



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

### **Year ended 30 September 2017**

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 considerable efforts to minimise the risk and promote fair working conditions within its own business and supply chain, but still acknowledges the need to continue its efforts. This statement refers to the activities undertaken in the financial year ended 30 September 2017.

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

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

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

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

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



## **The ZEISS organizational structure**

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

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

ZEISS is represented in over 40 countries and employs nearly 27,000 people worldwide. The Group has over 30 production sites, more than 50 sales and service companies and around 25 research and development centres. ZEISS is headquartered in Oberkochen in southwestern Germany.

## **Rules and responsibilities**

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

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

The Code of Conduct of the Responsible Business Alliance (RBA, formerly the Electronic Industry Citizenship Coalition, EICC) is the official code of conduct for ZEISS suppliers. It states that all employees are to be treated with respect and that business operations must be conducted in line with environmental and ethical considerations. This covers the importance of freely chosen employment; the avoidance of child labour; working hours; humane treatment; and wages and benefits. The provisions are based on the UN Guiding Principles on Business and Human Rights



and are derived from international standards. Since 2015/16, ZEISS has been sending the EICC / RBA Code of Conduct to its key suppliers and requiring them to sign a declaration in which they agree to comply with the requirements set out in the Code. Any suppliers who do not respond are followed up. 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.

In 2007, ZEISS approved a Code of Conduct for the ZEISS group that is valid throughout the world. It specifies and explains the general rules of behaviour for various aspects of its business activities. ZEISS firmly believes that sustainable economic success and compliance with laws and internal standards go hand in hand. As a result the Code of Conduct has always referred to all legal regulations without explicitly mentioning individual ones. In financial year 2015/16 it was updated in order to mention explicitly the international labour standards (ILO standards) and therefore the ban on all forms of modern slavery. In this updated version ZEISS highlights the importance of human rights due diligence and explicitly makes reference to the labour and social standards of the International Labour Organisation (ILO). ZEISS explicitly condemns all forms of forced and child labour and takes proactive measures to ensure fair and humane working conditions worldwide.

The new version of the ZEISS Code of Conduct, which is applicable to all employees worldwide, was published in January 2017.

### **Supplier selection and assessment**

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

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

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



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

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

In a third stage ZEISS then rates its key “managed” suppliers using a standardised risk analysis and assesses the results.

Next, ZEISS sends the Sustainability Self-Assessment Questionnaire to the suppliers who were categorized as “high risk” in the analysis, and these “high risk” suppliers are subject to further activities.

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

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

### **Combatting modern slavery**

In the financial year 2016/17, ZEISS ran a number of activities globally in an effort to combat modern slavery. These included:

- Update of ZEISS Code of Conduct including explicit recognition of ILO standards.
- Internal and external communication of the updated Code of Conduct.
- Introduction of standardised assessments to identify major suppliers’ sustainability risk on the basis of established risk indices, including the UN Development Programme’s Human Development Index.
- Development of a risk-based approach to sustainability auditing, with pilot testing at 2 suppliers by an internal, specially trained team. This covers issues including human rights, modern slavery and child labour, and will be rolled out during financial year 2017/18.

### **Objectives for financial year 2017/18 in the fight against modern slavery and human trafficking**

We understand that the fight against modern slavery and human trafficking is an ongoing process and we will constantly review and refine the steps we take as we learn more about how to mitigate



this risk in the future. Specific targets for ZEISS (including the companies on behalf of which this statement is made) over the coming year include:

- Consideration of how to update minimum rules governing the further integration of anti-modern slavery measures into product development for all ZEISS products.
- Further implementation of risk-based approaches to ensuring that key suppliers are systematically monitored with regard to modern slavery and other sustainability criteria.

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  
15 March 2018

Mr Robert Taylor  
Carl Zeiss Microscopy Limited  
15 March 2018

Mr Andrew Leong Son  
Carl Zeiss Vision UK Limited  
15 March 2018

Mr Charles Wood  
SILS Limited  
15 March 2018