

**175**  
years



Seeing beyond

Four blue L-shaped corner brackets are positioned around the central text, two on the left and two on the right, pointing towards the center.

# **Challenge the limits of imagination**

**Sustainability Report 2020/21**  
**ZEISS Group**

## KPIs from Fiscal Year 2020/21

(1 October 2020 to 30 September 2021)

**127**

new **vocational trainees** and students enrolled in a cooperative education program in Germany

More than **670** managers and **occupational health and safety (OHS) officers** were trained in the use of new OHS software

**1.6** million euros in funding from

Carl Zeiss AG and the ZEISS Promotion Fund for around 160 projects at the sites in Germany

## Goals to achieve by 2025

**CO<sub>2</sub> neutrality**

in its own activities

(Scope 1 and 2 emissions)

More than

**35,000**

**employees** in almost 50 countries

Revenue in fiscal year (FY)

2020/21 **7.5** billion euros

2019/20 **6.3** billion euros



**-20%**

**reduction in energy use**

(relative to value added)

as compared to fiscal year 2018/19

**-15%**

**reduction in water consumption**

(relative to value added)

as compared to fiscal year 2018/19

**-10%**

**waste reduction**

(relative to value added)

as compared to fiscal year 2018/19

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## Foreword by the Executive Board



Dr. Karl Lamprecht

**Ladies and Gentlemen,  
dear Readers,**

We've reached the end of another special year. Another year under the shadow of the COVID-19 pandemic but also the year in which we celebrated our company's 175<sup>th</sup> anniversary. The past twelve months were very successful. But one thing we need to remember however successful we are is that we are a foundation-owned company. That means taking responsibility is a key part of our identity. Our job is to make sustainability a fundamental component of our company and a topic we ourselves champion. In keeping with this, we have incorporated sustainability management into our ZEISS Agenda 2025.

With a view to implementing greater sustainability in the company's day-to-day operations, we have set up working groups on sustainable energy procurement and energy-efficient infrastructure, sustainable product development, implementation of new environmentally sustainable business models, sustainability in procurement and logistics, and are strengthening our social engagement and social business models. The working groups work across organizational boundaries, using ZEISS' swarm tactics to gain new insights and results that can be implemented in day-to-day operations.

There is no doubt that climate change is at the heart of our actions. That's why we've set ourselves a key goal: ZEISS aims to achieve carbon neutrality in its own activities worldwide by 2025. This new milestone supplements our existing goal of switching to green power at our sites worldwide by 2022. This is how we're doing our part to help achieve the global target set in the Paris Climate Agreement. Another area we're focusing on is circular economy, which will reduce the environmental impact of our use of resources. To achieve this, more renewables and recycled materials are still being deployed, and cycles closed. Water consumption and waste volume relative to our value creation are also being reduced.

As a foundation-owned company, we believe it is especially important to help our employees achieve further qualifications. In keeping with this, we are consistently expanding our own digital learning platform, ZEISS CurioZ. As of the reporting date (30 September 2021) over 500 students and apprentices were studying at ZEISS in Germany. In the past year, our employees completed more than 200,000 online courses. We are delighted with both these results. It's a similar story when we consider diversity and equal opportunities at ZEISS. We are determined to continue on this path. The ZEISS Women Award, which has been conferred for years, is just one example of the many ways in which ZEISS honors exceptional female IT students.

For 175 years ZEISS has stood for intensive collaboration with research and science. That's why we launched the initiative "A Heart for Science" in our anniversary year. The aim is to encourage kids and teenagers to pursue studies in science and conduct open-minded research. The focus is on supporting dedicated employees as they promote the STEM subjects in their local communities. Not only has ZEISS long been supporting employees within the company and in scientific work at schools and universities, it has also been helping out people across the globe with a variety of healthcare projects. Like India's fight

against cataract. Or ZEISS' support for modern eyecare in the Australian outback. And many more projects are in store.

I'd like to thank our employees for these truly impressive achievements over the past year. Your dedication, knowledge, ideas and proactive efforts have ensured that we can put our ideas into action, with the goal of embedding sustainability throughout the company, rendering it measurable and developing it further. That's how we help make the world just that little bit better.

Stay healthy!

Yours, Karl Lamprecht

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

## Milestones from 175 Years of ZEISS

**1846**

At age 30, Carl Zeiss opens a workshop for precision mechanics and optics in Jena. Thanks to his connections to top natural scientists from the prestigious University of Jena, he's able to quickly put together a customer base.

**1847**

Carl Zeiss builds his first microscope. The first instruments come with 15 to 125x magnification.

**1866**

Ernst Abbe joins the company. He and Carl Zeiss place microscope production on a scientific and reproducible basis.

**1872**

Ernst Abbe publishes his eponymous formula to limit the optical resolution in a microscope that is still used in modern-day microscopy.

**1889**

Following Carl Zeiss' death, Ernst Abbe establishes the Carl Zeiss Foundation, determining how the company will be managed and how its profits will be utilized.

**1905**

Robert Koch receives the Nobel Prize. He discovers the pathogen that causes tuberculosis using a ZEISS microscope.

**1969**

Photos of the Apollo 11 are shown around the world. ZEISS lenses are used during the first Moon landing.

**1989/90**

After the fall of the Berlin Wall, the ZEISS companies in Oberkochen and in Jena grow into one successful enterprise. For more than 40 years, the two companies developed independently.

**2013**

Oscar-winning movies like the James Bond blockbuster *Skyfall*, *Lord of the Rings*, and *Barry Lyndon* were all filmed with ZEISS lenses.

**2020**

ZEISS partners with Trumpf and the Fraunhofer Institute to make a major contribution to the development of industrial series maturity of EUV technology. This unrivalled key technology can be used to produce significantly higher-performance and more energy-efficient and cost-effective microchips than ever before.

**Today**

ZEISS is investing in the construction of the Innovation Hub in Karlsruhe, establishing the Innovation Hub in Dresden and has opened a new ZEISS Innovation Center in Dublin (California, USA). In a few years, ZEISS will complete construction on its new high-tech site in Jena. In the city where ZEISS was first established, the company is merging local units and paying tribute to its founder Carl Zeiss more than ever before.

**This is where the limits of the physically and technically possible are being challenged.**

## Challenging the Limits of Imagination

The ZEISS Group's success story began 175 years ago, in a small workshop. On 17 November 1846, young mechanic Carl Zeiss opened his workshop for precision mechanics and optics in Jena, thus laying the foundation for what would become today's global technology player ZEISS.

For 175 years, ZEISS has been developing innovations that answer the question "How can we push the limits of our imagination?" In order to celebrate this vision, ZEISS has engaged in discussions with pioneers and leading figures from all over the world. They focus on the megatrends of our time and the associated challenges. As part of the ZEISS Beyond Talks, they share insights into their work, as well as visions, passions and topics that will have a major impact on the future.

More information:  
[www.zeiss.com/175](http://www.zeiss.com/175)



**Prof. Joachim Mayer**  
Materials scientist,  
RWTH Aachen University

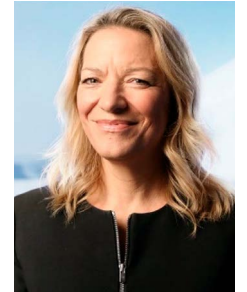
*"Our electron microscopes offer million-fold magnification and are capable of making a human hair look like it's 60 meters wide – that's as wide as a football field."*

Materials are technological pioneers. Those who want to produce innovative cars, planes and renewable energy systems need new materials with better properties than those currently in use.

Part of our job as scientists involves considering the entire materials life cycle; how they age during use and develop defects that could result in their ultimate failure. This means we have to look at the materials' microstructure. We need to characterize and develop a material's inner properties. That's why we use microscopes capable of magnifying materials up to 1 million times.

This magnification actually enables us to see individual atoms. This was not possible until the invention of the electron microscope some 20 years ago.

*"We need different rules, different ways of sourcing our food, in order to utilize materials and energy."*



**Prof. Antje Boetius**  
Microbiologist and researcher

Most people would tell you they love the sea. And so they're often confused when they learn that we're all having an impact on the oceans already – all over the world in fact. In addition to CO<sub>2</sub>, our oceans are being affected in other, less-obvious ways.

For example, in the number of disposable plastic containers we use every day. This has a tremendous impact on the oceans. And then there are the nanoplastics that find their way into the oceans via precipitation. Or into agriculture. While agriculture does happen on land, the fertilizers that we use on the fields ultimately end up in the oceans, carried there by the rain and rivers. And then there's our food. A larger proportion of the fish we eat is sourced from aquaculture than from the wild. If aquaculture were not done sustainably, it would destroy mangroves, seaweed, and fjords.

So, my hope is that this combination of knowledge, technical and social solutions prompts us all to take action for a better tomorrow.

## Interview with the Head of Sustainability



Dr. Nicole Ziegler

*"ZEISS brings together the environment, business and social topics in perfect harmony."*

**Buzzwords like climate protection and social responsibility are key concerns at ZEISS. What do you need to do to make sure that 35,000 people across the globe are all pulling in the same direction?**

As a foundation-owned company, taking responsibility for societal topics has been one of our major goals for decades – and that's something our employees are well aware of and value. So, we don't really need to motivate our colleagues in order to implement our sustainability goals. This is certainly true of climate change, and many colleagues already back our goal of being climate-neutral in all our own operations by 2025 and have their own ideas for it. As we strive to operate ever more sustainably, we create clear structures and plenty of transparency – toward our employees, our partners and our customers. The central Sustainability team is thus working with the ZEISS units to drive the advancement and implementation of the sustainability strategy. Our sustainability program is being managed by two Executive Board members, which

underlines the importance of our company's efforts. We always act as Team ZEISS and proactively involve our colleagues. One way we do this is with the ZEISS Sustainability Week. This ZEISS wide campaign week has drawn attention to the topic and made it obvious for employees that everyone can act responsibly and thus help ZEISS be sustainably successful – all while providing inspiration for new projects!

**Today, sustainability management is very much driven by climate protection. What is ZEISS doing to achieve this?**

When procuring energy we focus squarely on green energy, both in Germany and at our sites worldwide. We attach tremendous importance to green power being truly green, and insist on seeing certificates of origin and power purchase agreements that attest to this. This is how ZEISS in Germany is sourcing renewable energy from wind power, via suppliers who have signed an agreement with the company. We're also producing more and more of our own energy. In the year under review we finished construction on our biggest self-built photovoltaics system to date – on the roof of the parking garage at the Oberkochen site. The new system can cover the average annual energy needs of around 200 homes. Other examples include our construction projects in California and Thuringia. Our new ZEISS Innovation Center in the USA is powered by solar energy, and it features use-based light and air controls and a heat recovery system. Meanwhile, a state-of-the-art facility is being built in Jena, the ZEISS high-tech site. It was designed to meet the requirements for the gold certificate awarded by the German Society for Sustainable Building (DGNB). The amount of energy sourced via

district heating will be kept below ten percent; a closed-loop geothermal system is being installed and the exhaust heat is being effectively deployed.

**What does ZEISS understand by the term "social responsibility" and how does it fulfill this responsibility?**

We are adhering to our self-proclaimed obligation as a foundation-owned company: we take responsibility for our employees, are committed to society and social issues and to the advancement of science and education. Cultural development, promoting a balance between work and family life, and lifelong learning are key topics in our day-to-day work. The same applies to our efforts to become increasingly diverse and promote equal opportunities. But that's just one side of the coin. The other side focuses on supporting people outside ZEISS. For example, we help up-and-coming young scientists who we urgently need to tackle the challenges that lie ahead. We support companies and people who campaign for better access to healthcare and promote nature conservation by actively assisting local conservationists. Our overarching aim is easy to summarize: ZEISS brings together the environment, business and social issues in perfect harmony.

## About the Report (GRI 102-40, 102-45)

This Sustainability Report is intended for the ZEISS Group's customers, business partners, employees and investors, as well as interested stakeholders from industry, science, politics and society, and especially those who live in the vicinity of our company's locations. The report illustrates how the company contributes to sustainable development, what 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 2020/21 (1 October 2020 to 30 September 2021). 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 Annual Report 2020/21 p. 56.

The report was prepared according to the GRI Standards, the internationally recognized framework for sustainability reporting. This report was created in accordance with the Core option of the GRI Standards. The report was made available to the GRI for review by the GRI Materiality Disclosures Service. It has confirmed the correct placement of the Materiality Disclosures (102-40 to 102-49) in the report. The ZEISS Group publishes its Sustainability Report annually.



# COMPANY PROFILE AND BUSINESS MODEL



## ZEISS at a Glance

For its customers, ZEISS develops, produces and distributes highly innovative solutions for industrial metrology and quality assurance, microscopy solutions for the life sciences and materials research, as well as 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. There is global demand for trendsetting ZEISS brand products such as eyeglass lenses, camera lenses and binoculars.

With over 35,000 employees, ZEISS operates in almost 50 countries worldwide with around 30 production sites, 60 sales and service companies and 27 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 2020/21, the ZEISS Group generated revenues of 7.5 billion euros. The Annual Report 2020/21 provides information on the general 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 know-how, 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, photomask systems, and process control solutions, key technologies for the manufacture of extremely fine circuit



## Consumer Markets

- Vision Care
- Consumer Products

path structures 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. The electronic equipment with which they are equipped fosters global progress 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. The segment's activities are pooled primarily in the listed entity Carl Zeiss Meditec AG, in which Carl Zeiss AG holds a 59.1% stake.

## Consumer Markets

The Consumer Markets segment is synonymous with excellence in the areas of eye 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, 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	2020/21	2019/20	Change compared to prior year as a %	
	€ million	€ million	Adjusted for currency influences	
Semiconductor Manufacturing Technology	2,298	1,833	25	26
Industrial Quality & Research	1,801	1,640	10	12
Medical Technology	1,951	1,647	18	22
Consumer Markets	1,394	1,099	27	30
Other	85	78	9	9
<b>ZEISS Group</b>	<b>7,529</b>	<b>6,297</b>	<b>20</b>	<b>22</b>

## Consolidated revenue by region

Revenue by region and cooperations	2020/21	2019/20	Change compared to prior year as a %	
	€ million	€ million	Adjusted for currency influences	
Europe, Middle East, Africa (EMEA)	1,953	1,746	12	13
» thereof Germany	602	588	2	2
Americas	1,416	1,180	20	28
Asia/Pacific (APAC)	2,020	1,738	16	18
Cooperations	2,140	1,633	31	31
<b>ZEISS Group</b>	<b>7,529</b>	<b>6,297</b>	<b>20</b>	<b>22</b>

## 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 Supervisory Board oversees the activities of the non-listed corporation's six-member Executive Board. In accordance with the provisions of the German Co-Determination Act (Mitbestimmungsgesetz), it is represented by equal numbers and comprises 16 people. Half its members represent the sole shareholder – the Carl Zeiss Foundation – while the other half represents the employees.

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 compensation 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.

Further bodies of rules defining responsible and compliant corporate governance at the company are the ZEISS Identity, the company's Code of Conduct, governance and compliance guidelines, leadership principles and corporate directives.

### The Carl Zeiss Foundation

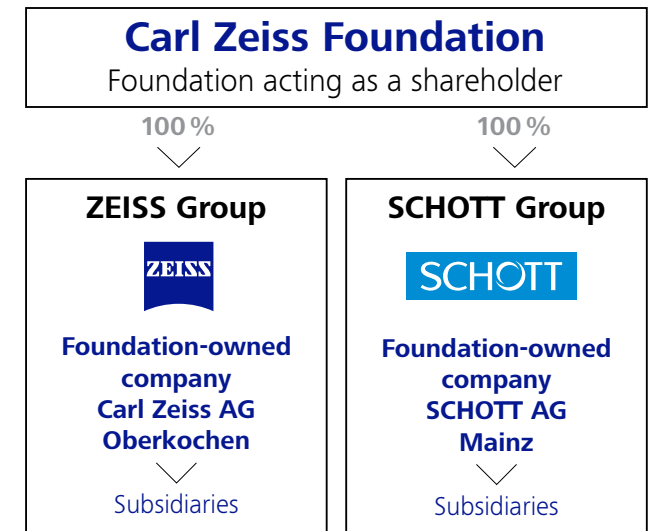
The Carl Zeiss Foundation is the sole owner of Carl Zeiss AG. This special ownership structure ensures stability and enables the company to create long-term perspectives. The Foundation statutes prohibit the sale of shares through an initial public offering, for example. In 1889, physicist and entrepreneur 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 351 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.

More information:

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





## 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 in new ways."

In the year under review, 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 relies on different distribution channels such as sales and service companies (SSCs), direct sales and distributors to provide all regions with access to ZEISS solutions. More information about value creation and the supply chain is available on pages 40 – 43.

### 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, ZEISS has a direct impact on the future-oriented development of different regions and the people who live there (see also page 35). ZEISS invests 13 percent of its revenue in research and development, and uses patents to retain its innovative edge. At the end of the reporting period, ZEISS held around 10,900 patents worldwide (prior year: approximately 9,800). In the reporting period, the company applied for new patents for approximately 500 inventions (prior year: approximately 580).

### Drivers of innovation

Through its research and development work, and the innovations this spawns, ZEISS helps its customers be efficient and successful. But, these innovations are 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. And the 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 circularity as part of the product development process. Further information is available in the chapter titled "Products and Value Chain" on page 37.

### ZEISS Partners with Researchers

ZEISS has a long tradition of high expenditure on research and development. This also represents 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 systems. For example, Robert Koch discovered the cause of tuberculosis, establishing modern bacteriology in the process.

# STRATEGY AND SUSTAINABILITY



## Focus Topics, Strategy and Corporate Governance

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. Responsible behavior contributes greatly to the trust that customers place in the ZEISS brand. This is also the reason why ZEISS actively funds research and training and helps solve 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 aims to use energy as efficiently as possible. ZEISS has set specific targets to be achieved 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 cycles closed. Water consumption and waste volumes are set to be further reduced.



#### Value for society

Through its products, ZEISS aims to create added value for a more sustainable society. That includes providing as many people as possible with access to high-quality healthcare. In order to achieve this, ZEISS will continue its existing activities and sponsorships. For example 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 leadership

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 leadership, 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 value chain.





The five fields of action comprising the ZEISS approach to sustainable corporate leadership

**Goals, values and guidelines for entrepreneurial behavior**

In its day-to-day operations, ZEISS pursues goals 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 that the basis of ZEISS' own sustainable corporate leadership 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 do 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 page 26 – 29.

## Organizational Structure for Sustainability

At ZEISS, responsibility for sustainability ultimately lies with the Executive Board of Carl Zeiss AG. Its strategic and operational implementation is the responsibility of the Head of Sustainability, who regularly reports to the CEO and is a member of the Corporate Strategic Development management team. Together with the Sustainability team, the Head of Sustainability is in charge of the ZEISS Group's central and cross-divisional sustainability program. They also collaborate 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 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 live up to the diversity of the ZEISS product portfolio and identify the levers that make the greatest contribution to sustainable business practices. Moreover, in the year under review ZEISS formed topic-specific working groups to implement the new ZEISS Agenda (see also p. 16).

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.

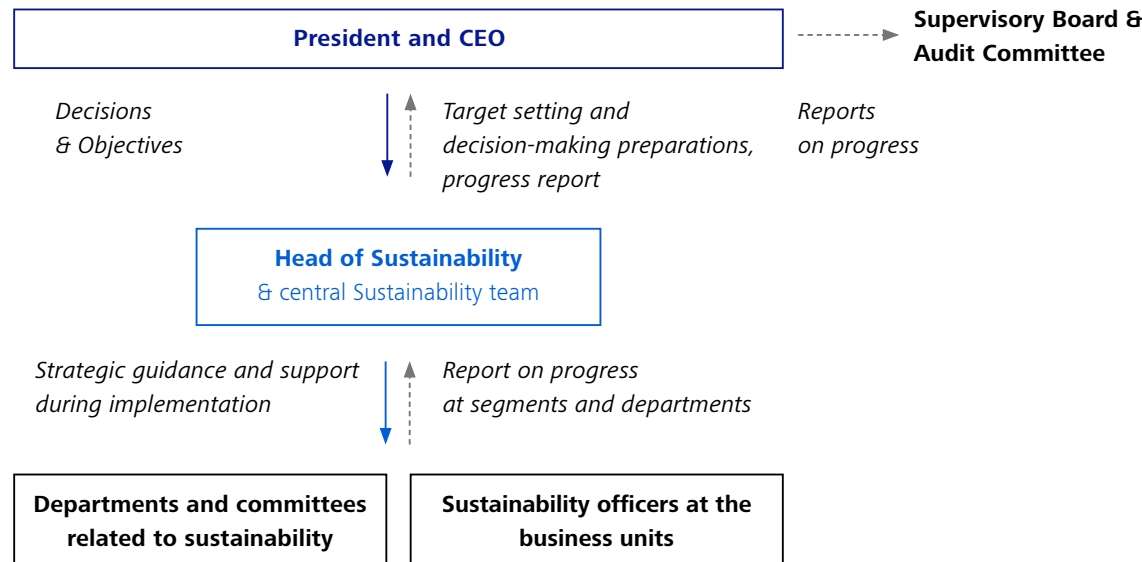
The sustainability officers at the units regularly meet with the Head of Sustainability to report on progress at the units and on ongoing initiatives.

**Dialogue with stakeholders** (GRI 102-42, 102-43, 102-44)  
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. One key tool in this regard are the Sustainability Reports and the Non-Financial Reports of the ZEISS Group. In fiscal year 2020/21, there was considerable interest in climate protection activities, product quality, sustainable corporate leadership and ZEISS' implementation of the German Supply Chain Act. Customers in particular are 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, also played an important role in upholding human rights. Employees often asked questions about the company's internal approaches and goals in relation to climate protection and new mobility concepts.

## 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 longstanding 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 initiative "Stop TB." 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.

## ZEISS Group stakeholders and communication formats (GRI 102-40, 102-43)

Stakeholder groups (listed alphabetically)	Key communication formats
Carl Zeiss Foundation	Executive Board members of Carl Zeiss AG sit on the Management Advisory Board of the Foundation, and the Chairman of the Supervisory Board sits on the Foundation Council
Company committees/unions	Staff meetings, Works Council committees
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
Employees and managers	Internal communication channels, annual performance reviews, satisfaction surveys, company meetings, Dialogue Tours
Financial institutions	Ongoing communication between ZEISS and financial institutions
Governments, including municipal and state authorities (Baden-Württemberg, Thuringia)	Financial reporting, compliance reports, dialogue with Foundation representatives (i.e. with the ministries responsible for the scientific universities in the German federal states)
Investors	Personalized communication with the Investor Relations department, Annual Report, ZEISS website, Sustainability Report, Non-Financial Report
Media	Press releases and conferences, trade shows and exhibitions, annual report, online presence, external communication channels like newsletters and social media
Research institutes and universities	Partnerships with universities; funding for professorships, PhD dissertations, bachelor and master theses; lectures given by managers at universities
Supervisory Board	Regular reporting at meetings of the Supervisory Board and its committees
Suppliers	Supplier meetings and audits, subject-specific dialogue, demand-driven supplier development, training and workshops as part of development partnerships

**Material sustainability issues**

(GRI 102-43, 102-44, 102-46)

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 conducted in fiscal year 2018/19. Details on the procedure are available in the relevant Sustainability Report.

In fiscal year 2020/21, 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 previous year. Respondents were able to add any topics that were missing.

**Results of the materiality analysis**

(GRI 102-49)

The material topics identified in fiscal year 2018/19 remained the same for fiscal year 2020/21 – with one exception: this is the first time taxes were deemed material issues. To take into account the rising importance of digitalization, the topic of information security was also included in the report.



**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 protection
- » 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 (GRI 102-47)

Material issues	Aims	Status	Selected measures in FY 2020/21
<ul style="list-style-type: none"> <li>» Legal compliance</li> <li>» Business ethics</li> <li>» Data Protection</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 the e-training on compliance</li> <li>» Creation of new training module on organizing compliant professional training events with healthcare professionals</li> <li>» Internal evaluation of Group-wide processes for compliance inspections for sales partners, incl. definition of relevant measures</li> <li>» Optimization of the compliance risk assessment tool (e.g. tool adaptation; manual for compliance officers).</li> <li>» Performance and evaluation of the compliance self-assessment with compliance officers and company heads</li> <li>» All employees take part in compliance basic training every two years</li> </ul>

↗ On Track  
 ✓ Achieved

**Products and Value Chain** (GRI 102-47)

Material issues	Aims	Status	Selected measures in FY 2020/21
» Product safety	» Improved sustainability performance of ZEISS products and services	➤	» Piloting of life cycle assessments for selected products to calculate environmental product footprints
» Sustainable product development	» Systematic anchoring of sustainability in product development process	➤	» Expansion of product development process regarding the assessment of sustainability aspects at some ZEISS segments
» Procurement and supplier management	» Raising ZEISS supplier awareness on sustainability requirements	➤	» Continuation of the cross-divisional team of specialists to focus on sustainable product and process development
» Human rights in the supply chain	» Organizational and strategic expansion of sustainability at Purchasing and in Supplier Management	➤	» New cross-divisional working group to strategically establish supplier management incorporating different sustainability aspects
	» Further development of logistics and shipping processes to integrate sustainability aspects	➤	» First gap analysis regarding the requirements of the German Supply Chain Act with the existing ZEISS processes and initialization of a project group to develop a roadmap
			» Carrying out a risk analysis for 652 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 (GRI 102-47)**

Material issues	Aims	Status	Selected measures in FY 2020/21
» 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 training and professional development	» 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 127 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	» Standardizing 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	➔	» Conferring of the ZEISS Women Award for outstanding students of IT, business information systems and media information systems
	» Rollout of an integrated software solution for the occupational health and safety management system in Germany by fiscal year 2020/21	✓	» Expanding the flexible working hours and workplace models
	» Rollout of the software solution worldwide for global accident reporting	➔	» Launch of a digital childcare offering
			» Concluding a partnership for free of charge preventive healthcare measures
			» Establishing an organizational structure and hygiene concept for protecting employees' health during the COVID-19 pandemic
			» 101 fire safety inspections and 101 occupational safety inspections were conducted in Germany
			» Training 679 managers and occupational health and safety officers

➔ On Track  
 ✓ Achieved



**Environment** (GRI 102-47)


Material issues	Aims	Status	Selected measures in FY 2020/21
» 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* by fiscal year 2024/25	➔	» Initiation and evaluation of strategic measures at ZEISS business unit level
» Environmental protection	» 15% reduction in relative water consumption* by fiscal year 2024/25	➔	» Expansion of green power purchasing at international ZEISS sites
» Environmental compliance	» 10% reduction in relative waste accumulation* by fiscal year 2024/25	➔	» Procurement of renewable energies from wind turbines in Germany as part of direct power purchasing agreements (PPAs)
	» CO <sub>2</sub> 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	✓	» Implementation and gradual rollout of a platform solution for collecting energy and emissions data worldwide
			» Participation in CDP climate reporting
			» Independent EH&S audits at major production facilities to review legal compliance status
			» First analysis of key Scope 3 emissions categories

<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** (GRI 102-47)

Material issues	Aims	Status	Selected measures in FY 2020/21
<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 100 projects with 1.6 million euros</li> <li>» Involvement in future initiative for modernizing the Deutsches Museum in Munich</li> <li>» Donation to German Optical Museum in Jena</li> <li>» Launch of the initiative "A Heart for Science"</li> <li>» Funding six ophthalmology training centers in Indonesia, Paraguay, Nigeria, Sudan, Tanzania, India and Uganda</li> <li>» Opening of an eye clinic in the Australian outback</li> <li>» Opening of the ZEISS Innovation Hub in Dresden</li> <li>» Supporting Birdability, to support inclusion in birdwatching</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 nine years left. That's why private companies are being called on to play their part. That's 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 it, 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 – 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 percent of those affected live in the world's poorest countries.**

ZEISS is raising the bar in healthcare with its solutions for ophthalmology 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 six diagnosis, treatment and training centers with devices for eye care. In line with the principle of "Helping people help themselves" the training centers aim to provide access to state-of-the-art medical technology in developing and emerging countries. This creates the necessary scope for teaching people how to use state-of-the-art medical technology and use it for treatment purposes. The centers are located in Nigeria, Indonesia, Tanzania, Paraguay, India and Sudan.

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

The company makes in-kind donations in the form of ZEISS products through a variety of different projects in order to give people around the globe access to high-quality medical care.

ZEISS also uses its ZEISS VISUHEALTH platform to further its mission. The platform addresses the challenges of rising patient numbers in underprivileged regions. For instance, it brings together three ophthalmic centers in major cities in India by providing some 60 mobile screening stations spread throughout the country. Patients can visit a screening station to have photos taken of their retina, which are then uploaded to the platform and examined by an ophthalmologist at one of the major eye clinics.



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

**Focus: Germany needs some 140,000 new 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, shares educational content in an easily understandable way, and makes 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.

During the "ZEISS 175" anniversary year, a variety of funding drives and commitments were launched in a bid to encourage children and young people to consider a career in the sciences and conduct open-minded research. These have been pooled in a new initiative "A Heart for Science." The initiative aims to encourage young people aged between 12 and 18 to get involved in the natural sciences and technology and will be pursued for several years at international level.



**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 35,000 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 apprentices and students pursuing dual 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 46).

**Focus: In more than 50 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 for integrating sustainability aspects into the supply chain since 2016. 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 (see pages 42 – 43).



**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 circular and decarbonized business.**

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 (2019/20: 13 percent), research and development investment has remained at a constantly high level as compared to the previous year, testifying to the ZEISS Group's continued strong focus on innovation. 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 were 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. 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 (see page 38 and 61).



**Climate protection measures:**

Implementing measures now to combat climate change and its impact.

**Focus: The measures already taken by policymakers and companies around the world have achieved just one-third of the emissions reductions needed.**

SDG 13 calls upon states and governments to include effective measures for combating climate change in their national policy. However, effective climate protection 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. ZEISS has derived some ambitious measures to do this: Indirect emissions from the energy procured at its main production sites are set to be carbon neutral by 2022. And by 2025 energy at all ZEISS sites worldwide and the direct emissions from combustion processes in its own plants or vehicles are to achieve CO<sub>2</sub> neutrality (see also page 58).

ZEISS is taking different approaches to achieve these goals. It 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 power generation base. ZEISS compensates for unavoidable emissions or those that can 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 the reporting year. A reduction target will be set on this basis.



# 01

## INTEGRITY AND COMPLIANCE



## Compliance

*"The trust that internal and external stakeholders place in the integrity of our global business activities is a prerequisite for sustainable business success and a key feature of the ZEISS brand. Our Group-wide Compliance Management System is the central tool for ensuring compliance with all legal requirements and internal rules."*

*Ulrich Hoffmann, Chief Compliance Officer, Carl Zeiss AG*

Business activities in line with statutory regulations and internal rules are 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. The ZEISS Compliance Management System helps to identify and correct any errors. Equally important is an open and respectful corporate culture, which is anchored at the company and championed by the management. ZEISS is thus also facing the challenges associated with rising regulatory requirements, as well as the specific requirements of our business partners.

### 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 for all ZEISS managers and employees worldwide. The ZEISS Code of Conduct contains rules on various issues, including data protection, 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 assessing distribution partners, granting and accepting benefits such as gifts or invitations, and the directive on properly dealing with competitor companies.

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 includes the design of the Compliance Management System as well as assistance with the identification and rectification of significant compliance violations that might jeopardize the reputation of the entire ZEISS Group. All strategic business units also have appointed Group Compliance Officers, who coordinate the compliance activities in their particular area and its associated entities. In addition, all individual companies have their own local Compliance Officers, who are responsible for implementing training measures on-site and resolving any local compliance violations. The Compliance Officers are the contact persons on compliance topics for employees and managers alike.

The Executive Board and managing directors of the ZEISS companies bear the overall responsibility for acting in accordance with the rules in all ZEISS business activities. These include compliance with data protection, customs and export control provisions, environmental regulations as well as regulations on occupational and product safety, and combating corruption.

Moreover, the periodic inquiry into compliance risks that may exist, for example, due to conflicts of interest, export control law, data protection and corruption, at the ZEISS companies is an integral part of Group-wide risk management. Regular internal audits and assessments, are conducted to evaluate compliance with the legal requirements. An external audit is conducted each fiscal year.

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.

### 1. Prevent

A clearly structured framework of policies and mandatory trainings for all employees and compliance officers raises awareness and prevents incidents.

### 2. Detect

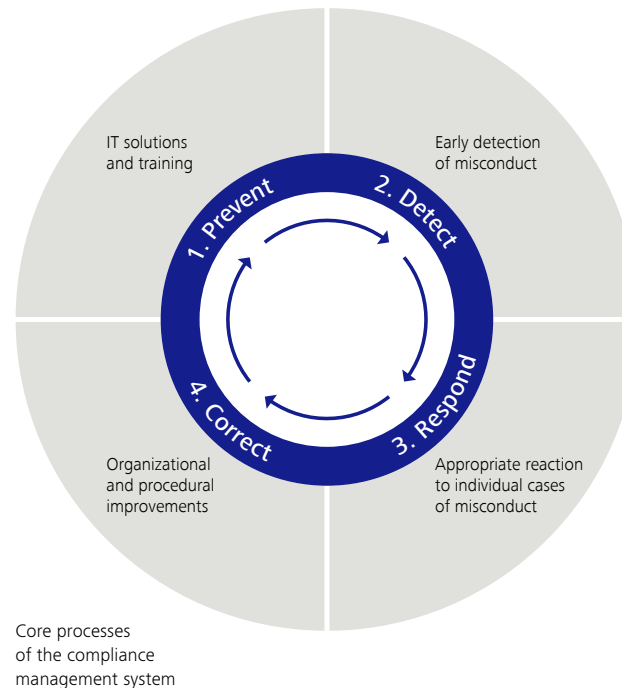
In spite of all the preventive measures, legal violations and cases of non-compliance can still occur within the company. To identify such cases, employees are called on to actively cooperate and should report any suspected violations. Various departments and experts, such as Corporate Security and Internal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

### 3. Respond

The company takes appropriate measures to immediately remedy unlawful behavior.

### 4. Correct

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



All employees and Executive Board members must complete a basic compliance training on the ZEISS Code of Conduct 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 trainings on anti-corruption and fair competition. The majority of ZEISS employees have access to online compliance training via the ZEISS CurioZ learning platform. The trainings are currently available in up to 13 languages. Employees who still have no access to the online trainings receive in-person training. However, ZEISS is contin-

uously working on ways to provide these employees access to ZEISS CurioZ.

Internal and external stakeholders alike have the opportunity to use the ZEISS Integrity Line whistleblower system openly or anonymously to report any indicators on possible compliance violations. The ZEISS Integrity Line is available in 23 languages and can be found on the website at [www.zeiss.com/sustainability/compliance](http://www.zeiss.com/sustainability/compliance) and on the ZEISS intranet.

### Objectives and measures

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. An up-to-date training program is essential. In fiscal year 2020/21 the basic compliance training on the ZEISS Code of Conduct and the compliance trainings on "Fair Competition" and "Anti-Corruption" were revised and a new training on the appropriate way to run professional training events with healthcare professionals was compiled and rolled out. The Group-wide compliance due diligence process for distribution partners was also internally checked in regard to actuality and practicability, and suitable measures, such as adapting contract templates, were defined. The Compliance Risk Assessment tool was optimized: By means of a pre-selection, risks of all risk categories can now additionally be reported as "compliance-relevant." This allows risks to be handled appropriately. An accompanying manual helps the Compliance Officers to use the tool and evaluate compliance risks. The internal review of the ZEISS Compliance Management System is scheduled for fiscal year 2021/22 and will be based on the new DIN ISO 37301 standard.



## Anti-Corruption

Knowing that corruption impedes progress and innovation, ZEISS has issued clear rules to prevent and battle corruption. The anti-corruption rules are a vital part of compliance management as described above.

To raise employee awareness of the topic, ZEISS has compiled internal company policies on granting and accepting benefits such as gifts or invitations. The policies are an important component of the "Anti-Corruption" training. A check-list provides specific examples to help employees 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 have been suspected of 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 also 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 Protection

ZEISS is aware of the importance of protecting personal data to ensure an ethical business model both today and in the future. Ever more ZEISS units are handling highly sensitive personal data like healthcare information. For this reason, proof of legally compliant and reliable data protection is a requirement to remain a reliable partner for customers, suppliers, partners and consumers. Furthermore, this prevents both damage to the company's reputation and high fines.

### Guidelines, structures and processes

National and international regulations create a framework for data protection – and the European Union's data protection standards are particularly relevant. These are supplemented by a mandatory internal guideline for handling personal data, which is applicable worldwide. From an organizational standpoint, data protection matters are handled as a standalone division of Corporate Legal & Patents. The Corporate Data Protection Officer works with an eight-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 their efforts, Corporate Data Protection operates a data protection management system. Each individual company has a Data Privacy Coordinator who is responsible for training measures, is the local contact person for all employees' and managers' questions and maintains open communication with Corporate Data Protection.

## Information Security

### Measures and results

ZEISS emphasizes the importance of a uniform level of data protection worldwide. Alongside the steeply rising challenges posed by product digitalization, increasing global regulation drives the further development of data protection 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 updated rules on cross-border personal data transfer to third-party EU states, national laws such as the LGPD in Brazil, POPEIA in South Africa 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 as per the new conditions. Furthermore, the ZEISS Group defined binding corporate rules for internal data transfer based on consistent standard contract clauses. These rules are currently being assessed in line with the certification process of the European supervisory bodies.

During the reporting period, more than 100 inquiries and complaints were answered regarding the guaranteed data subject rights of the persons affected, such as data deletion, retransfer, disagreement and correction.

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 trio comprising trustworthiness, integrity and availability of information and systems describes the overarching goals of the ZEISS information security management system (ISMS).

The ISMS is managed by Corporate Security and creates 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 level of security that is in line with the requirements of ZEISS customers.

In the past two 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, intervene in the event of discrepancies and thus minimize any potential damage. In addition, the company is relying on a network of security engineers to address security in a rapidly evolving environment of agile software and product development. This involves software developers who are being trained in information security as per the "security by design" principle.

In the period under review, ZEISS received over 40 requests from customers in relation to its information security measures. They were handled by the Regional Information Security Officers from Corporate Security.

## Tax

Taxes are very important for ensuring a functioning welfare state, its future and its people. As a foundation-owned company, ZEISS is aware that it needs to actively take responsibility for society so that it can play its part to help sponsor the community. This also means that taxes are paid at the site of value creation and that consistent compliance is ensured with the applicable national laws.

### 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 price rules and guidelines are complied with. The tax strategy is not evaluated at regular intervals but in fact in connection with a particular incident. The Corporate Tax department uses a tax strategy to review compliance with the regulations and is generally 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 concepts. 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 checks are defined annually and their efficacy 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 identify 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 an auditing company. An explicit external audit report dedicated solely to taxes is not available.

ZEISS is a partner that attaches importance to transparency, fairness, trust, reliability and respect. This applies in particular to its collaboration with tax authorities. Within the scope of tax law ZEISS represents its own interests through its memberships to the finance and tax committee of the IHK Ostwürttemberg and the DIHK, Berlin, in specialist tax groups and other panels.

### Results

During the reporting period, ZEISS accrued tax expenses in the amount of 395 million euros (prior year: 265 million euros). The Group's global tax rate was 27 percent in fiscal year 2020/21.

# 02

## PRODUCTS AND VALUE CHAIN



## Product Development

*"ZEISS stands first and foremost for innovative solutions that help our customers be successful. We filed 500 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 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 keep this promise and meet the needs of these different customers both today and in the future, right from the start ZEISS has been conducting its own comprehensive research and development activities. Its collaborations with partners such as universities and the work of diverse teams have a tremendous impact on its success. The potential environmental impact and an aspiration to ensure a circular economy are increasingly shaping the product development process.

### Guidelines, structures and processes

The Product and Solution Generation Process (PSGP) is of fundamental importance. It is managed by 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, which is outlined by a checklist. The goal of this systematic focus on the development process is to give customers the right products and solutions with regard to their expectations, benefits, quality, reliability, time and costs. ZEISS products are only launched if the requirements defined for the development process have been taken into consideration.

In addition, ZEISS continuously strives to reduce the environmental impact of the entire product life cycle and leverages fields of research from circular economy in its innovation management. ZEISS' goal is to extend the service life of its products through the relevant service, repair, and refurbishment programs. 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 constitutes an obligation to adhere to strict process management. This is how the company ensures that all ZEISS products meet the applicable environmental regulations and guidelines (see the chapter titled Environment, page 64). 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. 500 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 anchor sustainability more systematically in product development. That's the only way ZEISS can reduce the negative impact created through 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. Some business processes were evaluated in the reporting year, e.g. in terms of how sustainability aspects can become a focus of the product development process. This resulted in the creation of relevant pilot projects. For example, compiling product carbon footprints for individual products.

### Environmental Technology Award in Baden-Württemberg for Retrofitting

Retrofitting is the process whereby systems and machines are modernized so that they meet all of today's relevant criteria. This also eliminates the need to produce, transport and install a completely new system or machine. This is a sustainable practice as it reduces material consumption, extends a machine's life cycle and minimizes energy consumption. One example of this are the ZEISS portal measuring machines that have been in use for as many as 20 years. The matching Retrofit package enables machines and systems to be upgraded to the latest series technology. This permits measuring performance enhancements, the systems are brought into line with the currently applicable occupational health and safety standards, and all models consume much less energy. In particular, it is no longer necessary to handle large and heavy parts such as granite measuring tables weighing up to 11 tons or a steel base weighing over 200 kilos. In fact, this Retrofit package from ZEISS is so inspiring that it was honored with the 2021 Environmental Technology Award in Baden-Württemberg in the "Materials Efficiency" category. The jury was especially impressed that the Retrofit package is so comprehensive and complex – and includes a traceability and circular process for replaced or expanded parts.

## Product Safety

A multitude of legal stipulations relating to the development, production, approval and sales of the products serve to guarantee their safety. It is imperative that these rules are adhered to as defective products may harm users. In addition, the company's reputation may suffer.

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 managing directors 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 authorities. To meet the specific requirements of medical devices, various sites of the ZEISS segments Medical Technology, Consumer Markets and Industrial Quality & Research have implemented a quality management system certified to ISO 13485. This is also verified as part of an independent, external certification process.

And 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 opportunities for dialogue, 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 measures that are being implemented and pursued. 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 health-related patient information, confidential research findings and even secret drafts of electronic devices or vehicles.

To protect this information, ZEISS relies on the trio of confidentiality, integrity and data availability. The cross-segment Digital Product Security Expert Group (DPSEG) launched by Corporate Security plays a key role: it promotes discussion among developers on security issues and defines guidelines on the security of digital products and services. It thus drives the integration of the principles security by design and privacy by design in 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 2020/21, 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 locations by conducting independent monitoring audits in line with the requirements.

In the reporting period, ZEISS anchored standards to integrate ongoing security inspections in software and product development processes. Moreover, a process for dealing with safety incidents related to information security was also created and piloted. In the fiscal years ahead, the process will be rolled out in the ZEISS Group. Moreover, as part of the Security Engineer Program, a training concept was devised to provide employees at the ZEISS units with targeted professional development.

### Remote Work in Practice

Working remotely is tremendously beneficial for global companies in particular: fewer business trips mean fewer CO<sub>2</sub> emissions, and new ways of learning and collaborating. ZEISS is focusing ever more on virtual reality (VR) solutions, including training sessions for service engineers from different areas: equipped with a headset, controllers and sometimes with VR headsets, the engineers can use these virtual devices to get to know all the relevant components and practice tricky tasks. This helps them gain insights into complex machines and thus develop a more well-oiled routine for their service missions. The first project was rolled out in 2019 and there's now an entire portfolio dedicated to virtual training options.

## 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 45 percent of total purchasing volume with 652 strategically relevant suppliers who are the focus of a risk-based approach and are located in the following regions: 90 percent in EMEA (Europe, Middle East, Africa), 3 percent in APAC (Asia/Pacific), and 6 percent in the Americas.

### 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. 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.

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). This way, ZEISS has already taken steps toward adhering to the associated German Supply Chain Act (LkSG) (see page 42). A newly formed project group is focusing squarely on the LkSG. It is working on a method to compare the requirements of this law with the existing processes and to prepare the integration of the required measures into these processes.

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. The Supplier Quality Expert Panel acts as a steering committee. The panel is composed of representatives from the ZEISS units and the Head of the Supplier Quality department. Group Management is informed of and involved in corresponding reporting lines.

Moreover, a variety of working groups have been formed to drive the integration of certain sustainability topics in ZEISS' supply chain. A newly formed cross-functional working group is focusing on designing supplier management in relation to different sustainability aspects, from risk management and the reduction of packaging to 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 Act.

ZEISS categorically rejects all forms of forced and child labor and actively 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 the International Labour Organization (ILO) standards.

### Processes

Within the scope of the risk-based approach at ZEISS, relevant sustainability issues are also a part of the supplier management process. Furthermore, processes are needed in order to raise awareness for sustainability requirements in the supply chain both internally and externally and to address 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. As a rule, 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 will be compiled in consultation with the ZEISS units and action plans discussed. This makes it possible to define further action such as conducting on-site sustainability audits at particularly high-risk suppliers' sites. 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 safety, environmental protection and energy management criteria. Aspects such as occupational 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.

The requirements must be made known so that they can be met. To this end – and in order to encourage people to act sustainably at the company – ZEISS has created an e-learning module for employees and suppliers 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 demand 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 relies on 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 these smelting works in order to identify possible risks and raise supplier awareness for this topic.

### Objectives and results

To systematically anchor social and environmental sustainability in the supply chain, an international working group was formed as part of the cross-divisional ZEISS sustainability program in the current fiscal year. 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.

At the end of fiscal year 2020/21 72 percent (prior year: 91 percent) of the 652 (prior year: 510) 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.<sup>1</sup> 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 50 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.

<sup>1</sup> Due to the rising number of strategically relevant suppliers and the expansion of the supplier portal, the cover rate fell in the reporting year.

## 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 some action toward ensuring this.

The LkSG is closely based on the five core elements of the German National Action Plan on Business and Human Rights (NAP) from 2016 that aims to uphold human rights in the supply chain and in the company's own processes. Companies based in Germany were called on to voluntarily implement the NAP. However, one survey showed that only around one fifth of the companies surveyed had sufficiently implemented the various elements of the NAP. This prompted the law to be drafted. In some ways, the new LkSG goes beyond the NAP. 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 meet all the requirements of the LkSG, in the reporting year ZEISS formed a new project group. The project group is responsible for comparing the requirements with the existing processes, compiling a roadmap for taking the requirements into account and making suggestions to integrate necessary measures. The processes are set to be adapted in fiscal year 2021/22. 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 Act.

## Implementing the German National Action Plan for Business and Human Rights (NAP)

### 1.

**Policy statement on the respect of human rights** The [ZEISS Code of Conduct](#) makes explicit reference to the ILO's core labor standards and recognizes the principles of the RBA Code of Conduct. ZEISS does this to emphasize that human rights – such as the ban on forced labor or slavery, and human trafficking, the ban on child labor and discrimination – apply to employees and business partners alike. Further information is available in the chapter titled "Integrity and Compliance" starting on page 31.

### 2.

**Procedure for determining actual and potential negative effects on human rights (risk analysis):** Considering ZEISS' business environment, the company has developed approaches for determining cases of actual and potentially disadvantageous effects 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 for 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 vari-

ous indices and additional criteria as defined by ZEISS (see Processes, page 40). In particular, violations of occupational health and safety regulations are possible risks that could arise in ZEISS supplier industries.

### 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. On this basis, ZEISS carries out sustainability audits on its suppliers and supports their efforts to create appropriate plans for corrective measures. In the past negative effects were identified in the form of deficiencies in the areas of occupational safety and transparency concerning working conditions.

### 4.

**Reporting:** The ZEISS Group's existing reporting and communications formats provide the appropriate amount of information on the identified risks and measures. The Sustainability Report, the [ZEISS website](#) and the Non-Financial Report are the key reporting formats.

### 5.

**Complaints mechanism:** Since November 2018, the global ZEISS Integrity Line has been available to internal and external stakeholders for submitting information on possible human rights violations. 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).

# 03

## EMPLOYEES



*"More than 35,000 people in almost 50 countries work for ZEISS in a variety of areas and positions. We are all united by shared values, the drive to pursue new avenues and an approach based on responsibility and equality. All of that makes us an attractive employer for ambitious talents as we strive to counter the shortage of skilled workers."*

*Susan-Stefanie Breitkopf, Head of Corporate Human Resources, Carl Zeiss AG*

## Success through Employees

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, the diversity and equal opportunities championed at the company 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. Further important aspects of ZEISS' responsibility toward its employees are co-determination within the company, and promoting a healthy work-life balance.

In the reporting year, the COVID-19 pandemic presented ZEISS employees with a new set of challenges. ZEISS was able to rely on existing plans for Group-wide crisis management and on the experiences and tools established in the prior year. Digital tools for virtual collaboration and flexible working models, alongside other measures like an adapted process for shift handovers in production, have helped to maintain business operations.

## Employee Involvement

The more involved employees feel at the company, the more motivated they will be. In Germany, co-determination is the tool used 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 (GRI 102-41, 102-43)**

More than 35,000 people in almost 50 countries work for ZEISS. The corporate function 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 division representatives to define standards and procedures for strategic and overarching areas of activity and implements them within the scope of the department's functional management worldwide.

Operational co-determination is firmly enshrined 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 respective employee representatives on those issues regulated by legal stipulations or collective wage agreements. In addition, ZEISS regularly discusses planned changes within committees made up of employee representatives, thus going above and beyond the statutory requirements in Germany.

In accordance with the provisions of the German Co-Determination Act, half the members of the Supervisory Board of Carl Zeiss AG represent the sole shareholder – the Carl Zeiss



Foundation – while the other half represents the employees. The Executive Board regularly reports to the Supervisory Board on current issues and planned operational changes. The European locations of Carl Zeiss Vision International GmbH send employee representatives to the European Works Council (EWC).

### 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 last Pulse Check survey in 2020 showed that 84 percent of people enjoy working at ZEISS and that 75 percent of them would recommend ZEISS as an employer. Further information is available in the [ZEISS Sustainability Report 2019/20](#). The next Pulse Check will be run as scheduled in 2022.

In the past, ZEISS has paid out a bonus to all eligible employees, allowing them to share in the company's successful business development. For fiscal year 2020/21 a record profit participation bonus in the amount of 4,200 euros was paid out to eligible employees at the company's German sites at the end of the reporting period in October 2021. Some ZEISS sites outside Germany have their own country-specific rules that also allowed employees to share in the success of fiscal year 2020/21.

### Global employee structure

	2020/21	2019/20	2018/19
<b>Total</b>	<b>35,375</b>	<b>32,201</b>	<b>31,260</b>
» Part-time employees	1,863	1,787	1,725
» Employees with fixed-term contracts	1,698	1,512	1,511
Trainees and students in a cooperative study program	552	520	517
Contract workers	1,103	967	952
New recruits <sup>1</sup>	5,025		
Percentage of female employees	34 %	34 %	34 %
Turnover rate <sup>2</sup> (Germany)	2.6 %	1.7 %	

<sup>1</sup> The term "new recruits" refers to ZEISS employees worldwide, excluding GOM GmbH and Carl Zeiss Vision Portugal. This key figure is being reported for the first time in FY 2020/21. It does not include trainees or temporary employees.

<sup>2</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 resignations due to limited-term employment contracts, retirement, early retirement, or death.

### Employees by region

	2020/21	2019/20	2018/19
Germany	14,848	13,692	13,310
EMEA (excl. Germany)	4,818	4,628	4,589
Americas	7,913	7,010	6,950
APAC	7,796	6,871	6,411



## 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, e-books and audio books – 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 with various universities with cooperative education programs. In the reporting period, a total of 125 young people began a vocational training program or a cooperative study program at the German sites in 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. With its sophisticated cooperative 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 to prepare managers for their first leadership experience, ZEISS promotes job rotation for its employees – including assignments abroad. ZEISS also offers attractive careers for R&D, innovation, and service and support staff.

### Measures and results

At the end of the reporting period, ZEISS employed a total of 522 vocational trainees and students enrolled in a cooperative study program worldwide (2019/20: 520). In fiscal year 2020/21 around 490 (2019/20: 500) young people completed a technical or business-related internship at the company's German sites or wrote their thesis at ZEISS. In addition, roughly 188 (2019/20: 200) 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 2020/21. At present, 37 employees from Germany are working in 18 countries worldwide. At the same time, 18 employees from abroad have been assigned to work in Germany. 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. Plans for assignments abroad have been impacted by the COVID-19 pandemic, with some taking longer to implement and others having to be postponed. In general, however, a slightly positive development was observed.

In the year under review, the CurioZ team advanced its learning platform, defining focus learning paths for cross-discipline and increasing relevant knowledge and skills. This includes topics related to the digital transformation and entrepreneurship. Furthermore, the "Learning from Experience" initiative was launched. It enables the formation of expert teams with a view to sharing individuals' knowledge with the entire company. They work with CurioZ to come up with standardized solutions and processes as well as best practices for ZEISS. Digital participation for employees in production and operational areas is important to ZEISS. In the reporting year 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 is scheduled to be complete by fiscal year 2021/22.

### Figures on Learning – Worldwide

Figures on the use of the ZEISS CurioZ learning platform in fiscal year 2020/211

- » Number of active users worldwide who completed at least one online course: **27,148** (14,754 in Germany)<sup>1</sup>
- » **213,130** online courses completed worldwide (78,866 in Germany)
- » Number of downloads from the ZEISS e-library: **23,858** (of which 18,280 e-book downloads and 5,578 audio book and MicroTalks downloads)

### Figures on learning in Germany

Fiscal year (FY)		2020/21	2019/20	2018/19
Total no. of completed courses	<b>Total</b>	<b>94,735</b>	<b>91,230</b>	<b>61,740</b>
	Share of men	73%	74%	74%
	Share of women	27%	26%	26%
Total number of participant days <sup>2</sup>	<b>Total</b>	<b>34,922</b>	<b>30,560</b>	<b>24,722</b>
	Share of men	75%	76%	76%
	Share of women	25%	24%	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 training program "Digital Transformation @ ZEISS" aims to prepare employees for the digital transformation. The focus is on digital business models that allow employees to transform their day-to-day work and create added value for ZEISS. Participants can either tackle the online learning modules individually or in small groups, as team challenges. The training program is enriched with expert talks from key figures in business and science, allowing ZEISS to share vast amounts of knowledge on the digital transformation. This basic program will be supplemented with additional training paths in the future, which will be more closely tailored to the needs of the particular target groups.

## Diversity and Equal Opportunities

With over 35,000 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's why the company is continuing to focus on equal opportunities while actively promoting diversity among its workforce.

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 categorically 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 features." 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 32.

ZEISS strengthened 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.

Corporate Human Resources is responsible for managing activities that promote diversity. It has the support of multiple committees and reports to the Executive Board. Executives and management are obliged to model integrity through their own behavior, inform employees about the rules, monitor compliance with these rules and rectify any violations. Local HR departments assist Corporate Human Resources with clarifying and resolving any violations.

### Mentoring for Greater Diversity

The Diversity@MED initiative includes a mentoring program that 50 mentor pairs took part in during the reporting year. As for the mentees, women in management positions in particular took part alongside up-and-coming managers. One aim of the mentoring program is to shift perspectives and reassess issues. Learning from others' experiences is another area of focus. Moreover, diversity workshops were run at the segment to raise awareness for blind spots in their own perception. After all, studies show that these unconscious prejudices may mean that not all talents are given the same opportunities and so valuable skills and good ideas are not taken into account. The Diversity@MED initiative is designed to help step up diversity in the teams.

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

1. **Professional background:** Employee acceptance for different professional careers and educational backgrounds.
2. **Internationality:** Employees from a wide variety of cultures and nationalities deserve to work in an atmosphere of mutual respect and esteem.
3. **Generations:** The work environment needs to be organized so that different generations can work together successfully.
4. **Gender:** Everyone should have the same opportunities, regardless of gender.
5. **Workplace culture:** An open and flexible culture enables all employees to achieve the right work-life balance.

### Objectives and results

ZEISS aims to ensure that all employees can collaborate successfully and appreciate 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 the following initiatives:

- » Cooperation network for international employees and their families
- » ZEISS Women Award for outstanding students of IT, business informatics and media informatics
- » A network for new employees that enables networking across divisional and departmental boundaries, promotes knowledge sharing and helps new employees settle in at ZEISS

Due to the COVID-19 pandemic, ZEISS has rolled out additional measures in the virtual realm. Examples include an interview with the Head of HR at the ZEISS Medical Technology segment and a well-known entrepreneur, or the Diversity Calendar in the USA. In order to raise awareness among employees a variety of diversity topics were presented in specific months.

## Work-life Balance

### Global age structure of the ZEISS Group in FY 2020/21

Age distribution	Male	Female	Total
Under 30	4,449	2,520	<b>6,969</b>
30 to 49	13,570	6,826	<b>20,396</b>
50 and older	5,412	2,598	<b>8,010</b>

### ZEISS Women Award for Young Women in IT

Women are still very much underrepresented in IT. The ZEISS Women Award therefore aims to draw attention to women in IT and present them as role models. The ZEISS Women Award was born of the Saxonia Woman Award that has been presented since 2011. If you're a woman and are currently working on your bachelor's, master's or PhD thesis, then you're eligible to apply. The winners are selected by a jury composed of successful women from the worlds of science and business. In 2021 Elke Büdenbender, wife of German president Frank-Walter Steinmeier, became the award's sponsor. The three ZEISS Women Award winners received staggered cash prizes.

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. Not least of all due to the COVID-19 pandemic, the topic of "work and personal life" has taken on lasting importance. This leads to greater needs in terms of flexible working hours and telecommuting through the largely still limited childcare options.

### Guidelines, structures and processes

Overall responsibility for promoting a work-life balance lies with Corporate Human Resources. Usually, needs are assessed and relevant measures are taken in a decentralized way at the regional companies. In Germany the Human Resources department is currently in discussions with the works council, the employees and representatives from the different German sites. In fiscal year 2020/21 the focus was on support for families, particularly during the pandemic-induced school and daycare closures.

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, in fiscal year 2020/21 in Germany, the works council and the employees implemented measures that make it easier to balance work and family life:

- » Launch of a digital childcare offering for all employees and increase in the number of available daycare places
- » Reduced-price access to children's vacation programs and swimming courses for employees' kids
- » Expansion of the consultation offering for employees caring for family members and continuation of consultation offering on childcare

The employees and their families who have been affected by the COVID-19 pandemic received consultations and took advantage of further work-related and individual measures.

## Occupational Health and Safety

For ZEISS, guaranteeing a healthy work environment and a safe workplace are fundamental obligations toward its employees. This obligation 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.

One of the biggest challenges in terms of occupational health and safety in the reporting year was in dealing with the COVID-19 pandemic. The structures and processes created in the previous year continued to be based on these foundations. The previous year's measures continued to apply. They included compliance with social distancing and hygiene rules, mandatory masks, travel guidelines and rules on the use of shared spaces. 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 managing directors 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

The operational responsibilities of all ZEISS employees and managers with regard to occupational health and safety are outlined in a corporate policy. A Global Coordinator for Occupational Health and Safety (OHS) has been appointed. All ZEISS Group entities are obligated to appoint an OHS Officer in writing. The duties of the OHS Officer may differ as a result of local legislation, but 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 obligated to carry out a cause analysis and define and implement measures if necessary. On request, occupational safety experts and/or company physicians can assist with defining these measures.

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 consistent KPI was designated for this purpose.

In Germany, the Head of Occupational Health and Safety takes on an advisory role for all locations 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 fundamental processes and procedures. All companies in Germany are obligated to implement them and they have been integrated into the ZEISS management system. As a rule, occupational health and safety management at ZEISS sites in Germany encompasses all sites and covers the non-ZEISS employees commissioned by the sites. Therefore, contractors must consent to ZEISS' directive on external companies prior to accepting the commission.

As per the German Law on Occupational Health and Safety, 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 handicapped employees.

A total of 19 business units at three German sites and ten international ZEISS sites are certified in accordance with ISO 45001, the international standard for occupational health and safety management systems. 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, 30 business units in Germany and 30 international production sites with a total of around 28,300 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 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 Healthcare Management (BGM) in Germany is managed by Corporate Human Resources. Initiatives are also being run at sites worldwide. In the year under review, ZEISS in Germany forged a partnership with health insurer BARMER, whereby employees are offered preventive health measures free of charge. These include tailored measures for a variety of employee groups, such as production employees working in shifts or out in the field. Corporate Human Resources ensures that the offer is available to all employees in Germany.

Due to the COVID-19 pandemic, thus far the focus has been on virtual offerings. These include access to an online gym as well as webinars like "Active lunch break," "Stress relief for trainees" and "Resilience for managers."

\* 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 locations in Germany. Such effects are not factored into the performance indicator of reported work-related accidents.

### "ZEISS Vaccinates" Pilot Project

As of May 2021, ZEISS was one of twelve companies to take part in a pilot project for administering COVID-19 vaccinations in Baden-Württemberg. As per the conditions stipulated by the Ministry for Social Affairs in Baden-Württemberg, ZEISS and the Group Works Council have resolved to limit vaccinations for employees to those working in the production areas at the Ostalb sites. It was not usually possible for these employees to telecommute and thus to help protect against infection in the workplace. Over 1,100 ZEISS employees from the production areas at the main and south factories in Oberkochen and at the Aalen site had the opportunity to avail of the voluntary vaccinations during the first phase of the vaccination drive in Germany. This restriction was later lifted and ZEISS was able to offer the voluntary COVID-19 vaccinations to all employees at its German sites. ZEISS supported many vaccinations at the ZEISS sites via its own medical personnel in Oberkochen, and with many volunteers on-site. ZEISS was thus able to help combat the pandemic. Around 7,000 vaccination doses were administered in the year under review.

Since summer 2021 the working groups in Germany comprising healthcare professionals, works council members, representatives for handicapped employees, occupational health and safety, the company medical center and HR departments have had access to a "toolbox." The working group selects and implements healthcare measures for employees. These include prevention courses, modules for healthcare days or offers for specific target groups on exercise, nutrition and mental health. Corporate Human Resources supplies the toolbox that accompanies them and helps to manage their work.

### 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 2020/21 to achieve a value of less than 3.0 has been met (LTIFR = 2.32\*). This means a significant improvement was made compared to the previous year (LTIFR = 2.65).

There were no fatal work-related accidents in the reporting year. Most of the accidents that occurred within the ZEISS Group in Germany were caused by personal conduct such as not following work instructions or not paying attention. ZEISS primarily responds to this challenge by organizing training 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, had no major impact on the accident figures in fiscal year 2020/21, 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. For this reason, in fiscal year 2020/21 the launch of the previously piloted occupational health and safety management software was expanded to all German sites. This means work-related accidents, near accidents and critical situations can all be reported and monitored. This also simplifies the planning and documentation of safety training, the creation of risk assessments and documentation and ensures full transparency of the measures derived from occupational health and safety and fire safety inspections. 679 managers and occupational health and safety officers were trained to use the new software in the past fiscal year. Following implementation in Germany, the goal is to use the software to establish an accident reporting system worldwide. This is set to be completed by the end of fiscal year 2021/22.

**Performance Indicators for Occupational Health and Safety in Fiscal Year 2020/21**

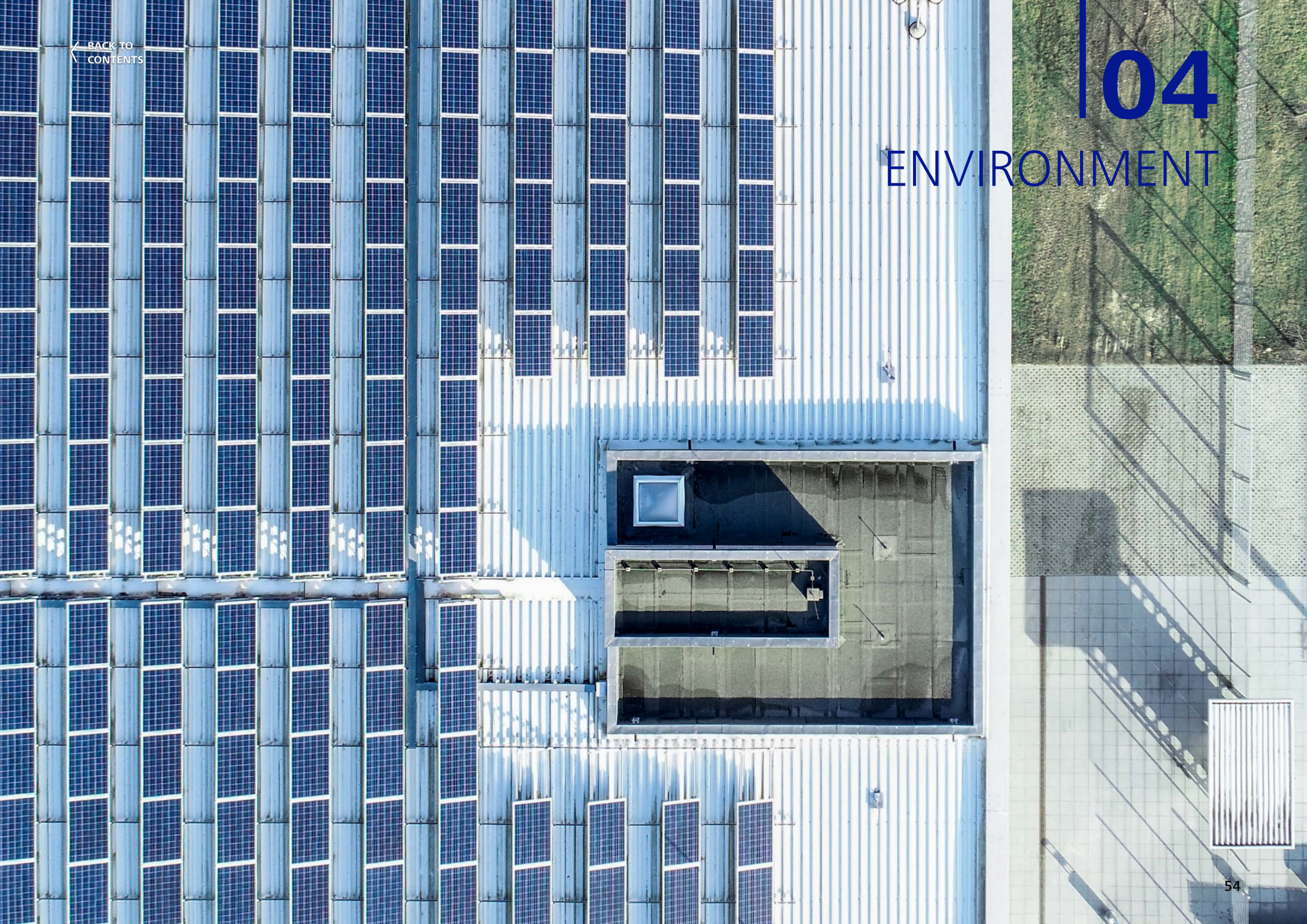
	LTI	LTIFR	SVR	LCDR	Target hours
Germany	70	2,38	10,4	24,7	29.403.275
EMEA (excl. Germany)	26	5,32	15,2	80,8	4.885.747
Americas	27	1,84	53,4	98,5	14.635.888
APAC	6	0,90	14,6	13,2	6.647.893
<b>Total</b>	<b>129</b>	<b>2,32</b>	<b>20,5</b>	<b>47,7</b>	<b>55.572.803</b>

- » **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 ≥ 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.



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# 04 ENVIRONMENT





## Efficient Use of Natural Resources

*"Our central goal is to further unite economy and ecology – from product development to application at our customers' sites. Climate change is of course the company's primary consideration. This is a topic where we took a major step forward in the past year in terms of our green energy supply."*

*Dr. Uwe Hamm, Head of Chemicals / Materials and Environmental Officer, Carl Zeiss Jena GmbH*

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, wastewater and waste are generated that cannot subsequently be reused in the manufacturing process. The use of natural resources comes with various challenges, including a scarcity of the necessary natural resources or a negative impact on the environment resulting from the extracting, processing and disposing of materials. In addition, the rising price of energy, raw materials, other materials, or waste disposal can adversely affect the company's competitiveness.

ZEISS therefore optimizes its business processes in line with environmental and economic aspects and organizes them so that as few resources as possible are required. ZEISS also takes environmental aspects into account, from product development through deployment at customer sites in order to render many end-of-pipe activities superfluous (see page 37).

### Guidelines, structures and processes

ZEISS continues to work on reducing its consumption and emissions in order to counter the negative impact on the environment and our climate. To do this, in the reporting year 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 began taking the more efficient use of resources into consideration early on. Back 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 2021, 33 business units (previous year: 32 business units) at 15 of the ZEISS Group's production facilities were certified to ISO 14001:2015.

A company suggestion scheme for employees is in place at eight ZEISS sites in countries like China, the US and Germany. The submissions are assessed based on their feasibility, impact and efficiency. In the year under review, suggestions were submitted 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 presented. 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. These meetings are held at least every year and are attended by officers for the integrated management system, environmental protection 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 internal treatment plants and then subsequently drained into the municipal sewer system. The relevant quality standards at all sites are defined by local laws and official requirements. The supervisory bodies responsible for these are actively involved. The implementation of measures for saving water – above all in conjunction with permits for water treatment plants – is a clear statutory requirement that is implemented on an ongoing basis. 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 the eyeglass lens factory in Mexico and the assembly plant in California. Another example is India, where water scarcity is a major problem during the country's hot summers. 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. This saves as many as 692,000 liters of water each year. ZEISS conserves water even at sites where water is plentiful. The site in Mátészalka, Hungary, is just one example. Every year, more than 4,000 m<sup>3</sup> of water is saved thanks to employee suggestions. The eyeglass lenses that are produced here must be polished. This is a process that requires water. Small valves make it possible to more precisely apply water to the lenses, thus reducing water consumption. This method was inspired by the drip irrigation systems used to water gardens.

### Materials

When selecting and using raw materials, technologies and production processes, ZEISS considers their environmental compatibility. This primarily concerns product development (see page 37). But ZEISS is always looking for greener alternatives and processes for its production facilities.

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 value and the residual coolant can also be reprocessed.

### Waste

Circular economy is a key part of using resources responsibly. This means consistently looking at production and the product's entire life cycle. 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 38.

#### Resource-saving Sunglasses

The majority of sunglass lenses are made of plastic because it's light, affordable and relatively robust. In a bid to reduce the amount of fossil fuels it uses, ZEISS Sunlens has developed new, more resource-saving sunglass lenses. In terms of their mass balance, Plano sunglass lenses comprise 39 percent bio-based materials instead of the fossil fuels that were previously used. This organic base material is sourced from the waste generated by agriculture and the wood industry.

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 recycle waste, the company aspires to

use it to produce energy. 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 the year under review ZEISS set itself new reduction targets related to water consumption and waste. The Executive Board approved these in October 2021. Water consumption is set to fall by 15 percent relative to the company's value added by fiscal year 2024/25 as a sum of EBITDA and personnel

**Waste Reduction in Electron Microscope Packaging**

Electron microscopes are highly sensitive systems that must be protected during transportation. Until now, the finished systems have been shipped to customers wrapped in five different packaging layers made of various sheets. These sheets offer benefits such as antistatic protection, with bubble wrap providing shock resistance. An employee-run initiative at the Cambourne site helped to reduce the number of packaging layers. Moreover, the amount of plastic and cardboard waste generated during electron microscope production was also reduced by deploying reusable plastic crates wherever possible.

expenses. During the same period, the amount of waste generated is projected to be reduced by 10 percent relative to the company's own value added. The reference year for all targets is fiscal year 2018/19.

In the reporting year, ZEISS achieved the target value for the reduction in water consumption by fiscal year 2024/25: as compared to the reference year 2018/19, it was possible to reduce relative water consumption by 17 percent. Now, the goal is to sustain this improvement or surpass it 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 in part to the reuse of water in rinsing processes and the internal circulation of water, e.g. in production and cleaning systems. In the reporting year, 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 14 percent as compared to the reference year 2018/19. Thus, ZEISS has achieved the target value for the reduction in waste by fiscal year 2024/25. Here, too, the aim is to sustain this improvement or surpass it. In the same period, however, the absolute amount of waste increased by just under five percent. The reason for the reduction in the relative amount of waste is the significant increase in value added as compared to the reference year.

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 in accordance with ISO 14001 set their own targets for improving their environmental performance as part of their area-specific environmental programs. One aim is for the solvent demand to have a defined annual quantity or to not exceed a certain amount per manufactured product.

## Climate Protection at ZEISS

One of the most pressing tasks at present is to reduce the impact of climate change. ZEISS adheres to the global goal stipulated in the Paris Agreement of limiting global warming to below 2°C and has taken its own measures in order to achieve this.

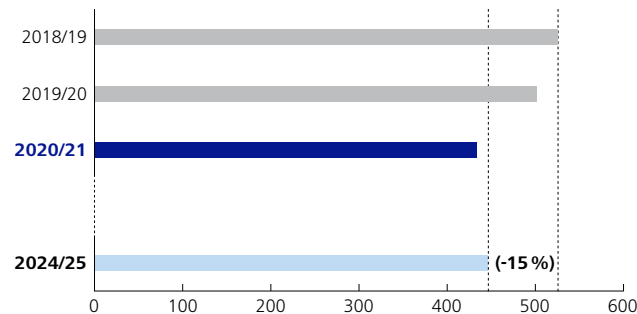
In the year under review, ZEISS set itself the goal of achieving carbon neutrality in its Scope 1 and Scope 2 emissions by 2025. Scope 3 emissions were defined for the first time in the 2020/21 reporting period. ZEISS plans to set reduction goals for these, too.

### 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. ZEISS views Scope 1 and Scope 2 emissions as top priorities.

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 as per the ISO 50001 international standard for energy management. 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 company's (production) processes, machines, systems and equipment, along with its buildings and infrastructure.

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



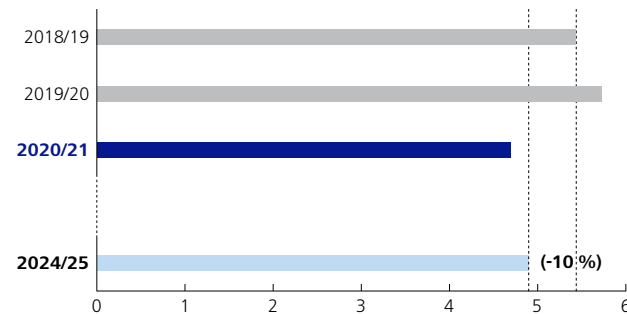
■ Water consumption [in m³ / € m value added]  
■ Target set for 2024/25

Fiscal year (FY)	2020/21	2019/20	2018/19
Total water consumption [in 1,000 m³]	1,905	1,777	1,901
» of which groundwater	16		
» of which surface water	125		
» of which third-party water	1,763		
Total value added ZEISS² [€ m]	4,399	3,541	3,623
Water consumption [in m³/€ m value added]	433	502	525
Relative change to reference year 2018/19 [in %]	-17	-4	0

<sup>1</sup> ZEISS collected water consumption data by source for the first time in the reporting year. Since the water consumption data for the Oberkochen site was not complete at the time of publication, we have made estimates for this site based on the value of the previous year.

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

### Waste volume



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

Fiscal year (FY)	2020/21	2019/20	2018/19
Waste volume [in t]	20,624	20,266	19,684
» Hazardous	4,611	3,616	3,757
» Non-hazardous	16,013	16,649	15,926
Total value added at ZEISS² [€ m]	4,399	3,541	3,623
Waste volume [in t/€ m value added]	4,69	5,72	5,43
Relative change to reference year 2018/19 [in %]	-14	5	0



Reliable and consistent energy and emissions data form the basis for managing consumption. In the reporting year ZEISS set up a global energy data platform in order to continue improving the energy and emissions data collection process. It is designed to collect data on all ZEISS sites worldwide with significant energy consumption. By the end of fiscal year 2020/21 around 150 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, ZEISS 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 that offer planning reliability. Green power is thus purchased from certified providers. ZEISS has defined strict quality criteria to this end. ZEISS only sources green power that has been listed in official registers and categorically rejects green power from nuclear power or large hydroelectric power stations. What's more, ZEISS prioritizes its options by system age and technology, place of origin and additional characteristics. 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 change is accompanied and strategically driven by the "Green Infrastructure" working group as part of the Group-

wide sustainability program of the ZEISS Agenda. It aims to ensure a green power supply at all of its main sites and to extend its own energy generation to green power.

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. 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 the reporting year with respect to the upstream value chain. ZEISS has been fully 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. By fiscal year 2021/22 indirect emissions from energy procurement (Scope 2) at the company's main sites are to be CO<sub>2</sub> neutral. By fiscal year 2024/25, energy at all ZEISS sites worldwide and the direct emissions from combustion processes in its own systems or vehicles (Scope 1) will follow. In the context of CO<sub>2</sub> reduc-

tions, ZEISS also set a new target for reducing its relative energy consumption in the reporting year. The target was approved by the Executive Board in October 2021: Energy consumption is expected to fall by 20 percent by fiscal year 2024/25 relative to its own value added. The reference year is fiscal year 2018/19.

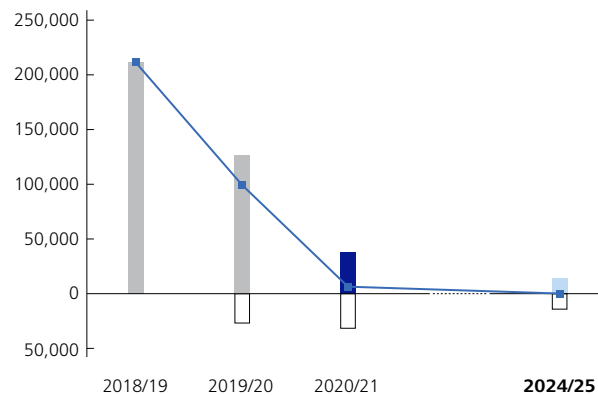
In the reporting year, ZEISS was able to reduce its relative energy consumption by five percent as compared to the reference year 2018/19 – this is due especially to the significantly higher value added. Absolute energy consumption increased in the same period of time by around 14 percent. In addition to the company's growth, this was due to the start of operations in a new production hall at the Oberkochen site. ZEISS was able to reduce the Scope 1 and Scope 2 CO<sub>2</sub> emissions it produced by almost 70 percent.

As part of energy procurement, the company continued to purchase green power in the reporting period. Since all German sites were supplied with green power in 2019/20, this form of 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 procures green energy – to the greatest possible extent – via a global tender. Certificates of origin and power purchase agreements (PPAs) were used to do this. ZEISS purchased a total of some 397 GWh of green power. This corresponds to a share of some 98 percent of the ZEISS Group's total calculated energy consumption. 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 wind power systems 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 was built on the roof of the parking garage at the South Factory in Oberkochen during the reporting year. 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. During the reporting period the company compensated for roughly 46,000 tons of CO<sub>2</sub> emissions. 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 the first-ever collection of data on Scope 3 emissions in the year under review, ZEISS defined key categories for the upstream value chain. An external partner helped the company perform an environmentally expanded multi-regional input-output analysis. Purchasing data from fiscal year 2019/20 from the merchandise management system was used to do this. The result: The majority of Scope 3 emissions come from purchased goods and services. ZEISS has set itself the goal of improving its data collection process to find ways to reduce Scope 3 emissions and set reduction targets.

CO<sub>2</sub> emissions (Scope 1 and 2)<sup>2</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 CO<sub>2</sub> emissions, it will compensate for the remaining GHG emissions. The CO<sub>2</sub> emissions presented here for fiscal year 2024/25 and the respective compensations are based on estimates.
- Net emissions: Net emissions refer to the difference between the CO<sub>2</sub> emissions that ZEISS produces and the CO<sub>2</sub> emissions that have been compensated for. The figure refers only to Scope 1 and Scope 2 emissions.
- CO<sub>2</sub> emissions

Fiscal year (FY)	2020/21	2019/20	2018/19
CO <sub>2</sub> emissions [in t]	37,863	124,783	208,302
» Scope 1	31,356	31,945	31,624
» Scope 2	6,507	92,838	176,678
Total value added at ZEISS <sup>1</sup> [€ m]	4,399	3,541	3,623
CO <sub>2</sub> emissions [in t / € m value added]	9	35	57
CO <sub>2</sub> compensation [in t]	31,583	26,860	0

CO<sub>2</sub> emissions (Scope 3)<sup>3</sup>

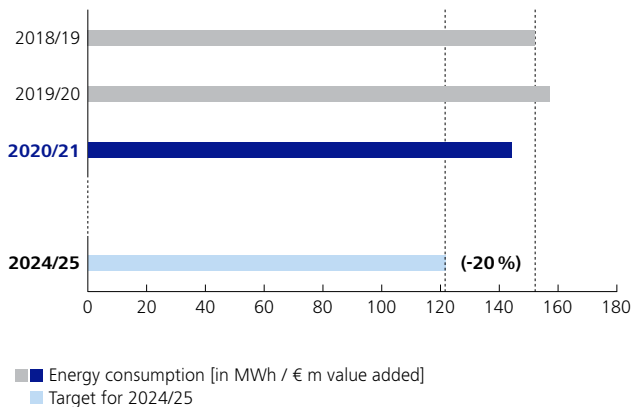
Fiscal year (FY)	2019/20
Scope 3 emissions [in t]	830,470
» Purchased goods and services	693,165
» Capital goods	98,241
» Fuel and energy-related activities	24,936
» Company-generated waste	2,234
» Flights	11,893
Total value added at ZEISS <sup>1</sup> [€ m]	3,541
Scope 3 emissions [in t / € m value added]	235

<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 both market-based and location-based. Market-based emissions calculations are done using specific emissions factors relating to the energy providers. Average emissions factors from the respective federal state were taken into account to collect location-based emissions data. To this end, ZEISS is using the latest emissions factors as per the VDA list (updated January 2018). The market-based emissions are reported for the first time in this Sustainability Report. The location-based Scope 1 and Scope 2 emissions amounted to 264.324 t in 2020/21, 236.043 t in 2019/20, and 234,791 t in 2018/19.

<sup>3</sup> ZEISS calculated its Scope 3 emissions for the first time in the reporting year. Purchasing data from fiscal year 2019/20 from the merchandise management system was used to do this. For more information about the calculation see the text above.

### Energy consumption



Fiscal year (FY)	2020/21	2019/20	2018/19
Energy consumption [in GWh]	633	555	549
» Electricity	426	369	366
» Gas	171	156	153
» Heating oil	1	1	2
» District heating	35	28	29
Total value added ZEISS <sup>1</sup> [€ m]	4,399	3,541	3,623
Energy consumption [in MWh/€ m value added]	144	157	152
Relative change to reference year 2018/19 [in %]	-5	3	0

### Greater Energy Efficiency Thanks to ZEISS Lithography Systems

Manufacturing semiconductors for servers, smartphones or self-driving cars – to name just three examples – is very energy-intensive. Highly productive lithography systems optimized to deliver maximum throughput can help achieve incredible savings. That's why, in the future, ZEISS will be collecting quantitative data on lithography optics and sustainability aspects during the development process and optimizing these in order to produce lithography systems in a more energy-efficient and resource-saving way. Meanwhile, increasing miniaturization of the semiconductor structures results in chips that require less energy. This way, EUV (extreme ultraviolet) chips that were produced using the latest generation of lithography optics are 30 percent more energy-efficient than chips produced with the latest generation of DUV (deep ultraviolet) optics. This allows for an even higher performance of end devices without increasing their carbon footprint.

ZEISS also uses its products to ensure 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 about this is available in the chapter titled "Products and Value Chain" on page 38.

ZEISS also continued pursuing its program for refurbishing microscopes in the reporting period. This involved pre-owned systems being updated and then sold at a discounted price. Customers receive a one-year warranty, and replacement parts are guaranteed for a period of five years. Since the program was launched in 2015/16, around 136 electron microscopes and 356 light microscopes have been refurbished, including 13 electron microscopes and 146 light microscopes in the reporting year. 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 2020/21, ZEISS once again participated in the CDP (previously: Carbon Disclosure Project). For the 2021 CDP report, which also contains a financial assessment of risks and opportunities, the CDP gave ZEISS a rating of "B", based on a scale of A to D (2020: "A-"). ZEISS aims to maintain or expand this high level in the future. The results have been published at [www.cdp.net](http://www.cdp.net).

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

## Focus on Climate Risks

ZEISS' business activities impact the climate by producing greenhouse gases. At the same time, climate change is also having an impact on ZEISS as a company. ZEISS intends to encounter 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 is available in the 2021 ZEISS CDP climate report.

### 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 has been regularly reporting on the measures and their progress to the President & CEO and the entire Executive Board. Further, central Risk Management discusses the company's entire risk report and process – including theoretical and physical climate risks – with the Executive Board on a quarterly basis.

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

The Head of Sustainability is responsible for topics related to sustainability. She is responsible for recommending environment-related targets for the ZEISS Group, such as those for emissions reductions or the climate strategy. 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 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.

### 2. Risk management

#### Assessing and managing climate-related risks

ZEISS systematically analyzes and evaluates several risk categories. These include climate risks. Risks are viewed as urgent if they will have an impact 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, the Head of Corporate Audit, Risk Management and Quality Management, and the central Risk Management team jointly decide how to manage the risks. Depending on the individual case, risks will be accepted, regularly inspected, transferred or measures will be taken to reduce them. Moreover, ZEISS has added a due diligence process on transitory and physical climate risks to its M&A processes in an effort to take aspects such as the risk of flooding at potential sites into consideration.

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 risks can have an impact on ZEISS' business model. The former are a direct or indirect result of climate change, while the latter are caused by the transformation toward a decarbonized economy. ZEISS believes the key physical risks include more frequent extreme weather events that could negatively impact the company's production facilities or supply chain. 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 CO<sub>2</sub> tax.

The increasing push from politics, industry and civil society to reduce greenhouse gas emissions 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.

In its strategic planning, ZEISS always considers the customer expectations and regulatory requirements that are changing with regard to climate change. That's why climate protection has become part of the Group-wide sustainability program that

has been pushed at various levels as part of the sustainability strategy of the new ZEISS Agenda since the current fiscal year. The aim is to use adapted products and business models to support customers as they implement their climate goals.

#### 4. Targets and key performance indicators

The main key performance indicators and targets for climate protection are listed under "Objectives and results" on pages 59 – 61.

### Green Buildings at the Innovation Hubs

During the year under review, ZEISS completed construction on the new ZEISS Innovation Center in Dublin, California (USA). The building can accommodate around 750 ZEISS employees and meets the highest standards in environmental protection and sustainability. The building is powered by solar energy, supported by use-based light and air controls and a heat recovery system. Equipment for rainwater collection and retention, along with wetland enhancement and maintenance, are reflected in the sustainability approach applied to the outdoor areas. Over the next few years, the ZEISS high-tech site in Jena, a cutting-edge facility, will be built on an area of some 80,000 square meters. ZEISS aims to use the new facility to achieve the gold certificate from the German Society for Sustainable Building (DGNB), where the focus is on ecology, economy and socio-cultural aspects. To do this, the facility's entire life cycle is taken into consideration. In practice, that means the amount of energy sourced from district heating is expected to fall to below ten percent. As a result, a closed-loop geothermal system is being installed that utilizes heat and cooling generated from the ground. The concept also includes the highly efficient use of exhaust heat. Added to that are an on-site combined heat and power (CHP) plant and a photovoltaic system, to name just two more examples.

# Environmental Compliance

At ZEISS, strict compliance with all relevant laws worldwide, as well as international and national standards and directives, is the foundation of daily business success. It is also a prerequisite for complying with the declared 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 wastewater – is complying with laws, stipulations for official approval and other rules related to the environment. Environment 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 ways to optimize processes and actions, ZEISS will define concrete measures. The implementation is assessed through regular sequential 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 as a result of specific incidents. More information about this is available in the chapter titled "Products and Value Chain" on page 41.

## 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 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 registered for the EU in accordance with REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) are used and authorized for use. In addition, considerable care is taken to only use substances that have not been identified as substances of very high concern whenever possible.

Material 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 obligates its suppliers to make the most up-to-date material safety data sheets available. 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 at all the 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. Due to their complex structures, hazardous substances can be potentially overlooked when not disposed of properly, thus resulting in major environmental and health issues. In accordance with the 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 as a commercial distributor of electrical and electronic devices in all EU countries.

## Targets

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.



## SOCIAL ENGAGEMENT



## Social and Societal Engagement

*"Our task as a foundation-owned company is to ensure our business success and take responsibility for our employees, as well as our social and societal engagement and promote science and education. We take action at local and global level to achieve this. Through our social engagement we work with partners to offer disadvantaged people practical assistance and more opportunities."*

*Joachim Kuss, Head of Communications at ZEISS Consumer Markets and Head of the Social Engagement working group*

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 therefore raises the bar in healthcare 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.

Tasked with this duty, ZEISS assumes an active role in society and makes a contribution to sustainable development at its sites. Furthermore, the company makes financial and in-kind donations in the form of ZEISS products and solutions through a variety of different projects in order to give people around the globe access to high-quality medical care.

### Structures, processes and results

The ZEISS Group's societal engagement is governed by clear policies: three different organizational levels provide sponsorship.

As the sole stockholder of Carl Zeiss AG and SCHOTT AG, the Carl Zeiss Foundation carries out non-profit activities. Its non-profit activity is 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 sponsorship as part of a defined process. The guidelines are laid out in an internal policy that applies to 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. Together with the relevant colleagues from the different corporate divisions, they decide which applications for donations or sponsoring to accept in accordance with the budget, and consult with the Executive Board of the ZEISS Group as needed.

The third level comprises initiatives like donation campaigns that are launched through global employee civic engagement. ZEISS normally runs these activities itself. The company and managers show their sincere appreciation to the employees involved and get the opportunity to organize themselves using the company's structures.

In fiscal year 2020/21, Carl Zeiss AG invested a total of 1.6 million euros into 106 projects (previous year: almost 1 million euros in 107 projects). 98 of these projects received sponsorship of more than 800,000 euros from the ZEISS Promotion Fund. These higher sums are the result of participation in the future initiative for the modernization of the Deutsches Museum in Munich to mark ZEISS' 175th anniversary. In the years ahead, 500,000 euros will be donated annually to make a total of five million euros. The German Optical Museum in Jena will receive another 250,000 euros. A sponsorship



amount at the level of the previous years has been earmarked for fiscal year 2021/22. Approximately 40 percent of the sponsorship is set to be put toward the STEM subjects for kids and students.

**Sponsorship areas**

Social engagement at the ZEISS Group aims to promote research and education, healthcare, conservation and regional companies.

**Scientific research and education**

Alongside business growth and accepting responsibility for the company's employees, the Carl Zeiss Foundation statutes stipulate high standards for societal engagement. 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 education among young people. The spotlight is on college students who have not yet entered the world of work and those who are choosing their field of study, their scientific skills 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 Hub in Dresden is also helping to shape technological progress. The first research project that focuses on organoid models has already been launched together 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. ZEISS plans to quickly grow the Innovation Hub in terms of both its focus topics and its workforce. Other topic areas are being looked at. These include digital technologies, microelectronics and IT, artificial intelligence, nanotechnology and materials research.

Another important measure that aims to breathe life into the statutes' requirements is the initiative launched in the company's anniversary year titled "A Heart for Science." The initiative aims to systematically encourage kids and young people to engage with science and conduct open-minded research. ZEISS is hoping to appeal to young people aged between 12 and 18 in particular. Scientific events at schools, collaborations with local organizations and the involvement of ZEISS employees and products on-site are all part of it.

**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. As a result, ZEISS supports people across the globe through a variety of projects, one of these being the fight against cataract. This disease affects approximately one third of all blind people worldwide. Together with the Christoffel Blind Mission (CBM) and a local partner, the Poona Blind Men's Association, ZEISS is supporting a new training center for treating cataracts in Pune, India. The center's mission is to train ophthalmologists and medical personnel throughout the country in phacoemulsification, a modern surgical technique. Doctors continued to receive training in the year under review. ZEISS and the Development Service for German Eyecare

Professionals (Entwicklungsdienst Deutscher Augenoptiker, EDA) also opened a comparable training center in Kyamulibwa (Uganda) and successfully trained local experts.

**An Eye Clinic in the Outback**

In the year under review, ZEISS made a donation to help deliver modern eyecare to those living in the Australian outback. To this end, the company donated systems to the value of some 1.5 million Australian dollars. The eye clinic in Broome has removed the need for doctors to take weekly flights to the outback as well as deliver systems there from densely populated areas. Here's an interesting fact: the Kimberly region with its roughly 38,000 people will be the site of the new hospital, which will be built in the rooms of a former hostel. The region itself is considerably larger than Germany. As a partner, not only does ZEISS help deliver medical care to people living in these remote regions, but the clinic itself doubles up as a training center for budding doctors who can gain experience in Broome.

## Eyecare Services for Disadvantaged Regions

More than two billion people across the globe have no access to eyecare. Since 2015, ZEISS has been committed to improving this situation in one of the world's most severely affected regions: India. Over 800 million people are living there, in underserved rural areas. ZEISS uses the Aloka Vision Programme to supply basic eye care to people in ten states across the country. A variety of partners, simple digital platforms and an optimized supply chain make it possible to perform several thousands of eye exams, and several thousand pairs of glasses are sold each month. Despite the limitations induced by the pandemic, in the fourth quarter of 2020/21 alone Aloka helped 60,500 patients. 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 reliable partner, offering eye exams and eyeglasses to people across India. A third example is the Drishti Eye Care System in Nepal. Drishti Eye Care is an eye hospital focusing on diagnosing and treating non-refractive visual impairments in children. The aim is to help at least 10,000 children each year. ZEISS also provides the equipment needed to perform the eye screenings and covers treatment costs.

## 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 also 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.

## 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.

## Involvement in Birdwatching

As a charitable organization, Birdability aims to share the joys of birdwatching with everyone – particularly with handicapped people. For instance, a map will help to keep track of wheelchair-suitable trekking paths and parking options at observation points. Another option are virtual events that will allow handicapped people to go birdwatching from the comfort of their own homes. ZEISS supports Birdability with financial donations and supplies birdwatching optics.

## Wooden Crates for School Furniture

Some ZEISS devices and systems are safely packed in wooden crates before they're shipped around the world. But once unpacked at their destination, they create large amounts of waste wood. In order to effectively utilize this valuable resource, the ZEISS site in Bangalore, India, has turned the wood into benches, desks and chairs for local schools. Each school bench holds three kids, and ten benches are enough to supply an entire classroom. The team in India has already produced more than 100 benches and 30 desks. It also has long-term plans to build 30-40 pieces of furniture every month, which could create jobs for regional carpenters.

# GRI Content Index

The report was made available to the GRI for review by the GRI Materiality Disclosures Service. The GRI Services Team has confirmed the correct placement of the Materiality Disclosures (102-40 to 102-49) in the report.



GRI Standard	Page reference	Comments
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
<b>Organizational Profile</b>		
GRI 102-1: Name of organization	p. 10	
GRI 102-2: Activities, brands, products, and services	p. 10-12	
GRI 102-3: Location of headquarters	p. 10	
GRI 102-4: Location of operations	p. 10	
GRI 102-5: Ownership and legal form	p. 10	
GRI 102-6: Markets served	p. 10, 12, 37	
GRI 102-7: Scale of the organization	p. 2, 10, 46; <a href="#">Annual Report 2020/21</a> : p. 26	
GRI 102-8: Information on employees and other workers	p. 46	
GRI 102-9: Supply chain	p. 14, 40-41	
GRI 102-10: Significant changes to the organization and its supply chain		No significant changes during the reporting year
GRI 102-11: Precautionary Principle or approach	p. 31-34, 38, 39, 55-57; <a href="#">Annual Report 2020/21</a> : p. 41	
GRI 102-12: External initiatives	p. 17, 19, 26, 42, 43	
GRI 102-13: Membership of associations	p. 19, 33	
<b>Strategy</b>		
GRI 102-14: Statement from senior decision-maker	p. 4	
GRI 102-15: Key impacts, risks, and opportunities	p. 14, 16-25, 62, 63	
<b>Ethics and Integrity</b>		
GRI 102-16: Values, principles, standards, and norms of behavior	p. 13, 17, 31-33, 38, 40-42, 48, 51	

# GRI Content Index

GRI Standard	Page reference	Comments
<b>Corporate Governance</b>		
GRI 102-18: Governance structure	p. 7, 13, 16-18, 42; <a href="#">Annual Report 2020/21</a> : p. 20, 21, 24	
GRI 102-19: Delegating authority	p. 7, 16-18, 31, 33, 42, 55, 56, 62, 64	
<b>Involving Stakeholders</b>		
GRI 102-40: List of stakeholder groups	p. 8, 19	
GRI 102-41: Collective bargaining agreements	p. 45	
GRI 102-42: Identifying and selecting stakeholders	p. 18	
GRI 102-43: Approach to stakeholder engagement	p. 18-20, 45	
GRI 102-44: Key topics and concerns raised	p. 18, 20	
<b>Reporting Practice</b>		
GRI 102-45: Entities included in the consolidated financial statements	p. 8; <a href="#">Annual Report 2020/21</a> : p. 107-112	
GRI 102-46: Defining report content and topic boundaries	p. 20	
GRI 102-47: List of material topics	p. 21-25	
GRI 102-48: Restatements of information		None
GRI 102-49: Changes in reporting		None
GRI 102-50: Reporting period	p. 8	
GRI 102-51: Date of most recent report		January 2021
GRI 102-52: Reporting cycle	p. 8	
GRI 102-53: Contact point for questions regarding the report	p. 77	
GRI 102-54: Claims of reporting in accordance with the GRI Standards	p. 8	
GRI 102-55: GRI content index	p. 69-76	
GRI 102-56: External assurance		None



# GRI Content Index

## Material issues

GRI Standard	Page reference	Comments
<b>GRI 201 Economic Performance 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 14, 16-18, 62, 63, 66	
GRI 201-1: Direct economic value generated and distributed	p. 2, 10, 12, 66; <a href="#">Annual Report 2020/21</a> : p. 50	
GRI 201-2: Financial implications and other risks and opportunities due to climate change	p. 62, 63	
<b>GRI 203 Indirect Economic Impacts 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 14, 16, 17, 25, 27-29, 66-68	
GRI 203-1: Infrastructure investments and services supported	p. 28, 66-68	
<b>GRI 205 Anti-corruption 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 21, 31-33	
GRI 205-2: Communication and training about anti-corruption policies and procedures	p. 31-33	
<b>GRI 206 Anti-Competitive Behavior 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 21, 31-33	
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>GRI 207 Tax 2019</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 14, 21, 35	
GRI 207-1: Approach to tax	p. 14, 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. In the ZEISS Group management report and Group financial report, all legally required information about corporate income taxes is provided. All required information is shared with the relevant tax authority.

## GRI Content Index

GRI Standard	Page reference	Comments
<b>GRI 302 Energy 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 16, 22, 24, 29, 37-40, 55, 56, 58-61, 63	
GRI 302-1: Energy consumption within the organization	p. 61	
GRI 302-3: Energy intensity	p. 61	
<b>GRI 303 Water and Effluents 2018</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 16, 24, 37, 55-57, 63, 64	
GRI 303-1: Interactions with water as a shared resource	p. 56	
GRI 303-2: Management of water discharge-related impacts	p. 56	
GRI 303-3: Water withdrawal	p. 56	Currently, ZEISS does not report on water extraction or water consumption broken down by regions of water stress. It does not differentiate between freshwater and other water. This information is collected at individual sites but is impossible to consolidate to yield worldwide statistics.
<b>GRI 305 Emissions 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 16, 22, 24, 29, 37-40, 55, 56, 58-63	
GRI 305-1: Direct (Scope 1) GHG emissions	p. 60	
GRI 305-2: Energy indirect (Scope 2) GHG emissions	p. 60	
GRI 305-3: Other indirect (Scope 3) GHG emissions	p. 60	
GRI 305-4: GHG emissions intensity	p. 60	
<b>GRI 306 Waste 2020</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 16, 22, 24, 29, 37, 38, 40, 55-58, 64, 68	
GRI 306-1: Waste generation and significant waste-related impacts	p. 56-58, 64	
GRI 306-2: Management of significant waste-related impacts	p. 56-57, 64	
GRI 306-3: Waste generated	p. 58	
<b>GRI 307 Environmental Compliance 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 24, 64	
GRI 307-1: Non-compliance with environmental laws and regulations		ZEISS was not informed of any relevant incidents during the reporting period.

## GRI Content Index

GRI Standard	Page reference	Comments
<b>GRI 308 Supplier Environmental Assessment 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 16, 22, 28, 40, 41, 64	
GRI 308-1: New suppliers that were screened using environmental criteria	p. 40	
GRI 308-2: Negative environmental impacts in the supply chain and actions taken	p. 40, 41, 43	
<b>GRI 401 Employment 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 23, 45-47, 49	
GRI 401-1: New employee hires and employee turnover	p. 46	Currently, ZEISS cannot report the turnover outside Germany as this data is not available. A corresponding data collection has been initiated.
<b>GRI 402 Labor/Management Relations 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 23, 45, 46, 50	
GRI 402-1: Minimum notice periods regarding operational changes	p. 45, 46	
<b>GRI 403 Occupational Health and Safety 2018</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 23, 51-53	
GRI 403-1: Occupational health and safety management system	p. 51-53	
GRI 403-2: Hazard identification, risk assessment, and incident investigation	p. 51-53	
GRI 403-3: Occupational health services	p. 51, 52	
GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	p. 51, 52	
GRI 403-5: Worker training on occupational health and safety	p. 51-53	
GRI 403-6: Promotion of worker health	p. 51, 52	
GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 64	

## GRI Content Index

GRI Standard	Page reference	Comments
GRI 403-9: Work-related injuries	p. 52, 53	Since the LTIFR target applies until 2023 and is control-related, ZEISS shall continue reporting this key figure in the interests of comparability. At this time, no predictions can be made as regards the collection and reporting of further data on work-related injuries. Currently, ZEISS cannot report the number of work-related accidents for non-ZEISS employees because this data is not available. The data collection planned for FY 2019/20 and 2020/21 was postponed due to the COVID-19 pandemic and will now be launched in FY 2021/22.
<b>GRI 404 Training and Education 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 23, 45, 47-50	
GRI 404-1: Average hours of training per year per employee	p. 48	
<b>GRI 405 Diversity and Equal Opportunity 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 23, 45, 48-50	
GRI 405-1: Diversity of governance bodies and employees	p. 46, 50; <a href="#">Annual Report 2020/21</a> : p. 4-5, 24	
<b>GRI 406 Non-discrimination 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 23, 42, 45, 48, 49	
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.
<b>GRI 407 Freedom of Association and Collective Bargaining 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 16, 22, 23, 40-43, 45, 46	
GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 40, 41, 45, 46	
<b>GRI 408 Child Labor 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 16, 22, 40-43	
GRI 408-1: Operations and suppliers at significant risk for incidents of child labor		During the reporting period, ZEISS was not informed of any significant risks of child labor incidents at sites belonging to ZEISS or its suppliers.

## GRI Content Index

GRI Standard	Page reference	Comments
<b>GRI 409 Forced or Compulsory Labor 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 16, 22, 40-43	
GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor		During the reporting period, ZEISS was not informed of any significant risks of forced or compulsory labor incidents at sites belonging to ZEISS or its suppliers.
<b>GRI 413 Local Communities 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 16, 25, 27, 66-68	
GRI 413-2: Operations with significant actual and potential negative impacts on local communities	p. 55, 64	
<b>GRI 414 Supplier Social Assessment 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 16, 22, 28, 40-43	
GRI 414-1: New suppliers that were screened using social criteria	p. 40	
GRI 414-2: Negative social impacts in the supply chain and actions taken	p. 40, 41, 43	
<b>GRI 415 Public Policy 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 21, 33	
GRI 415-1: Political contributions	p. 33	
<b>GRI 416 Customer Health and Safety 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 22, 38, 39, 64	
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.



## GRI Content Index

GRI Standard	Page reference	Comments
<b>GRI 418 Customer Privacy 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 21, 31-34, 39	
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.
<b>GRI 419 Socioeconomic Compliance 2016</b>		
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	p. 21, 31-35, 39	
GRI 419-1: Non-compliance with laws and regulations in the social and economic areas	<a href="#">Annual Report 2020/21: p. 42-45</a>	

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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.