

HEIDENHAIN



Policy Statement on Upholding Human and Environmental Rights Pursuant to the German Supply Chain Act (LkSG)

05/2024

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Preamble

As a globally operating company, HEIDENHAIN is committed to its responsibility to uphold human rights and to exercise corporate due diligence with regard to these rights.

HEIDENHAIN has adopted the ZVEI-VDMA Code of Conduct and pursues the values anchored therein. Additional human rights are adhered to through compliance with the German Supply Chain Act (LkSG) and the internationally recognized human rights set forth in the Annex to Section 2, Paragraph 1, of the German Supply Chain Act (LkSG). HEIDENHAIN expects all of its employees and direct suppliers to comply with human rights.

This policy statement was approved by the management board and is reviewed on a regular basis.

1. Human rights pursuant to the German Supply Chain Act and the human-rights and environmental expectations of HEIDENHAIN

a. Prohibition of child labor

We strictly reject child labor. Above all, this includes the worst forms of child labor, such as slavery and practices similar to slavery. We carefully review the age of employees and job applicants. For any employees under the age of 18 (e.g., vocational apprentices and interns), we determine precisely which duties they are allowed to perform.

b. Prohibition of forced labor and all forms of slavery

We do not tolerate forced labor or any form of slavery.

c. Work safety

It is essential to HEIDENHAIN that its employees are protected from hazards and health risks during their daily work. All necessary measures are taken to ensure that:

- Workplaces and workstations are safe
- Suitable protection is in place, especially from chemicals and biological substances
- Excessive physical and mental tiredness is prevented
- Employees are trained and instructed, especially regarding hazards and emergency measures.

d. Freedom of association

HEIDENHAIN respects the right of its employees to form and join a representative body and respects the organizational rights of trade unions. We treat all employees the same, regardless of their membership status in a trade union.

e. Equal employment rights

HEIDENHAIN does not tolerate discrimination. No person is to be treated unequally or receive unequal pay for the same work due to any of the following factors:

- Place of origin
- Social background
- Health status
- Disability
- Sexual orientation
- Age
- Gender
- Political opinion
- Religion or worldview

f. Use of security personnel

For its plant security, HEIDENHAIN uses solely in-house security personnel insofar as this is possible. HEIDENHAIN in-house security personnel are instructed to perform their duties in compliance with, among other things, the prohibitions of the German Supply Chain Act (LkSG). If external security personnel are used, then their compliance with the prohibitions of the German Supply Chain Act is ensured.

g. Harmful environmental changes with adverse impacts on people

HEIDENHAIN takes the necessary measures to exclude harmful environmental changes to soil, air and water, as well as harmful noise emissions and excessive water usage, that might have significant adverse effects on people in the following aspects:

- The natural basis of their diet,
- Their access to clean drinking water,
- Their access to sanitation facilities
- Their health

h. Unlawful dispossession of and eviction from land, forests and bodies of water

HEIDENHAIN sets high standards in protecting the rights of locally affected populations during every purchase, development project and other use of land, forests or bodies of water. HEIDENHAIN strictly rejects all unlawful acts (unlawful eviction or dispossession) in this regard. During the implementation of building plans and projects, HEIDENHAIN furthermore relies on pre-informing the population insofar as possible and on keeping any adverse impacts on the population as small as possible.

i. Environmental risks

Insofar as one of the following agreements applies, HEIDENHAIN acts as follows:

- In accordance with the Minamata Convention on the production and use of mercury, along with the treatment of mercury waste,
- The Stockholm Convention on the production and use of persistent organic pollutants, along with their handling, collection, storage and removal, and
- The Basel Convention on the cross-border movements of hazardous waste

2. Strategies regarding immediate suppliers

During the selection of immediate suppliers, HEIDENHAIN already supplements its established procurement strategies and purchasing practices to include human rights in accordance with the German Supply Chain Act and has modified its contractual arrangements and its code of conduct for suppliers and contractual partners accordingly.

3. Accountable bodies and risk management system for the implementation of human-rights protection measures

Our risk management system is implemented by the Human Resources, Logistics, (including Purchasing) and General Services operational units (hereinafter referred to collectively as the “CSR Team”) within the company under supervision of the Quality Assurance department. In December 2022, the Management Board appointed a human rights officer to monitor the risk management system. The human rights officer reports to the Management Board.

The human-rights risk analysis for the company’s own business area is performed by the Human Resources department. The Human Resources department is also responsible for establishing and operating the complaint management procedure, and for coordinating the processing of complaints.

The environmental risk analysis for the company’s own business area is performed by the General Services department.

Risk analysis with regard to direct suppliers is performed by the Logistics department.

The fulfillment of due diligence obligations is documented on an ongoing basis.

The Management Board reviews the work of the CSR Team at HEIDENHAIN on a regular basis (at least once per year).

4. Performance of risk analysis and monitoring

Risk analysis is performed by the designated persons, supported by audit and consulting services, both for the company’s own business area and for direct suppliers. At first, an analysis of abstract risks is performed by country, industry and product group. If any abstract risks are identified, then a reasonable analysis of specific risks is performed.

Risk analysis is performed as follows:

a. Identification of risks in the company’s own business area

Risk analysis process of the Human Resources department with regard to human rights

The Human Resources department performs its risk analysis starting with the abstract risk analysis by country, industry and product group.

If an abstract risk is identified, then an analysis of specific risks is performed under the inclusion of the relevant persons at HEIDENHAIN.

Risk analysis of the General Services department with regard to the environmental risks and occupational health and safety

The General Services department’s risk analysis is performed mainly through internal audits on the following topics: the environment, occupational health and safety, plant security and chemical safety. Certification of the HEIDENHAIN environmental management system is also performed.

b. Identification of risks in the area of direct suppliers

With the help of an external service provider, the Logistics department first determines and evaluates any abstract risks (by country, industry and product group). If any abstract risks are identified, then the person responsible for the relevant product group contacts the direct supplier about them and performs a plausibility assessment that includes the consideration of specific risks. Audits are also performed as needed.

5. Identified primary risks in the company's own business area

No primary risk was identified through the risk analysis at HEIDENHAIN.

6. Identified primary risks in the area of direct suppliers, and preventive measures

No specific primary risks were identified in the reporting period from January 1, 2023 to December 31, 2023.

7. Complaint management

HEIDENHAIN has established a suitable and effective publicly accessible complaint management system.

Information about this system is made available to the public in our Complaints Procedure document. All submitted complaints and reasonable suspicions about possible human-rights and environmental violations will be processed within the scope of an appropriate process that takes confidentiality into account.

8. Reporting

On an annual basis, HEIDENHAIN will report on its compliance with the due diligence obligations pursuant to the German Supply Chain Act.

HEIDENHAIN

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