



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

### **Year ended 30 September 2022**

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 its own production facilities, 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 2022.

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 sustainable 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. It is however equally important, in order to achieve that success, to make appropriate 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 leader and market shaper 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 appropriate social standards and take responsibility to ensure 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 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. As of September 2022 the Group employs more than 38,000 people, is represented in around 50 countries and reported revenue of €8.8bn for the year then ended.

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 Group operates according to a fundamental culture of “doing the right thing”. This is formulated by a Compliance Management System (CMS) which sets out to ensure that the Group operates in a law-abiding and ethically acceptable manner as the basis for sustainable economic success. The CMS is owned by the Group’s Executive Board, and it makes the Executive Board and the management of each ZEISS entity responsible for establishing appropriate organisational and governance structures, policies and procedures, leadership and training in order to achieve the objectives. The CMS was most recently updated in 2022.

The companies on behalf of which this statement is made, together with all other ZEISS group companies, are responsible for implementing and complying with the requirements of the CMS and all policies and procedures which flow from it. 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.

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 to set out the general rules of behaviour for various aspects of its business activities. 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 Responsible Business Alliance (RBA, formerly the Electronic Industry Citizenship Coalition, EICC). 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.

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 are to be reported either to the relevant Human Resources department 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 RBA is the official code of conduct for ZEISS suppliers. 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. 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.

ZEISS has identified 510 suppliers as strategically important to its 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 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.

As part of an annual risk analysis, key suppliers are 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. 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 2021/22, 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 once again travel restrictions arising from the coronavirus pandemic made travel difficult to and within certain regions. As a result, audits were mostly limited to global suppliers based in certain regions but this year more were able to be carried out onsite than in the previous year

These supplier audits were performed by internal trained teams consisting of members from different departments such as sustainability and compliance, and the audit scope covers aspects of sustainability related to human rights such as occupational health management, labour conditions including housing, payment standards and working hours, as well as environmental management aspects. Where audits had to be conducted remotely, reliance 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 and followed up.

The activities which were undertaken in the year included:

- Sustainability audits at 30 suppliers relevant to the UK companies operating within their global supply chains. These audits were all conducted on European suppliers. 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 Supply Chain Due Diligence Law, which came into force on 1 January 2023. The law applies to all enterprises over a certain size which are based in Germany, and the approach of ZEISS is that all of its businesses worldwide are expected to adhere to its principles. The law includes similar requirements to the UK's Modern Slavery Act and similar legislation in other relevant jurisdictions.

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 2021/22.

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 2022/23 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:

- Implementation within the established working group of the requirements of the new German Supply Chain Due Diligence law and other similar legislation in other countries.
- Further implementation of risk-based approaches, using identified industry risks, to ensure that key suppliers are systematically monitored with regard to modern slavery risks and other sustainability criteria.
- Continuation of the programme of audits at significant suppliers covering human rights and employment aspects as well as other topics. It is expected that many more of these audits will be able to be conducted onsite following the relaxation of travel restrictions in most parts of the world. However digital technology may also be used to conduct remote audits where this is possible and necessary as an alternative or also as a supplement to onsite inspections.
- Continuing training of all employees about the risks of modern slavery occurring in the businesses and their supply chains.



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

A handwritten signature in blue ink, appearing to read "P. Adderley", with a long horizontal flourish extending to the right.

Mr Paul Adderley  
Carl Zeiss Limited  
28 March 2023

A handwritten signature in blue ink, appearing to read "D. Aldridge", with a long horizontal flourish extending to the right.

Mr Daniel Aldridge  
Carl Zeiss Microscopy Limited  
28 March 2023

A handwritten signature in blue ink, appearing to read "M. Guillatt", with a long horizontal flourish extending to the right.

Mr Matthew Guillatt  
Carl Zeiss Vision UK Limited  
27 March 2023

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

Mr Charles Wood  
SILS Limited  
27 March 2023