Seeing beyond

Thinking and acting sustainably

Non-Financial Report 2021/22
Carl Zeiss Meditec Group

With this separate Non-Financial Group Report (hereinafter "Non-Financial Report"), Carl Zeiss Meditec AG provides information about material non-financial aspects relevant to the ZEISS Group pursuant to Sec. §§ 315b and c in connection with §§ 289b ff. HGB . of the German Commercial Code (HGB) and in line with Regulation (EU) 2020/852 of the European Parliament and of the European Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (the "Taxonomy Regulation") for fiscal year 2021/22 (1 October 2021 to 30 September 2022). Thus, this includes those aspects required for understanding the Group's business development, performance, position and the impact of its activities.

The concepts presented in the different sections were prepared based on the current version of the Global Reporting Initiative standards and in line with the updated version of DRS 20 from 2021. However, no framework was applied in its entirety. Future reporting in accordance with the European Sustainability Reporting Standards (ESRS) is being planned. Unless stated otherwise, this report applies to the entire Carl Zeiss Meditec Group as per the bases of consolidation for financial reporting.

The Carl Zeiss Meditec Group – hereinafter also referred to as the Group or the Company – is an internationally positioned company headquartered in Jena, Germany, with additional subsidiaries in and outside Germany. Carl Zeiss Meditec AG is the parent company of the Carl Zeiss Meditec Group and is listed on the German stock exchange in the MDAX and TecDAX.

Material, non-financial aspects are presented in this report. These have been identified by the Carl Zeiss Meditec Group according to their relevance to the business and the impact on the particular aspects outlined in the CSR Directive Implementation Act (CSR-RUG for short). The departments responsible and the management were involved in the analysis. The analysis resulted in the identification of seven different topics: environmental protection, responsibility toward employees, occupational health and safety, social engagement, product safety, integrity and compliance, and human rights. These have been assigned to the aspects listed in CSR-RUG.

Assignment of the Carl Zeiss Meditec Group areas to the aspects defined in the CSR Directive Implementation Act

Aspects as per CSR-RUG	Carl Zeiss Meditec Group areas
Environmental matters	Environmental protection
Employee matters	Responsibility toward employees, occupational health and safety
Social factors	Social engagement, product safety
Combating corruption and bribery	Integrity and compliance, governance
Respect for human rights	Human rights

As per CSR-RUG on the disclosure of non-financial information, companies must not only report on the material aspects, but also disclose corresponding risks associated with their operations, business relationships, products and services, which have or are highly likely to have a serious negative impact on these five aspects as per Sec. 289c (2) of the German Commercial Code (HGB). In the net assessment for the past fiscal year, the Carl Zeiss Meditec Group did not identify any such risks as per Sec. 289c (3.3 and 3.4) of the German Commercial Code in the past fiscal year. Additional information on the opportunities and risks can be found in the chapter "Opportunity and Risk Report" of the Annual Report 2021/22.

The Non-Financial Report was submitted for a voluntary limited assurance engagement by the auditing firm Pricewaterhouse-Coopers GmbH (PwC) in compliance with ISAE 3000 (Revised). The Independent Practitioner's Report begins on page xx. The Supervisory Board of Carl Zeiss Meditec AG has assessed the audit findings and approved the Non-Financial Report. It has thus fulfilled its review obligations.

References to disclosures in the auditor's report that are not included in the management report constitute additional information and hence were excluded from the audit.

Business model

Carl Zeiss Meditec Group is one of the world's leading medical technology companies operating in ophthalmology and microsurgery. More than 4,224 employees generated revenue of around €1.9 billion in 2021/22. The Group's headquarters are located in Jena, Germany. The Company is represented at sites in the US, France, Spain, Japan and China in addition to subsidiaries in Germany.

The Carl Zeiss Meditec Group develops, manufactures, markets and sells diagnostic and treatment systems, as well as implants and consumables in the field of ophthalmology. Its portfolio also includes visualization systems for neurosurgery, ENT surgery and spine surgery, and dentistry. Intraoperative radiotherapy solutions round off the product range. The Group's objective is to help drive progress in medicine and assist doctors all over the world in enhancing their patients' quality of life.

Digital technologies, which the Group wants to harness so it can shape the market for medical technology, also play a growing role in this context. The Company's activities are pooled primarily in the listed entity Carl Zeiss Meditec AG, in which Carl Zeiss AG holds a 59.1% stake. For further information on the business model of the Carl Zeiss Meditec Group, please refer to the Annual Report 2021/22.

Governance

Good corporate governance contributes to increased transparency and thus promotes the trust of customers, employees and investors.

Carl Zeiss Meditec AG is the strategic management holding company that manages the Carl Zeiss Meditec Group. It develops the Group's business activities and portfolio, and provides central management and service functions. The Carl Zeiss Meditec Group believes that good corporate governance is a key success factor. Failure to apply good corporate governance practices exposes the business to risks such as unclear regulation of roles and responsibilities, loss of reputation, strategic misalignment and loss of trust on the part of shareholders.

Guidelines, structures and processes

The central governing bodies within the Carl Zeiss Meditec Group are the Management Board and the Executive Committee. The Management Board consists of the Chairman of the Management Board, the Chief Financial Officer, and one other member who is responsible for HR and Operations and Service, among other things. The Executive Committee is composed of the members of the Management Board of Carl Zeiss Meditec AG and the heads of the two strategic business units, Ophthalmic Devices and Microsurgery. The management levels below the Executive Committee perform their management responsibilities in accordance with the organizational structure across regions and company locations. Cross-organizational functions such as Finance, Communications and Human Resources are managed centrally. The strategies and projects are implemented locally at the country organizations in accordance with the respective prevailing laws, rules of procedure and bylaws, and the applicable corporate values and principles.

The Supervisory Board oversees the activities of the listed corporation's three-member Management Board. The Management Board regularly reports to the Supervisory Board regarding current issues and planned operational changes. The Supervisory Board consists of nine members: six are elected by the shareholders and three by the representatives of the employees in accordance with the provisions of the One-Third Participation Act. Unless the Annual General Meeting resolves a shorter period for some or all of the Supervisory Board members to be elected by it, the members shall be appointed until the end of the Annual General Meeting, which decides on the ratification of actions for the fourth fiscal year after the beginning of the term of office. The Supervisory Board supports the objectives of the Law on the Equal Participation of Women and Men in Leadership Positions and the recommendations of the German Corporate Governance Code and has resolved a gender ratio of at least 30% for the Supervisory Board. This ratio is met with three female members out of nine.

Carl Zeiss Meditec AG does not yet have its own formulated diversity policy for the Management Board and the Supervisory Board in accordance with Section 289f (2) No. 6 HGB. Its composition is primarily based on the qualifications and experience of its members. Further information can be found in the Report of the Supervisory Board in the Annual Report 2021/22 (p. 18).

As Carl Zeiss Meditec AG is a subsidiary of Carl Zeiss AG, the Management Board of Carl Zeiss Meditec AG is required to prepare a report on relationships with affiliated companies in accordance with Section 312 of the German Stock Corporation Act

(AktG) and to declare whether Carl Zeiss Meditec AG has received appropriate consideration for the legal transactions with affiliated companies listed and, if so, whether it has undertaken any reportable actions. The report is audited as part of the audit of the consolidated financial statements and an opinion is expressed as to the accuracy of the factual disclosures and the appropriateness of the Company's consideration for the listed legal transactions.

The Management Board is responsible for the economic, environmental and social impact of business operations. Managers are involved in emerging sustainability issues as needed and share them with their teams. In this way, appropriate topics and measures are discussed, decided upon and implemented.

The Carl Zeiss Meditec Group also regularly reviews sustainability risks as part of its risk management. In the view of the Company's management, particular consideration must also be given to reputational risks for the Group derived from sustainability risks, which could lead to a loss of trust on the part of customers and employees as well as investors. However, in the net assessment no risks that are highly likely to have a serious negative impact pursuant to Sec. 289c (3) no. 3 and 4 HGB were identified in fiscal year 2021/22. The review is carried out by the Chief Financial Officer of the Company and the Head of Sustainability in close coordination with the Group Finance department, which is responsible for risk management. Significant risks and suitable remedial measures are discussed by the entire Management Board and the Supervisory Board. From fiscal year 2022/23 onwards, regulatory risks in connection with statutory non-financial reporting obligations are to be included in the Carl Zeiss Meditec Group's internal control system. For a detailed description of the Company's risk management and internal control system, please refer to the Annual Report 2021/22 of Carl Zeiss Meditec AG.

When determining total remuneration paid to the individual members of the Management Board, including any severance or pension payments, the Supervisory Board must ensure that the remuneration paid is commensurate with the duties and performance of the individual board member and the Company's position. The remuneration report of the Management Board and information on the remuneration of the Supervisory Board can be found in the Annual Report 2021/22.

Objectives and results

In its corporate governance, the Carl Zeiss Meditec Group follows the guidelines of the German Corporate Governance Code and complies with the vast majority of the Code's recommendations. The Declaration of Conformity 2021 pursuant to Section 161 of the German Stock Corporation Act (AktG) is published on the Company's website (https://www.zeiss.com/meditec-ag/investor-relations/declaration-on-corporate-management.html).

The goal of the Carl Zeiss Meditec Group is to continuously increase trust in the Company's management through a combination of corporate control with a long-term focus and the necessary transparency. Furthermore, the aim is to gain and maintain trust on the capital market in particular, minimize the Company's financing costs and avoid damage to its reputation. The long-term total shareholder return from Carl Zeiss Meditec shares has developed positively compared to the DAX, MDAX and TecDAX indices over a period of five years and ten years.

The Investor Relations department maintains a regular dialog with the Group's major investors and receives ongoing feedback on corporate governance, among other things. The Company is continuously rated by leading ESG rating agencies such as ISS, MSCI and Sustainalytics. A high weighting of governance factors can be observed in this context. The Group has significantly improved its rating results with regard to governance factors in recent years, the new appointments to the Supervisory Board in fiscal year 2020/21 with a higher number of independent Supervisory Board members having made a particular contribution to this improvement.

Environment

Effective environmental protection and the responsible use of resources are key concerns of the Carl Zeiss Meditec Group.

The Carl Zeiss Meditec Group uses raw materials, semi-finished goods, preliminary products, energy and water in its production processes. 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.

The Carl Zeiss Meditec Group is constantly working to reduce its consumption and emissions in order to contribute to the fulfillment of the ZEISS Group's environmental goals. These targets were newly developed in fiscal year 2020/21 and extend into fiscal year 2024/25. The Company pays attention to the efficient use of materials and energy, from product development through to customer application. Natural resources are used as efficiently as possible.

When selecting and using raw materials, technologies and production processes, the Group considers their environmental compatibility. Wherever possible, potentially hazardous materials are replaced with less harmful substances. Recyclability is a key criterion when selecting a material. The aim of this is to close material cycles as much as possible. Waste that can neither be prevented nor recycled is disposed of properly. The Carl Zeiss Meditec Group selects the most environmentally friendly disposal method that is also economically viable.

Guidelines, structures and processes

To ensure continued improvements in its environmental performance, ZEISS first drew up global environmental principles which also apply to the Carl Zeiss Meditec Group back in 1998. To implement them, the Company is operating an environmental management system as per the international standard ISO 14001:2015. 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 holds overall responsibility for the implementation of the ZEISS Group's environmental management system. An Environmental Officer appointed for the Group assists the 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 2022, the four main sites of the Carl Zeiss Meditec Group in the European Union and three additional international sites outside the European Union were certified to ISO 14001:2015.

Carl Zeiss Meditec Energy Management is tasked with keeping energy-related KPIs stable or improving them, even if production quantities increase. The Company's eight sites in the European Union have been certified to ISO 50001, the international standard for energy management. The focus is on all of the Company's production and other operational processes as well as the relevant machines, systems and equipment, along with its buildings and infrastructure.

A central challenge in the area of environmental protection – especially with regard to the topics of waste, hazardous substances, water and wastewater – is compliance with environmentally relevant laws, official approval specifications and other environmentally relevant requirements. 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 opportunities to optimize processes and actions, the Carl Zeiss Meditec Group defines specific measures. It can be challenging to ensure the timely implementation of these measures, a challenge which the Company masters by defining clear responsibilities and deadlines. The implementation is verified in regular follow-up audits.

All Carl Zeiss Meditec Group employees in Germany can participate in the company suggestion scheme. The submissions are assessed based on their feasibility, impact and efficiency. Employees can find out about the status of their submission online.

The Carl Zeiss Meditec Group's business activities impact the climate. At the same time, climate change is also having an impact on the Company. The associated potential impacts and opportunities are part of risk management at Group level. This includes, in particular, the possible transitory impact of emissions trading and the introduction of a CO_2 tax. The ZEISS Group is also monitoring physical phenomena, such as extreme weather, which could affect both its own sites and those of its suppliers. Further information is available in the ZEISS Group Sustainability Report 2021/22.

Objectives and results – Efficient use of natural resources*

The Carl Zeiss Meditec Group optimizes its business processes in line with environmental and economic aspects and organizes them so that ever fewer resources are required. In this way, the Company is contributing to the achievement of the new reduction targets that the ZEISS Group resolved in fiscal year 2020/21. For instance, by fiscal year 2024/25, water consumption is to be reduced by 15% relative to the Company's own value added. The basis is the sum of EBITDA and personnel expenses. During the same period, the amount of waste generated is projected to fall by 10% relative to the Company's own value added. The reference year for all targets is fiscal year 2018/19.

If necessary, all effluents are pre-treated or drained directly into the public sewer system. In doing so, the Carl Zeiss Meditec Group pays strict attention to meeting the relevant legal requirements.

All of the business units certified in accordance with ISO 14001 have set their own goals for improving their environmental performance as part of their area-specific environmental programs.

* The environmental data for fiscal year 2021/22 will only be available after the completion of the Non-Financial Report and can be viewed in the Sustainability Report 2021/22 of the ZEISS Group. The disclosures in the Sustainability Report 2021/22 of the ZEISS Group are not part of the assured Non-Financial Report 2021/22 of the Carl Zeiss Meditec Group.

Objectives and results – Climate protection*

The ZEISS Group and the Carl Zeiss Meditec Group recognize the goal formulated in the Paris Climate Agreement of keeping global warming well below 2°C and derive corresponding measures of their own, such as the global purchase of green electricity, accordingly. The Carl Zeiss Meditec Group has set itself the target of achieving CO_2 neutrality by 2025 for its Scope 1 and Scope 2 emissions. By 2022, indirect emissions from energy procurement (Scope 2) at the Company's four main production sites are to be CO_2 neutral. By 2025, energy at the other sites worldwide will also be sourced in this way, as well as the direct emissions from combustion processes in its own systems or vehicles (Scope 1).

Wherever possible, the conversion will be done by expanding the use of its own systems for renewable energy production like solar panels. It will also purchase green electricity via individual energy provision contracts or by using certificates of origin. The Carl Zeiss Meditec Group compensates for certain unavoidable emissions, like the sourcing of gas and district heating, by supporting selected projects. These compensation projects are selected on the basis of strict quality criteria that are in line with ZEISS' sustainability approach. ZEISS only supports projects that meet the defined internationally recognized standards.

What's more, energy efficiency is also expected to improve. In fiscal year 2020/21, a new ZEISS Group target was set for relative energy consumption: consumption is to be reduced by 20% relative to its own value added by fiscal year 2024/25. The reference year is fiscal year 2018/19.

As part of the Group-wide sustainability program, ZEISS established a working group on green infrastructure in fiscal year 2020/21. This working group's objective to take measures to achieve CO_2 neutrality. It aims to ensure the conversion to green power at all major production sites, as well as continue driving green energy generation and optimize energy efficiency in buildings.

Green electricity is procured through a global tender via the ZEISS Group. As part of the tender, the ZEISS Group pays attention to the maintenance of strict quality criteria. Green energy certificates were used for the main production sites of the Carl Zeiss Meditec Group in the reporting year. Increasing conversion to green power purchase agreements is planned for fiscal year 2022/23. In addition, the Company's own generation of green electricity, such as through the photovoltaic system at the South Factory in Oberkochen, is to be expanded.

A total of around 470 GWh of green electricity was purchased for the reporting year, which fully covered the total electricity consumption of the ZEISS Group.

More detailed information on the identification, reduction targets and management of Group-wide Scope 3 emissions can be found in the ZEISS Group Sustainability Report 2021/22.

In fiscal year 2020/21, ZEISS implemented a global energy data platform in order to continue improving the energy and emissions data collection process. The platform is designed to collect and present data on all Carl Zeiss Meditec Group sites worldwide with significant energy consumption. By the end of fiscal year 2021/22 around 15 Carl Zeiss Meditec Group sites had already been included in the program.

Responsibility toward employees

The Carl Zeiss Meditec Group continually invests in the promotion and professional development of its employees and is thus seen as an attractive employer by new talents. In attracting skilled workers, the Group benefits from its good reputation as an innovative and global company with a strong value orientation.

Precision, innovation, and unparalleled quality can only be achieved by 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.

In the reporting year, the COVID-19 pandemic presented employees with a new set of challenges, but the Company was able to draw on the experience and tools from the previous year. Digital tools for virtual collaboration and flexible working models helped to maintain business operations. In addition, uncertainties in the supply chains and political tensions led to more unstable framework conditions, some of which also affected employees in their day-to-day work.

Guidelines, structures and processes

With over 4,224 employees worldwide, diversity is part and parcel of everyday life at the Carl Zeiss Meditec Group. The Group is shaped by a diverse array of skills, ways of thinking, 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.

* The environmental data for fiscal year 2021/22 will only be available after the completion of the Non-Financial Report and can be viewed in the Sustainability Report 2021/22 of the ZEISS Group. The disclosures in the Sustainability Report 2021/22 of the ZEISS Group are not part of the assured Non-Financial Report 2021/22 of the Carl Zeiss Meditec Group.

Both the Foundation statutes and the ZEISS Group Code of Conduct prohibit any form of discrimination. Corporate Human Resources is responsible for managing activities that promote diversity. It has the support of multiple committees and reports to the Executive Board. The main focus here is on promoting female managers and the corresponding talents. Since June 2021, a mentoring program has provided the necessary support for the development of female employees. Job-sharing offers for managers promote the compatibility of work and family. Other initiatives support global networking and exchange on focus topics such as Leadership, New Work and the Cultural Journey.

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

In Germany, overall responsibility for promoting a work-life balance lies with Corporate Human Resources of the ZEISS Group. Discussions with the works council, employees and representatives from the different sites in Germany focus on evaluating requirements and taking appropriate measures based on local circumstances at the sites of the Carl Zeiss Meditec Group. In fiscal year 2021/22, remote work was prioritized for example.

The Carl Zeiss Meditec Group ensures that qualified and motivated talents are attracted to the Company and continue working at the Company for many years to come. The Company offers plenty of training opportunities and works with universities. Both young and more seasoned professionals have the chance to take part in development programs and international networking events. Special training is available for managers, and web-based seminars round off the global education offering.

People Development is responsible for training, strategic personnel development and talent management. It works closely within functional teams with local HR departments. Learning Management as well as Corporate Human Resources. CurioZ is the ZEISS venture responsible for learning at ZEISS. Through the CurioZ digital learning platform, ZEISS contributes to the professional development of its employees.

Objectives and results – Diversity

The Carl Zeiss Meditec Group pursues the goal that all employees can work together successfully and in an appreciative manner, regardless of their professional background, age, gender, religion, origin and working culture. To further strengthen the diversity that ZEISS embraces, in fiscal year 2021/22 the Company and its employees in Germany continued to pursue the following initiatives:

- Women Award for outstanding students of IT, business informatics and media informatics
- Mentoring@MED with supportive formats such as diversity dialogs and networking initiatives
- ZEISS Employee Networks
- PROUD@ZEISS Diversity across all ZEISS segments

Objectives and results – Employer-employee relationship

The Carl Zeiss Meditec Group aims to further strengthen and expand the relationship between the Company and its employees. In the past, it has paid out a bonus to all eligible employees, allowing them to share in the Company's successful business development. In fiscal year 2021/22, a profit participation bonus was agreed upon for eligible employees at German sites in accordance with the relevant rules. They will be paid this bonus at the end of the reporting year in December 2022. The profit participation amount is based on how long the employee has worked at the Company in the specific fiscal year.

Every two years, the ZEISS Group uses a global and anonymous employee survey – Pulse Check – to measure the development of the corporate culture and the implementation of its strategy among employees. The most recent Pulse Check was carried out in 2022. Among other things, the results show that 74% of employees would recommend the Carl Zeiss Meditec Group as an employer, and 76% of respondents were satisfied with the Company's actions during the COVID-19 pandemic. 86% said in 2022 that they feel their manager trusts them. The results are evaluated in detail and site-specific measures are subsequently derived.

The Culture Ambassador Network was also established to further develop the corporate culture. Employees are organized in this network as cultural ambassadors who support the continuous development of ZEISS corporate culture and carry out local activities at their sites.

Objectives and results – Balancing work and family life

In addition to expanding flexible working hours and workplace models, in fiscal year 2021/22 in Germany, the Works Council and the employees implemented measures that make it easier to balance work and family life: in a Group company agreement on mobile working, it was decided that employees can work remotely for up to 60% of their working hours in the future. The Company is also supporting the construction of a childcare center in Oberkochen to make it even more family-friendly.

The consultation offerings remain in place for employees caring for family members and children. Employees and their families who have been affected by the COVID-19 pandemic could request consultations and take advantage of further work-related and individual measures.

Objectives and results – Attracting and developing employees

The Carl Zeiss Meditec Group aims to both attract new employees and develop the skills of its existing workforce on an ongoing basis. The Company has taken a variety of measures in consultation with the ZEISS Group to ensure this. In order to attract new employees, the Company is also leveraging online channels like LinkedIn, YouTube, WeChat and ResearchGate. It is also taking part in career 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 achieved in employer rankings for the entire ZEISS Group.

The Carl Zeiss Meditec Group works closely with the ZEISS Group on apprenticeships and combined degree and vocational training programs. Young people are being trained in industrial mechanics, precision optics, mechatronics and industrial business management. The apprentices who are trained by the ZEISS Group in accordance with the personnel requirements of the Carl Zeiss Meditec Group are offered a takeover guarantee by the Group. Many graduates subsequently begin their careers at the Carl Zeiss Meditec Group.

In order to retain and develop employees, ZEISS and the Carl Zeiss Meditec Group are fostering a living learning organization. The comprehensive offering on CurioZ encompasses in-person and online courses, as well as blended learning formats, and a platform for summaries of non-fiction books. One topic here is digital transformation, with a focus on digital business models that make it possible to transform daily work and create added value for the Company.

Occupational health and safety

For the Carl Zeiss Meditec Group, creating a safe and healthy workplace for its employees is a fundamental obligation.

This obligation also applies to employees of third-party companies acting on behalf of ZEISS. The Carl Zeiss Meditec Group promotes its employees' health and performance through comprehensive safety measures and occupational health examinations.

One of the biggest challenges in terms of occupational health and safety in the past fiscal year was dealing with the COVID-19 pandemic and the related return of employees to day-to-day work. The structures and processes previously created remained a good foundation for this purpose. Group-wide crisis management played a key role, alongside site-specific task forces supported by the Occupational Medical Center and a team of experts. Site management teams were also deployed at the German locations.

The majority of the defined procedures adopted and decisions made were set forth as binding for the entire Group in line with national and regional statutory requirements. 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. To this end, ZEISS has launched the ZEISS@work project at Group level, which deals with new standards for future working environments. These were implemented as part of individual sub-projects in the Carl Zeiss Meditec Group. One example is the conversion of an office level into an open-space working environment.

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 and also apply to the Carl Zeiss Meditec Group. The Chief Financial Officer is a member of the Executive Board and is responsible for occupational health and safety. The respective heads of all ZEISS strategic business units are responsible for occupational safety and employees' health, and consequently for the continuous improvement of occupational health and safety performance as well as the implementation of Group-wide policies.

A central coordinator is responsible for Occupational Health and Safety (OHS) worldwide. All ZEISS Group entities are obligated

to appoint an OHS Officer in writing. The duties of the OHS Officer may vary with local legislation, but always include advising management and assessing occupational health and safety risks. Appropriate training is organized by each company unit and is the responsibility of the respective managers.

The management's duties are set out in an internal guideline. This is mandatory for all ZEISS entities and states that the managment 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

As per the German Act on Occupational Physicians, Safety Engineers and Other Occupational Safety Specialists, ZEISS must form safety committees (SC) at each business unit. They are to meet every quarter to discuss topics related to health and occupational safety and accident prevention. Since at least one representative from each company management team belongs to an SC, it is both an advisory committee and a decision-making body.

In Germany, the Carl Zeiss Meditec Group uses the ZEISS Group's occupational health and safety management system, which is certified to ISO 45001, although the Carl Zeiss Meditec Group itself has not undergone any corresponding certification. However, all processes and procedures are based on this system.

Each month, seven strategic business units of the Carl Zeiss Meditec Group with a total of around 3,200 employees supply statistics on the frequency and severity of work-related accidents. The OHS coordinator reviews the statistics with the head of the respective business unit and the people who submitted the figures. Monitoring plausibility improves reporting quality and more firmly anchors the topic of occupational health and safety within the Company.

Objectives and results

The main objective of the ZEISS Group is to reduce the frequency and severity of work-related 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, and, accordingly, this goal also applies to the Carl Zeiss Meditec Group. For fiscal year 2021/22, the lost time injury frequency rate at the Carl Zeiss Meditec Group was 2.9**. The majority of accidents that occurred in Germany were caused by personal conduct such as ignoring work instructions or not paying attention. ZEISS is responding to this challenge primarily with training courses for managers and information campaigns for employees. The COVID-19 pandemic and the working model adjustments it gave rise to had no major impact on the accident figures in fiscal year 2021/22.

The ZEISS Group aims to increase the level of standardization in its internal processes related to occupational health and safety. For this reason, the occupational health and safety management software implemented in the previous year was expanded to all German sites. Overall, 270 managers and occupational health and safety officers at the Carl Zeiss Meditec Group have been trained to use the new software since its rollout.

Following implementation in Germany, the goal is to use the software to establish an accident reporting system worldwide. The pilot was completed in fiscal year 2021/22 and from the start of fiscal year 2022/23, work-related accidents will be reported globally through Quentic. This means work-related accidents, near misses and critical situations can all be reported and monitored. The software 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.

Social engagement

Under the umbrella of ZEISS as a foundation-owned company, the Carl Zeiss Meditec Group promotes progress and access to modern medical technology. The Company supports initiatives that help healthcare professionals around the world improve patients' quality of life.

Since 1889, the Carl-Zeiss-Stiftung statutes have set a clear course: in addition to business growth and accepting responsibility for the Company's employees, they stipulate high standards for social engagement and the continued promotion of science and education as a corporate responsibility.

The Carl Zeiss Meditec Group is a company of the ZEISS Group and fully shares the objectives of the Foundation. The Company delivers innovative technologies and application-oriented solutions ranging from complete solutions for the diagnosis and treatment of eye diseases – including implants and consumables – to innovative visualization solutions in microsurgery. 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.

* The lost time injury frequency rate (LTIFR) is defined as the number of workplace accidents per million regular working hours in a fiscal year. Commuting accidents are not included. The LTIFR relates to ZEISS employees, employees from external companies are not included

** 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.

Guidelines, structures and processes

The Carl Zeiss Meditec Group's social engagement focuses on charitable initiatives that are directly related to the Company's core businesses, such as ophthalmology and microsurgery. Previously, the Company's management was responsible for deciding which initiatives would receive support. Following the change in the chairmanship of the Management Board in fiscal year 2021/22, the process and rules that will apply to the entire Company have been redefined. For example, the new function of a sustainability officer has been created, whose tasks also include initiatives for social engagement.

As the sole shareholder of Carl Zeiss AG, the Carl Zeiss Foundation carries out non-profit activities. Carl Zeiss AG in turn holds 59.1% of the equity of Carl Zeiss Meditec AG. The non-profit activity is defined by the Foundation statutes and financed by the dividend payments from Carl Zeiss AG and SCHOTT AG. In line with the amount of the shareholdings, the dividend distributions by Carl Zeiss Meditec AG to the parent company have indirectly accounted for a significant portion of the total allocation to the Carl Zeiss Foundation in recent years.

Objectives and results – Social engagement

The Carl Zeiss Meditec Group would like to help provide as many people as possible with access to modern healthcare. Therefore the Company supports projects that aim to enhance the level of medical care for people in underprivileged parts of the world. Support for the training and continuing education of physicians and other medical personnel is a priority.

Training centers for targeted training of medical staff

The training and continuing education of ophthalmologists is a key feature of the battle against preventable blindness – especially in remote regions. In keeping with the motto of helping people to help themselves, the Carl Zeiss Meditec Group has been providing medical care to people in underprivileged regions since 2005 through five diagnosis, treatment, and training centers for eyecare. At these centers, doctors are trained in the use of modern instruments to diagnose and treat eye diseases. In 2018 and 2019, the Company also supported the development of two dedicated training centers for cataract surgery, where ophthalmologists and medical professionals are trained in the use of the modern phacoemulsification technique.

In order to promote medical care, particularly in economically weak regions, the Carl Zeiss Meditec Group has set up those training centers in collaboration with international organizations such as the International Agency for the Prevention of Blindness (IAPB) and the Christoffel Mission for the Blind (CBM).

Training as the key to good medical care

Good medical training forms the basis of good healthcare. That's why the Carl Zeiss Meditec Group supports the foundation of the International Council of Ophthalmology (ICO) in enabling young doctors from developing and emerging nations to spend time at hospitals in Europe. During placements lasting several months at hospitals with state-of-the-art equipment, doctors can improve their skills in ophthalmology and later harness the knowledge gained for their work in their native countries. As part of the ICO Fellowship Program, the Carl Zeiss Meditec Group supported ten fellows in the period from 2012 to 2020.

Since 2020, the Fellowship Program has been organized by the International Ophthalmological Fellowship Foundation e.V. (IOFF). Over the past two years, the Company has facilitated a stay of several months for one scholarship holder and also co-financed two one-year scholarships. The Carl Zeiss Meditec Group sees the IOFF Fellowship Program as a particularly valuable and effective training initiative for young doctors and will continue to lend its support in the future.

Alongside training and continuing education, the key to delivering good medical care can also be found in supplying technical equipment to hospitals and medical practices. By donating equipment, the Carl Zeiss Meditec Group is going some way towards supporting nonprofits that campaign to improve medical care worldwide. The commitment here extends beyond the donation of medical technology: at the end of fiscal year 2021/22, the Company decided to make a major equipment donation to the National Academy of Sciences of Ukraine (NAS Ukraine). The research projects of NAS Ukraine are supported by microscopes purchased by the Carl Zeiss Meditec Group through ZEISS Industrial Quality & Research. The equipment is expected to be delivered at the beginning of fiscal year 2022/23.

Further information on the social engagement of the Carl Zeiss Meditec Group can be found on the Company's website.

Product safety

High quality, product safety and reliability are essential to the success of the Carl Zeiss Meditec Group.

At the Carl Zeiss Meditec Group, ensuring product safety begins in the development stage. It accompanies the procurement and production process and also includes use by customers. In all phases, the medical technology solutions for ophthalmology and microsurgery are subject to the highest safety standards.

The same applies to the service area, whose specifications are an integral part of the uniform and certified quality management system (QMS). A wide range of legal stipulations on the development, production, approval and sale of these products ensures product safety. Defective products may harm users in particular, but can also damage the Company's reputation.

Digital product security and secure networking of products and the interdisciplinary topic of Industry 4.0 are playing an increasingly significant role here. The challenges for the Company stem from increasing product and application complexity, interconnecting such products and applications to form workflow-based solutions and from the rising regulatory requirements on product safety.

Quality targets are defined for each product. Compliance with these targets is continuously monitored for the entire life cycle, in particular to ensure sustainable improvement in product quality in addition to product safety.

Guidelines, structures and processes

The Carl Zeiss Meditec Group requires all applicable laws governing product safety to be consistently implemented – from requirements-based design and reliable application to proper recycling and disposal.

A quality management system established in this sense is based on the international standard ISO 9001 as well as the industry standard 13485 and the applicable legal requirements of the respective markets. All Carl Zeiss Meditec Group sites have implemented a certified quality management system. This system is verified as part of an independent external certification in accordance with ISO 9001, ISO 13485 or MDSAP, the Medical Device Single Audit Program.

A comprehensive risk assessment during product development and production 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 dialog options assist users. A mandatory set of guidelines enables employees to deal with customer issues and complaints in a structured way. In these cases, the guidelines provide suitable measures that are implemented and pursued. The Company can thus quickly identify potential for product improvements and take the requisite corrective measures where necessary.

Responsibility for product safety and its importance for the Company's success are therefore enshrined in the ZEISS Group's Code of Conduct. The country-specific laws and applicable directives form the basis for product development, design and sales – in accordance with the applicable standards.

Within the Carl Zeiss Meditec Group, specifications and monitoring ensure compliance with laws, standards and guidelines. Responsibility for product safety lies with the Management Board members, the heads of the individual companies and appointed safety officers, 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 intragroup requirements. The four key elements of ensuring product safety are:

1. Observing product safety requirements during each stage of the product life cycle
2. Using customer feedback as the basis for ongoing product improvement
3. Performing ongoing market surveillance to ensure own products meet the highest safety requirements
4. Independent organizations and authorities inspecting selected products with regard to product safety

In recent years, information security has become a key product safety aspect. This is due to the increasing digitalization of the product portfolio and the resultant increase in the volume of sensitive data, including health-related patient information and confidential research findings.

To protect this information, the Group relies on the trio of confidentiality, integrity and data availability. The cross-segment Digital Product Security Expert Group, for which the ZEISS Corporate Information Security department is responsible, plays a key role in this context. 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.

Within the Carl Zeiss Meditec Group, two Business Information Security Officers are responsible for information security in IT and products, and are directly involved in the product development process. The security organization in place across the Carl Zeiss Meditec Group supports the related implementation. The tasks of this organization include operating an ISO 27001-certified ISMS in the area of digital products, supporting the business units with regard to relevant information security requirements and certifications, and supporting development teams in defining and implementing appropriate information security measures. They also liaise with the security engineers.

As part of the Security Engineer Program, a training concept was devised to provide employees with targeted professional development. The Company aims to continuously enhance its expertise in order to be prepared for future challenges.

Objectives and results

Carl Zeiss Meditec Group products must not endanger the safety or health of patients, users and third parties, or the security of their information. To guarantee this, the applicable requirements are met and any necessary marketing authorizations for the products.

Certification by independent testing centers ensures a high safety standard. The certified products can be viewed on publicly accessible databases like that of the CSA Group, an international certification body. In the future, this will also apply to the European Database on Medical Devices (EUDAMED), which was introduced as part of the ratification of Regulation 2017/745 (European Medical Device Regulation).

By the end of fiscal year 2021/22, four sites were certified to ISO 9001, thirteen sites were certified to ISO 13485, and a total of ten sites were certified to MDSAP – the Medical Device Single Audit Program. Conformity with the requirements is regularly verified at all certified locations by conducting independent surveillance audits in line with the requirements. This serves to uphold and consistently improve the quality management system according to the specified ISO standards and in view of the applicable laws.

To this end, the Remote Support Platform of the Carl Zeiss Meditec Group is certified according to ISO 27001. At the Munich site, an ISO 27001-certified information security management system is operated for two other cloud products, EQ Mobile and EQ Workplace. Rollout to other locations and additional cloud products is planned.

Human rights

As a global enterprise, the Carl Zeiss Meditec Group is conscious of its responsibility to uphold human rights.

Thanks to global supply chains and increasing regulation, upholding human rights continues to grow in importance, for instance through the Act on Corporate Due Diligence in Supply Chains (LkSG). Carl Zeiss AG will be subject to the LkSG from 1 January 2023 and is preparing the necessary adjustments at Group level. The Carl Zeiss Meditec Group will be subject to this act from 1 January 2024. These planned adjustments create administrative challenges, especially with regard to effective and efficient implementation in a global context. The Carl Zeiss Meditec Group categorically rejects all forms of forced and child labor and works to ensure that environmental and social standards are met at its sites and in its supply chain.

Guidelines, structures and processes

For the Carl Zeiss Meditec Group, compliant, fair behavior forms the basis for responsible business activities. The key principles are set out in the ZEISS Group Code of Conduct and are applicable across the entire Group and to all employees and managers of the Carl Zeiss Meditec Group. The Code of Conduct strongly emphasizes the importance of human rights at the Company and in the entire supply chain. Additional information on the Code of Conduct can be found in the "Integrity and compliance" section.

The Supplier Sustainability Team, which operates at ZEISS Group level, pools different activities for the operational implementation of sustainability aspects in supply chain management, thus also supporting the Carl Zeiss Meditec Group. Decisions regarding targets and approaches for anchoring sustainability aspects in procurement are made in the steering committee of ZEISS Purchasing Managers, in which the Carl Zeiss Meditec Group participates. The ZEISS Executive Board manages sustainability aspects in the supply chain within the steering committee of the central sustainability program at ZEISS Group level. The Carl Zeiss Meditec Group is represented here by its Head of Sustainability.

Moreover, a variety of working groups at ZEISS Group level have been formed to drive the integration of selected sustainability topics in ZEISS' supply chain. The measures adopted by these working groups also affect the Carl Zeiss Meditec Group. A cross-functional working group is dedicated to designing supplier management in relation to different sustainability aspects, from risk management 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. A project group newly formed in fiscal year 2020/21 has been focusing on the German Supply Chain Act. It is working on a method to compare the requirements of this law with the existing processes and integrate the required measures into these processes. The focus of the work is the annual risk analysis and adjustments to planned preventive measures such as contract extensions or training. The measures adopted by these working groups also affect the Carl Zeiss Meditec Group to some extent, as it is subject to the decisive influence of the parent company and the processes and measures developed there apply to it.

The Company's suppliers must adhere to the provisions listed in the internationally recognized Code of Conduct from the Responsible Business Alliance (RBA), which are minimum standards for human rights, health and safety, environmental protection and business ethics. The RBA Code of Conduct is based on the UN Guiding Principles on Business and Human Rights. Added to that are international human rights standards like those of the ILO. To raise employee and supplier awareness for sustainability and train them on how to meet requirements, the Group offers an e-learning course on the RBA Code of Conduct.

The Carl Zeiss Meditec Group expects all suppliers who have a direct business relationship with the Company to meet the minimum standards set forth in the RBA Code of Conduct. Key strategic 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. The Company does not enter into any new business relationship with any suppliers who violate human rights.

Compliance with the Code of Conduct is checked at random during the sustainability audits conducted among suppliers. In preparation for on-site sustainability audits, suppliers are asked to fill out a sustainability survey, the Sustainability Supplier Self Assessment Questionnaire.

Internal and external stakeholders can use the ZEISS Integrity Line notification system on the Company's website to report any human rights violations. Further information can be found in the "Integrity and compliance" section.

Objectives and results – Supply chain

During fiscal year 2021/22, the sustainability risk of ZEISS' major suppliers was assessed – and that of the Carl Zeiss Meditec Group as well. This risk assessment is based on the annual purchasing volume and established country indices, such as the Human Development Index, the Corruption Perceptions Index, and the Environmental Performance Index. In order to more systematically identify risks in the supply chain, industry risks were integrated in the risk analysis, including those related to human rights. The risk analysis with regard to the Company's strategically relevant suppliers was updated in the reporting year. In order to take new and changing requirements such as the LkSG into consideration, ZEISS is currently working at Group level on adapting the sustainability risk assessment for suppliers.

In the year under review, international sustainability audits could not take place due to the pandemic. However, aspects of occupational safety are also reviewed in the conventional supplier audits, and sustainability audits have already been scheduled again for fiscal year 2022/23. Going forward, the Company aims to take additional needs-based measures.

In fiscal year 2021/22, no violations or complaints pertaining to human rights in the supply chain of the Carl Zeiss Meditec Group or at its own sites were reported via the ZEISS Integrity Line.

Integrity and compliance

Business activities in line with statutory regulations and internal rules are an integral part of the Carl Zeiss Meditec Group's corporate culture and daily work.

The Carl Zeiss Meditec Group's aspiration to act with integrity stems from the values of the Carl Zeiss AG as a foundation-owned company, shaped many years ago. For this reason, legality and the fair treatment of business partners and employees are indispensable elements of successful business operations. This requires an open and appreciative corporate culture which, in the context of an effective Compliance Management System at the Carl Zeiss Meditec Group, ensures that any deficiencies are appropriately addressed. The Company takes the same approach to regulatory requirements and specific requirements from business partners.

Guidelines, structures and processes

The Carl Zeiss Meditec Group is integrated into the established ZEISS Compliance Management System of the ZEISS Group and implements the corresponding policies and procedures. At the ZEISS Group, the foundation for compliance management is the ZEISS Code of Conduct, which was first published in 2007 and last updated in 2020. It describes the risks inherent in business activities, provides specific recommendations on how to behave and is binding for all managers and employees worldwide. The ZEISS Code of Conduct contains rules on various topics, 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 policies on evaluating distribution partners, granting and accepting benefits such as gifts or invitations, and on fair conduct in competition. A separate policy has been implemented for dealing with invitations of healthcare professionals to company events.

Furthermore, employees who functionally handle insider information within the meaning of the Market Abuse Regulation (MAR) are trained in the correct handling of insider information. The provision and updating of training materials and the capital market compliance processes with MAR are coordinated in the Investor Relations department. This also includes the determination and timely publication of insider information and voting rights notifications, the maintenance of insider lists and the notification of directors' dealings, including the corresponding briefing and consultations of the members of the Management Board and Supervisory Board.

At the ZEISS Group, 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 design and implementation of the ZEISS Compliance Management System. The Carl Zeiss Meditec Group has also appointed its own Group Compliance Officer, who coordinates compliance activities for the Carl Zeiss Meditec Group and its companies. In addition, all the individual companies of the Carl Zeiss Meditec Group have their own Compliance Officers, who are responsible for implementing training measures on-site and resolving any local compliance violations, among other things. They are the contact persons on relevant compliance topics for employees and local managers alike.

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

As part of the Group-wide risk management process, all companies are also requested to report compliance risks, for example due to export control law, data protection and corruption, or environmental protection. Regular assessments as well as internal and external audits are conducted to evaluate compliance with all legal requirements on an ongoing basis.

The Compliance Management System has been established at ZEISS Group level for the systematic management of all compliance measures. It features modules on "Leadership", "Shared Communication", "Risk Assessment", "Policies and Procedures", "Organization", "Training" and "Oversight and Controls". This system is also implemented in the Carl Zeiss Meditec Group. The core processes are:

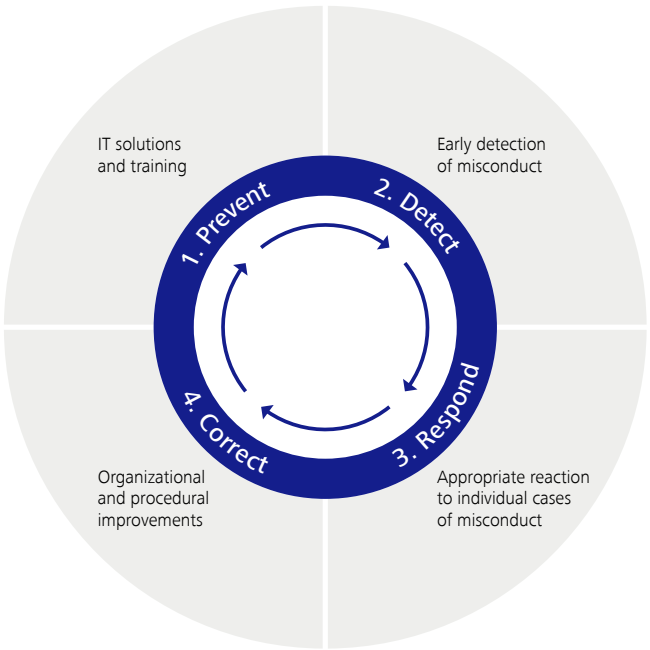
1. Prevent
   A clearly structured framework of policies and mandatory training courses for all employees serves constant awareness raising and prevention.

2. Detect
   In spite of all preventive measures, violations of laws and breaches of obligations can still occur within the Company. To identify such cases, employees are called on to actively cooperate and should report any suspected violations. Relevant 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
   In order to respond adequately to individual misconduct, the Company takes appropriate measures.

4. Correct
   Depending on the nature of misconduct, systemic or procedural measures may also be required to prevent recurrences.

Internal and external stakeholders alike have the opportunity to use the ZEISS Integrity Line whistleblower system openly or anonymously to report any indications of possible compliance violations. The ZEISS Integrity Line is available in 23 languages and can be found on the website at https://www.zeiss.com/corporate/int/about-ZEISS/integrity-and-compliance.html and on the ZEISS intranet.



Objectives and results

The 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 result in consequences under criminal law or sales slumps. All employees and Management Board members must therefore complete a basic compliance training module on the ZEISS Code of Conduct at least every two years, including a final test. Employees who work in areas where they are particularly exposed to compliance risks due to their work profile, such as in Purchasing, Sales and Marketing, as well as managers, must complete additional training modules on anti-corruption and fair competition. In addition, new members of the Management Board and Supervisory Board are informed about the provisions of the Market Abuse Regulation.

The majority of employees have access to online compliance training courses via the ZEISS CurioZ learning platform. The training modules are currently available in up to 13 languages. Employees who could not access the online training courses in fiscal year 2021/22 received in-person training. However, ZEISS is continuously working on ways to provide these employees with access to ZEISS CurioZ.

In fiscal year 2021/22, the policy on fair conduct in competition was revised. In addition, the existing sample contracts for distribution partners – such as dealers, sales agents or commercial agents – have been updated. Furthermore, the internal alignment of the ZEISS Compliance Management System with the new DIN ISO 37301 was started.

Disclosures on the EU Taxonomy Regulation

A key objective of the EU Action Plan on Sustainable Finance is to reorient capital flows toward sustainable investments. Against this background, Regulation (EU) 2020/852 of the European Parliament and of the European Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereinafter Taxonomy Regulation) entered into force. As a uniform and legally binding classification system, it defines which economic activities are considered "environmentally sustainable" in the EU. Annual reporting on the outcome of activities covered by this classification is required.

Article 9 of the Taxonomy Regulation identifies the following six environmental objectives:

a) Climate change mitigation
b) Climate change adaptation
c) Sustainable use and protection of water and marine resources
d) Transition to a circular economy
e) Pollution prevention and control
f) Protection and restoration of biodiversity and ecosystems

The EU has so far published targets for sustainable economic activities in the sense of the EU taxonomy for two environmental objectives (climate change mitigation and climate change adaptation). In order to classify an economic activity as "environmentally sustainable" for the purposes of the EU taxonomy, a distinction must be made between taxonomy eligibility and taxonomy alignment. The first step is to check whether an economic activity of the company is described in the delegated act for the two climate targets and is thus taxonomy-eligible. Only taxonomy-eligible economic activities can be considered "environmentally sustainable", provided certain criteria are met. The second step is then to assess whether the technical screening criteria are met and whether the minimum safeguards are met in order to be classified as taxonomy-aligned.

For disclosures during the period 1 January through 31 December 2022, only the proportions of turnover and capital expenditure (CapEx) and operating expenditure (OpEx) derived from taxonomy-eligible and taxonomy-non-eligable economic activities are required to be disclosed. The amounts used to calculate the turnover, CapEx and OpEx figures, are based on the figures reported in the consolidated financial statements. All fully consolidated Group companies are included in this analysis.

Due to Sec. 289b (1) in conjunction with Sec. 315b HGB and Article 8 of the Taxonomy Regulation, Carl Zeiss Meditec AG is required to apply the regulatory provisions of the Taxonomy Regulation. In accordance with Sec. 315e (1) HGB, the Company's consolidated financial statements as of 30 September 2022 have been prepared in accordance with IFRS.

KPIs

Turnover KPI

The turnover ratio is the ratio of turnover derived from taxonomy-eligible economic activities in a fiscal year to total turnover in that fiscal year. Total consolidated revenue of €1,902.8 million for fiscal year 2021/22 forms the denominator of the turnover ratio and can be taken from the consolidated income statement (see p. 88 in the first line of the consolidated income statement).

The revenue of Carl Zeiss Meditec AG was analyzed across all Group companies to determine whether it was derived from taxonomy-eligible economic activities in accordance with Annex I (Climate change mitigation) or Annex II (Climate change adaptation) of Delegated Regulation 2021/2139 supplementing the Taxonomy Regulation. A detailed analysis of the items included in revenue is used to allocate the respective revenue to the taxonomy-eligible economic activities. Under the current status of regulation, the economic activities of Carl Zeiss Meditec AG are not covered by the EU taxonomy with regard to the first two environmental objectives, as no relevant economic activity has been identified in the delegated acts. Thus, no taxonomy-eligible turnover was identified.

Turnover ratio	**Absolute in € millions**
Taxonomy-eligible activities	0
Taxonomy-non-eligible activities	1,902.8
Total	1,902.8
Proportion of taxonomy-eligible activities	0%

CapEx KPI

The CapEx KPI expresses, according to Taxonomy Regulation Article 8, Annex I 1.1.2.2, the proportion of capital expenditure that is either related to a taxonomy-eligible economic activity, associated with part of a plan to expand taxonomy-eligible economic activities (CapEx plan), or relates to the acquisition of products and services from a taxonomy-eligible economic activity.

The basis for capital expenditure is the additions to property, plant and equipment and intangible assets as well as right-of-use assets in accordance with IFRS 16 before depreciation, amortization and any revaluations for the fiscal year in question and excluding changes in fair value. Total capital expenditure pursuant to Taxonomy Regulation Article 8, Annex I 1.1.2.1 amounts to €162.3 million (see respective disclosures on p. 117 in the notes to the consolidated financial statements under "Other intangible assets" in the second line additions and on p. 118 under "Property, plant and equipment" in the second line additions).

CapEx KPI	**Absolute in € millions**
Taxonomy-eligible activities	22.5
Taxonomy-non-eligible activities	139.8
Total	162.3
Proportion of taxonomy-eligible activities	13.9%

Based on the project description of the additions, an analysis of taxonomy eligibility and a comparison with Annex I (Climate change mitigation) and Annex II (Climate change adaptation) of Delegated Regulation 2021/2139 supplementing the Taxonomy Regulation were performed. The sum of additions reflecting a taxonomy-eligible investment constitutes the numerator of the CapEx KPI in the amount of €22.5 million, mainly related to the acquisition of taxonomy-eligible services and products under Activity 7.1 Construction of new buildings, 7.7 Acquisition and ownership of buildings, and 6.5 Transport by motorbikes, passenger cars and light commercial vehicles. This results in a taxonomy-eligible CapEx ratio of 13.9%.

OpEx KPI

The OpEx KPI indicates, for the purposes of the EU taxonomy, the proportion of operating expenditure that is related to taxonomy-eligible economic activities, associated with the CapEx plan described above, or relates to the acquisition of products from a taxonomy-eligible economic activity.

The figure is calculated on the basis of the sum of expenses for direct non-capitalized research and development expenses, building refurbishment work, short-term leasing, and maintenance and repair. The total operating expenditure according to Taxonomy Regulation Article 8, Annex I 1.1.3.1 amounts to €295.8 million.

The numerator of the OpEx ratio according to Taxonomy Regulation Article 8, Annex I 1.1.3.2 is obtained by analyzing the taxonomy eligibility of the assets related to the expenses recorded in the above-mentioned accounts. Under the current status of regulation, the economic activities of Carl Zeiss Meditec AG are not covered by the EU taxonomy with regard to the first two environmental objectives, as no relevant economic activity has been identified in the delegated acts. Thus, no taxonomy-eligible operating expenses were identified.

OpEx KPI	**Absolute in € millions**
Taxonomy-eligible activities	0
Taxonomy-non-eligible activities	295.8
Total	295.8
Proportion of taxonomy-eligible activities	0%

In determining the above KPI, any double counting of economic activities was avoided through various verification steps, including documenting data generation and ensuring that the data could be reconciled to other financial information.

Further analysis will be required from fiscal year 2022/23 to meet the compliance criteria related to the identified economic activities. This includes the assessment of whether the taxonomy-eligible economic activities make a substantial contribution to an environmental objective defined by the Taxonomy Regulation and whether no significant harm is done to any other environmental objective. In addition, compliance with minimum standards in accordance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights must be ensured.

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting[1]

To Carl Zeiss Meditec AG, Jena
We have performed a limited assurance engagement on the separate non-financial group report of Carl Zeiss Meditec AG, Jena, (hereinafter the "Company") for the period from 1 October 2021 to 30 September 2022 (hereinafter the "Separate Non-financial Group Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

Responsibility of the Executive Directors
The executive directors of the Company are responsible for the preparation of the Separate Non-financial Group Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section „Disclosure on the EU Taxonomy Regulation " of the Separate Non-financial Group Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Separate Non-financial Group Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section „Disclosure on the EU Taxonomy Regulation" of the Separate Non-financial Group Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Control of the Audit Firm
We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner
Our responsibility is to express a conclusion with limited assurance on the Separate Non-financial Group Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Separate Non-financial Group Report, other than the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report, are not prepared, in all material respects, in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section „Disclosure on the EU Taxonomy Regulation " of the Separate Non-financial Group Report.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial report and issued an independent practitioner`s report in German language, which is authoritative. The following text is a translation of the independent practitioner`s report.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Separate Non-financial Group Report about the preparation process, about the internal control system relating to this process and about disclosures in the Separate Non-financial Group Report
- Identification of likely risks of material misstatement in the Separate Non-financial Group Report
- Analytical procedures on selected disclosures in the Separate Non-financial Group Report
- Reconciliation of selected disclosures with the corresponding data in the financial statements and group management report
- Evaluation of the presentation of the Separate Non-financial Group Report
- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the Separate Non-financial Group Report

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Separate Non-financial Group Report of the Company for the period from 1 October 2021 to 30 September 2022 is not prepared, in all material respects, in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section „Disclosure on the EU Taxonomy Regulation " of the Separate Non-financial Group Report.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Munich, 5 December 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink	ppa. Felix Wandel
Wirtschaftsprüfer	Wirtschaftsprüfer
[German public auditor]	[German public auditor]

Carl Zeiss Meditec AG
Göschwitzer Straße 51–52
07745 Jena
Germany

Tel.: +49 3641 220-115
Fax: +49 3641 220-117
investors.meditec@zeiss.com
www.zeiss.de/meditec-ag/ir