



Statement on modern slavery and human trafficking

Year ended 30 September 2019

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 of slavery and to 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 2019.

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

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 latest Global Slavery Index modern slavery affected more than 40 million people around the world in 2018. In the event that any allegations of modern slavery are reported to ZEISS, ZEISS will take those allegations very seriously and take appropriate steps to stop any further harm. Where ZEISS finds that it has contributed to harm it will look to see what steps it can take to remedy that harm.

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

ZEISS is a major international player in the fields of optics and optoelectronics and works closely with a global supplier network. We can therefore only meet our own expectations, as well as societal and customer expectations, when our suppliers also adhere to social standards and play their part in ensuring sustainable development. Consequently ZEISS runs numerous activities in



order to minimise the risk of modern slavery and human trafficking and to promote fair working conditions.

The ZEISS organisational structure

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

- Semiconductor Manufacturing Technology
- Industrial Quality and Research (IQR)
- Medical Technology
- Vision Care & Consumer Products

ZEISS is headquartered in Oberkochen in southwestern Germany and is represented in nearly 50 countries. The Group has over 30 production sites, more than 50 sales and service companies and around 25 research and development centres employing in total more than 31,000 people around the world.

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

Rules and responsibilities

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

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

The Code of Conduct of the Responsible Business Alliance (RBA, formerly the Electronic Industry Citizenship Coalition, EICC) is the official code of conduct for ZEISS suppliers. It states that all employees are to be treated with respect and that business operations must be conducted in line



with environmental and ethical considerations. This covers the importance of freely chosen employment; the avoidance of child labour; working hours; humane treatment; and wages and benefits. The provisions are based on the UN Guiding Principles on Business and Human Rights and are derived from international standards. Since 2015/16, ZEISS has been sending the EICC / RBA Code of Conduct to its key suppliers and requiring them to sign a declaration in which they agree to comply with the requirements set out in the Code. 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, and since 2018 a digital supplier interaction platform has facilitated information exchange with direct suppliers. Using this portal, suppliers must acknowledge acceptance of the 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. It now satisfies in full the requirements found in the Code of Conduct of the RBA (formerly EICC). In this updated version the importance of human rights due diligence is specifically highlighted and the Code 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 ZEISS Code of Conduct is now fully integrated into the induction programme for all new employees and is refreshed to all employees every two years. It is signed by all the members of the ZEISS Executive Board and is freely accessible both on the Group's internal intranet site and on the external website.

Supplier selection and assessment

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

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



All suppliers are informed of the minimum standards of the RBA Code of Conduct which are expected of them and they are provided with that Code. As part of an annual risk analysis, key suppliers are then assessed regarding potential risks related to human rights and modern slavery. Various criteria are used, such as the Corruption Perceptions Index, the Human Development Index and the Environmental Performance Index. Of the key suppliers covered in this analysis, 70% are located in EMEA region, 10% in Asia Pacific and 20% in the Americas. Some of these suppliers are then selected to complete a self-assessment questionnaire followed by an on-site 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.

Combatting modern slavery

In the financial year 2018/19, ZEISS continued its activities globally and in the UK in an effort to combat modern slavery. These included:

- A standardised survey of HR staff at ZEISS sites in the UK (and elsewhere) to determine whether HR processes pose any human rights risks. The findings show that our employees believe that there is a low risk of human rights violations at ZEISS. To raise awareness of potential risks, our e-learning course has been enhanced.
- Introduction of a formalised Group-wide whistleblowing process to enable employees and external stakeholders to report concerns confidentially to a central point. This is accessible through the group intranet site and the external ZEISS website in 22 languages.
- Sustainability audits onsite at 6 suppliers relevant to the UK market operating within their global supply chains. These audits were conducted in Asia, Europe and Central America. The audits were performed by an internal trained team consisting of members from different departments such as sustainability and compliance, and the audit scope covered 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. Some deviations were 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. In order to address the deviations identified, corrective measures have been agreed with the relevant suppliers and their implementation is being monitored.

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.

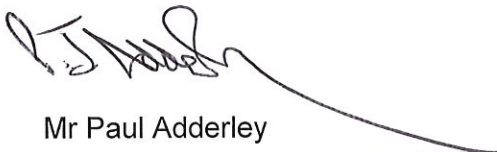


Objectives for financial year 2019/20 in the fight against modern slavery and human trafficking


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

- Consideration of how to improve the process for determining the actual and potentially negative impact on human rights in major supply chains and to identify any hot spots..
- Further implementation of risk-based approaches, using identified industry risks, to ensuring that key suppliers are systematically monitored with regard to modern slavery and other sustainability criteria.

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.



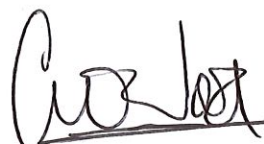
Mr Paul Adderley
Carl Zeiss Limited
17 March 2020



Mr Daniel Aldridge
Carl Zeiss Microscopy Limited
17 March 2020



Mr Andrew LeongSon
Carl Zeiss Vision UK Limited
24th March 2020



Mr Charles Wood
SILS Limited
19 March 2020