HEIDENHAIN

Responsible

For the Future

Together

Environmental Declaration **2026**

FOREWORD

Dear Reader,

Looking back at 2025, our plans to expand renewable energy usage at our Traunreut site continued to become a reality. After completing the planning and approval phase for two wind turbines, we rapidly proceeded with implementation. Meanwhile, interior work on our new, energy-efficient R&D center has continued to progress.

Construction of the two wind turbines has already begun in the Siebeneichen forest near Traunreut. If this project proceeds as planned, then starting in mid-2026, wind energy will meet around 30% of the electricity needs at our Traunreut and Hochreit sites.

In conjunction with measures implemented in previous years, we will then be able to source 95% of our power from renewable wind, water, and geothermal energy. In doing so, HEIDENHAIN will reduce the carbon footprint at its Traunreut site to nearly zero. In the face of sharply rising energy prices and other factors, this will give us an increasingly self-sufficient and stable energy supply—a key factor in safeguarding the jobs and competitiveness of this site.

By pursuing an EG 40 efficiency standard for our new R&D center, we are also acting in alignment with our self-imposed, long-term environmental goals. The topping out ceremony was held in May 2025. With the facade now in place, the new building is already cutting a sharp profile. Upon completion, the R&D center will consume roughly 60% less primary energy than a comparable conventional building.

These energy savings will be realized through a sophisticated energy design that includes photovoltaic panels on the main roof, green roofs on the northern office wing, and 80 downhole heat exchangers. An innovative rotary heat exchanger in the ventilation system will reduce power usage by an additional 25%. Starting at the end of 2026, the new building will provide an appealing, state-of-the-art professional environment for approximately 450 employees, conducive to research, creativity, and cross-disciplinary collaboration.

Through these two large projects, we are raising our bar on sustainability and future readiness. Their completion will help us achieve our goals in innovation leadership, environmental responsibility, cost-efficiency, site viability, and job protection.

3/31/2026, Traunreut, Germany

Hubert Ermer **Peter Lücke** **Anna Enzinger** **Lutz Rissing**

TABLE OF CONTENTS

OUR COMPANY

Innovation made in Bavaria and Germany

HEIDENHAIN IN NUMBERS

HEIDENHAIN CORPORATE GROUP

1.3 billion EUR
Turnover

30
Sales and service subsidiaries

40
Distributors worldwide

8,000
Employees worldwide

2,881
Patents worldwide

DR. JOHANNES HEIDENHAIN GmbH

675
Employees engaged in R&D

Approx. 15
Environmental and sustainability objectives reported for 2026

24
Charging stations for e-bikes

95%
Recycling rate for our waste in 2025

15%
R&D investment from turnover

2
Wind turbines under construction

4,000
sqm of **photovoltaic panels**

20
Charging stations for electric cars

81%
Renewable energy

ABOUT HEIDENHAIN

Exceptional accuracy and continuous progress

Driving technological innovation

"High-tech made in Germany" is what HEIDENHAIN stands for around the globe. For more than 135 years, we have been pioneers and benchmark setters in the fields of measurement, control, and drive-system technology. Our products often create the conditions for technological progress in the world's most innovative industries. The processing power and storage capacity of today's computer chips used in AI, autonomous driving, and humanoid robots, for example, largely stem from ever more accurate production processes, such as advanced packaging and hybrid bonding. To implement these processes, the semiconductor and electronics industry uses encoders with MULTI-DOF TECHNOLOGY and position accuracies down to the nanometer level. Other HEIDENHAIN CORPORATE GROUP solutions, such as dual encoders and secondary encoders, enable the dynamic performance, accuracy, and safety of robots and cobots used for automating production machines.

Present around the world, anchored in Traunreut

We serve our global customers through our own sales and service subsidiaries, along with a network of regional distributors. But the heart of HEIDENHAIN lies at the home of our headquarters in the Upper Bavarian town of Traunreut, Germany. Our firm commitment to this site is a strong source of stability for our employees and allows both our company and the wider region to make long-range plans, especially for investing in the long-term growth of climate-neutral energy sources, new energy-efficient buildings, and renovation projects.

WHERE WE ARE

Operational proximity for optimal results

Located in the Chiemgau region of Bavaria, HEIDENHAIN encompasses six production departments, a training center for customers, a vocational education center for our apprentices, the company's administrative headquarters, and our R&D operations, all distributed across two neighboring sites with 63,000 sqm of production space.

Production processes

- Metal and glass machining
- Production of precision optical graduations
- PCB assembly
- Final assembly

ENVIRONMENTALLY RELEVANT PROCESSES

Production in installations as defined by the German Immission Control Act and the German Water Management Act:

- Generation of electricity and heat in a gas-fired combined heat and power plant for peak-load demand and emergency backup
- Reintroduction of wastewater from glass processing

Installations for handling water pollutants and emissions containing volatile solvents:

- Handling, storage, and transport of hazardous waste and materials
- Galvanic and chemical surface alteration of optical glass and steel carriers, with pH neutralization of the rinse water
- Manual and automated surface cleaning of semi-finished and finished graduation products using volatile solvents
- Operation of recooling plants as part of room ventilation systems

FACTS

HEIDENHAIN sites in Traunreut and Hochreit

Area:

305,000 sqm total area
141,000 sqm in Traunreut
164,000 sqm in Hochreit

72 % sealed area
23 % near-natural area
5 % other green area

4,100 employees

EUR 460 million
Gross value added in 2025

3,611 t
Total output in 2025
(total weight of all products sold, with packaging)

Hochreit site

Traunreut site

Our logistics center along with our metal and glass machining lines are in Hochreit, located just one kilometer from our main site in Traunreut.

The environmental impacts described on the following pages refer to both sites, with the majority arising from our headquarters in Traunreut.

WHAT WE DO

Measurement and control technology for rigorous positioning tasks

Creating long-term value

Our products have a long tradition of increasing the efficiency and performance of our customers' machines while also contributing to sustainability and eco-friendly operation. That's why HEIDENHAIN products are not wear parts. They are designed for the entire life cycle of a machine. It's why we prioritize resource-saving repairs and long servicing periods in our product servicing strategy. And it's why we use a high proportion of reusable materials to ensure high recycling rates when our products reach the end of their service lives.

99% smaller carbon footprint:
Sealed encoders for machine tools

FACTS

Over **30.8 million**
rotary and angle encoders

Over **9.1 million**
linear encoders

Over **521,080**
digital readouts

Over **337,100**
controls

And much more:

- Software solutions
- Touch probes and vision systems
- Length gauges
- Signal converters
- Inspection and testing devices

Number of products sold
up to the end of 2025

More productive time: The new TNC7 control generation

HEIDENHAIN encoders

Our pioneering encoder technology has a direct impact on sustainability: The latest generation of our LC and RCN encoders for machine tools is a case in point. These encoders utilize TRUE IMAGE TECHNOLOGY, which completely eliminates the optical distortions caused by condensation and other liquid contaminants, thereby rendering purge air systems unnecessary. This technology reduces the encoder's carbon footprint by up to 99% throughout its service life.

HEIDENHAIN controls

HEIDENHAIN controls have a 50-year proven track record of day-to-day deployment on milling machines, lathes, drilling machines, and machining centers. Besides optimizing the motion control of machine axes, their high-performance functions ensure higher accuracy, faster removal rates, and greater process reliability. By reducing non-productive time and making productive time more efficient, they enable higher throughput and a sustainably smaller carbon footprint per finished part.

SUSTAINABLE STEWARDSHIP

Less consumption and more biodiversity

770 MWh of green electricity in 2025: Photovoltaic panels on production buildings in Hochreit

Investment in self-sufficient renewable energy sources: The geothermal power plant in St. Georgen

ENERGY EFFICIENCY PROJECTS

Adapt, conserve, and sustain

FACTS

95 %
Green electricity

81 %
Renewable energy

Ensuring an independent energy supply

In mid-2024, we acquired the local Geothermische Kraftwerkgesellschaft (a geothermal power plant company) in the nearby village of St. Georgen. This power plant supplies geothermal heat to the Traunreut district heating network, which HEIDENHAIN uses to cover more than half of its heating needs. This capital investment has made us more independent from third-party providers in meeting our renewable heating needs.

In December 2024, we received approval for two planned wind turbines. As a result, this project, which is expected to meet one third of our electrical power needs and feed directly into our corporate power network starting in mid-2026, will be implemented within the planned time frame.

Hydroelectric, solar, and wind power

We receive 100% of our electricity from verifiable renewable energy sources—not only at our Traunreut site but now also at all of our HEIDENHAIN CORPORATE GROUP companies in Germany. This green electricity is purchased from a variety of suppliers. About 60% of it comes from power purchase agreements that contractually specify the type of power plant. Hydroelectric power, for example, meets one third of our total electricity needs.

The photovoltaic panels on the roofs of our production buildings in Hochreit generated approximately 770 MWh of electrical power in 2025. More panels are planned for installation on our new R&D building.

District heating

District heating from Traunreut's municipal utilities covers most of our heating needs. This heat comes primarily from renewable biomass and geothermal sources. As part of expanding the Traunreut heating grid, secondary buildings with low heating needs but that still use fossil fuel heating will also be connected to the district heating network. Our gas-fired combined heat and power plant, along with other heating equipment, is now largely only a fallback for emergencies or for covering peak demand during the winter. Our natural gas consumption is handled via carbon offsetting, which compensates for the amount of emissions by means of certified emission reduction credits for climate projects.

Reducing energy consumption

Switching to renewable energy sources is important to us, but equally important is saving energy in the first place, including for economic reasons. It's why we continuously pursue energy efficiency projects in our production departments, such as:

- Switching to LED lighting
- Optimizing the compressed air system and lowering its pressure
- Using district heating in place of electrical power for the hot water used in an extrusion cleaning system in our encoder production department

In addition, measures for utilizing waste heat through optimizing ventilation systems or feeding waste heat from cooling machines or air compressors into the low-temperature heating network of buildings are being implemented.

Our holistic approach to energy conservation covers:

- New buildings and renovations
- Replacing and modernizing equipment

Dr. Günther Obermeier
Senior Head of Facilities and Systems Engineering

> By acquiring the Geothermische Kraftwerksgesellschaft in St. Georgen, we have secured an essential heating source for our company and for the town of Traunreut.

Our new R&D center, for example, is being built in accordance with the German EG 40 standard. This means that the new building's primary energy demand must not exceed 40% of the demand for a defined reference building. A special feature of the building's heating system will be the use of downhole heat exchangers, which we are deploying for the first time and for which we have drilled 80 boreholes to a depth of approximately 200 m. We are also seeking the silver certificate from the German Sustainable Building Council (DGNB). This building project is also tied to renovation projects for older buildings and their services.

Energy monitoring

We monitor the effects of our energy saving measures through comprehensive energy monitoring, which we are continuously expanding. Not only do we now track the energy consumption of all buildings, but we are also extending the system to our manufacturing departments. This gives us detailed insight into the specific energy consumption and the changes in consumption during individual processes or for specific production equipment. The insights gained in this manner permit reliable conclusions about the effectiveness of already implemented measures and indicate possible areas of further improvement. Energy monitoring thus plays a vital role in optimizing our energy consumption.

PROJECTS FOR MORE BIODIVERSITY

Creating habitats and increasing botanic diversity

We are fully aware that a manufacturing site is inherently built up with production facilities, administrative buildings, and paved surfaces. But at HEIDENHAIN, we also value the beauty of nature. One of our concerns has been to increase botanic diversity on our grounds, thereby providing a habitat that not only protects but also attracts birds, insects, and other wildlife. For many years, we have made a point of creating green spaces that are as wildlife-friendly as possible. This includes:

- Fallow land
- Wildflower lawns
- Protective hedges
- Orchard meadows

Birdhouses and birdbaths are installed on both sites. We are happy to report that all the birdhouses are occupied. And insect hotels, especially at our heavily built-up headquarters, provide a habitat for insects right in the center of town. These measures will continue to be expanded. This is our contribution to the conservation of wild bees and biodiversity in Bavaria.

But our concern for the environment isn't limited to our outdoor premises. The plants in the office rooms of our employees are cared for by a trained gardener in the building cleaning team. This work includes the breeding of young seedlings and a treatment station for plants with fungus or parasites. In caring for these plants, we use only organic products and forgo synthetic chemicals or fertilizers.

FACTS

69,000 sqm
Near-natural area

Approx. 30
Birdhouses and birdbaths

„We enjoy the challenge of creating wildlife-friendly spaces that are both visually appealing and easy to tend on a built-up industrial site."

Ludwig Haslberger
Landscape Gardener

HEIDENHAIN

PROMOTING SUSTAINABILITY THROUGH PRODUCTS

Our green path to manufacturing

Thilo Schlicksbier
Senior Product Manager
Encoders

ENCODERS FOR MACHINE TOOLS

Smaller carbon footprint, lower system costs, and greater process reliability

TRUE IMAGE TECHNOLOGY saves CO_2 and costs

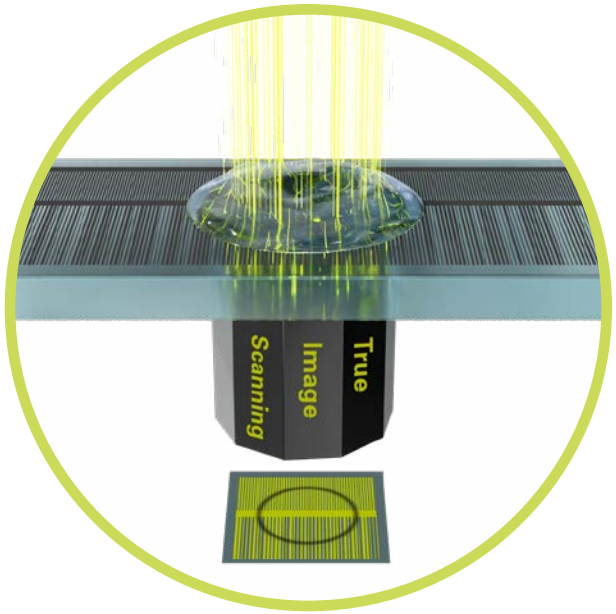
Making high-accuracy products on machine tools requires precise motion and position control of the machine table that moves the workpiece and of the spindle that holds the tool. The required position feedback is provided by linear and angle encoders. Due to coolant in the machine envelope, these feedback devices need to operate reliably in the face of significant liquid contamination. The latest generations of HEIDENHAIN linear and angle encoders for machine tools feature optimized optics. This TRUE IMAGE TECHNOLOGY reduces the amount of diffraction and diffusion for the light used in scanning the scale. A special light-guiding element provides the sensor with a distortion-free image of the scale even in the presence of condensation and other liquid droplets. Encoders with this technology don't need purge air to reliably provide high-accuracy position feedback.

This feature benefits machine manufacturers, who can dramatically simplify their purge air systems and forgo extra air filters. In many cases, encoders with TRUE IMAGE TECHNOLOGY can forgo purge air altogether, thus reducing their carbon footprint by up to 99% during operation while simultaneously lowering system costs.

Machine-tool users also benefit from these next-generation encoders in several ways:

- Less energy consumption due to less compressed air
- Lower operating costs due to less maintenance of the compressed air system
- Improved process reliability due to higher operational availability of the encoders, even without compressed air

> Thanks to the interplay of optimized optics, a HEIDENHAIN-developed scanning ASIC, and our precision components, TRUE IMAGE TECHNOLOGY ensures high scanning accuracy. Customers benefit from HEIDENHAIN reliability without needing purge air.



Clear vision: Thanks to the latest encoder generation with TRUE IMAGE TECHNOLOGY, the sensor's view of the scale remains crisp despite liquid contamination.

CONTROLS FOR MACHINE TOOLS

Saving energy through less non-productive time and greater scrap-free productivity

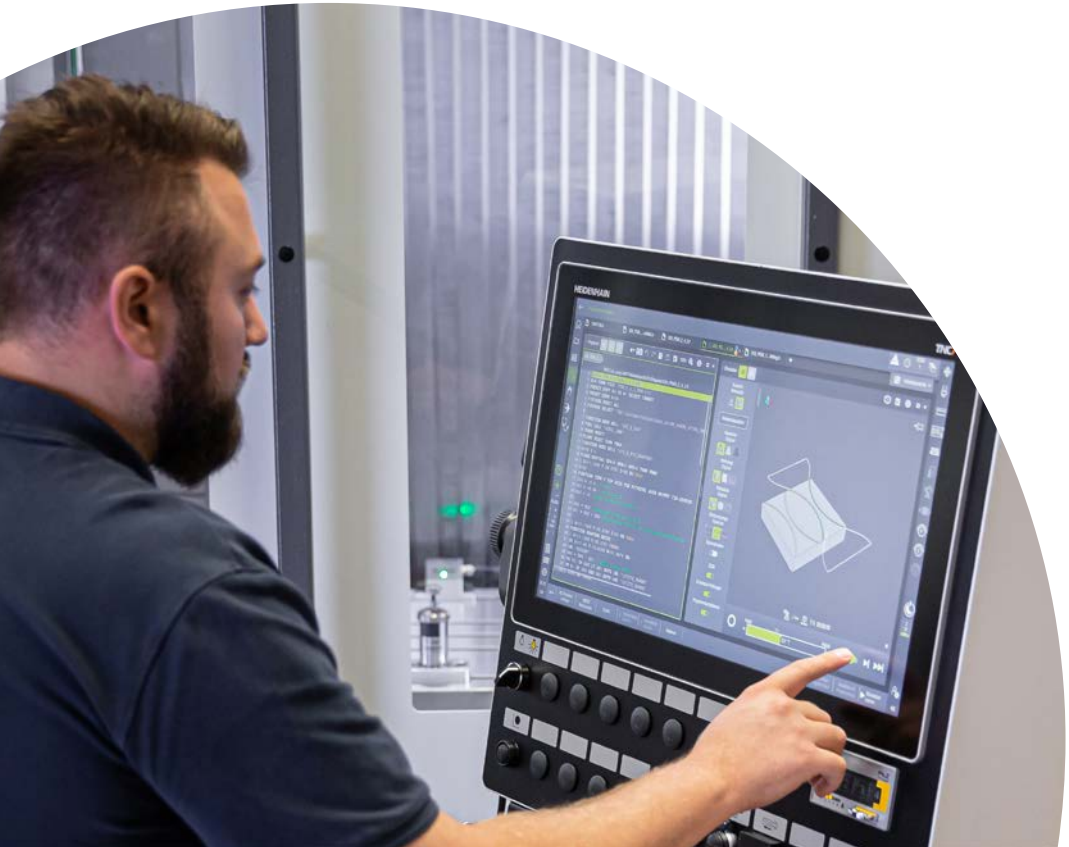
FACTS

5x
Faster workpiece setup

3x
Faster workpiece milling

1 second
Faster workpiece probing

6 seconds
Faster tool-breakage inspection



Getting the most out of productive time

The technologies we develop for our controls reduce machining time and allow more parts to be machined in less time with process reliability. HEIDENHAIN controls enable single-setup milling, turning, and grinding on the same machine without rechucking the workpiece. This all-in-one machining capability ensures consistency throughout the manufacturing process. We also provide functions for automated processes that make it possible to plan jobs for unattended shifts and to orchestrate seamless job sequences in advance—all on the control. It therefore becomes possible to machine parts, even one-off parts, with perfect quality, resulting in less scrap and rework. The time, energy, and resources saved add up to highly effective environmental stewardship.

Functions for TNC controls, such as component monitoring, process monitoring, or dynamic collision monitoring, increase machine availability and prevent unplanned downtime.

> Although responsible for only about 20% of a machine tool's total energy consumption, the components of HEIDENHAIN control systems can significantly contribute to energy efficiency by greatly reducing the amount of energy required per part.

Michael Weber
Senior Application Engineer,
Numerical Controls,
Product Management and Marketing

More productive time

Significant energy-saving potential can be realized by shortening a machine tool's non-productive time. During non-productive time, machine tools still consume more than 50% of the electricity needed during machining. One source of non-productive time is the machine setup process. HEIDENHAIN controls provide smart functions to accelerate this work step. Specifically, 6D setup options for the new TNC7 control help users probe workpieces and workholding up to five times faster. This saves significant amounts of time and energy, especially on complex parts requiring numerous probing routines. During automatic machine setup and in-process inspection for large-batch production processes, our touch probes deliver speed improvements of up to one second per probing cycle.

Another source of non-productive time is unplanned downtime. Various factors may cause interruptions in the production process, including:

- Errors in machine-tool programs
- Collisions between machine parts
- Tool wear and breakage
- Lack of proper tools for the machining processes

The ability to detect and prevent such interruptions ahead of time is therefore a key factor in improving the energy efficiency of a machine tool. Our controls significantly increase the process reliability of machine tools through Digital Twin technology, extensive simulation capability, continuous component monitoring, and non-stop process and collision monitoring. Other HEIDENHAIN solutions provide additional support. An inductive tool breakage detector, for example, inspects tools on the fly and is up to six seconds faster than conventional laser systems.

HEIDENHAIN

ENVIRONMENTAL MANAGEMENT

Fostering sustainability in our business practices

HEIDENHAIN takes a holistic approach to environmental management. Protecting natural resources has always been an important concern at our company. My mission as the environmental officer is to create the conditions for orderly and feasible environmental management, thereby enabling compliance with legal requirements and internal policies. Every employee plays a role in saving energy, preventing waste, and conserving resources. By pulling together, we can achieve our common goals.

Karl Landinger
Environmental Officer

ENVIRONMENTAL POLICY

Setting objectives, aligning resources, and taking action

FACTS

No violations of environmental regulations were found to have occurred at our site during the 2025 reporting period.

The company's context

HEIDENHAIN uses an environmental management system to implement its core environmental protection and occupational health and safety policies in the form of practical step-by-step procedures. Key environmental factors form the basis of our environmental objectives and our continuous improvement measures. In the process, full compliance with all legal requirements is essential.

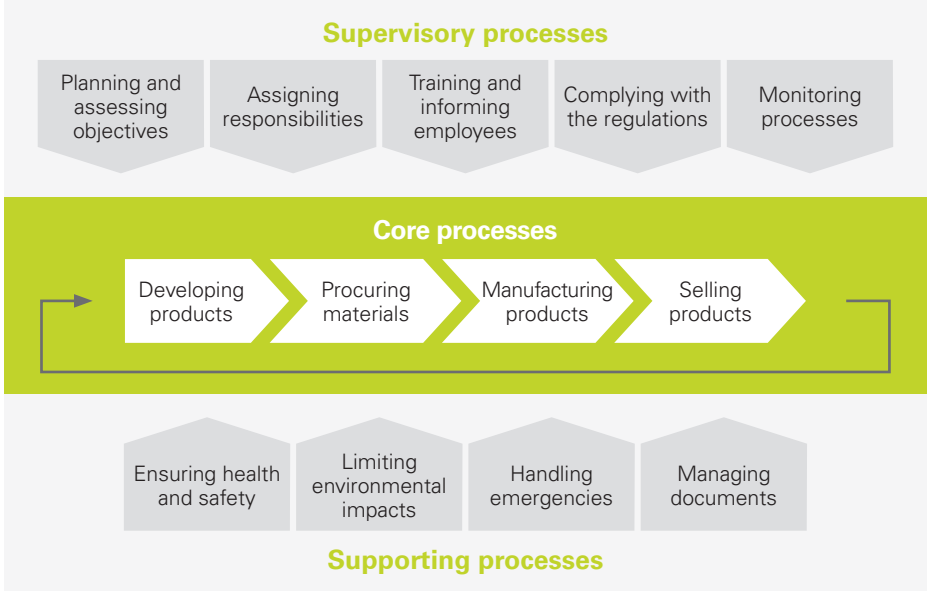
Organizational structure and process landscape

An environmental protection officer appointed by the Management Board monitors the company's compliance with its environmental and occupational health and safety policies. The environmental protection officer is supported by officers for:

- Emissions control
- Water pollution control
- Waste management
- Hazardous materials

These officers track and evaluate all relevant legal changes, informing any affected corporate departments. They thereby ensure that legal requirements are met while identifying possible options for improvement. Documents for the environmental management system are managed on a digital knowledge platform. These documents include:

- High-level process descriptions
- Work and operating instructions for specific business units



ENVIRONMENTAL POLICY

Analyzing processes, tracking trends, and making improvements

Assessing environmental impacts

Our business activities have a variety of effects on the environment. To identify these effects, we analyze our environmentally relevant processes under normal operation and potential operational breakdowns, taking the following factors into account:

- Operational consumables
- Waste
- Energy
- Emissions
- Water and soil

For each factor, we determine the resource and energy consumption, examine the use of any environmentally relevant equipment, and record the results as core indicators. These indicators are then regularly reviewed so as to determine whether and to what extent we were able to meet our environmental objectives. We also examine how these numbers have changed in recent years, thereby identifying trends and ensuring a continuous improvement process.

Internal environmental audits

Internal environmental audits help to ensure:

- The systematic and periodic evaluation of our environmental performance
- Our compliance with the relevant environmental regulations

All activities of the company therefore undergo a full audit at a defined interval of at most three years. We also summarize the results of the environmental audit program in a document that helps the Management Board evaluate the suitability, reasonableness, and effectiveness of the environmental management system.

These audits are supplemented by periodic, department-specific internal environmental and occupational health and safety audits. The audit participants include certified auditors, the relevant managerial employees, the company physician, and the Works Council. We then document, follow-up on, and resolve any identified deviations in a timely manner, thereby ensuring that the current environmental management system aligns with our corporate environmental and occupational health and safety policy.

PROTECT NATURE

PRESERVE HEALTH

CREATE AWARENESS

Guidelines for Occupational Health and Safety and Environmental Protection

1. HEIDENHAIN shall protect and preserve the environment as essential for the existence of current and future generations.
2. HEIDENHAIN shall comply with all applicable labor and environmental law.
3. HEIDENHAIN shall comply with the environmental provisions and standards that affect its operations, act in an environmentally conscious manner at all of its sites, and handle natural resources responsibly.
4. HEIDENHAIN shall, in the spirit of continuous improvement, strive to develop and use new products and production technologies to optimize the consumption of raw materials, to mitigate negative environmental impacts, and to reduce employee exposure to hazards and physical stressors.
5. HEIDENHAIN shall ensure that its safety systems and organizational measures are always at the current state of the art.
6. HEIDENHAIN shall inspect, monitor, and evaluate the effects of its corporate activities on the safety and health of its employees and on the environment so as to eliminate hazards and limit risk.
7. HEIDENHAIN shall expect its managerial and non-managerial employees to actively contribute to environmental protection and occupational health and safety.
8. HEIDENHAIN shall train and inform its employees in order to promote safety and sensitivity to environmental matters both inside and outside the company.
9. HEIDENHAIN shall endeavor to ensure the seamless flow of information to public authorities through a cooperative relationship.
10. HEIDENHAIN shall inform its business partners and the public regarding the safety and environmental aspects of the company and its products.

Occupational health and safety and environmental protection are a core part of our corporate policy

The company's occupational health and safety and environmental protection guidelines are the basis for ensuring employee health and safety and for protecting the environment. The environmental officer, who is appointed by the Management Board, is responsible for initiating, implementing, and continuing to develop our environmental and occupational health and safety policies. He is also responsible for ensuring that they are complied with throughout the company. Environmental protection and occupational health and safety are equivalent in importance to other corporate objectives. We provide the resources needed to ensure safe and healthy work conditions and to minimize negative environmental effects.

Certification of the occupational health and safety management system

A longstanding priority at HEIDENHAIN has been the safety and health of its employees. Guided by the legal requirements for occupational health and safety, we have been taking a preventive approach to safeguard against work accidents, minimize work-related illness, and create a healthy work environment. To efficiently implement these principles in practice, we have introduced a comprehensive occupational health and safety management system and have had it certified.

In 2024, we successfully completed the audit in accordance with the ISO 45001 and ILO-OSH 2001 standards, thereby demonstrating to our employees, business partners, and sustainability rating agencies a level of systematic occupational health and safety that exceeds legal requirements. All our employees are covered by this management system for occupational health and safety.

Employee training and professional development

We train our employees with the aim of preventing work accidents caused by human error. Employees receive periodic instruction from their supervisors about hazards as they arise and about how to avert them. Our employees can also take advantage of training offerings about occupational health and safety regarding the hazards they are exposed to. Our low occupational accident rate relative to that of the overall industry attests to the effectiveness of these measures.

Reportable work accidents per 1 million work hours*	
2023	4.2
2024	4.5
2025	2.5

* A reportable accident is a work-related accident that leads to an incapacity to work for more than three days.

ENVIRONMENTAL IMPACT

Continuously reducing our effects on the environment

ENVIRONMENTAL IMPACTS AND MEASURES: WASTE

Although waste is unavoidable, we aim to minimize its production and maximize its recovery

Waste recovery through high-value recycling

HEIDENHAIN produces the main following types of waste:

- Metal from machining
- Glass from graduation production
- Wastepaper from offices
- Cardboard from packaging
- Electronics waste, especially from electronics manufacturing
- Household-like commercial waste
- Hazardous waste, especially solvent-water mixtures and cooling lubricants

Whenever possible, we strive to reuse packaging. We have established a circulation system, for example, for our 220-liter chemical barrels used for storing hydrogen peroxide or other substances. When shipments arrive, the supplier collects and refills our empty barrels.

To avoid corrosion-related damage in closed hot and cold water circulation systems, these systems are commonly treated with chemical corrosion inhibitors. Since 2023, however, HEIDENHAIN has been instead using chemical-free demineralization in accordance with VDI 2035, performed using the through-flow principle with regenerable synthetic resin cartridges.

When the cartridges are expended, they are returned to a special service provider who regenerates the synthetic resin for reuse. This procedure eliminates the use of additional chemicals.

In previous years, more than 500 kg of synthetic resin were regenerated in this manner, thereby not only reducing resource consumption but also avoiding an equivalent amount of waste, thus measurably contributing to environmental protection.

Waste disposal

The total amount of waste produced in 2025 was 2,809 t. Through consistent waste separation, around 95% of our total waste could be recycled.

Due to the disposal of large numbers of separating wall units, 2025 saw a considerable increase in glass and metal waste. And due to the increased production of sealed linear encoders with aluminum housings, the amount of metal waste increased as well. The increase in other types of waste resulted from above-average sewer sediment waste from cleaning the rainwater soakaway system.

In addition to the recorded waste statistics, around 295 t of additional waste arose through the construction of a corporate building, and a further 107 t came from the removal of a concrete foundation. To enable a comparison with previous years, these one-off events were not accounted for in the statistics.

FACTS

95%
Recycling rate

6%
Less hazardous waste

compared with 2024

Hazardous materials

The following hazardous materials arise from the company's manufacturing processes:

- A solvent-water mixture for the surface cleaning of semi-finished and finished products
- Waste from coating processes, adhesive residue from assembly processes, and soiled cellulose cloths from cleaning activities
- Various waste products containing acids and bases from graduation production

The hazardous materials are filled or packed into approved transport containers and then declared and loaded in compliance with applicable regulations. The employees involved in the transport process use a checklist to monitor the packing and loading process.

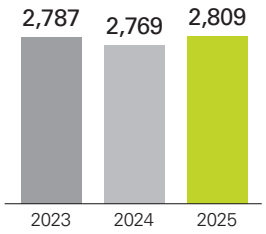
All employees involved in the transport of hazardous materials are trained and regularly instructed in accordance with their role. An external hazardous materials officer monitors compliance with hazardous materials regulations.

Waste statistics

Waste and recyclables
in t

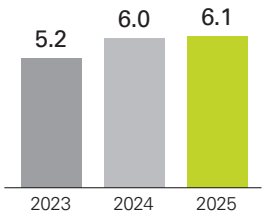
	2023	2024	2025
Electronics	107	109	94
Glass	44	43	66
Industrial waste	243	248	251
Wood	139	137	138
Metal	868	878	925
Paper	232	185	187
Hazardous waste	915	971	915
Other waste	239	198	233

Total
in t

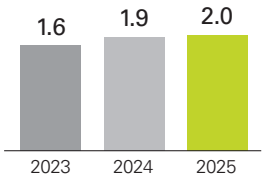


Per TEUR of gross value added*
in kg

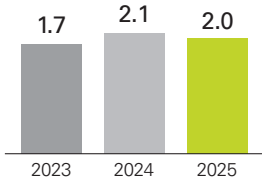
Total waste



Metal waste



Hazardous waste



* Through the unexpected increase in glass, metal, and other types of waste, the amount of relative overall waste rose slightly.

Theresia Muckenschnabel
General Services,
Management Team for Cleaning

„Switching to organic washing and cleaning products helps the environment, and our colleagues appreciate the superior tolerability of the ingredients and our disuse of hazardous substances."

ENVIRONMENTAL IMPACTS AND MEASURES: WATER AND SOIL

Minimizing consumption and eliminating waste

FACTS

Most wastewater contamination levels were far below prescribed limits

Projects to save water

As the basis of life, water is a valuable resource that must be protected. We use water in our manufacturing processes but aim to significantly reduce our consumption amounts.

Water and wastewater

In 2025, we consumed around 144,000 m³ of freshwater, mainly due to rinsing processes during graduation production and due to air conditioning systems in our production and assembly departments. All our fresh water is sourced from the public mains of the Traunreut waterworks. In 2025, we generated around 107,000 m³ of production and sanitary wastewater. The discrepancy between fresh water and wastewater is due to the evaporation that takes place in cooling systems and humidifiers.

Before being discharged into the public sewage system, a portion of our wastewater is pretreated with the following equipment:

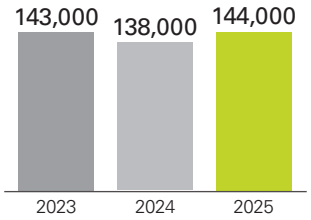
- A system for wastewater homogenization that keeps the contamination of wastewater with hazardous substances from our graduation production at a consistently low level
- Grease interceptors separate oil and grease from the wastewater and rinse water produced by our in-house cafeteria
- Light liquid separators treat wastewater containing petroleum-based oils from the company's in-house car wash stations
- Neutralization systems that monitor and treat the pH value of the mildly contaminated rinse water from graduation production

Our separator systems are operated in accordance with applicable legal requirements.

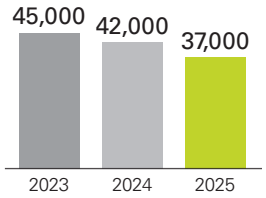
Water consumption and wastewater

in m³

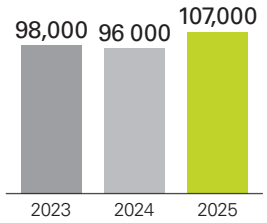
Total



Evaporation from cooling towers and air humidifiers



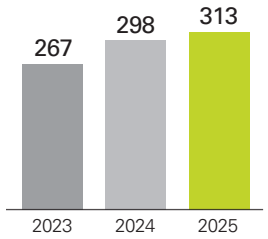
Sanitary and production-related wastewater



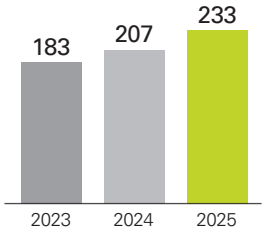
Per TEUR of gross value added*

in dm³

Water consumption



Total wastewater



* A defective drain valve caused an increase in water consumption from our glass machining department at the Hochreit site, thus explaining the increase in relative water consumption and the relative quantity of water.

Wastewater contaminant levels

An accredited measuring body annually inspects our wastewater from graduation production. The contaminant levels are considerably lower than the government-required wastewater limits, indicating good biological characteristics:

- The organic, nitrogen, and phosphorous contaminant levels are significantly lower than those found in household raw effluent.
- Other water contaminants, such as heavy metals, were identified in very small amounts.

The machining of glass and glass-ceramics produces wastewater. Releasing this wastewater into the public sewage system requires approval in accordance with the German Water Resources Act. The minimum requirements for releasing this wastewater are based on Appendix 41 of the German Wastewater Ordinance and are defined in our approval notice.

Within the scope of our in-house monitoring in accordance with the German Water Resources Act, we also perform periodic inspections of our corporate sewage system and resolve any deficiencies.

Runoff water

For many years, all our new buildings have been designed to divert runoff back into the natural water cycle through soakaway pits.

Soil protection

In the interest of protecting soil and water from hazardous pollution, areas once suspected of contamination were examined in the past for hazardous substances in accordance with the requirements of the German Soil Protection Act. As a result, the company grounds are currently free of suspected contamination areas from the past.

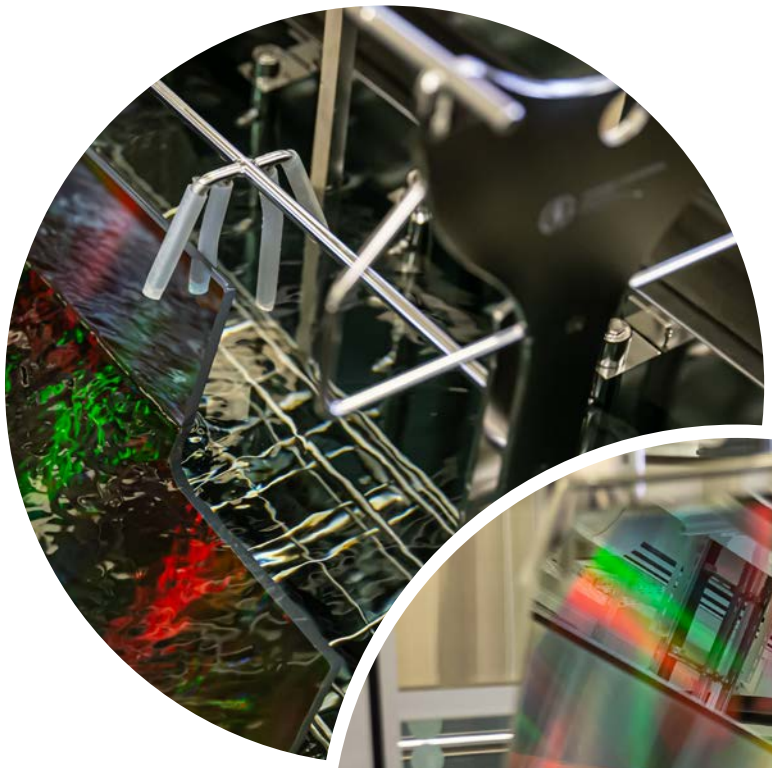
Legal and government agency wastewater limits and measurement results

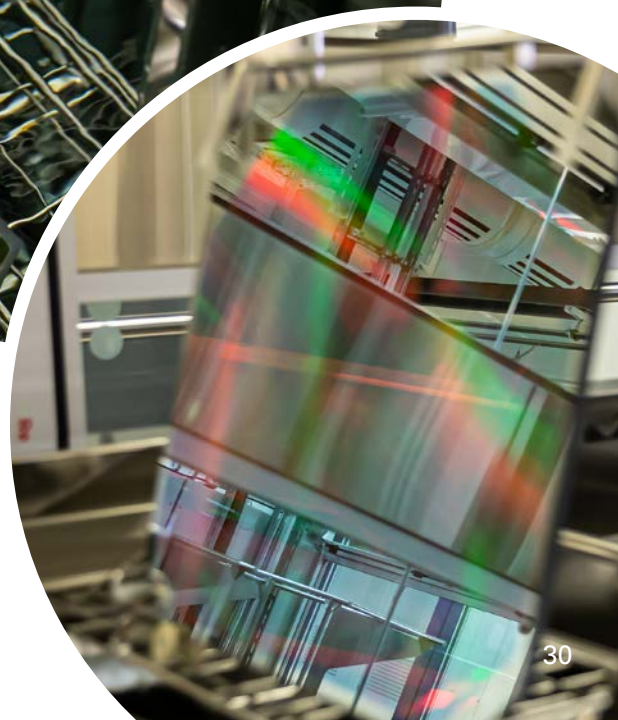
	Unit	Limit value	Measurement results
Graduation production			
Hydrocarbons	mg/l	20	< 0.1
Zinc	mg/l	5	< 0.05
Chromium	mg/l	1	0.02
Nickel	mg/l	1	< 0.01
AOX	mg/l	1	< 0.1
Glass machining			
Copper	mg/l	0.3	0.24
Lead	mg/l	0.3	0.03
Arsenic	mg/l	0.3	0.27
Wastewater quantity	m^3/d	80 / 99	< 2 / < 94

These measurements come from the reports of an accredited measuring body.
For our two glass-machining collection sites, the stated value is the maximum measured value.

Steffen Unger
Engineer, Production,
Development and
Production Graduations

Cleaning and rinsing processes are essential for ensuring the quality of our graduations during production. We are proud to have found a solution that saves both water and energy when preparing the required ultrapure water, without compromising on quality.





ENVIRONMENTAL IMPACTS AND MEASURES: ENERGY

We source electricity and heat primarily from renewable sources while continuously lowering our consumption

Energy

At 95%, most of our electrical power came from regenerative sources. Only 5% came from our gas-fired combined heat and power plant, which is a non-renewable source. For heating, we use district heating primarily from renewable sources. Our total energy consumption in 2025 was 63.6 GWh. Of this consumption, around 51.2 GWh were covered by renewable energy. The proportion of renewable energy was therefore approximately 81 % across all sources used.

New buildings

When planning a new building, we make sure to implement:

- Energy-efficient operation
- External heat loss prevention
- Energy-efficient building services for heating, ventilation, cooling, and lighting
- State-of-the-art eco-friendly technologies, such as heat recovery technology in air systems

We also ensure that all such measures meet the applicable legal energy-saving requirements for buildings.

Energy rehabilitation for existing buildings

We improve the energy efficiency of existing buildings by renovating them and their building services. The objective is to ensure the economical and, by extension, eco-friendly operation of existing buildings.

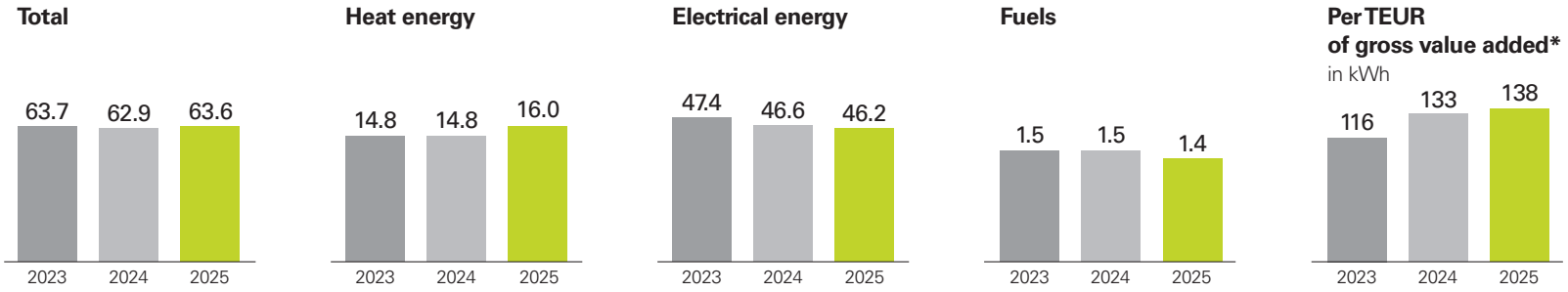
FACTS*

95%
Green electricity

81%
Renewable energy

*For more details about our energy efficiency projects, see page 11.

Energy consumption
in GWh



* Due to the higher number of days requiring heating compared with the previous year, and the necessary adjustment in our usage of the combined heat and power plant, our heating needs, and therefore also this metric, increased.

Felix Welkhammer
Senior Head of
Construction Services

From the moment of breaking ground to the building's end of life, sustainability is a key focus during the planning, construction, and operation of our new R&D building from top to bottom, including geothermal heat, photovoltaic panels, and green roofing. Designed to obtain the DGNB silver certificate, the building is expected to receive a seal of quality for its sustainability.

ENVIRONMENTAL IMPACTS AND MEASURES: PRODUCTION MATERIALS

Through the careful use of materials and the monitoring of their flow, we are able to optimize the raw material requirements in our production departments

Our manufacturing operations exhibit unusually high vertical integration. The following processes are performed in-house:

- Metal machining
- Glass machining
- Graduation production
- Electronics manufacturing
- Final assembly

The main materials used in our production processes are as follows:

Steel and aluminum

- Linear encoder extrusions
- Flanges for angle and rotary encoders

Flat glass

- Carriers for our precision graduations

Solvents

- Cleaning the surfaces of finished and semi-finished goods

Cooling lubricant

- Machining of metallic materials
- Glass machining during graduation production

Acids and bases

- Galvanic and chemical processes for treating the surfaces of encoder graduations
- ▶ These substances are handled predominantly in closed systems where the ambient air is monitored.

Chlorofluorocarbons

- Refrigerants in closed cooling cycles
- ▶ Tiny amounts of these substances escape via leakage during the operation of air conditioning systems, and this loss is replaced. We are striving to transition all our air-conditioning systems to eco-friendly refrigerants and to reduce refrigerant loss.

Cardboard and wood

- Recycling-friendly packaging materials
- ▶ To increase our share of recyclable packaging materials, our packaging design team is increasingly introducing packaging blocks made from molded pulp rather than plastic to create a sustainable packaging cycle.

Johannes Gallinger
Senior Head of
Purchasing, Logistics

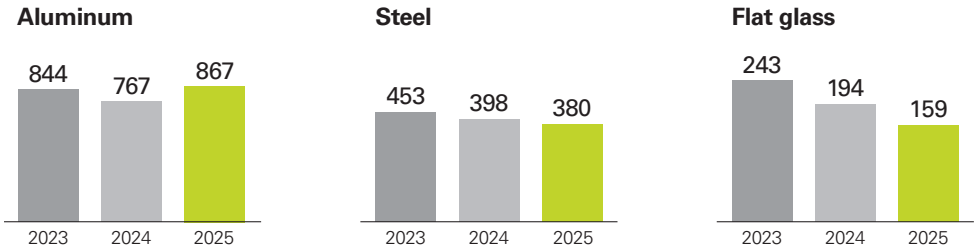
> We have succeeded in improving our processes in recent years and continue to do so 2026 in order to optimize our existing level and ensure resilient supply chains.

Material efficiency

For determining our material efficiency, we did not consider our material consumption but rather the procured amount of three materials that, in terms of mass, make up the bulk of our products: aluminum, steel, and flat glass. Efficient materials usage during production significantly contributes to the conservation of natural resources and to the economic efficiency of production processes. We have recorded the main flow of raw materials and other production materials. This tracking allows us to identify reasonable savings potential.

Raw materials

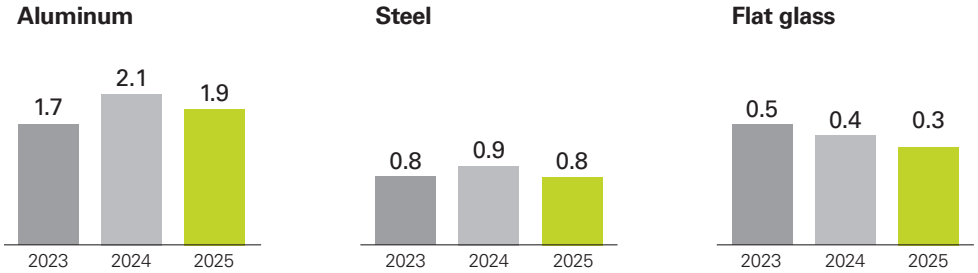
in t



Raw materials

Per TEUR of gross value added

in kg



ENVIRONMENTAL IMPACTS AND MEASURES: EMISSIONS

Reducing our emission of greenhouse gases and volatile organic solvents is a continuous environmental objective

Greenhouse gas emissions
To reduce greenhouse gas emissions, we continually perform building and equipment optimizations with great success, such as continuing the switch to climate-friendly district heating. This comparison takes into account anthropogenic greenhouse gases from the following emissions sources:

Scope 1 = Direct emissions of climate-damaging gases by the company itself
Thanks to efforts in recent years, heating at the site now primarily comes from renewable district heating, meaning that Scope 1 greenhouse gas emissions now play only a very minor role. Our gas-fired combined heat and power plant, along with other heating equipment, is now only a backup for emergencies or for covering spikes in demand during the winter.

Scope 1 greenhouse gases are also emitted by in-house factory traffic. We are gradually transitioning our in-house vehicle fleet to electric vehicles. Three electric cars, two transport vehicles, and an electric minibus have replaced equivalent vehicles with combustion engines. This switch is also pending for another transport vehicle in 2026.

Scope 2 = Indirect emissions of climate-damaging gases by energy suppliers
Due to the switch to green electricity and district heating from primarily renewable geothermal and biomass sources, carbon neutrality has been achieved since 2021 for the greenhouse gas emissions related to purchased energy.

Scope 3 = Upstream and downstream activities
We have begun tracking Scope 3 greenhouse gas emissions. Based on this data, we are planning measures for improving our greenhouse gas emissions for this scope as well. A significant source of greenhouse emissions from upstream and downstream activities has proven to be the purchase of goods and services and the use of sold products.

Surface cleaning with organic solvents
We have a long-term objective of reducing our volatile organic compounds (VOC) emissions. These emissions primarily arise from the surface cleaning of finished and semi-finished goods at various machines and workstations. For this purpose, we installed a new exhaust air system in 2024 that reduces the VOC content in the exhaust air to considerably less than 75 mgC/m^3 through thermal-catalytic treatment.

FACTS

Carbon neutral
in Scope 2 since 2021

Near-term goal by 2030
Reduction in Scope 1, Scope 2, and Scope 3 greenhouse gas emissions by 42% relative to the base year (2022)

Net-zero goal by 2050
Reduction in Scope 1, Scope 2, and Scope 3 greenhouse gas emissions by 90% relative to the base year (2022)

Along with water, various solvents are used as cleaning agents, especially alcohols and acetone. But we are striving to identify less environmentally harmful replacement substances. These efforts, however, must contend with the extremely high quality requirements for individual cleaning processes.

Through the thermal-catalytic treatment of VOC-contaminated exhaust air, solvent emissions will be further reduced despite our simultaneous increase in solvent-intensive serial production with fan-out technology (FOT). The thereby arising waste heat will also be made usable via an energy recovery system.

Systems requiring approval

For the operation of the combined heat and power plant and our central heating system, we must comply with the requirements for the relevant approval notice and the 44th Ordinance of the German Federal Immission Control Act.

Most of our VOC emissions occur during graduation production, which is subject to the special requirements of the 31st Ordinance of the German Federal Immission Control Act. This requires recurring emissions measurements at different exhaust-air systems by an accredited measuring body. In conjunction with implementing the abovementioned exhaust-air system, new ventilation routes were installed and new measuring points were defined with government agency approval. These changes will be validated as part of pending acceptance measurements. Current internal data shows that the legal requirements have been complied with.

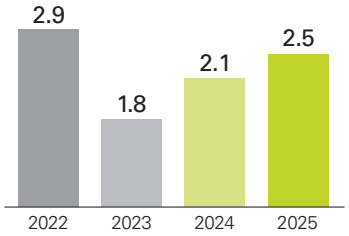
Evaporation cooling systems are required especially for air conditioning systems in buildings. Their operation requires compliance with the 42nd Ordinance of the German Federal Immission Control Act. The required hygiene inspections of the raw water from these systems are performed on a regular basis in order to prevent the hazardous discharge of legionella bacteria into the outside air via aerosols.

Other environmentally relevant emissions

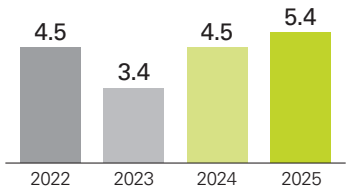
Odor, dust, and noise emissions arise only in low quantities.

Emissions

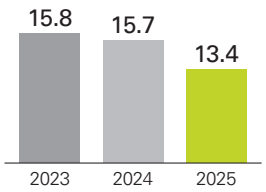
Scope 1 and 2 carbon equivalents*
in 1,000 t



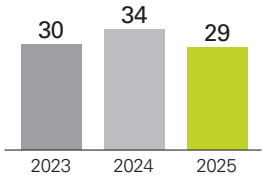
Carbon equivalents per TEUR gross value added*
in kg



Volatile organic compounds (VOC)
in t



VOC emissions per TEUR gross value added
in g



* Due to the necessary adjustment in our usage of the combined heat and power plant, our natural gas consumption and thus our Scope 1 carbon equivalents increased.

Legal and regulatory emission limits and measurement results

	Unit	Limit value	Measurement results
Combined heat and power plant			
Carbon monoxide	mg/m³ NC	250	20
Nitrogen oxides	mg/m³ NC	250	250
Formaldehyde	mg/m³ NC	30	21
Total carbon	mg/m³ NC	1,300	600
Boiler plant			
Carbon monoxide	mg/m³ NC	80	7
Nitrogen oxides	mg/m³ NC	170	130
Emissions loss	% NC	9	6
Emergency power generators			
Dust	mg/m³ NC	80	24
Surface cleaning for graduation production			
Total carbon A40 exhaust air system	mgC/m³ NC	75	35
Total carbon E90 exhaust air system	mgC/m³ NC	75	15
Total carbon E92 exhaust air system	mgC/m³ NC	75	47

The results (in mg/m³ NC = mg/m³ in normal condition) are taken from the measurement reports of the accredited measuring body. The values stated are as follows: the maximum value of the four modules for the combined heat and power plant; the maximum value of the two boilers for the boiler plant; and the maximum value of the five individual generators for the emergency power generators. The officially required measurement interval for these systems is once annually. The most recent measurement date for the combined heat and power plant, the boiler plant, and the emergency power generators was in 2025. The officially required measurement interval for the surface cleaning system in the graduation production department is once very three years. The most recent measurement date for this system was in 2022. With official approval, the planned measurement date for 2025 was postponed to 2026.

Dr. Markus Michalski
Director Production, Development and Production Electronics

„Through the installation of a new exhaust-air purification system, we can begin serial production using fan-out technology without reaching a critical level of VOC emissions."

BEYOND THE ENVIRONMENT

Responsibility toward employees, their safety, and the supply chain

OUR RESPONSIBILITY TOWARD EMPLOYEES

Our employees exemplify expertise, passion, and creativity. To help them optimally contribute to the company and reach their full potential, we nurture and support young trainees and longstanding professionals alike, providing attractive benefits and promoting ecological awareness.

Above-market compensation

We value the high performance of our employees and compensate it accordingly. At HEIDENHAIN, all our employees are paid at least in accordance with the collective bargaining agreement of the IG Metall trade union. This is supplemented by various extra benefits, such as the following:

- Monthly profit sharing, which allows our employees to benefit directly from the company's success and their key role in achieving it
- Voluntary corporate bonus for workers on rotating shifts
- A significantly above-market corporate pension
- A 10-year work anniversary bonus

Vocational training and continuing education

Education and expertise are essential in a technology company like HEIDENHAIN. For over 70 years, we have been offering a highly successful vocational apprenticeship program that currently encompasses ten different career fields. We also support higher-education students by enabling internships, degree papers, and scholarships. In addition, we offer dual study programs in nine fields of study and support doctorate programs. Time and again, our vocational apprentices are top-of-their-class. Most recently in 2025, this applied to HEIDENHAIN apprentices in IT, machine operation, and machining for the Upper Bavaria region and to apprentices in microtechnology and industrial optics technicianry for all of Bavaria. In addition to a first-rate apprenticeship in a state-of-the-art training center with cutting-edge equipment, our apprentices enjoy a variety of benefits, ranging from health seminars and addiction-prevention training to driver safety instruction and in-house hiring opportunities.

FACTS

EUR 13.4 million
Investment in education

4,354
Employee participants in continuous education

184
Apprentices

92
Financially aided higher-education students

193
Continuing education courses

100%
Of our employees receive an annual performance evaluation

We also continually train our longstanding employees. In 2025, the number of employees participating in continuing education courses numbered 4,354 (for in-house and external courses). Our specialist career path is an opportunity for employees who wish to deepen their skills without assuming a supervisory role. And our "Skills and Knowledge" program financially supports career-advancement training for employees who wish to become certified production supervisors, technicians, industrial managers, and more.

Work flexibility: at home, in the office, and in production

To make it easier for employees to balance work, family, and private commitments, HEIDENHAIN has significantly increased the flexibility of its timekeeping policy. Employees with flextime are free to organize their own breaks and work times within a 6:00 a.m. to 8:00 p.m. window.

Many of our employees also work from home part of the time if their duties allow it. This not only provides flexibility but also helps the environment. Due to our rural location, 60% of HEIDENHAIN employees would normally drive 11 km to 40 km to work each day. With over 1,000 employees working from home part of the time, the emissions reduction from less driving is considerable.

Flexible production shifts

We've also been breaking new ground in our production department as we move away from traditional, inflexible structures. We allow employees to structure their own workdays and therefore enable shift work without a core time window. Since September 2024, this flexible shift model has been implemented across all our production departments. Since then, more than 720 employees have been working in shifts without a core time window.

Promoting environmental awareness

The actions of every employee affect our corporate ecological footprint and help to minimize it. In exchange, we provide multiple benefits that reduce the ecological footprint of our employees: We have set up twenty parking spaces with charging stations at which employees can charge their personal e-vehicles during work. There are also 24 charging stations for e-bikes. For employees who bike to work, we also offer showers and changing rooms. To promote employee and environmental health, we actively encourage employees to leave their car at home and bike to work instead.

Firmly anchored in our founding principles is the idea that employees should share in the success of the company and receive as much work flexibility as possible. These principles are still highly relevant today. In 2024, we launched a shift model without a core time window throughout our production teams, thereby giving all employees complete control over their work times in coordination with their supervisors.

Andreas Piehler
Director
Labour Law and
Corporate HR Affairs

FIRE SAFETY MEASURES

Fully equipped and ready to respond

Fires at companies pose a considerable risk that can endanger employees, cause extraordinary damage, and threaten the company's very survival. We are aware of this risk and assign a high priority to fire safety at our company. A key role in preventing and fighting fires is played by our Plant Security team.

In the event of a fire, the Plant Security team is qualified to take rapid preliminary measures before the town fire department arrives.

Fire safety improvements

- Purchase of a small, electric-powered vehicle equipped with barrier supplies, wet vacuums, and small fire extinguishers
- Optimization of firefighting gear
- Basic fire safety training for all 30 Plant Security employees

Ingo Klepke
Fire safety officer at HEIDENHAIN
and voluntary district fire chief of the
Traunstein District Fire Office

FACTS

Approx. **13,000**
fire and smoke detectors

More than **220** fire safety helpers

30 Plant Security employees
for 24/7 vigilance

> Plant security and fire safety go hand in hand. We've significantly improved our on-site response times in recent years thanks to a strong emphasis on fire safety at HEIDENHAIN and our investment in firefighting equipment and technology.

OUR SUPPLY CHAIN IN FOCUS

Regional, local, trusted

HEIDENHAIN has always worked closely with regional suppliers. Of our 4,900 suppliers of services and production materials, 4,300 are based in Germany. A detailed risk analysis in 2024 found that none of them pose a risk in terms of the environment, human rights, or employment standards.

The production materials needed at our product manufacturing plants in Traunreut and Hochreit come from roughly 800 suppliers. Of these, around 10% are located less than 50 km away from our production sites. Their close proximity allows us to handle some of the transport ourselves, enabling us to optimize routes and reduce emissions. What's more, 70% of these supplied materials are transported in reusable packaging, which reduces waste.

Short distances and dependable partners also play an important role in meals provided to our employees. Of our 24 cafeteria suppliers, 14 are located less than 50 km away. Eggs and some of our meat, for example, are sourced from select organic farms. Our coffee comes from regional roasters. It's our way of ensuring fresh, high-quality, and sustainably sourced food and beverages for our employees.

FACTS

0 reported violations of the LkSG

Risk analysis for all of our **approx. 4,900** direct suppliers

100% of our key suppliers* have signed our Supplier Code of Conduct

* Of our approx. 4,900 direct suppliers, approx. 100 are considered key suppliers due to their importance for our business model (based on turnover, uniqueness, and critical components). They account for approx. 80% of our expenditures.

"In the future, we will also check the relevant sub-suppliers of our direct suppliers—if necessary, all the way down to raw materials production, thereby ensuring that environmental standards, human rights, and fair business practices are complied with. This will also help in identifying possible risks to our supply chain at an early stage so that we can take measures to increase its resilience to disruption."

Michael Reichl
Vice President Logistics

HEIDENHAIN

ENVIRONMENTAL OBJECTIVES

Setting the right objectives, getting the right results

EMPLOYEES
PROCESSES
PRODUCTS

From lifting aids to company-owned wind turbines, no objective is too small or large

Ever-new goals are a key part of our environmental and sustainability policy. All of them, whether small-scale or ambitious, help us to protect our employees and continually reduce our environmental impacts.

Our environmental and occupational health and safety objectives are defined as part of a continuous improvement process. This is how we develop our annual environmental and occupational health and safety program, which is approved by the Management Board. Aimed not only at meeting applicable legal requirements, many of our objectives actually exceed them.

Objective	Measures	Deadline
Energy consumption, emissions, and greenhouse gases		
Reducing emissions	We use solvents during the cleaning of our encoder graduations. The thereby arising vapors are removed via exhaust ventilation. To reduce the proportion of solvents in the removed air, we will trap them by installing a VOC absorption system that burns off these residual substances in controlled dosages. We will also be putting a new exhaust-air purification system into operation.	2026
	Our environmental objective for the new R&D building is the German EG 40 building standard. The building is to be carbon-neutral thanks to complete thermal insulation and the use of renewable geothermal and photovoltaic energy sources. We will be applying for certification by the German Sustainable Building Council (DGNB).	2026/2027
	By closing our external warehouse in Wolkersdorf, the distance of tractor-trailer transits will be reduced by approx. 8,000 km per year.	2026
Reducing energy consumption	Reducing our energy consumption is very important to us, and we are pursuing ambitious objectives in nearly all corporate departments. In particular, we see considerable potential in the area of building services and have accordingly set many goals for the next two years: ■ **LED lighting:** Switching to LED lighting in our production facilities in Hochreit, as well as in two parking garages and a production building.	2026/2027
	■ **Saving and recovering heat:** We plan to save a total of 600,000 kWh per year by installing heat recovery systems into exhaust air systems and VOC exhaust air purification systems, and by reconfiguring the warehouse heating system for a lower temperature.	
	In our electronics manufacturing department, uncontrolled exhaust air dampers that are currently always open will be replaced by electronically controlled dampers that open only during production. This will reduce the amount of exhaust air and, for single-shift operation, will save approx. EUR 30,000 per year, or approx. EUR 15,000 per year for two-shift operation.	2026

Objective	Measures	Deadline
Energy consumption, emissions, and greenhouse gases		
Switching to renewable energy	To meet our energy needs, we will increasingly rely on various ecologically sustainable energy sources: ■ **Geothermal energy for heating:** Two additional building wings will be connected to the municipal district heating network and will therefore be using geothermal energy. Our gas-fired boiler used up to now will thereby be replaced. ■ **Wind power:** The construction of the two company-owned wind turbines is on schedule. The expected 18 GWh of annual energy yield will cover approximately one-third of our power needs.	2026
Resource consumption, chemicals, and waste products		
Reducing hazardous materials	Depending on the numbers of orders for graduation production, between 7,000 and 12,000 liters of a highly toxic developer solution are needed annually. This solution is being replaced by a developer compound based on potassium hydroxide that is easy to neutralize and therefore ecologically much less critical. The coolant used in our glass machining contains boric acid. We will replace this coolant with an alternative that does not contain this chemical.	2026
Improving recycling and reducing waste	To reduce our amount of packaging material, we will be putting a new packaging system into operation that, instead of individually packaging scale tape carriers and mounting spars, will enable large packaging for multiple products. Thanks to this system, we expect to save at least 5,000 kg of packaging material annually. Due to delays, the system will be made operational this year rather than in 2025 as originally planned.	
Product usage		
Eco-friendlier packaging for products	HEIDENHAIN develops and manufactures high-quality, long-lasting, and yet also sensitive high-tech components that are used around the world in highly complex applications. Protecting these products during transport is a key part of our quality and sustainability strategy. In 2026, we are focusing on continuing to develop our packaging systems with the aim of greater recyclability and resource efficiency. A key step in this is the gradual substitution of PUR-based convoluted foam. Because PUR packaging cannot be reintroduced into closed material cycles, it is being replaced by recyclabe alternatives that meet both ecological and functional requirements. At the same time, packaging and primary packaging materials required only in low numbers will be systematically discontinued. Through the introduction of standardized, recyclable packaging solutions, we are reducing the variety of variants, reducing the complexity of packaging processes, and minimizing waste creation throughout the value chain. The LIDA series of linear encoders are shipped with the scale inside a rubber sleeve, which serves as its packaging (approx. 45 km of sleeving in 2025). This rubber sleeve is to be replaced by an environmentally friendly paper packaging.	2026

Objective	Measures	Deadline
Water		
Saving water	During surface-finishing as part of metal machining, the products are cleaned at the end of the machining process. By acquiring a new, resource-efficient treatment system, we will reduce the amount of wastewater containing cleaning solution by approximately 50%.	2026
Occupational safety		
Reducing physical stress for production employees	We still see potential for improving workplace ergonomics, especially for our production employees. This includes the following measures: ■ **Encoder assembly:** An assembly machine will be built for making gear systems, thereby reducing monotonous and repetitive tasks during the production of rotary encoders and angle encoders. ■ **Electronics manufacturing:** A motorized axis will be introduced for panel handling during panel galvanization. This will assist employees by reducing the amount of repetitive lifting actions with outstretched arms and increase the working distance to the treatment tanks. ■ **Graduation production:** After reshaping, graduation carriers made of glass undergo facet grinding that must be laboriously performed by hand with a grinding wheel. For most products, this work was performed by CNC machines instead.	2026

TRACKING AND REACHING OBJECTIVES

Results from the environmental objectives set in 2025

The measures taken in previous years for occupational health and safety, as well as the environmental programs, are making a difference. Our objectives were largely achieved and our environmental impacts thereby reduced. The occupational health and safety of our employees has improved. We aim to continuously improve, which is why we continue to work hard toward achieving our objectives. These objectives undergo an annual review in conjunction with our Management Board and are redefined as needed. The qualitative and quantitative reductions in our environmental impacts are based on environmental data from annual reports.

Objective	Outcome of implemented measures
Energy consumption, emissions, and greenhouse gases	
Reducing emissions	We use solvents during the cleaning of our encoder graduations. The thereby arising vapors are removed via exhaust ventilation. To reduce the proportion of solvents in the exhaust air, an activated-carbon filter system that stores the hazardous substances was installed in 2024. However, tests revealed that this did not have the desired effect. For this reason, a new system was installed in 2025 that will commence operation in 2026.
Reducing energy consumption	Lighting also has a significant impact on our power consumption. In 2025, the lighting in a multistory building was fully switched to LED lights.
Energy consumption, emissions, and greenhouse gases	
Reducing energy consumption	Compressed air is used in many production steps and is another key driver of energy consumption. We are therefore striving for savings in this area as well. At our Hochreit production site, we reduced compressed air usage in the metal machining department, thereby saving approx. 50,000 kWh of power.
	Additional savings were achieved by switching to LED UV lamps to cure special adhesives during the production of rotary encoders and angle encoders with an interior glass scale.
Resource consumption, chemicals, and waste products	
Reducing hazardous substances	The use of solvents is necessary for cleaning purposes during metal machining. By beginning to operate our new cleaning system in 2025, we have achieved our goal. Our products our now increasingly being cleaned using a water-based method, thereby reducing our usage of solvents by 25%. This process saves around 400 liters of solvents annually.
Improving recycling	To avoid corrosion-related damage in closed hot and cold water circulation systems, regenerable synthetic resin cartridges were used for demineralization. When the cartridges are expended, the synthetic resin is replenished for reuse. In 2025, during the use of this approach for a circulation system, 2,200 kg of synthetic resin were regenerated and therefore did not enter the environment as waste.

Objective	Outcome of implemented measures
Product usage	
More eco-friendly packaging	In 2025, as part of 52 change orders in total, the packaging for 120 different products was redesigned to be completely free of PUR. As a result, the packaging for 9,450 sold devices was switched to cellulose-based solutions and to recyclable mono-materials. We also made significant progress with regard to linear encoder packaging. The packaging for 30 different products was switched from wooden board designs to pure, reinforced corrugated cardboard solutions. Annually, this affects around 1,700 sold devices. Due to these measures, we can forgo the use of 11,184 meters of wooden boards, equivalent to approx. 20.1 m^3 or 9 tons of wood. At the same time, we were able to ensure full protection of the products.
Product carbon footprint	In order to be able to evaluate the climate effects of our products, we created a product carbon footprint (PCF) for select reference products in accordance with ISO 14067 for the first time in 2024. In 2025, this process was expanded to encompass additional reference products. The calculations were performed using the cradle-to-gate system boundary and the IPCC-2021-GWP-100a methodology. Based on the determined PCF values, we can now analogically derive the carbon footprint of additional products. The results show clearly that in-house manufacturing makes up only a very small proportion of the cradle-to-gate greenhouse gas emissions. The main proportion of emissions arises in the upstream manufacture of materials and components.
Occupational health and safety	
Electronics manufacturing	Introduction of a cobot for reducing monotonous tasks; introduction of an automatic feeder pool (AFP) for reducing the need for filling the feeder; commencing operation of a motorized axis for panel handling at the photoresist stripping machine; new screens above the production lines with ASMPT software for reducing unnecessary legwork; and height-adjustable soldering stations plus new lifting aids
Optimizing ergonomics	**Encoder assembly:** Through the acquisition of a granite table with optimized and modified recesses for the motor holder, we were able to reduce unnatural user posture during work. In addition, height-adjustable tables are being used wherever it makes technical and ergonomic sense to do so.
Reducing physical stress for production employees	For cable-connector testing, we introduced lifting and gripping mechanisms in 2024 with which employees can connect and disconnect multiple cables at the same time, thereby significantly reducing the amount of strain on their joints. This project was even implemented for more work steps than was originally planned and was further expanded in 2025.

CORE INDICATORS AND CERTIFICATIONS

Essential information at a glance

CORE INDICATORS AS PER EMAS

Land use
(size of property, sealed area, and near-natural area)

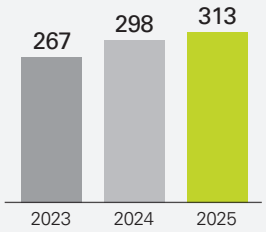
Total
305,000 sqm
Total land area

72% Sealed area
23% Near-natural area
5% Other green area

Total energy consumption in 2025:
63.6 GWh
Of which 51.2 GWh were from renewable sources

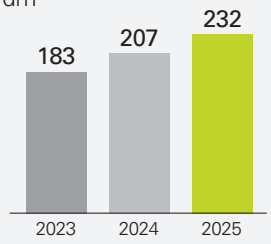
Water

Water consumption
Per TEUR of gross value added in dm^3



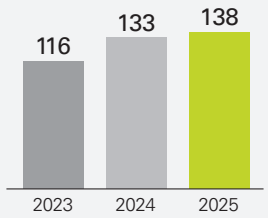
Wastewater quantity

Per TEUR of gross value added in dm^3



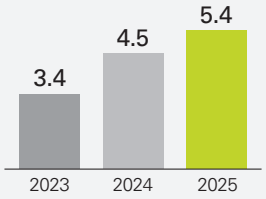
Energy

Energy consumption
Per TEUR of gross value added in kWh

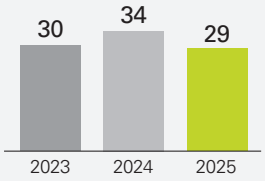


Emissions

Carbon equivalents
Per TEUR of gross value added in kg



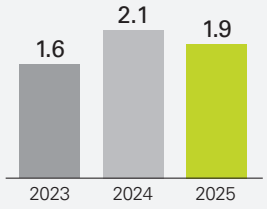
VOC emissions
Per TEUR of gross value added in g



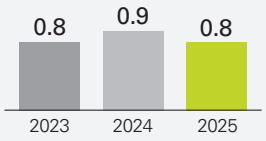
Raw materials

Mass-flow of key materials used

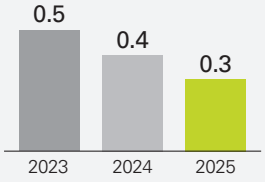
Aluminum
Per TEUR of gross value added in kg



Steel
Per TEUR of gross value added in kg



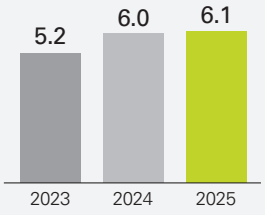
Flat glass
Per TEUR of gross value added in kg



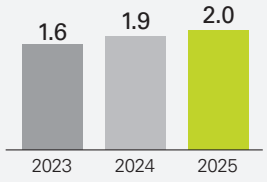
Waste

Waste amount by type

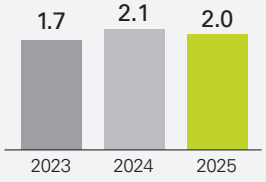
Total waste
Per TEUR of gross value added in kg



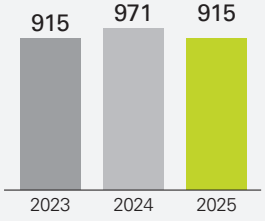
Metal waste
Per TEUR of gross value added in kg



Hazardous waste
Per TEUR of gross value added in kg



Hazardous waste
in t

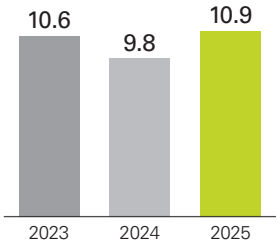


A CLOSER LOOK AT OUR HOCHREIT SITE

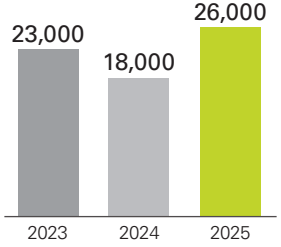
Our Hochreit site covers an area of 164,000 sqm. Its metal machining and graduation production facilities provide around 9,000 sqm of production space. The site is also home to our state-of-the-art logistics center, covering roughly 7,100 sqm. Just like at our headquarters in Traunreut, we are environmentally conscientious about open spaces at our Hochreit site. The employee parking lot, for example, uses water-permeable gravel instead of paving, allowing rainwater to drain directly into the ground. Orchard meadows and other near-natural spaces surround the buildings.

The level of energy consumption at our Hochreit site was especially due to more heating days. The considerable increase in water usage was due to a defective drain valve in the glass machining area.

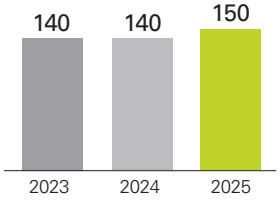
Energy consumption
in GWh



Water consumption
in m^3



Carbon equivalents
in t



GRI CONTENT INDEX

DR. JOHANNES HEIDENHAIN GmbH has reported the information stated in this GRI index for the period from 1/1/2025 to 12/31/2025, with reference to the GRI standards. This reporting used the "GRI 1: Foundation 2021" standard.

GRI standard	Topic	Pages	Sustainable Development Goals
GRI 2: General Disclosures 2021	2-1 Organizational details	5 – 6	
	2-3 Reporting period, frequency and contact point	55 – 58	
	2-5 External assurance	57	
	2-30 Collective bargaining agreements	39	
	2-6 Activities, value chain and other business relationships	5 – 9, 43	
	2-22 Declaration on sustainable development strategy	2	
	2-23 Policy commitments	20 – 22	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	33 – 34	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	31, 53	
	302-3 Energy intensity	31, 54	
	302-4 Reduction of energy consumption	50	
	302-5 Reductions in energy requirements of products and services	15 – 17	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	28	
	303-2 Management of water discharge-related impacts	29	
	303-3 Water withdrawal	29	
	303-4 Water discharge	29	
	303-5 Water consumption	29	

GRI standard	Topic	Pages	Sustainable Development Goals
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	35, 36	
	305-2 Energy indirect (Scope 2) GHG emissions	35	
	305-4 GHG emissions intensity	36, 53	
	305-5 Reduction of GHG emissions	35	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	37	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	26	
	306-2 Management of significant waste-related impacts	25, 51	
	306-3 Waste generated	26, 54	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	43	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	23	
	403-2 Hazard identification, risk assessment, and incident investigation	23	
	403-5 Worker training on occupational health and safety	23	
	403-8 Workers covered by an occupational health and safety management system	23	
	403-9 Work-related injuries	23	
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	40	
	404-3 Percentage of employees receiving regular performance and career development reviews	40	

STATEMENT BY THE ENVIRONMENTAL AUDITOR

The signing party, Dipl.-Ing. Wolfgang Brandl, EMAS environmental auditor from **TÜV SÜD Landesgesellschaft Österreich GmbH**, with registration number AT-V-0003, accredited for group 26.5 (NACE code), hereby confirms that he has evaluated whether the corporate site stated in the Environmental Declaration of the organization

DR. JOHANNES HEIDENHAIN GmbH
Dr.-Johannes-Heidenhain-Str. 5
83301 Traunreut, Germany,

including the Hochreit facility (Fraunhoferstr. 1) with registration number D-155-00010, fulfills all of the requirements of Regulation (EC) No 1221/2009 of the European Parliament, and of the Council, of 25 November 2009, regarding the voluntary participation by organizations in an EC system for eco-management and auditing (EMAS), updated by Regulations (EU) 2017/1505 and (EU) 2018/2026.

With the signing of this Statement, it is hereby confirmed that

- the expert assessment and validation were conducted in full accordance with the requirements of Regulation (EC) No 1221/2009, updated by Regulations (EU) 2017/1505 and (EU) 2018/2026,
- the result of the expert assessment and validation confirms that there is no evidence of any non-compliance with the applicable environmental regulations,
- and that the data and information contained in the updated Environmental Declaration for the company location provide a reliable, plausible, and truthful portrayal of all activities at the location in the area stated within the Declaration.

This Statement is not equivalent to an EMAS registration. EMAS registration may be conducted only by a competent authority in accordance with Regulation (EC) No 1221/2009, updated by Regulation (EU) 2017/1505. This Statement is not to be used as the sole basis for informing the public.

The submission of an updated Environmental Declaration is planned for 2027.

4/2/2026, Munich, Germany

Wolfgang Brandl
Environmental Auditor

DR. JOHANNES HEIDENHAIN GmbH has been validated in accordance with the European Eco-Management and Audit Scheme (EMAS) since August 21, 1996.

DR. JOHANNES HEIDENHAIN GmbH has been certified in accordance with the international environmental management standard DIN EN ISO 14001 since July 31, 1998, and with the quality management standard DIN EN ISO 9001 since 1993.

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DR. JOHANNES HEIDENHAIN GmbH,
Dr.-Johannes-Heidenhain-Str. 5
83301 Traunreut, Germany
Phone: +49 8669 31-0
info@heidenhain.de
www.heidenhain.com

Design, editing, and translation
Stephanie Engel, Ulrich Poestgens,
Marketing Communications,
DR. JOHANNES HEIDENHAIN GmbH
Email: presse@heidenhain.de

Contact person
for questions about the report
Karl Landinger, Environmental Officer

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