of agile software and product development. They can be software developers who are trained in a multi-stage training program according to the principles of "security by design" and "security by default", among others.

In the period under review, ZEISS received over 20 requests from partners and customers in relation to its information security measures where proof of established safeguards was

required. The requests were handled by Regional Information Security Officers, who liaise between ZEISS Information Security and the regions.

## Tax

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

### Guidelines, structures and processes

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

For specific transactions ZEISS relies on process guidelines that define duties and responsibilities in greater detail. Employees working in the Tax department are trained through external formats and internal knowledge sharing on specialist

subjects and in line with their needs. At ZEISS, tax-related risks are monitored as part of the Group-wide risk management process. Risk field controls are defined annually and their operating effectiveness is assessed. In addition, potential tax risks – such as those relating to acquisitions or new regulatory requirements like country-by-country or DAC6 reporting – are identified using a general tax compliance system. The risks are consistently monitored in a quarterly risk report and, where necessary, measures are passed and implemented to reduce the risks.

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

The information about the tax burden published in the ZEISS Group's Annual Report is assessed and verified by audit firms.

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

### Key results

For the reporting period, ZEISS reported tax expenses in the amount of 407 million euros (prior year 2020/21: 395 million euros). The Group's global effective tax rate stood at 26% in fiscal year 2021/22 (2020/21: 27%).

# 02

## PRODUCTS AND VALUE CHAIN



## Product Development

*"ZEISS stands first and foremost for innovative solutions that help our customers be successful. We filed 638 new patents in the reporting year alone. Precision, reliability and exceptional quality form the basis for our success. But that's not all: for years sustainability has been growing in importance and it is now one of the key parameters when it comes to product development and managing the supply chain."*

*Dr. Ulrich Simon, Head of Corporate Research and Technology, Carl Zeiss AG*

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

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

### Guidelines, structures and processes

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

benefits, quality and reliability, as well as time and costs. ZEISS products are only marketed if the requirements defined for the development process have been implemented.

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

Thus, the mandatory checklists contain two related categories that must be taken into account during development: the environmental performance of the products and the evaluation of different sustainability requirements throughout the entire product life cycle. Based on the company's environmental principles, this approach to product-integrated environmental protection is founded on a commitment to rigorous process management. The checklists were expanded in the reporting year. This means that sustainability plans are now mandatory for ZEISS business units when developing new products and must be supported by a product carbon footprint analysis, for example. This process ensures that all ZEISS products meet the applicable environmental regulations and guidelines (see the chapter on the environment, page 58). In particular, ZEISS ensures that:

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

**Objectives and results**

ZEISS has set itself the goal of providing innovative solutions that focus on customer needs, make technologies more efficient and increase quality of life. In doing so, ZEISS aspires to always manufacture safe and reliable products of high quality. 638 new patent applications were filed during the reporting period. This underscores the company's enormous capacity for innovation.

As part of the new ZEISS Agenda and the associated strategic focus on sustainability, a working group was formed to more systematically anchor sustainability in product development. This is the only way ZEISS can reduce the negative impact of resource and energy usage. The aim is to specifically evaluate energy efficiency, suitability for closed-loop material flows or alternative materials when developing new products. Based on the adjusted PSGP, the development process was realigned in the business units in the reporting year in order to ensure that various sustainability aspects are evaluated more systematically. The new pilot projects are supposed to establish the new procedures. This includes, for example, the preparation of CO<sub>2</sub> balances, evaluation of recycling potential or the use of alternative materials and technologies.

Other outputs of the working group were the creation of training plans for employees involved in product development to teach them the basics of product carbon footprint calculations, as well as an action plan for the implementation of a software solution for conducting corresponding lifecycle assessments.

**Hope in the Fight against Breast Cancer**

A breast cancer diagnosis is frightening and stressful, as is the treatment and its side effects. Intraoperative irradiation with INTRABEAM® from ZEISS offers an alternative to conventional, external irradiation. Irradiation is administered in a single dose lasting approximately 30 minutes directly after surgical removal of the tumor and while the operation is still in progress. This means that conventional post-operative radiation treatment, which usually takes around six weeks, can be shortened or eliminated altogether. Surrounding healthy tissue and skin can also be spared. The result is the same effect and shorter radiation duration with less radiation exposure.<sup>1</sup> Over 45,000 people have already been treated with the TARGIT method.<sup>2</sup> In addition to the significantly shorter duration of irradiation and the low level of radiation-related pain for those treated, using INTRABEAM® can save 1,200 tons of CO<sub>2</sub> emissions annually in the UK alone.<sup>3</sup>

[More about INTRABEAM® in the ZEISS Sustainability Booklet starting on page 11](#)

**Product Safety**

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

For ZEISS, the challenges come from both increasing regulatory requirements on product safety and ever greater product and application complexity. Digitalization plays a particularly important role in this context. So at ZEISS, product safety begins in the development stage, continues through the procurement and production process and remains an important aspect when the product is being serviced, or being operated by the customer.

**Guidelines, structures and processes**

ZEISS requires all applicable laws governing product safety to be implemented consistently. Responsibility for product safety and its importance for the company's success are therefore enshrined in the ZEISS Group's Code of Conduct. Within the ZEISS Group, specifications and monitoring ensure compliance with laws, standards and guidelines. Responsibility for product safety lies with the Executive Board or the heads of the individual companies, as well as with the employees in charge of a particular product. They must make the structures, resources and necessary skills available to properly meet all legal and internal ZEISS requirements. ZEISS requires all applicable laws governing product safety to be implemented consistently. Responsibility for product safety and its importance for the company's success are therefore

<sup>1</sup> <https://www.zeiss.com/meditec-ag/media-news/press-releases-hcp/2020/targit-a-breast-cancer-study.html>

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

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

enshrined in the ZEISS Group's Code of Conduct. Within the ZEISS Group, specifications and monitoring ensure compliance with laws, standards and guidelines. Responsibility for product safety lies with the Executive Board or the heads of the individual companies, as well as with the employees in charge of a particular product. They must make the structures, resources and necessary skills available to properly meet all legal and internal ZEISS requirements.

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

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

One set of guidelines applicable across all ZEISS units enables employees to deal with customer issues and complaints. In these cases, the guidelines provide for suitable action. ZEISS

can thus quickly identify potential for product improvements and take the requisite corrective measures without delay.

In recent years, information security has become a key product safety aspect due to the increasing digitalization of ZEISS' product portfolio. That's because ZEISS products and services result in rising amounts of sensitive data. This includes patient-health information, confidential research findings and even secret draft designs of electronic devices or motor vehicles. To protect this information, ZEISS relies on the triad of data confidentiality, integrity and availability. The cross-segment Digital Product Security Expert Group (DPSEG), now part of Corporate IT, plays a key role in this context, promoting discussion among developers on security issues and defining guidelines on the security of digital products and services. It thus drives the appropriate integration of the principles of security by design and privacy by design in digital product development in order to ensure information security across the entire product life cycle.

### Objectives and results

To ensure the safety and quality of its products, the ZEISS Group relies on an effective management system that has been certified accordingly at numerous sites. At the end of fiscal year 2021/22, a total of around 100 business units had been certified to ISO 9001 and 17 business units to ISO 13485. Conformity with the requirements is regularly verified at all certified sites by independent monitoring surveillance audits.

### Producing ceramic components using a 3D printer

Plastic has been able to be processed in 3D printers for some time, which offers significant advantages in development and manufacturing. Together with its partner Schunk Ingenieurkeramik, ZEISS has developed a process in recent years that can also be used to produce very large ceramic structural components using 3D printing. This process not only creates new possibilities in production, but also saves resources, using only half of the raw material previously consumed. What is more, the entire process uses 40% less energy.

[More about ceramic 3D printing in the ZEISS Sustainability Booklet on page 8](#)

## Procurement and Supplier Management

Due to the significant amount of value created along the supply chain, the procurement process is critical to the ZEISS Group's long-term success. Purchasing organizations around the globe source both production and non-production materials from local and international suppliers. ZEISS business units generated around 34% (prior year: 45%) of the total purchasing volume was from 661 (prior year: 652) strategically relevant suppliers, which are the focus of the risk-based approach and are distributed geographically as follows: EMEA (Europe, Middle East, and Africa) 75% (prior year: 90%), APAC (Asia/Pacific) 13% (prior year: 3%) and Americas 12% (prior year: 6%).

### 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. As such, environmental and social aspects play an increasingly important role in the selection of and collaboration with suppliers. In complex supply chains, environmental pollution, inadequate occupational health and safety standards, human rights violations and child or forced labor all represent risks that ZEISS wants to proactively address. Non-compliance with environmental and social standards can have a negative impact on people and the environment along the supply chain and subsequently also harm ZEISS itself. On the other hand, fair and long-term business relationships can create jobs and positively influence environmental and social standards along the supply chain.

In recent years ZEISS has been driving the implementation of the five core elements of the German government's National Action Plan for Business and Human Rights (NAP). As such, ZEISS has already taken steps toward adhering to the associated German Supply Chain Act (LkSG) (see page 43). Since the beginning of the reporting year, a newly formed project group has been dealing with the requirements of the LkSG. The procedure was adapted and expanded, particularly with regard to the annual risk analysis. In addition, processes were developed for preventive and remedial measures such as contract extensions or training. In particular, internal responsibilities and necessary adjustments in risk and complaint management have been and will be worked out in the future.

The Supplier Sustainability Team, which operates at Group level within the Supplier Quality department, pools different activities for the operational implementation of sustainability aspects in supply chain management, thus supporting the ZEISS units. This applies especially to the achievement and fulfillment of objectives and requirements of the LkSG. Decisions on targets and approaches for anchoring sustainability aspects in procurement are made in the steering committee of purchasing managers. Steering by the Executive Board on sustainability aspects in the supply chain takes place at the steering committee of the central sustainability program.

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

packaging reduction and supplier development. Another working group is focusing on conformity with different international laws related to human rights. These include the British and the Australian Modern Slavery Acts. Group Management is informed and involved through corresponding reporting lines.

ZEISS categorically rejects all forms of forced and child labor and works to ensure that environmental and social standards are met at its sites and in its supply chain. ZEISS suppliers must adhere to the provisions listed in the internationally recognized Code of Conduct from the Responsible Business Alliance (RBA). These serve as minimum standards for human rights, health and safety, environmental protection and business ethics. The Code of Conduct is based on the UN Guiding Principles on Business and Human Rights. Added to that are international human rights standards like those of the ILO.

### Processes

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

» 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 of conduct. Strategically relevant suppliers must



recognize the RBA or a similar code of conduct and adhere to it. They are also obligated to share the standards with their sub-suppliers and contractors. ZEISS does not enter into any business relationship with any suppliers who violate human rights. Information sharing and agreements pertaining to services, quality and various sustainability aspects are supported by the Supplier Portal.

- » In accordance with the established risk indices and the annual purchasing volume, strategic suppliers are assessed to determine if there are any potential sustainability risks. This risk assessment is based on the established Corruption Perceptions Index, the Human Development Index, the Environmental Performance Index and on industry risks. In order to plan further activities, a list of priorities is compiled in consultation with the ZEISS units and action plans are discussed. This makes it possible to define further action such as conducting on-site sustainability audits at suppliers who are particularly high-risk. During these audits compliance with the RBA Code of Conduct is assessed. In preparation for an on-site sustainability audit, suppliers are asked to complete a sustainability supplier self-assessment questionnaire to assess their own sustainability performance. The sustainability survey on the ZEISS Supplier Portal is part of the supplier self-assessment.
- » Strategically relevant suppliers undergo an annual evaluation using a software tool that includes occupational health and safety, environmental protection and energy management criteria. Aspects such as occupational health and safety, fire prevention and environmental management have been part of cross-divisional supplier quality audits since 2012.

- » In the event of insufficient compliance with ZEISS' sustainability requirements, an action plan is agreed upon, with the company monitoring and overseeing its implementation.

Requirements must be made known so that they can be met. To this end, and to raise employee and supplier awareness of sustainability, ZEISS offers an e-learning course on the RBA Code of Conduct. One focus is on upholding human rights.

Internal and external stakeholders can use the ZEISS Integrity Line whistleblower system on the company's website to report any human rights violations within the ZEISS supply chain (see also the chapter on Integrity and Compliance on page 32).

### Conflict Minerals Reporting

Within the scope of its due diligence obligations, ZEISS has also established a process for identifying and assessing risks in the supply chain with regard to dealing with conflict minerals. Conflict minerals are mined in conflict or high-risk areas, sometimes under illegal, inhumane conditions. ZEISS does not directly purchase metals such as tantalum, tungsten, tin or gold, but does insist that its direct suppliers do not use any ores from conflict areas. To support this effort, ZEISS collects risk-based information. As part of its annual reporting the company applies the globally recognized standards of the Responsible Minerals Initiative (formerly known as the Conflict-Free Sourcing Initiative) in its communications with relevant suppliers. ZEISS uses the available means and information to verify data on the specified smelting works in order to identify possible risks and raise supplier awareness of this topic.

### Objectives and results

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

In order to firmly anchor sustainability within the procurement processes, an internal Sustainable Procurement Policy was adopted in the reporting year. It includes a description of the social and environmental objectives for the supply chain and their implementation in supplier management. The policy serves as a general basis for sustainability standards and responsibilities in purchasing and further internal guidelines for implementing the ZEISS sustainability goals.

In order to provide internal training, especially for the supplier-facing functions, on the background and the objectives of the ZEISS Group, a web-based training on the focus topics was developed and rolled out. In addition, initial supplier meetings were held in the reporting year to inform them about the steps being taken as part of the ZEISS sustainability goals for the supply chain and to raise awareness of the measures.

By the end of fiscal year 2021/22, 73% (prior year: 72%) of the 661 (prior year: 652) strategically relevant suppliers had replied or confirmed via the supplier portal that they will comply with

the RBA Code of Conduct or an equivalent code of conduct. ZEISS assessed the sustainability risks posed by the strategically relevant suppliers using the aforementioned risk assessment. In order to take into consideration new and changing requirements, ZEISS is currently working on adapting the sustainability risk assessment for suppliers. Approximately 70 supplier audits were performed worldwide, covering aspects related to occupational health and safety and environmental management. International sustainability audits could not be performed due to the pandemic. Going forward, ZEISS aims to take additional needs-based measures.

No violations or complaints pertaining to human rights in the supply chain or at its own sites were reported via the ZEISS Integrity Line.

## Focusing on Human Rights Due Diligence

In June 2021, the German Parliament passed the German Supply Chain Act (LkSG). This resulted in affected companies, including ZEISS, having to integrate due diligence into their corporate processes by 2023 to safeguard human rights. ZEISS has already taken action toward ensuring this.

The LkSG is closely based on the five core elements of the German National Action Plan for Business and Human Rights (NAP) from 2016 that aims to uphold human rights in the supply chain and in a company's own processes. In recent years, ZEISS has been working on implementing the NAP's core elements, so the first steps toward compliance with the LkSG have already been taken. In order to fully meet the requirements of the LkSG, ZEISS set up an interdisciplinary project group in fiscal year 2020/21. The project group is responsible for comparing the requirements with the existing processes, drafting a roadmap for implementation of the requirements and making suggestions to integrate necessary measures – in ZEISS' own business area as well as in the supplier management of its direct suppliers. The preparations and adjustments to the processes are taking place successively. The project group also holds discussions with internal stakeholders who keep an eye on other legal requirements like the British and the Australian Modern Slavery Acts.

## Implementation and Preparation for the Requirements of the German Supply Chain Act

### 1.



**Declaration of Principles on Respect for Human Rights:** the ZEISS Code of Conduct makes clear the importance of human rights in our own company and in the supply chain and fully complies with the requirements of the RBA Code of Conduct. ZEISS does this to emphasize that upholding human rights – such as the ban on forced labor or slavery, and human trafficking, the ban on child labor and discrimination – applies to employees and business partners alike. Further information is available in the "Integrity and Compliance" chapter starting on page 30. A separate policy statement in terms of the German Supply Chain Act will be published in the coming fiscal year.

### 2.



**Process for determining the actual and potentially negative impact on human rights (risk analysis).** Considering ZEISS' business environment, the company has developed ways of informing people about actual and potentially disadvantageous impacts on human rights. For the first time in fiscal year 2018/19, HR staff were asked about human rights risks. It was found that employees believe there is a low risk of human rights violations at ZEISS. Nevertheless, to raise awareness of 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 strategically relevant suppliers are assessed using various indices and additional criteria as defined by ZEISS (see Processes, page 40). This process was evaluated in accordance with LkSG require-

ments and adapted for the risk analysis for direct suppliers. In our own business area, there is an established risk management system as well as processes within the framework of occupational safety management and environmental management systems to identify and manage risks. In the future, the central risk management team will expand the established risk management process to include the requirements of the LkSG in order to ensure that risks are also identified in relation to the company's own business area. In addition, LkSG-relevant risks that may be addressed as part of existing compliance processes are taken into account.

### 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. If required, ZEISS carries out sustainability audits on its suppliers and supports their efforts to create appropriate plans for corrective measures. In the future, an extensive catalog of measures will be added, including, for example, training for employees and suppliers. In the past, shortcomings were identified in the field of occupational health and safety and transparency with regard to working conditions. In its own business area, ZEISS builds on the established processes and measures from risk, compliance and occupational and environmental protection management. The measures defined on this basis need to be adapted as necessary in relation to the LkSG and

included, for example, during internal audits (see chapters Compliance, page 30, Environment, page 57, and Employees, page 45).

### 4.

**Remedial measures** are initiated at suppliers and in the company's own business area and their implementation is monitored when risks or deviations become known, for example through audits, inspections or complaints management. The associated processes and measures are being successively expanded in accordance with the requirements of the LkSG, in particular to cover those risks that may be caused by ZEISS business activities.

### 5.

**Complaints procedure:** since November 2018, the whistleblower system ZEISS Integrity Line has been available to both internal and external stakeholders to report possible compliance violations, such as non-compliance with human rights. In consultation with stakeholders such as the Works Council, it is available in 23 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 32). This procedure is slightly adjusted according to the requirements of the LkSG.

### 6.

**Documentation and reporting:** the ZEISS Sustainability Report, the ZEISS website and the Non-Financial Report 2021/22 of the Carl Zeiss Meditec Group, in particular, publicize identified risks and the corresponding measures in the company. ZEISS will take the legal requirements into account for these formats and will provide the reports for the affected business units for the first year of application.

# 03

## EMPLOYEES



## Success through Employees Employee Involvement

*"For us, culture means empowerment: encouraging each other and trusting each other. At ZEISS, culture goes hand in hand with role models: we are all role models for reflective and responsible action. And culture only exists through diverse teams. We have internalized these values and are constantly developing them further because attitude, community and a shared vision are the foundations for our sustainable business success."*

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

Precision, innovation, and unparalleled quality can only be achieved with motivated and qualified employees. In light of demographic change and the increasing shortage of skilled workers, diversity and equal opportunities are key competitive advantages. ZEISS is facing these challenges through clear approaches to personnel and cultural development and by pursuing a global recruitment strategy. This is set to make the ZEISS Group even more customer-oriented, more competitive and more digital. Important focal points in this regard are co-determination within the company and the promotion of work-life balance.

The activities and training courses offered at ZEISS directly benefit employees and in addition have a positive impact on society because they strengthen the innovative power and future viability of an important employer and thus also secure jobs. At the same time, employees are challenged by the increasing demands of the changing world of work, for example through digitalization and more complex task profiles.

In the reporting year, the COVID-19 pandemic remained a challenge for ZEISS employees. ZEISS was able to make use of existing plans for Group-wide crisis management and draw on the experiences and tools established in the prior year. Digital tools for virtual collaboration, flexible working time models, and other measures such as an adapted procedure for shift changes in production helped keep business operations running smoothly.

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

### Guidelines, structures and processes

More than 38,000 people in almost 50 countries work for ZEISS. Corporate Human Resources is the main partner for dialog and negotiation for employee representatives and the point of contact for the HR departments at all ZEISS units. It works with HR managers and department representatives to define standards and procedures for strategic and overarching areas of activity and implements them within the scope of its functional management worldwide.

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

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

### Objectives and results

ZEISS aims to further strengthen and expand the relationship between the company and its employees. Every two years, ZEISS uses a global and anonymous employee survey – Pulse Check – to measure the development of the corporate culture and the implementation of its associated strategy. The survey is also a key indicator of ZEISS' attractiveness as an employer and it reflects the prevalence of the values SERVE – EMPOWER – ACT – WIN in day-to-day operations. The most recent Pulse Check survey in 2022 showed that 84 percent of people enjoy working at ZEISS and that 75 percent of them would recommend ZEISS as an employer.

In the past, ZEISS has paid out a bonus to all employees, allowing them to share in the company's successful business development. In fiscal year 2021/22, a profit participation bonus was again approved for eligible employees at the German sites in accordance with the rules. This bonus was paid after the end of the reporting year in December 2022. Some ZEISS sites outside Germany have their own country-specific rules that also allowed employees to participate in the success of fiscal year 2021/22.

### Global employee structure<sup>1</sup>

	2021/22	2020/21	2019/20
<b>Total</b>	<b>38,770</b>	<b>35,375</b>	<b>32,201</b>
» Part-time employees	2,023	1,863	1,787
» Employees with fixed-term contracts	1,402	1,698	1,512
Vocational trainees and students in a combined study program	570	552	520
Contract workers	1,385	1,103	967
New hires <sup>2</sup>	9,229	5,025	
Percentage of female employees	33%	34%	34%
Turnover rate <sup>3</sup> (Germany)	2.1%	2.6%	1.7%

### Employees by region/employee structure by region

	2021/22	2020/21	2019/20
<b>Germany</b>	<b>17,058</b>	<b>14,848</b>	<b>13,692</b>
» Part-time employees	1,631	1,483	1,367
» Employees with fixed-term contracts	878	999	687
<b>EMEA (excluding Germany)</b>	<b>5,041</b>	<b>4,818</b>	<b>4,628</b>
» Part-time employees	344	342	321
» Employees with fixed-term contracts	125	85	55
<b>Americas</b>	<b>7,620</b>	<b>7,913</b>	<b>7,010</b>
» Part-time employees	16	10	71
» Employees with fixed-term contracts	373	586	732
<b>APAC</b>	<b>9,051</b>	<b>7,796</b>	<b>6,871</b>
» Part-time employees	32	28	28
» Employees with fixed-term contracts	26	28	38

### First ZEISS Sustainability Week

Creating awareness of sustainability and promoting commitment – that was the goal of the first ever ZEISS Sustainability Week. Various activities were held locally in each case, while virtual events also brought employees together and stimulated discussion across departmental and divisional boundaries. In addition to very practical actions to help protect the environment, the program included formats such as panel discussions, a keynote speech by a futurologist and videos from the individual ZEISS business units on their sustainability program. Whether a single tree was planted or an entire reforestation project was supported was not the key factor. What was important was employees at ZEISS doing something together to make the world a little bit more sustainable – whether by collecting trash or switching from cars to bicycles. Such initiatives and many more were consciously implemented by the employees during that week.

<sup>1</sup> Data query cut-off date: 30 September 2022. Data collection in headcount.

<sup>2</sup> The term new hires refers to ZEISS employees worldwide, excluding GOM GmbH and Carl Zeiss Vision Portugal. The indicator was reported for the first time for fiscal year 2020/21 and takes into account permanent and fixed-term employees.

<sup>3</sup> The term turnover rate refers to all ZEISS employees in Germany excluding those at GOM GmbH and was first published in FY 2019/20. The KPI does not include exits due to fixed-term employment contracts, retirement, early retirement, or death.

## Attracting and Developing Employees

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

### 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 on projects. CurioZ is the ZEISS venture that focuses on learning at ZEISS. Through the CurioZ digital learning platform, ZEISS contributes to the professional development of its employees. Using a variety of formats and offerings – ranging from in-person and online courses to blended learning – CurioZ specifically promotes the expansion of expertise, knowledge and skills.

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

ZEISS offers plenty of training opportunities and works offering various universities with cooperative education programs. In 2022 a total of 210 trainees and students began a vocational training program or a combined degree-and-vocational-training program at the German sites Göttingen, Jena, Oberkochen and Wetzlar. Students are being trained in areas such as industrial mechanics, precision optics, mechatronics and industrial business management, or completing a cooperative study program in business information systems, international business or data science. New additions include vocational training in fields such as data and systems analysis, digitalization management as well as new courses of study such as civil engineering, electrical engineering, and information systems with a focus on data science or cyber security. With its combined study offering, ZEISS is contributing to the development of society, especially at its German sites.

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

### Measures and results

At the end of the reporting period, ZEISS employed a total of 570 vocational trainees and students enrolled in a cooperative study program worldwide (2020/21: 522). In fiscal year 2021/22 around 415 (2020/21: 490) young people completed a technical or business-related internship at the company's German sites or wrote their thesis at ZEISS. In addition, roughly 400 (20120/21:188) high school students had the opportunity to explore their future career options as part of a high school internship.

Employees also took the opportunity to work abroad for ZEISS to further develop their skills in fiscal year 2021/22. At present, 61 employees from Germany are working in 16 countries worldwide. At the same time, 17 employees from abroad have been assigned to work in Germany (as of October 2022). Assignments in third countries, which see US-based employees working in places like China or being posted from India to Mexico and Japan, are becoming increasingly important.

In the reporting year, ZEISS CurioZ enhanced and expanded the learning platform of the same name and the portfolio of learning content. This applies to the "Future Learning Paths" that teach interdisciplinary knowledge and skills that are particularly relevant for the future. In addition, CurioZ concluded a contract in the reporting year with the learning provider LinkedIn Learning, which is set to become a long-term partner for learning at ZEISS due to its offerings that are particularly well aligned with the ZEISS strategy. Employees now have permanent access to more than 16,000 video courses on business topics.



Digital participation for employees in production and operational areas is also important to ZEISS. In fiscal year 2021/22, the foundations were laid to offer all these employees in Germany an electronic account to access their digital ZEISS workstation application via a variety of devices. The project was completed successfully in fiscal year 2021/22.

### Figures on learning – worldwide

Figures on the use of the ZEISS CurioZ learning platform in fiscal year 2021/22

- » Number of active users worldwide who completed at least one online course: **31,389** (17,311 in Germany)<sup>1</sup>
- » **260,605** online courses completed worldwide (110,188 in Germany)
- » Number of downloads from the ZEISS e-library: **14,044** (of which 12,014 e-book downloads and 2,030 audio book and MicroTalks downloads)

### Figures on learning in Germany

Fiscal year (FY)		2021/22	2020/21	2019/20
Total no. of completed courses	<b>Total</b>	<b>136,196</b>	<b>94,735</b>	<b>91,230</b>
	Share of men	72%	73%	74%
	Share of women	28%	27%	26%
Total number of participant days <sup>2</sup>	<b>Total</b>	<b>46,426</b>	<b>34,922</b>	<b>30,560</b>
	Share of men	72%	75%	76%
	Share of women	28%	25%	24%

<sup>1</sup> The number of active users refers to ZEISS employees. Customers and suppliers, who can also use the platform, are not included in the figures.

<sup>2</sup> Based on the estimated length of the training course (one participant day corresponds to 7.5 training hours) without travel or preparation time

### New Learning for the Digital Workplace

The Digital Transformation @ ZEISS Future Learning Path offers customized content on the topic of digitalization to different target groups within the ZEISS Group. To date, three learning programs have been implemented, reaching over 5,500 participants in total and each offering specific features. The learning program for managers and experts uses a variety of current learning formats – including group challenges, live sessions, and interactive content - and was awarded the internationally recognized Brandon Hall Excellence Award in Gold in 2022. The learning program for customer-facing employees offers a particularly innovative format: the ZEISS Late Night Show combines information with entertainment and music. The learning program for Chinese employees is complemented by a digital conference held every six months which provides insights into current digitalization trends in numerous presentations and demo sessions.

## Diversity and Equal Opportunities

With over 38,000 employees in almost 50 countries, diversity is part and parcel of everyday life at ZEISS. The company is shaped by a diverse array of skills, mentalities, leadership and work styles, cultural backgrounds and lifestyles. This is a great advantage because diverse teams are more creative and solution-oriented, which helps them innovate. That is why the company is continuing to focus on equal opportunities while actively promoting diversity among its workforce. By creating a working environment in which all people feel safe and welcome regardless of their origin, gender, religion, sexual identity or other characteristics, ZEISS is making a positive contribution to pushing back discrimination and violence in society and setting a good example.

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

### Guidelines, structures and processes

Around the globe, ZEISS stands for diversity, tolerance and openness, and rejects all forms of violence. These values help to create a peaceful, prosperous and modern world in which everyone is equal before the law. The company rejects intolerance, racism, violence and extremism. This commitment is anchored in the Foundation statutes and in the ZEISS Code of Conduct. It prohibits 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 characteristics". The ZEISS Integrity Line was created to assist

in the event of violations of the Code of Conduct. It can also be used to provide information anonymously. Further information can be found in the "Compliance" chapter on page 31.

ZEISS further bolstered its commitment to diversity by signing the Diversity Charter in July 2017. This business initiative aims to promote recognition, appreciation and the inclusion of diversity in the German workplace. In order to actively promote the advancement of women at management levels, ZEISS also joined "Initiative Chefsache" in March 2022. This is a network for the promotion of gender balance in leadership positions. Getting more women into management positions is seen as a great opportunity at ZEISS. ZEISS has also joined the Employers for Equality program to benefit from the cross-company exchange of experience and to offer training and skill-building workshops to network managers within the company.

Corporate Human Resources is responsible for managing activities that promote culture (Cultural Journey) and diversity. It has the support of multiple committees and reports to the Executive Board. It has the support of several committees and reports to the Executive Board. Management and executives are encouraged to exemplify the ZEISS' values, educate employees about rules, monitor compliance, follow up on violations and set a good example when it comes to acting with integrity. Managers should ensure an open feedback culture, tolerance and respectful behavior in their teams. This reflects the objective of the Cultural Journey, which is divided into the guiding themes of role modeling, empowerment, diverse teams and feedback and thus also supports the strategic goals of #agenda25, the strategic agenda of the ZEISS Group. In this context, ZEISS provides its managers with a communication kit contain-

ing material on #agenda25 communication as well as a toolbox with templates for team workshops on the key topics.

The local HR departments and the network of cultural ambassadors support the Human Resources corporate function in designing and implementing cultural development activities. Furthermore, the first training sessions on the topic of "unconscious bias" were started at top management level.

### Establishment of an LGBT\*IQ network at ZEISS

In the reporting period, the new international LGBT\*IQ network "Proud@ZEISS" was founded on the initiative of an employee in cooperation with Corporate Human Resources. The Network is intended to make LGBT\*IQ people at ZEISS more visible, let their voices be heard and their points of view considered in further development of ZEISS' corporate culture. The call to all LGBT\*IQ people and straight allies has already been taken up by more than 80 employees with hubs in Germany and the USA and brought to life with an international kick-off session. There is an active exchange with LGBT\*IQ networks of other companies in order to support each other in the development process of the respective networks.

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

**Gender:** accepting and seeing the potential of every individual is our priority. Everyone has the same opportunities - regardless of their gender identity and sexual orientation. We strive for equal treatment when it comes to filling top management positions and remuneration.

**Generations:** five different generations work together at ZEISS and we see this generational diversity as a great opportunity. We therefore promote effective collaboration by securing experience and knowledge in the workforce through knowledge management and lifelong learning.

**Physical and mental abilities:** people with physical or mental disabilities are part of our ZEISS team and contribute to our joint performance with their talents. We optimize our work processes accordingly by providing opportunity for training and employment as well as individual solutions. We also raise awareness among managers of the need to adapt jobs to the respective capabilities of employees at different stages of their lives.

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

### Work culture, ways of working and social background:

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

### Objectives and results

ZEISS aims to ensure that all employees can collaborate successfully and respectfully with one another – regardless of their professional background, age, gender, origin and working culture. To strengthen the diversity that ZEISS embraces, in fiscal year 2020/21 the company and its employees in Germany continued to pursue or set up the following initiatives across the globe:

#### » International Club

The International Club (INC) is a cooperation network for all people who work at ZEISS worldwide and their families. The club currently has employees from over 50 countries among its members. Smaller groups of between 10 and 30 participants come together for meetings organized by the International Club on the Ostalb. But the INC has many more members. Through the meetings, INC members get to know like-minded people and build a private and professional network.

#### » Young ZEISS

The Young ZEISS network promotes a valuable exchange between the generations and connects employees across segments, sites and business units. The members' different professional and personal backgrounds enrich the discussions and enable diverse approaches to work-related issues.

#### » Different women's networks

The MentoringWomen@SMT network supports female managers in their professional and personal development and encourages them to network among themselves. Another example is the newly established Women@ZEISS network for women, which is designed to serve as a platform for sharing experiences and provide new ideas for professional and personal development. The network with more than 400 members is committed to creating a working environment in which women can develop their potential even better, take on leadership roles more frequently and thus contribute even more to the success of ZEISS.

#### » ZEISS Women Award

The ZEISS Women Award honors outstanding students of IT, business information systems and media information systems to increase the visibility of women in IT professions and create role models. The winners are selected by a jury composed of successful women from the worlds of science and business. The three ZEISS Women Award winners received staggered cash prizes.

» **New in North America: the Including You initiative**

The aim of the initiative is to encourage employees to set up and run additional networks addressing various issues relating to diversity. ZEISS supports the leaders with training and assists with networking, communication and financing of the activities. In addition to Proud@ZEISS, other networks established include the Parents@ZEISS, disABILITY@ZEISS, Women@ZEISS and Veterans@ZEISS.

**Culture Ambassadors: Creating understanding**

In order for ZEISS to successfully implement its goals, it also needs to continue to develop its corporate culture accordingly across the globe. This is why we have culture ambassadors. The culture ambassadors support the continuous development of the ZEISS corporate culture and carry out local activities at their sites. They help their fellow employees understand the implications of the three culture guiding themes – empowerment, role modeling, and diverse teams. These employees come from across the ZEISS world and organize their work on individual thematic focus topics independently in overarching teams.

More about the ZEISS Cultural Journey in the ZEISS Sustainability Booklet starting on page 24

**Global age structure of the ZEISS Group in FY 2021/22**

Age distribution	Male	Female	Diverse	Total
Under 30	4,978	2,688	3	<b>7,669</b>
30 to 49	15,239	7,423	3	<b>22,665</b>
50 and older	5,706	2,728	2	<b>8,436</b>

## Work-life Balance

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. Balancing work and personal life has become an important issue, not least of all due to the COVID-19 pandemic. There remains, for example, an increased need for flexible working hours and remote working as childcare options remain limited in many instances.

By providing individualized offers for balancing work and family life, ZEISS has a positive impact on the private lives of its employees and the needs of their relatives, for example with regard to childcare or nursing care. Not providing such flexible solutions could potentially have a negative impact on the workforce.

### Guidelines, structures and processes

Overall responsibility for promoting a work-life balance lies with Corporate Human Resources. Needs are generally assessed and relevant measures taken locally at the regional companies. In Germany, Corporate Human Resources engages with the works council, the employees and representatives from the different German sites. In fiscal year 2021/22, remote working was prioritized for example.

By offering Group-wide agreements on flexible workplace design 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, ZEISS, the Works Council and employees implemented further measures in fiscal year 2021/22 to make it easier to balance work and family life:

- » Adoption of the group works agreement for Germany that regulates remote working in a way that is fit for the future
- » Launch of a digital childcare offering for all employees and increase in the number of available daycare places
- » Reduced prices for children's vacation programs
- » Expansion of the consultation offering for employees caring for family members and continuation of consultation offerings on childcare

Employees and their families affected by the COVID-19 pandemic received consultations and could take advantage of further work-related and individual measures.

# Occupational Health and Safety

ZEISS considers guaranteeing a healthy work environment and a safe workplace a fundamental obligation toward its employees. This commitment also applies to employees of third-party companies acting on behalf of ZEISS. ZEISS promotes its employees' health and performance through comprehensive safety measures and occupational health examinations. In doing so, the company reduces compliance risks and ensures productivity. Possible negative effects for employees such as accidents at work need to be minimized.

One of the biggest challenges in terms of occupational health and safety in the reporting year was dealing with the COVID-19 pandemic. The structures and processes created in the prior year continued to be used for this purpose. In addition to managing the consequences of the pandemic, the main focus last year was on getting back to normal. Aside from implementing central requirements, site-specific measures were also taken. One key component was the development of plans for the hybrid use of workplaces, among other things.

Measures from the prior year such as social distancing and hygiene rules, mandatory masks, travel guidelines and rules on the use of shared spaces were either retained or adapted to the current pandemic situation. The defined measures were implemented by segment-specific task forces, meaning the segments and countries were able to respond according to their particular situation as needed.

## Guidelines, structures and processes

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

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

In order to further strengthen the topics of occupational health and safety and occupational health management within the ZEISS Group, the Executive Board initiated the Health&Safety@ZEISS project in the past year. During the project phase, analyses were carried out worldwide on existing health services at ZEISS and a common vision of how the topic of health should be addressed at ZEISS in the future was developed. As a first measure, the areas were assigned to the existing Corporate Security function where occupational health and safety issues will be consolidated in the future. The goal is to establish a global Health and Safety structure, which specifically continues to take into account the regional aspects of the ZEISS units.

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

To ensure ongoing communication on occupational health and safety topics, the Chief Financial Officer, Head of Corporate Auditing, Risk and Quality Management and the global OHS coordinator meet at regular intervals. The Chief Financial Officer is informed about the frequency and severity of work-related accidents at ZEISS. A globally standardized KPI is used for this purpose.

In Germany, the Head of Occupational Health and Safety takes on an advisory role for all sites pursuant to Germany's Act on Occupational Physicians, Safety Engineers and Other Occupational Safety Specialists (Arbeitssicherheitsgesetz). To this end, a set of rules has been compiled to regulate processes and procedures. All companies in Germany are obligated

to implement them and they have been integrated into the ZEISS management system. This set of rules is certified to the globally recognized ISO 45001. The occupational health and safety management system at ZEISS in Germany covers all sites including non-ZEISS employees. Therefore, contractors must consent to ZEISS' policy for external companies prior to accepting the commission.

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

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

Each month, 27 business units in Germany and 30 international production sites with a total of around 30,000 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 who submitted the figures. Monitoring plausibility improves the reporting quality and more firmly anchors the topic of occupational health and safety within the company. The frequency and severity of work-related accidents among employees who primarily work in administration and sales outside of Germany are currently not included in the data because of their lower estimated risk potential.

Occupational Health Management (BGM) in Germany was managed by Corporate Human Resources until 30 June 2022. Since 1 July 2022, Occupational Health Management and Occupational Medical Services Germany have been included in Corporate Security – as a result, Occupational Health and Safety, Occupational Medical Services and Health Management have now been combined into one corporate function. Initiatives are also being run at sites worldwide. At the start of 2021, ZEISS in Germany forged a partnership with health insurer BARMER, offering employees preventive health measures free of charge. These include tailored measures for different groups of employees, such as employees in production, shifts or field service. Corporate Human Resources ensures that the offers are available to all employees in Germany.

Due to the COVID-19 pandemic, thus far the focus has been on virtual offerings. This included, for example, access to an online gym and webinars on topics such as good nutrition or healthy sleep. For some time now, face-to-face offerings have also been expanded.

In September 2022, the ZEISS Health Days began at many sites throughout Germany. More in-person offerings will follow.

Since summer 2021, the working groups in Germany comprising healthcare professionals, Works Council members, representatives for severely disabled employees, Occupational Health and Safety, the Occupational Medical Services and HR departments have had access to a toolbox. It can be used to select preventive health measures for employees, such as prevention courses, modules for health days or offers for specific target groups on exercise, nutrition and mental health. Corporate Human Resources and since 1 July 2022 Corporate Security support and monitor the work with the toolbox.

### Objectives and results

The ZEISS Group's main objective is to reduce the frequency and severity of workplace 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 goal for fiscal year 2021/22 to achieve a value of less than 2.75 has been met (LTIFR = 2.55). The accident figures are thus stable compared to the prior year (LTIFR = 2.32), despite a slight upward movement. At the same time, it is clear that additional measures are needed to further reduce the number of accidents, and that these measures must be aimed above all at developing a culture of safety and health protection.

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 trainings for managers and running information campaigns to raise employee awareness. The COVID-19 pandemic and the working model adjustments it gave rise to, e.g. telecommuting, did not have a major impact on the accident figures in fiscal year 2021/22, as evidenced by the data.

The ZEISS Group aims to increase the level of standardization in its internal processes related to occupational health and safety. In this context, global accident reporting via the Quentic occupational health and safety management software was initiated in fiscal year 2021/22 and fully implemented in Quentic at the end of fiscal year (1 October 2022). Thus,

### Performance Indicators for Occupational Health and Safety in Fiscal Year 2021/22

	LTI	LTIFR	SVR	LCDR	Working hours
Germany	90	2.74	18.1	49.64	32,836,474
EMEA (excluding Germany)	19	3.64	20.2	73.52	5,222,973
Americas	31	2.51	65.7	165.02	12,344,011
APAC	8	1.06	41.9	44.36	7,551,717
<b>Total</b>	<b>148</b>	<b>2.55</b>	<b>29.6</b>	<b>75.68</b>	<b>57,955,175</b>

starting in fiscal year 2022/23, OHS officers at manufacturing sites globally will report their accident figures in a more detailed manner in Quentic. This software allows work-related accidents, near misses and critical situations to be reported and monitored. It also simplifies the planning and documentation of safety training, the preparation of risk assessments and documentation and creates a high level of transparency in terms of occupational health and safety measures and fire safety inspections. Last but not least, it creates great transparency with regard to the measures from occupational health and safety and fire safety inspections. Overall, 2,216 managers and occupational health and safety officers have been trained to use the new software since it was introduced.

» **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):** work-related 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.

\* However, due to reporting cultures that vary from country to country, it can be assumed that some work-related accidents are not reported in the same way as they are at the ZEISS sites in Germany. Such effects are not factored into the performance indicator of reported work-related accidents.



# 04

## ENVIRONMENT



## Efficient Use of Natural Resources

*"ZEISS aims to achieve carbon neutrality in its own activities worldwide by 2025. In this way, ZEISS is making a contribution to the global targets set in the Paris Agreement of limiting global warming to well below 2°C. In fiscal year 2021/22, we succeeded in supplying almost all of our ZEISS sites worldwide with green electricity."*

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

Raw materials, semi-finished goods and preliminary products, as well as energy and water, are all used to manufacture the company's various products. Emissions, effluents and waste are generated that cannot subsequently be reused in the manufacturing process. ZEISS' corporate activities also require the use of natural resources and therefore contribute to the growing scarcity of required raw materials and to negative environmental impacts due to the mining, processing and disposal of materials. The results can be – or already are – rising prices for energy, raw materials, materials and waste disposal, which in turn affect competitiveness.

That is why ZEISS also optimises its business processes in terms of ecological and economic aspects and designs them in a way that requires as few resources as possible. ZEISS also takes environmental aspects into account, from product development through to deployment at customer sites in order to render many end-of-pipe activities superfluous (see the chapter on Products and Value Chain, page 37).

### Guidelines, structures and processes

In order to reduce its impact on the environment and climate, ZEISS works continuously toward reducing its consumption and emissions. In this context, the company set itself new environmental targets with regard to water, waste, energy and CO<sub>2</sub> emissions that it aims to achieve by fiscal year 2024/25. ZEISS embarked on the path of making more efficient use of resources early on. Already in 1998, the company set out globally applicable environmental principles. To implement them, the company uses an environmental management system in accordance with the international ISO 14001 standard. The environmental performance requirements are

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

The Chief Financial Officer of Carl Zeiss AG bears overall responsibility for the implementation of the ZEISS Group's environmental management system. An environmental officer appointed at Group level assists the ZEISS business units with the implementation and helps them identify suitable measures. Additional officers are appointed at each site. At the end of the reporting period on 30 September 2022, 33 business units at 15 of the ZEISS Group's production sites were certified to ISO 14001:2015.

A company suggestion scheme has been established at all sites in Germany in which employees can participate - the same applies to the Minneapolis (USA) - ZEISS Industrial Quality Solutions – and Shanghai (China) sites. The submissions are assessed based on their feasibility, impact and efficiency. In the past, suggestions were submitted, for example, on how to improve energy efficiency, conserve water and chemicals, and reduce the amount of waste. Employees can use an internal website to find out how to submit their suggestions and view the latest statistics on the ideas submitted. Ideas from employees which meet ZEISS' stipulated criteria receive a small financial reward and often recognition at local level.

For many years, the Environmental Protection working group of the ZEISS Group has successfully facilitated the sharing of information and best practices between the sites in Germany. The annual meetings are attended by officers for the integrated management system, environmental officers, environmental coordinators, representatives from the Waste

Management, Wastewater Technology and Utilities Management departments, hazardous materials officers and environment, health and safety specialists (EHS), and representatives from the central Sustainability team.

### Water and effluents

Water is a valuable resource that is becoming increasingly scarce in many parts of the world due to climate change. It is therefore a top priority to use it responsibly. ZEISS procures water primarily from the public drinking water supply and uses it for manufacturing and cleaning processes, and as cooling and sanitary water. Effluents resulting from production processes are treated in the company's own treatment plants and subsequently drained into the municipal sewer system. The 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.

ZEISS supports measures to save water at all its sites, especially in regions characterized by a dry climate. These include ZEISS Vision Care sites in Mexico, India, China and California, USA. At the site in India, water scarcity in hot summers is a major problem. For this reason, ZEISS has installed a rainwater collection system on the roof of its production facility in Bangalore. During the monsoon season water is collected, stored and treated so that it can be used for the industrial production processes. Water that has already been used is recycled through a water recycling system. As a result, roughly 95 percent of the water initially used for eyeglass lens production can be reused. This has saved more than 6.8 million liters of water over the

past three years. Further information on the water-saving measures can be found at in the [ZEISS Sustainability Booklet](#).

### Material

When selecting and using raw materials, technologies and production processes, ZEISS considers their environmental compatibility. This applies in particular to product development (see the chapter on Products and Value Chain, page 37). However, ZEISS is also constantly looking for more environmentally friendly alternatives and processes in production. As an optics and optoelectronics company, the ZEISS Group primarily uses materials and production processes that have a low environmental impact and are easy to monitor. Wherever possible, potentially hazardous materials are replaced with less problematic substances.

Moreover, recyclability is a key criterion when selecting a material. The aim is to close material cycles. 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 quality and the residual coolant can also be reused.

In fiscal year 2018, the digital signature was rolled out worldwide at ZEISS. This means that documents no longer have to be printed, signed and scanned or sent by post. In fiscal year 2021/22, a total of around 28,300 documents with a total of around 177,000 pages were signed electronically. This equates to not printing 531,000 pages of paper (assuming an average of three printed copies), and approximate savings of about 2.6 tonnes of paper and 2.6 tonnes of CO<sub>2</sub>.

## Reduce, reuse, recycle and repair

Reduce, reuse, recycle and repair are known terms used to describe a circular economy. For ZEISS, this also includes product quality: the longer a product lasts, the less often it has to be reproduced. ZEISS has been known for the longevity of its products for many years. Just how much commitment is invested in long-lasting products is well illustrated by the ZEISS DTI 3 thermal imaging camera, which was subjected to extreme temperatures and shock loads during development, exposed to UV light and covered in salt spray and dust. This has resulted in a long-lived device that functions even under extreme conditions. The possibility of repair also contributes to the long durability of products. ZEISS has been known for decades for its excellent service, which provides spare parts for many discontinued products. This service extends the life of the products and thus also the materials used. Last but not least, ZEISS has long attached importance to ensuring that the proportion of recycled materials continues to increase. A recent example is the product bags made from recycled PET bottles for newly launched ZEISS products from the Hunting and Nature Observation business unit. In 2021 alone, over 16,000 bottles were recycled in this way. On average, around two and a half bottles are processed in each bag.

More on recycling and repairs in the [ZEISS Sustainability Booklet](#) starting from page 21

## Waste

Circular economy is a key part of using resources responsibly. The production and the complete life cycle of the product must always be considered. This way, particularly durable products are a major way to avoid waste in the downstream supply chain.

In keeping with this, ZEISS runs service, repair and refurbishment programs for its products in order to increase their service life. Further information is available in the chapter titled "Products and Value Chain" on page 37.

### Kanban: Applying Efficient Methods to Reduce Plastic and Cardboard Waste

The Kanban production process control method has been used at ZEISS for around ten years and drives the circular economy in the area of production logistics. This avoids unnecessary packaging waste as well as transport-related product damage. In figures, Kanban saves between 2.4 and 2.8 tons of cardboard waste and between 1.4 and 1.8 tons of plastic waste per year at ZEISS Industrial Quality Solutions and its suppliers in Europe. This means that around 60-70% of the workload can be reduced on delivery.

More about Kanban in the ZEISS Sustainability Booklet starting page 32

To manage the waste produced at its sites, the ZEISS Group operates a waste management system whereby waste is generally avoided, minimized or recycled. This is taken into consideration during production and process planning. All managers are urged to work toward these goals. If it is not possible to avoid or reuse waste, it should be recycled for energy as far as possible. Waste that can neither be prevented nor recycled is disposed of properly. ZEISS selects the most environmentally friendly disposal method that is also economically viable.

### Objectives and results

In fiscal year 2020/21, ZEISS set itself new reduction targets related to water consumption and waste. The Executive Board approved these in October 2021. By fiscal year 2024/25, water consumption is set to fall by 15 percent relative to the company's value added, defined as the sum of EBITDA and personnel expenses. During the same period, the amount of waste generated is to be reduced by 10 percent relative to the company's own value added. The reference year for all targets is the 2018/19 fiscal year.

In the reporting year, ZEISS has achieved the target value for reducing water consumption by fiscal year 2024/25: as compared to reference year 2018/19, it was possible to reduce relative water consumption by 25 percent. Here, the aim is to sustain or build on this improvement in the coming years. In the same period, absolute water consumption increased slightly due to the company's growth.

The reduction in relative water consumption can be attributed to the reuse of water in rinsing processes and the internal

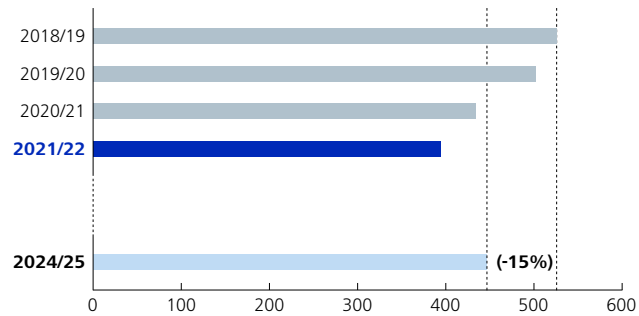
circulation of water, e.g. in production and cleaning systems among other things. In fiscal year 2021/22, the very high value added also played a major role: with just a slight increase in absolute water consumption, ZEISS was able to achieve significantly more value added as compared to the reference year.

In the reporting year, ZEISS was able to reduce the relative amount of waste by 29 percent as compared to the reference year 2018/19. Thus, ZEISS has achieved the target value for reducing waste by fiscal year 2024/25. Here, too, the aim is to sustain or build on this improvement in the coming years. In the same period, the absolute amount of waste slightly decreased.

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).

Moreover, all of the business units certified to ISO 14001 set their own targets for improving their environmental performance as part of their area-specific environmental programs. One goal, for example, is to ensure that the solvent consumption does not exceed a defined total annual quantity or a certain amount per manufactured product.

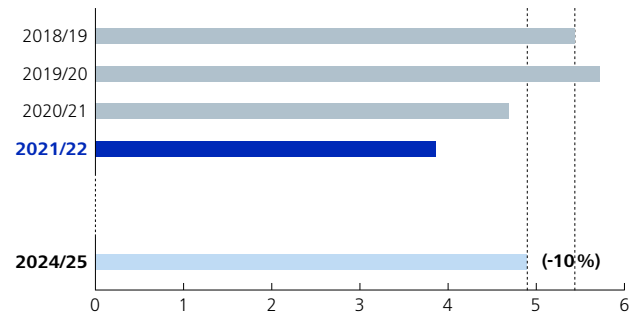
### Water consumption<sup>1</sup>



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

Fiscal year (FY)	2021/22	2020/21	...	2018/19
Total water consumption [in 1,000 m³]	1958	1,905		1,901
» of which groundwater	115	125		
» of which surface water	10	16		
» of which third-party water	1,833	1,763		
Total value added at ZEISS <sup>2</sup> [€m]	4,947	4,399		3,623
Water consumption [in m³ / €m value added]	396	433		525
Relative change to reference year 2018/19 [in %]	-25	-17		0

### Waste volume



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

Fiscal year (FY)	2021/22	2020/21	...	2018/19
Waste volume [in t]	19,146	20,624		19,684
» Hazardous	4,811	4,611		3,757
» Non-hazardous	14,336	16,013		15,926
Total value added at ZEISS [€m]	4,947	4,399		3,623
Waste volume [in t / €m value added]	3.87	4.69		5.43
Relative change to reference year 2018/19 [in %]	-29	-14		0

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

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

## Climate Protection at ZEISS

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

### Guidelines, structures and processes

When it comes to reducing its emissions, ZEISS takes a three-pronged approach that involves prevention, reduction and – if there are no other options or if not economically viable – compensation. As a first step, ZEISS puts its focus on Scope -1 and Scope -2 emissions.

The best way to reduce emissions is to not produce them in the first place. To this end, ZEISS has given top priority to energy-saving measures. ZEISS Energy Management is tasked with keeping energy-related KPIs stable or improving them, even if production quantities increase. 100 companies in the ZEISS Group in the European Union and the UK have been certified to ISO 50001 international standard for energy management standard. Each of the units has appointed an energy manager who is responsible for continuously improving energy-related performance. The focus is on all of the operational processes, machines, appliances and equipment, along with its buildings and infrastructure.

Reliable and consistent energy and emissions data form the basis for managing consumption. ZEISS set up a global energy data platform in order to further improve the data collection process. It is designed to collect data on all ZEISS sites worldwide with significant energy consumption. By the end of fiscal year 2021/22, around 151 sites had already been included in the program. The platform will now be rolled out at the remaining sites.

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

In Germany, green power can be sourced from wind energy via power purchase agreements (PPAs). In this case, green power is purchased straight from the source as part of long-term agreements. Green power is thus purchased from certified providers. ZEISS has defined strict quality criteria for this. ZEISS only sources green power that has been listed in official registers and rejects green power from nuclear power or large hydroelectric power stations. ZEISS also bases its selection criteria on the age and technology of the systems, regions of origin and additional aspects. For instance green power, which is generated through solar and wind energy from systems that are no more than five years old and which has the "OK-Power" or "EcoEnergy" label, is preferred. This conversion is supported and strategically driven by the "Green Infrastructure" working group which is part of the Group-wide sustainability program of the ZEISS Agenda. It has set itself the goal of ensuring the worldwide conversion to green power

at all main sites and increasing the volume of green power generated on site.

ZEISS compensates for certain emissions that are either unavoidable or very hard to avoid for economic reasons, such as the sourcing of gas and district heating, by supporting selected projects. ZEISS only supports compensation projects that meet internationally recognized standards: the CER Gold Standard, the VER Gold Standard, the Verified Carbon Standard (VCS) in connection with the Climate, Community & Biodiversity (CCB) standards, and the VCS in connection with the Social Carbon Standard. In the reporting year ZEISS focused more closely on its Scope 3 emissions and developed an action plan to specifically engage with more emissions-intensive suppliers. These emissions are produced in the supply chains, e.g., through the mining of raw materials, the production of primary products or their transport to ZEISS. This also includes waste disposal, commuting and business trips. To gain a better understanding of the Scope 3 emissions and to reduce them in a targeted way, they were analyzed for the first time in fiscal year 2020/21 with respect to the upstream value chain. ZEISS has been compensating for a portion of the Scope 3 emissions, namely CO<sub>2</sub> emissions created through business flights, since October 2019.

### Objectives and results

ZEISS aims to achieve carbon neutrality in its Scope 1 and Scope 2 emissions by fiscal year 2024/25. Until fiscal year 2021/22 it was the goal to make the use of electrical energy (Scope 2) at the major production sites CO<sub>2</sub>-neutral. This goal has been achieved. By fiscal year 2024/25, the energy consumption of all other locations as well as the direct emissions from combustion processes in the company's own facilities or vehicles (Scope 1)

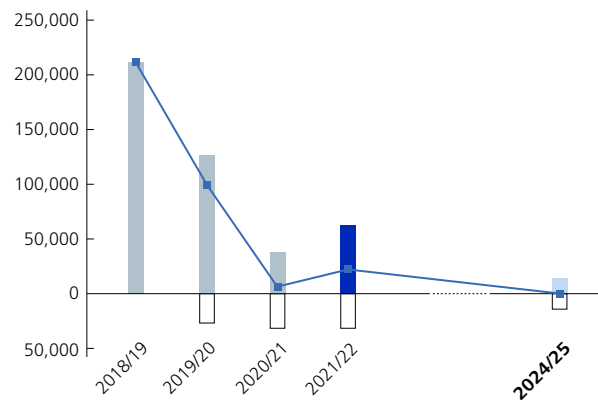
are to follow. In the context of CO<sub>2</sub> reductions, ZEISS also set a new target in fiscal year 2020/21 for reducing its relative energy consumption, which was approved by the Executive Board: Energy consumption is to fall by 20% by fiscal year 2024/25 relative to the company's own value added<sup>1</sup>. The reference year is fiscal year 2018/19.

In the reporting year, ZEISS was able to reduce its relative energy consumption by 14 percent as compared to the reference year 2018/19 – this is due especially to the significantly higher value added. Absolute energy consumption increased by around 1.7% in the same period and was largely due to the company's tremendous growth. The reported greenhouse gas emissions from Scope 1 were expanded in the reporting year to include emissions from mobility and from fugitive gases, which means that the figure is not directly comparable with the prior year. ZEISS was able to further reduce CO<sub>2</sub> emissions in Scope 2 compared to fiscal year 2020/21. Around 40,500 tons of CO<sub>2</sub> equivalents were offset in the reporting period to compensate for emissions from the use of gas and district heating.

The performance indicators for energy and CO<sub>2</sub> 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 CO<sub>2</sub> emissions are recorded as per ISO 14064-1, which takes the Greenhouse Gas Protocol into account.

As part of energy procurement, the company continued to purchase green power in the reporting period. After all German sites have been supplied with green power already

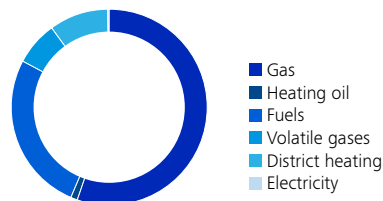
CO<sub>2</sub> Emissions in t CO<sub>2</sub>-eq (Scope 1 und 2)<sup>2,3</sup>



- Compensation: ZEISS aims to achieve CO<sub>2</sub> neutrality in its Scope 1 and 2 emissions by fiscal year 2024/25. Since ZEISS cannot avoid all GHG emissions, it will compensate for the remaining GHG emissions. The GHG emissions presented here for fiscal year 2024/25 and the respective compensations are based on estimates.
- Net emissions refer to the difference between the GHG emissions that ZEISS produces and the GHG emissions that have been compensated for. The figure refers only to Scope 1 and Scope 2 emissions.

■ Carbon emissions

CO<sub>2</sub> Emissions in t CO<sub>2</sub>-eq 2021/22 (Scopes 1 and 2)



Fiscal year (FY)	2021/22	2020/21	...	2018/19
CO <sub>2</sub> Emissions [in t CO <sub>2</sub> -eq]	62,255	37,962		209,406
» Scope 1	56,089	31,416		31,686
Gas	34,469	31,075		31,038
Heating oil	584	341		648
Fuels <sup>4</sup>	16,549	n/a		n/a
Volatile gases <sup>5</sup>	4,487	n/a		n/a
» Scope 2	6,165	6,545		177,720
District heating	6,083	4,763		6,975
Electricity	82	1,782		170,745
Total value added at ZEISS1 [€m]	4,947	4,399		3,623
CO <sub>2</sub> emissions [in t / € m value added]	13	9		58
CO <sub>2</sub> compensation [in t CO <sub>2</sub> -eq]	40,500	31,583		0

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

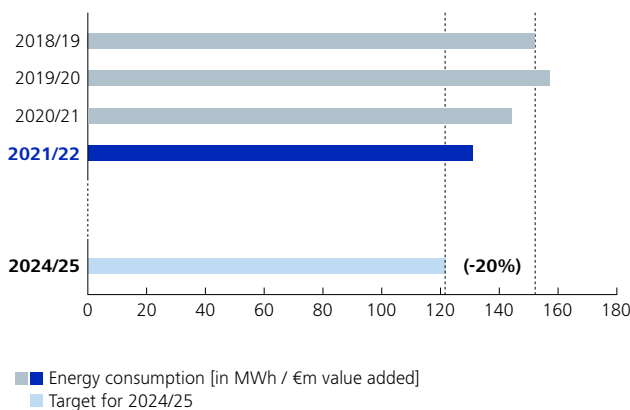
<sup>2</sup> Since fiscal year 2018/19 ZEISS has been collecting data on Scope 1 and Scope 2 emissions on specific markets and sites. Market-based emissions are calculated using specific emission factors relating to the energy providers. The site-based survey uses emission factors from the respective federal state where energy is consumed. For this purpose, ZEISS uses the latest emission factors as per the VDA list (updated January 2018). The market-based emissions have been reported since fiscal year 2020/21. The site-specific Scope 1 and Scope 2 emissions for 2020/21 came to 243,538 t CO<sub>2</sub>-eq, 265,737 t CO<sub>2</sub>-eq, 237,308 t CO<sub>2</sub>-eq and 236,052 t CO<sub>2</sub>-eq in fiscal years 2021/22GJ 2019/20 and 2018/19 respectively.

<sup>3</sup> ZEISS pursues the goal of continuously improving the methodology of data collection and calculation of emissions. For this reason, the calculation method in this report was based even more closely on the guidelines of the Greenhouse Gas (GHG) Protocol. Emissions data is stated in t CO<sub>2</sub>-eq from fiscal year 2021/2022 on. Previous figures have been retroactively converted to t CO<sub>2</sub>-eq for comparability up to and including FY 2018/2019.

<sup>4</sup> Combustion of fuels by vehicle fleet

<sup>5</sup> Refrigerant cooling/solvent losses

### Energy consumption



Fiscal year (FY)	2021/22	2020/21	...	2018/19
Energy consumption [in GWh]	644	633		555
» Electricity	440	426		366
» Gas <sup>2</sup>	169	171		153
» Heating oil	2	1		2
» District heating	33	35		29
Total value added at ZEISS <sup>1</sup> [€m]	4,947	4,399		3,623
Energy consumption [in MWh/€ m value added]	130	144		152
Relative change to reference year 2018/19 [in %]	-14	-5		0

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

<sup>2</sup> Despite the slight decrease in gas consumption, emissions from the use of gas increased in the reporting year. This is due to the fact that bio-methane was partly purchased in the previous year, which had a positive effect on the total emissions.

In 2019/20, energy procurement was expanded to ZEISS' sites worldwide in fiscal year 2020/21. To meet its energy requirements, calculated on the basis of consumption data and projections, the company is procuring green energy – to the greatest possible extent – via a global tender. Certificates of origin and power purchase agreements (PPAs) were used to do this. For the reporting year, a total of around 470 GWh of green electricity was purchased for the major production sites and sales and service sites, which fully covered the ascertained total electricity consumption of the ZEISS Group.

In Germany, ZEISS has been sourcing renewable energy from wind power through PPAs since 2021, i.e., via suppliers who have signed a direct and individual agreement with the company. These installations produce energy directly for ZEISS. In terms of the supply with its own energy from photovoltaic or geothermal systems, the biggest ZEISS-built photovoltaic system yet became operational on the roof of the parking garage at the South Factory in Oberkochen during the fiscal year 2020/21. The new system will generate some 680,000 kilowatt hours of power every year. This is equal to the average annual power consumption of around 200 family homes.

As part of the first-ever collection of data on Scope 3 emissions in fiscal year 2020/21, ZEISS defined key categories for the upstream value chain. An external partner helped the company perform a multi-regional, environmentally expanded input/output analysis. Purchasing data from fiscal year 2019/20 from the merchandise management system was used to do this. The result: a total of 830,470 tons of Scope 3 emissions were emitted. The two largest contributors were the items "Purchased goods and services" (693,165 t) and "Capital

goods" (98,241 t). ZEISS has set itself the goal of improving the data collection process, identifying ways to reduce Scope 3 emissions, and when engaging with suppliers of seeking reduction potential and defining joint approaches.

With its products, ZEISS also ensures that energy is saved, thus reducing downstream Scope 3 emissions. This applies to the ZEISS CONTURA measuring machine that enables energy savings of up to 40 percent, or the retrofitting of old ZEISS portal measuring machines through Retrofit packages. More information is available in the chapter on Products and Value Chain on page 36. ZEISS also continued pursuing its program for refurbishing microscopes in the reporting year. This involved pre-owned systems being upgraded and then sold at a discounted price. Customers receive a one-year warranty, and replacement parts are guaranteed for a period of five years. In the reporting year, 12 electron microscopes and 23 light microscopes were refurbished. In addition to economic advantages for our customers, the program reduces a system's carbon footprint because the raw materials used to produce it and the necessary energy are spread out over a longer service life.

In fiscal year 2021/22, ZEISS once again participated in the CDP (previously: Carbon Disclosure Project). In addition to the report on climate protection, the report on water safety was also prepared for the first time in the year under review. For the 2022 CDP report, which also contains a financial assessment of risks and opportunities, the CDP gave ZEISS a rating of "A-", based on a scale of A to D (2021: B). For the 2022 CDP report on water safety, CDP rated ZEISS a "B" on a scale of A to D. ZEISS aims to maintain or build on this high level. The results have been published at [www.cdp.net](http://www.cdp.net).



## Focus on Climate Risks

ZEISS intends to address the risks and opportunities resulting from climate change in a holistic way. Based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) with its four pillars, the company presents excerpts of its management approaches and measures related to climate risks and opportunities. The complete approach – with corresponding examples of climate-related opportunities and risks as well as the results of the climate scenario analyses – can be found in the ZEISS CDP Report 2022.

### 1. Governance

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

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

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

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

### 2. Risk management

#### **Assessing and managing climate-related risks**

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

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

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

When it comes to the risk analysis and assessment, special emphasis is placed on potential economic effects and how likely they are to occur. The quantified and classified risks are assessed on their risk-bearing capacity. The greater the potential financial impact or probability of occurrence, the higher ZEISS prioritizes the management of the risk. The central Sustainability team and the central Risk Management team jointly decide how to manage the risks. Depending on the individual case, risks are accepted, regularly monitored, transferred or measures are taken to reduce them. Moreover,

ZEISS has added a due diligence process on transitory and physical climate risks to its M&A processes which, for example, take into account the risk of flooding at potential sites.

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

### 3. Strategy

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

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

ZEISS also monitors transitory risks such as emissions trading, the CO<sub>2</sub> tax policy and other regulatory developments. In the long term, ZEISS expects oil, gas and coal to become very scarce. The reasons for this lie in decreasing supply and new laws. One example of this is the new German carbon tax. For

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

In fiscal year 2021/22, climate scenarios were determined for the first time for ten plant sites worldwide, which together cover 90% of Group-wide energy consumption and are also the most relevant to the business. A time horizon of 20 years was used and the three risks of heat stress, floods and forest fires were examined. The findings show that the greatest risks are borne by two sites located in North America and South America, and that all ten sites studied are exposed to heat stress risks without exception. In addition, one southern European site and one central European site have a very high forest fire risk. The two South American sites have a high heat stress risk and a medium flood risk, but no forest fire risk. The least vulnerable sites in terms of climate risks are two other Central European sites, which have no flood risk, no forest fire risk, but a medium heat stress risk. The two South American sites have a high heat stress risk and a medium flood risk, but no forest fire risk. The least vulnerable sites in terms of climate risks are two other Central European sites, which have no flood risk, no forest fire risk, but a medium heat stress risk.

The increasing push from politics, industry and civil society to reduce greenhouse gas emissions also offers opportunities for ZEISS' operations. For example, the e-mobility trend generates demand for measuring and testing solutions. ZEISS is taking advantage of other opportunities such as the further development of microscopes that help to increase the reliability of energy systems and reduce the need for repairs.

Intelligent measuring systems from ZEISS also enable increased efficiency in sectors such as the automobile and aerospace industries, thus helping to conserve natural resources.

ZEISS always factors the changing expectations of customers due to climate change and regulatory requirements into its strategic planning. ZEISS expects aspects of sustainability and product carbon footprints to become increasingly important in purchasing decisions. Climate protection is therefore a central part of the Group-wide sustainability program, which has been strategically driving sustainability at various levels (particularly in product development) since fiscal year 2020/21 as part of the new ZEISS Agenda. The aim is to use adapted products and business models to support customers in implementing their climate goals.

### 4. Targets and key performance indicators

The main key performance indicators and targets for climate protection are on pages 62-64.

## Environmental Compliance

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

### Guidelines, structures and processes

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

ZEISS expects its suppliers and other service providers to fully comply with environmental laws and regulations and with its internal guidelines. The company monitors whether such contractual agreements are being put into practice by conducting on-site audits, both planned and event-driven. More information is available in the chapter on Products and Value Chain on page 40.

### Chemical management

Through its chemicals management activities, ZEISS ensures that hazardous substances and materials are handled safely throughout the entire process chain and, in doing so, protects employees and the environment. The respective system operators are responsible for handling chemicals safely. These employees are supported by the on-site occupational health and safety specialists and environmental protection officers.

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

Safety data sheets provide users with information on how to safely handle chemical products, helping to ensure that chemicals are used in a manner that is both safe and environmentally sound. ZEISS requires its suppliers to provide the most up-to-date safety data sheets. Before introducing new hazardous substances, ZEISS ensures that suppliers observe the list of prohibited and declarable substances listed in a factory standard and requests the corresponding certificates of conformity.

### Substance restrictions

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

### Disposal

Modern technologies consist of many materials and components. If not disposed of properly, hazardous substances may not be detected due to their composition and could cause environmental and health problems. In accordance with the requirements of European Union's Waste Electrical and Electronic Equipment (WEEE) Directive, which governs the collection, recycling, and recovery of electric and electronic devices, ZEISS has entered into an EU-wide agreement with a disposal contractor to ensure legally compliant disposal. The company is registered in all EU countries as a distributor of electrical and electronic devices.

### Aims

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

# 05

## SOCIAL ENGAGEMENT



## Social and Societal Engagement

*“Sustainability has always been a fundamental principle for ZEISS. A commitment to the common good and to finding solutions for key societal issues are part and parcel of the company’s ethos.”*

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

Since 1889, the Carl Zeiss Foundation statutes have established a clear course. In addition to business growth and accepting responsibility for the company’s employees, they stipulate social 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. ZEISS raises the bar in healthcare, for example, by offering solutions for ophthalmology and medical technology and helps drive medical progress by supplying microscopy products. ZEISS also helps to train tomorrow’s scientists by supplying microscopes to education facilities.

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

### Structures and Processes

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

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

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

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

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

### Sponsorship areas

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

In fiscal year 2021/22, Carl Zeiss AG invested a total of 1.7 million euros in 113 projects (prior year: 1.6 million euros in 106 projects). 90 of these projects (prior year: 98 projects) received sponsorship of more than 600,000 euros from the ZEISS Promotion Fund (prior year: 800,000 euros). To mark its 175<sup>th</sup> anniversary, ZEISS donated five million euros to the future initiative for modernizing the Deutsches Museum in Munich in fiscal year 2020/21. In the years ahead, 500,000 euros will be donated annually to make a total of five million euros.

A sponsorship amount at the same level as in previous years has been earmarked for fiscal year 2022/23. More than 50% of the funding is set to be put toward the STEM subjects for kids and students.

### Scientific research and education

Alongside business growth and accepting responsibility for the company's employees, the Carl Zeiss Foundation statutes stipulate high standards for social responsibility. 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. At the heart of the ZEISS Promotion Fund are initiatives to promote the education of young people. The spotlight is on students who are choosing their field of study and college graduates who have not yet entered the world of work, as

well as projects and initiatives at universities and research institutes. The focus is on the natural sciences and engineering, particularly optics and photonics.

The ZEISS Innovation Hubs in Karlsruhe and Dresden are also helping to shape technological progress. The Innovation Hubs cooperate closely with partners from research and industry. For instance, the first research project focusing on organoid models has already been launched in collaboration with Dresden Technical University, the Dresden University Hospital, the Leibniz Institute and the Max Planck Institute. Organoid models are artificially produced organ-like microstructures that open up whole new opportunities in areas like medication development.

In Karlsruhe, the Innovation Hub team is not only working on the future fields of miniaturized sensor technology, photonics and medical robotics, but also on various projects related to the circular economy. New optical solutions that enable the recycling of materials are being investigated.

Since their establishment in 2020 and 2021, the number of hub employees has grown to 25 today. Another mission of the hubs is to promote education. Accordingly, numerous students and doctoral candidates are employed and the hubs are actively involved in the teaching activities of the respective universities.

### Healthcare

ZEISS raises the bar in healthcare by offering solutions for ophthalmology and medical technology and helps to drive medical progress by supplying microscopy products. The aim

is to help improve the lives of patients everywhere.

The training and continuing education of ophthalmologists is a key feature of the battle against preventable blindness – especially in remote regions. In keeping with motto of helping people to help themselves, the Carl Zeiss Meditec Group has been providing medical care to people in underprivileged regions since 2005 through five diagnoses, treatment, and training centers for eyecare. In order to specifically enhance cataract surgery, ZEISS also supports phaco training centers

### A Heart for Science

One important measure to bring the requirements of the statute to life is "A Heart for Science" – an international STEM promotion initiative for young people between the ages of 12 and 18 – which was founded in the 2021 anniversary year. The focus is on a company volunteer program in which employees worldwide participate, for example by giving talks at children's universities, leading workshops at schools or organizing STEM events. There are currently more than 150 ZEISS employees from eleven countries actively volunteering. Their diverse projects range from STEM support for young people in remote schools in Australia to a student club in Germany where children can gain their first experience in programming with the help of a robot, and a mentoring program in cooperation with the local school authority at the newly founded ZEISS Innovation Center in California.

in Paraguay and India. At these special training centers, ophthalmologists and medical professionals are trained in the use of the state-of-the-art phacoemulsification technique. In addition, ZEISS is supporting the Development Service of German Opticians in Kyamulibwa in Uganda with the establishment and operation of a training and vocational school center, where local experts and opticians are successfully trained.

Good medical training forms the basis of good healthcare. As a partner of the International Council of Ophthalmology (ICO), ZEISS has supported the ICO Fellowship Program between 2012 and 2020. Since 2020, ZEISS supports the Fellowship Programme of the International Ophthalmological Fellowship Foundation (IOFF) e. V. The Scholarship Program enables young doctors from resource-limited and underserved regions to spend time in clinics in Europe. During placements lasting several months scholarship holders can improve their skills in ophthalmology and later harness the knowledge gained for their work in their home countries. The Carl Zeiss Meditec Group supported ten fellows in the period from 2012 to 2020. Over the past two years, the company has facilitated a stay of several months for one scholarship holder and also co-financed two one-year scholarships. ZEISS will continue to support this fellowship program.

Furthermore, ZEISS has been committed to providing ophthalmic optical services in unserved, rural regions of India and Nepal since 2015 as part of the Aloka Vision Program. With the Aloka Vision Programme, ZEISS together with its partners, particularly non-governmental organiza-

tions and eye clinics, is working on establishing a primary care service.

The focus is on quality, affordability and availability of both optical and ophthalmic care. In fiscal year 2021/22, more than 335,000 patients were reached (prior year: 145,000). The significant increase in impact is thanks in particular to the expansion of partnerships, for example with the Optometry Council of India and optometry colleges, and with the Lions Club in programs for disadvantaged children. ZEISS also provides the equipment needed to perform the eye screenings, covers treatment costs, and is active on site with specialist staff and ensures the supply of glasses. Another example of this collaboration is the Lifeline Express in India, a hospital train that makes stops in remote parts of the country to provide treatment to those in need completely free of charge. ZEISS is a committed partner offering eye exams and eyeglasses throughout India.

**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 sponsors BirdLife International's scientific work on the Red List of Birds. The partnership among multiple bird conservation organizations with more than 10 million

members uses the list to record all endangered bird species, including their conservation status. The figures are reported to the International Union for Conservation of Nature and Natural Resources (IUCN) and used as the basis for effective conservation efforts such as habitat conservation and for educating the local population.

In addition, employees of ZEISS Consumer Products set up several so-called arks for wild bees as part of a team event in the summer of 2022 on the grounds of the main plant in Oberkochen. 40 percent of the 560 species established in Germany are threatened in their existence or already extinct. In the arks, the wild bees which breed in the ground find

**Practical species protection on the ground**

Biodiversity has declined sharply in many ecosystems due to human influence. The reasons for this are numerous. ZEISS therefore supports the work of the non-profit association Jordsand which was founded in 1907 and is one of the oldest nature conservation organizations in Germany. The main purpose of the association is to protect the habitat of migratory and breeding birds on the North Sea and Baltic Sea. Since the beginning of 2022, ZEISS has been supporting this project both financially and by providing optics.

More about the cooperation with Jordsand in the ZEISS Sustainability Booklet starting on page 9

optimal conditions for their nests. A nature conservation expert was accompanied by the Green Team of the Samariter Stiftung Behindertenhilfe Ostalb, in whose workshops the arks were made. You can find out more about the commitment to wild bees here.

### Regional involvement

ZEISS' strong position and a portfolio tailored to megatrends lead to investments in innovations and digitalization, and in the expansion of a modern infrastructure. This creates new jobs and vocational training positions, and also generates contracts for local suppliers in fields other than high technology. The company's development and production services for customers in the individual regions therefore enable scientific, technological, social, medical and environmental services to grow. In Germany, the ZEISS Site Fund supports regional projects, under the umbrella of the ZEISS Promotion Fund. The sponsorship program covers the company's German sites in Aalen, Göttingen, Jena, Oberkochen and Wetzlar.



# GRI Content Index

Statement of use	The Carl Zeiss AG has reported in accordance with the GRI Standards for the period 1 October 2021 to 30 September 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

## GRI 2: General Disclosures 2021

GRI Standard	Page(s)	Note/exclusion justification
<b>The organization and its reporting practices</b>		
GRI 2-1: Organizational details	p. 8	
GRI 2-2: Entities included in the organization's sustainability reporting	p. 6	See also <a href="#">Annual Report 2021/22</a> , p. 107-112
GRI 2-3: Reporting period, frequency and contact point	p. 6, 80	
GRI 2-4: Restatements of information		The reporting of CO <sub>2</sub> emissions was retroactively changed to CO <sub>2</sub> equivalents of all greenhouse gases, see p. 63. In the Sustainability Report 2020/21, the values for groundwater and surface water were reversed in the table on water consumption. Groundwater consumption was about 125,000 m <sup>3</sup> , surface water consumption was about 16,000 m <sup>3</sup> .
GRI 2-5: External assurance		None
<b>Activities and workers</b>		
GRI 2-6: Activities, value chain and other business relationships	p. 2, 8-10, 11, 40-42, 43-44 and 47	See also <a href="#">Annual Report 2021/22</a> , p. 28
GRI 2-7: Employees	p. 47	
GRI 2-8: Workers who are not employees	p. 47	
<b>Governance</b>		
GRI 2-9: Governance structure and composition	p. 12-13, 15-17 and 43	
GRI 2-10: Nomination and selection of the highest governance body	p. 12-13	
GRI 2-11: Chair of the highest governance body	p. 12	There is no overlap between the Supervisory Board and the Executive Board.
GRI 2-12: Role of the highest governance body in overseeing the management of impacts	p. 12-13, 16-19, 31-32	
GRI 2-13: Delegation of responsibilities for managing impacts	p. 15-17, 31, 33, 41, 58, 59, 64, 66	
GRI 2-14: Role of the highest governance body in sustainability reporting	p. 16	
GRI 2-15: Conflicts of interests	p. 31-33	See also <a href="#">Annual Report 2021/22</a> , p. 104-105
GRI 2-16: Communication of critical concerns	p. 31-32	
GRI 2-17: Collective knowledge of the highest governance body	p. 12-13	

## GRI Content Index

GRI Standard	Page(s)	Note/exclusion justification
GRI 2-18: Evaluation of the performance of the highest governance body	p. 12-13	
GRI 2-19: Remuneration policies		See also Annual Report 2021/22, p. 106, as well as <a href="#">Corporate Governance Statement</a> of Carl Zeiss Meditec AG
GRI 2-20: Process to determine remuneration	p. 12-13	See Annual Report 2021/22, p. 20
GRI 2-21: Annual total compensation ratio		For reasons of confidentiality, ZEISS does not disclose information on the salaries of its employees.
<b>Strategy, policies and practices</b>		
GRI 2-22: Statement on sustainable development strategy	p. 4	
GRI 2-23: Policy commitments	p. 16, 31, 40-42	
GRI 2-24: Embedding policy commitments	p. 16, 31, 33, 34, 39, 41, 43, 55, 58-59, 64 and 66	
GRI 2-25: Processes to remediate negative impacts	p. 31, 32 and 40	
GRI 2-26: Mechanisms for seeking advice and raising concerns	p. 31-32	
GRI 2-27: Compliance with laws and regulations	p. 31-35	ZEISS does not report on legal proceedings, as this information is subject to confidentiality.
GRI 2-28: Membership associations	p. 18, and 33	
<b>Stakeholder engagement</b>		
GRI 2-29: Approach to stakeholder engagement	p. 6, 17, 18, 19 and 46	
GRI 2-30: Collective bargaining agreements	p. 46	

# GRI Content Index

## GRI 3: Material Topics in 2021

GRI Standard	Page(s)	Note/exclusion justification
<b>Details on main issues</b>		
GRI 3-1: Process to determine material topics	p. 19	
GRI 3-2: List of material topics	p. 20-24	

# GRI Content Index

## Integrity and Compliance

GRI Standard	Page(s)	Note/exclusion justification
<b>Business ethics</b>		
GRI 3-3: Management of material topics	p. 20 and 33	
<b>GRI 415: Public Policy 2016</b>		
GRI 415-1: Political contributions	p. 33	
<b>Legal compliance</b>		
GRI 3-3: Management of material topics	p. 20, 31, 32 and 33	
<b>GRI 205: Anti-corruption 2016</b>		
GRI 205-2: Communication and training about anti-corruption policies and procedures	p. 33	
<b>GRI 206: Anti-Competitive Behavior 2016</b>		
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>Data Privacy</b>		
GRI 3-3: Management of material topics	p. 20, 34 and 40	
<b>GRI 418: Customer Privacy 2016</b>		
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.

# GRI Content Index

## Integrity and Compliance

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

# GRI Content Index

## Products and Value Chain

GRI Standard	Page(s)	Note/exclusion justification
<b>Product development</b>		
GRI 3-3: Management of material topics	p. 21, 37-38	
<b>Product safety</b>		
GRI 3-3: Management of material topics	p. 21, 38-39 and 68	
<b>GRI 416: Customer Health and Safety 2016</b>		
GRI 416-1: Assessment of the health and safety impacts of product and service categories	p. 38-39	
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>Procurement and supplier management</b>		
GRI 3-3: Management of material topics	p. 15, 21, 40-44 and 66	
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
GRI 308-1: New suppliers that were screened using environmental criteria	p. 40-42	
GRI 308-2: Negative environmental impacts in the supply chain and actions taken	p. 41-42, 44	
<b>GRI 414: Supplier Social Assessment 2016</b>		
GRI 414-1: New suppliers that were screened using social criteria	p. 40-42	
GRI 414-2: Negative social impacts in the supply chain and actions taken	p. 41-42, 44	

# GRI Content Index

## Products and Value Chain

GRI Standard	Page(s)	Note/exclusion justification
<b>Human rights in the supply chain</b>		
GRI 3-3: Management of material topics	p. 15, 21, 40-44 and 46	
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>		
GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 40-42 and 46	
<b>GRI 408: Child Labor 2016</b>		
GRI 408-1: Operations and suppliers at significant risk for incidents of child labor		During the reporting period, ZEISS did not become aware of any significant risks of child labor incidents at sites belonging to ZEISS or its suppliers.
<b>GRI 409: Forced or Compulsory Labor 2016</b>		
GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor		During the reporting period, ZEISS did not become aware of any significant risks of forced or compulsory labor incidents at sites belonging to ZEISS or its suppliers.

# GRI Content Index

## Employees

GRI Standard	Page(s)	Note/exclusion justification
<b>Employer-employee relationship</b>		
GRI 3-3: Management of material topics	p. 22, 46-47 and 53	
<b>GRI 402: Labor/Management Relations 2016</b>		
GRI 402-1: Minimum notice periods regarding operational changes	p. 46-47	
<b>Employee development, training and further education</b>		
GRI 3-3: Management of material topics	p. 22, 46 and 48-52	
<b>GRI 401: Employment 2016</b>		
GRI 401-1: New employee hires and employee turnover	p. 47	Currently, ZEISS cannot report the turnover outside Germany as this data is not available. The company has started collecting the relevant data.
<b>GRI 404: Training and Education 2016</b>		
GRI 404-1: Average hours of training per year per employee	p. 47	
<b>Diversity</b>		
GRI 3-3: Management of material topics	p. 22, 46, 50-52	
<b>GRI 405: Diversity and Equal Opportunities 2016</b>		
GRI 405-1: Diversity of governance bodies and employees	p. 47 and 53	See also <a href="#">Annual Report 2021/22</a> , p. 4, 5 and 22
<b>GRI 406: Non-discrimination 2016</b>		
GRI 406-1: Incidents of discrimination and corrective actions taken		ZEISS does not report on cases of discrimination and corrective actions taken as any disclosures on these matters are subject to confidentiality agreements.



# GRI Content Index

## Employees

GRI Standard	Page(s)	Note/exclusion justification
<b>Work-life balance</b>		
GRI 3-3: Management of material topics	p. 22 and 53	
<b>Occupational health and safety</b>		
GRI 3-3: Management of material topics	p. 22, 54 and 56	
<b>GRI 403: Occupational Health and Safety 2018</b>		
GRI 403-1: Occupational health and safety management system	p. 54 and 56	
GRI 403-2: Hazard identification, risk assessment, and incident investigation	p. 54-56	
GRI 403-3: Occupational health services	p. 54 and 55	
GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	p. 54 and 55	
GRI 403-5: Worker training on occupational health and safety	p. 54-56	
GRI 403-6: Promotion of Worker health	p. 54 and 55	
GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 66	
GRI 403-9: Work-related injuries	p. 55 and 56	Since the LTIFR target applies until 2023 and is control-related, ZEISS will continue reporting this key figure in the interests of comparability. Further performance indicators on occupational health and safety will be introduced for fiscal year 2022/23. Currently, ZEISS cannot report the number of work-related accidents for non-ZEISS employees because this data is not available. The data collection was postponed due to the COVID-19 pandemic and will commence in FY 2022/23.

# GRI Content Index

## Environment

GRI Standard	Page(s)	Note/exclusion justification
<b>Efficient use of natural resources</b>		
GRI 3-3: Management of material topics	p. 23, 58-60	
<b>GRI 303: Water and Effluents 2018</b>		
GRI 303-1: Interactions with water as a shared resource	p. 59	
GRI 303-2: Management of water discharge-related impacts	p. 59	
GRI 303-3: Water withdrawal	p. 59, 61	Currently, ZEISS does not report on water extraction or water consumption broken down by source and regions of water stress. It does not differentiate between freshwater and other water. This information is collected at individual sites and worldwide consolidation is not possible.
<b>Circular Economy</b>		
GRI 3-3: Management of material topics	p. 15, 21, 23, 37-39, 58-60, 65 and 70	
<b>GRI 306: Waste 2020</b>		
GRI 306-1: Waste generation and significant waste-related impacts	p. 59-61 and 66	
GRI 306-2: Management of significant waste-related impacts	p. 59, 60 and 66	
GRI 306-3: Waste generated	p. 61	
<b>Climate action</b>		
GRI 3-3: Management of material topics	p. 11, 15, 16, 17, 21, 23, 29, 37-39, 58-62, and 69	
<b>GRI 201: Economic Performance 2016</b>		
GRI 201-2: Financial implications and other risks and opportunities due to climate change	p. 65, 66	
<b>GRI 302: Energy 2016</b>		
GRI 302-1: Energy consumption within the organization	p. 64	
GRI 302-3: Energy intensity	p. 64	

# GRI Content Index

## Environment

GRI Standard	Page(s)	Note/exclusion justification
<b>GRI 305: Emissions 2016</b>		
GRI 305-1: Direct (Scope 1) GHG emissions	p. 63	
GRI 305-2: Energy indirect (Scope 2) GHG emissions	p. 63	
GRI 305-3: Other indirect (Scope 3) GHG emissions	p. 63	
GRI 305-4: GHG emissions intensity	p. 63	
<b>Environmental compliance</b>		
GRI 3-3: Management of material topics	p. 23 and 65	

# GRI Content Index

## Social and Societal Engagement

GRI Standard	Page(s)	Note/exclusion justification
<b>Promotion of scientific research and education</b>		
GRI 3-3: Management of material topics	p. 11, 15, 16, 24, 26-29, 68-72	
<b>GRI 203: Indirect Economic Impacts 2016</b>		
GRI 203-1: Infrastructure investments and services supported	p. 28, 68-72	
<b>Healthcare promotion</b>		
GRI 3-3: Management of material topics	p. 26, 69-70	
<b>Regional society</b>		
GRI 3-3: Management of material topics	p. 12, 13, 26, 27, 68-72	
<b>GRI 201: Economic Performance 2016</b>		
GRI 201-1: Direct economic value generated and distributed	p. 8, 10 and 69	See also Annual Report 2021/22, p. 50-53
<b>GRI 413: Local Communities 2016</b>		
GRI 413-2: Operations with significant actual and potential negative impacts on local communities	p. 58 and 66	

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### **Disclaimer**

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

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