

# HEIDENHAIN



## Policy Statement pursuant to LkSG

01/2023

## Table of contents

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Preamble.....	3
1. Implementing human rights protection measures .....	4
2. Risk analysis and monitoring .....	5
3. Primary known internal risks .....	6
4. Primary known external risks .....	7
5. Complaint management .....	8
6. Reporting .....	9

## Preamble

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As a globally operating company, HEIDENHAIN is committed, within the scope of its responsibility, to upholding human rights and exercising corporate due diligence with regard to these rights.

This policy statement was approved by the Management Board, is communicated both internally and externally, and will be reviewed on a regular basis.

Human rights are adhered to through compliance with the German Federal Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) and with the international agreements on human rights, labor law and the environment as set forth in the Annex to Section 2, Paragraph 1, of the LkSG.

HEIDENHAIN requires all employees and all immediate suppliers to comply with the internationally recognized human rights, labor law and environmental agreements set forth in the LkSG.

## 1. Implementing human rights protection measures

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Risk management is carried out by the HEIDENHAIN CSR team in conjunction with the Purchasing department and the designated employees within that department, with involvement from the technical divisions. Also involved are other affected departments such as the HR department, the Works Council and an external data protection officer.

The HEIDENHAIN CSR team continuously addresses the topic of human rights and monitors established risk management activities. The CSR team reports to the Management Board about the measures of the due diligence process for human rights. The fulfillment of due diligence obligations is documented on a continual basis.

The Management Board regularly informs itself, at least once annually, about the work of the HEIDENHAIN CSR team.

## 2. Risk analysis and monitoring

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HEIDENHAIN is aware that its selection of business partners requires a high level of due diligence, especially where the procurement of materials and services is involved, and that monitoring for compliance with our standards is very important for the duration of the business relationship.

Both internally and with regard to our immediate suppliers, risk analysis is performed by the designated persons, supported by audit and consulting services. Through an established process, HEIDENHAIN determines and evaluates the applicable human rights and environmental issues internally and with regard to external business activities pursuant to the LkSG and based on the factors provided in the statutes.

At least once annually and as warranted, HEIDENHAIN reviews the effectiveness of the measures. Internally, this occurs through communication with our employees and management staff. Externally, the effectiveness of the measures is determined through regular supplier evaluations and supplier audits as needed.

### 3. Primary known internal risks

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HEIDENHAIN does everything required to avoid internal risks. HEIDENHAIN employees are informed about and trained in the HEIDENHAIN human rights strategy accordingly. Any modifications or improvements are communicated as needed through established information channels. If HEIDENHAIN determines that a human rights or environmental violation has occurred or is about to occur within its business activities, then HEIDENHAIN will act to immediately cease the offending business activities and to at least minimize the extent of the violation. Any violating behavior of HEIDENHAIN employees will be stopped.

If the business activities of HEIDENHAIN contribute to potential or actual human rights violations or are indirectly connected to such, then HEIDENHAIN will do everything necessary to contribute to the appropriate ending of such violations. HEIDENHAIN will investigate any reasonable suspicion with due diligence.

### 4. Primary known external risks

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Risks with regard to environmental issues or environmental effects caused by our activities and by the products of our immediate suppliers cannot be ruled out within the supply chains of the metalworking, aluminum processing, die casting, chemical and electronic component industries. Within the supply chain, risks may also arise in labor practices and human rights matters caused by our activities or from the products of immediate suppliers.

#### **a. Preventive measures for known external risks**

HEIDENHAIN has supplemented its already established procurement strategies and practices to include its human rights and environmental strategies when selecting immediate suppliers, mandating that they comply with the environmental and human rights requirements set forth in the LkSG. In addition, HEIDENHAIN mandates that its immediate suppliers suitably address these human rights and environmental requirements within their supply chain. HEIDENHAIN continually monitors the effectiveness of these measures and requires its immediate suppliers to undergo risk-based audits. Training is offered as well.

#### **b. Corrective measures and planning**

If HEIDENHAIN identifies a risk in its external business activities, then a suitable process will be initiated for evaluating, terminating and minimizing the violation. In severe cases, HEIDENHAIN will cease the business activity.

## 5. Complaint management

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

Information about this system is publicly available 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 a suitable process that protects confidentiality.

## 6. Reporting

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On an annual basis, HEIDENHAIN will report on its compliance with the diligence obligations pursuant to the German Federal Act on Corporate Due Diligence Obligations in Supply Chains.


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# HEIDENHAIN

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