



Statement on modern slavery and human trafficking

Year ended 30 September 2021

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

ZEISS does not tolerate any form of slavery, whether in production, in the supply chain or in any other area of its business. The group has made and continues to make considerable efforts to minimise the risk of slavery and to promote fair working conditions within its own business and its supply chain, and acknowledges that this work is an ongoing commitment. This statement refers to the activities undertaken in the financial year ended 30 September 2021.

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

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

The ZEISS group of companies is owned by the Carl Zeiss Foundation. When Ernst Abbe set up the Foundation in 1889, he created a model designed to secure permanently three things: the preservation of the companies and their economic capacity; the promotion and social security of their employees; and the funding of scientific research. The foundation statute written in 1896 committed it to basic principles of corporate governance and employee welfare. Abbe presented the statute to all employees so that they knew what the Foundation stood for; he set out regulations governing working hours, salary, health, pension and insurance and leave, and he appointed an independent workers' committee to advise the management.

Those fundamental principles still apply today to all companies in the ZEISS Group, including the four companies making this statement, and form the basis of their relationship with their own employees.

The mission of the ZEISS Group is therefore rooted in its belief in its fundamental purpose, which is to be economically viable in the long term and to contribute to society at the same time, going far beyond profit generation.

As part of its wider Sustainability agenda, ZEISS recognises the United Nations 17 Sustainable Development Goals (SDGs) and has pledged its support for that agenda. Six of these goals have been identified as being particularly relevant to the processes, products and services within the ZEISS



businesses. SDG 8, Decent Work and Economic Growth, is the goal which is particularly relevant to ZEISS's actions against modern slavery.

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

The responsible, law-abiding and ethical behaviour of a company and its employees are of critical importance for business partners, customers, authorities and the public. A good reputation and compliance with applicable laws are major factors that help determine a company's long-term success; and it is equally important in order to achieve that success to make stringent demands on business partners and suppliers so that they too take social responsibility seriously in their supply chains and wider operations. And, not least, employees also want to take pride in their company and its good standing.

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

The ZEISS organisational structure

ZEISS is a global technology company and market leader in optics and optoelectronics. It operates through four areas known as Business Segments:

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

These business segments each report to a designated member of the Executive Board of Carl Zeiss AG. The companies covered by this report represent the IQR, Medical Technology and Consumer Markets business segments in the UK, and are fully integrated into the group reporting structures.



ZEISS is headquartered in Oberkochen in southwestern Germany and is represented in nearly 50 countries. As of September 2021 the Group has over 30 production sites, more than 60 sales and service companies and around 27 research and development centres located in 50 countries around the world, and it employs in total more than 35,000 people.

As a global organisation, ZEISS has both internal and external supply chains which stretch around the world. The companies covered by this report each have their own part in these supply chains and have assessed the risks relating to modern slavery which might occur in them. Their suppliers are based predominantly in Europe, North America and the Far East, and include also established international freight forwarders which enable ZEISS to operate with such a global reach.

Rules and responsibilities

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

All ZEISS group employees are expected to report any suspected cases of modern slavery via established internal compliance channels. This has been, and continues to be, clearly communicated internally. If any such incidents occur at a ZEISS company, they should be reported either to Human Resources or through the whistleblowing channel. Should any such incidents involve a supplier, they should be reported to the Supplier Sustainability working group and dealt with there.

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



information exchange with direct suppliers. Using this portal, 91% of those strategically important suppliers have confirmed that they will comply with the RBA Code of Conduct or an equivalent code of conduct.

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

ZEISS UK businesses

The companies on behalf of which this statement is made apply all Group policies in relation to employment conditions. Familiarisation with the Code of Conduct is an integral part of the employee induction programme for all new employees and is refreshed to all employees every two years through the Group's online e-learning platform. This e-learning platform is available at all times to employees, and as well as being the vehicle for delivering specific training courses it acts as a repository for relevant reference material.

All employees of the companies on behalf of which this statement is made are employed directly by the respective entity without the use of any indirect recruiting organisations. Employees are offered fair salaries for the roles, which are all higher than the UK living wage rates set from time to time by Government.

Supplier selection and assessment

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

Suppliers are selected on their ability to meet both technical and logistical requirements as well as on the results of a supplier self-assessment and a status query on specific business topics. To date these



topics have included occupational health and safety, environmental protection and energy efficiency, as well as social and ethical aspects.

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

Combatting modern slavery

In the financial year 2020/21, ZEISS continued its activities globally and in the UK in an effort to combat modern slavery. A programme of supplier audits was drawn up at Group level, but this again had to be limited as a result of the coronavirus pandemic which made travel impossible both internationally to global suppliers and for a large part of the year also nationally to domestic suppliers. Travel restrictions have continued in many parts of the world since then and still apply in many regions at the time of writing this report. A small number of the planned supplier audits were able to be carried out onsite, while most others had to be carried out remotely using new digital solutions.

These supplier audits were performed by an internal trained team consisting of members from different departments such as sustainability and compliance, and the audit scope covers aspects of sustainability related to human rights such as occupational health management, labour conditions including housing, payment standards and working hours, as well as environmental management aspects. With most audits conducted remotely, reliance has had to be placed on responses to interviews and questionnaires without having the ability to make physical observations of suppliers' sites. Where deviations to required standards are identified, particularly in the areas of occupational health and safety and working hours, as well as transparency concerning working conditions, and in the use of ZEISS sustainability requirements in their own upstream supply chains, corrective measures are agreed with the relevant suppliers and their implementation is then monitored.

The activities which were undertaken in the year included:

- Sustainability audits at 8 suppliers relevant to the UK market operating within their global supply chains. These audits were all conducted on European suppliers and, due to circumstances, were all conducted remotely. There were no major findings from these audits relating to modern slavery or human rights.



- Further development of supplier risk analyses covering human rights risks and other industry risks.
- Continuing training of all employees about modern slavery and human trafficking, and how to identify potential risks and how to report concerns.
- Development of the ZEISS Group's response to the requirements of the German Due Diligence Law, which comes into force on 1 January 2023, and its interaction with the UK's Modern Slavery Act and similar legislation in other relevant jurisdictions. The provisions of the new German law represent a higher set of requirements, so compliance with these will go over and above the requirements of the UK legislation.

The Integrity Line, ZEISS's group-wide whistleblowing system, is now fully established and accessible in 22 languages both internally through the intranet and to external parties through the ZEISS website. There were no reports or complaints relating to human rights made to this line in 2020/21.

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

Objectives for financial year 2021/22 in the fight against modern slavery and human trafficking

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

- Ongoing development within the established working group of responses to both the requirements of the new German Due Diligence law and other similar legislation in other countries.
- Further implementation of risk-based approaches, using identified industry risks, to ensuring that key suppliers are systematically monitored with regard to modern slavery and other sustainability criteria. This will include developing a new process which is less reliant on manual input and takes relevant data from a wider range of sources to help identify potential weak spots in supply chains.
- Continuation of the programme of audits at significant suppliers covering human rights and employment aspects as well as other topics, both onsite as soon as conditions allow again and using digital technology to conduct remote audits where this is possible and necessary as an alternative to onsite inspections.



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

Mr Paul Adderley
Carl Zeiss Limited
28 March 2022

Mr Daniel Aldridge
Carl Zeiss Microscopy Limited
28 March 2022

Mr Andrew Leong-Son
Carl Zeiss Vision UK Limited
24 March 2022

Mr Charles Wood
SILS Limited
23 March 2022