

ESG REPORT

- 2024 -



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ABOUT THIS REPORT

This sustainability report outlines the Hennecke GROUP's actions and progress in the aspects of Environment, Social, and Governance (ESG).

The voluntary report is addressed to both internal and external stakeholders as well as the interested public. Its aim is to transparently present the impact of the company's business activities and to show how sustainability is embedded in Hennecke GROUP's business strategy and daily operations.

Structure and reporting framework

This report is structured according to the three ESG dimensions: Environment, Social, and Governance. It serves as a transitional publication in preparation for the future adoption of a recognized sustainability reporting framework. Focusing on the 2024 financial year, the report provides retrospective insights of key developments from 2022-2024 and a forward-looking view on selected plans for 2025. The presentation follows a group-wide, standardized ESG framework, which will continue to be developed and aligned with upcoming reporting requirements.

Data Quality & Transparency

The Hennecke GROUP has been collecting ESG-related indicators, including CO₂ emissions, for several years. This report is the first to present these data in a structured format.

The calculation and reporting of CO₂ emissions are based on the internationally recognized Greenhouse Gas Protocol (GHG Protocol). In recent years, data quality and coverage have been continuously improved, the underlying methodology refined, and data collection increasingly standardized. In the current reporting year, the calculation model for Scope 3 emissions, specifically the category "use of sold products", was further refined using forward-looking life cycle assessments (LCA) that incorporate assumptions on operating hours, product lifetimes, and location-specific emission factors.

Additional Scope 3 categories, such as purchased goods and services, are tracked using an expenditure-based approach, supplemented with supplier-specific information and model-based estimates to close existing data gaps.

In the coming reporting years, the focus will be on systematically expanding the ESG data foundation to further enhance transparency across all relevant areas of the company.

The preparation of this report was also supported by an external ESG assessment using the ESG Advantage tool developed by Holtara¹.

¹ ESG Advantage, developed by Holtara, is a platform for managing and assessing ESG data. It supports companies, investors, and fund managers with tailored ESG strategies, a validated carbon footprint calculator, automated dashboards, and industry benchmarks, based on a methodology backed by over 15 years of ESG advisory experience.

A MESSAGE FROM OUR CEO



Sustainability at Hennecke is more than an ecological aspiration. It is a strategic compass, embedded in the three Ps: People, Planet, and Profit. In a world increasingly shaped by climate change, geopolitical crises and rising regulatory pressure, sustainability means assuming responsibility that reaches beyond environmental concerns. It is about respect for people, transparent governance, and solutions that are viable both today and in the future - ecologically and economically.

Employees are the key to this success

Their expertise, dedication and passion drive innovation, improve processes and deliver solutions that help customers meet their own sustainability goals.

In 2024, key milestones were achieved

ISO 14001 certification at the largest production sites, consistent environmental audits, and digital tools to optimize energy and material usage are evidence of this commitment. At the same time, efforts continue to foster a corporate culture built on fairness, safety and inspiration for all those who contribute to Hennecke's success.

ESG is not an add-on. It defines how we think and act

The product and service portfolio continues to evolve with integrated, sustainable solutions, designed to reduce energy consumption, use resources more efficiently and meet future requirements. The aim: to unite efficiency with comfort, health and environmental responsibility.

I would like to thank everyone who supports us on this journey, especially employees, customers and partners around the world.

Thomas Wildt

CEO Hennecke GROUP

” Sustainability is the DNA of our Business System. ”

>> THE COMPANY

THE HENNECKE GROUP AT A GLANCE

The Hennecke GROUP is one of the world's leading manufacturers of machinery and plant technology for polyurethane (PUR) processing. Since 1945, when operations began at the company's site in Sankt Augustin, Germany, the group has been developing highly efficient production systems for a wide range of PUR applications, from seat cushions and mattresses to insulation materials for buildings, heating, and cooling systems.

With a broad product portfolio, strong engineering expertise, and global presence, Hennecke supports customers worldwide in implementing sustainable and cost-effective production solutions.

Today, the Hennecke GROUP comprises the product brands Hennecke Polyurethane Technology and Hennecke-OMS, with production and service locations in 11 countries across five continents. The key markets include Europe, North and South America, and the Asia-Pacific region, with a particular focus on China.

Together with international sales and service partners, the company delivers customized and innovative production systems – from project planning and commissioning to after-sales, retrofit, and digitalization solutions. Every solution is driven by a commitment to efficiency, sustainability and uncompromising product quality. Around 680 employees worldwide – including apprentices – are passionately driving the development of innovative technologies. Since 2016, the Swiss private equity firm Capvis has been the owner of the Hennecke GROUP. As a strategic partner, Capvis actively supports the company's international expansion and entry into new markets, while also promoting, supporting and challenging the company's agenda.

Key facts:



Hennecke GROUP product portfolio:

- >> HIGH AND LOW PRESSURE METERING MACHINES
- >> COMPOSITES AND ADVANCED APPLICATIONS
- >> SLABSTOCK LINES
- >> SANDWICH PANEL LINES
- >> MOLDED FOAM LINES
- >> TECHNICAL INSULATION LINES
- >> ROLL FORMING LINES
- >> TANK FARM TECHNOLOGIES
- >> ENVIRONMENTAL TECHNOLOGIES

Hennecke GROUP 360°SERVICE portfolio:

- >> ENVIRONMENTAL SERVICES
- >> RETROFIT SOLUTIONS
- >> SPARE PARTS & REPAIRS
- >> PREVENTIVE SERVICES
- >> TRAININGS & SEMINARS
- >> SMART SERVICES

Die Hennecke GROUP operates through several legal entities, including:

- >> Hennecke GmbH, Sankt Augustin (Germany)
- >> Hennecke Inc., Bridgeville, Pennsylvania (USA)
- >> Hennecke-OMS S.p.A., Verano Brianza (Italy)
- >> Hennecke Machinery (Shanghai) Ltd. and Hennecke Machinery (Jiaxing) Ltd. (China)

The group is also represented by dedicated sales subsidiaries (SSUs) in Mexico, Singapore, South Korea, Japan, India and Russia (the latter currently without active operations).

Each production site functions as a Center of Excellence with a specific focus on selected product lines:

- >> Germany: Slabstock systems, high- and low-pressure metering machines, mixheads and pumps
- >> Italy: Continuous production lines for insulation panels
- >> USA: Tank farm systems and control technology tailored to the North American market
- >> China: “Dry parts” for appliances, lamination, molded foam, slabstock, and low-pressure machines



STRATEGY, LEADERSHIP AND CORPORATE MANAGEMENT

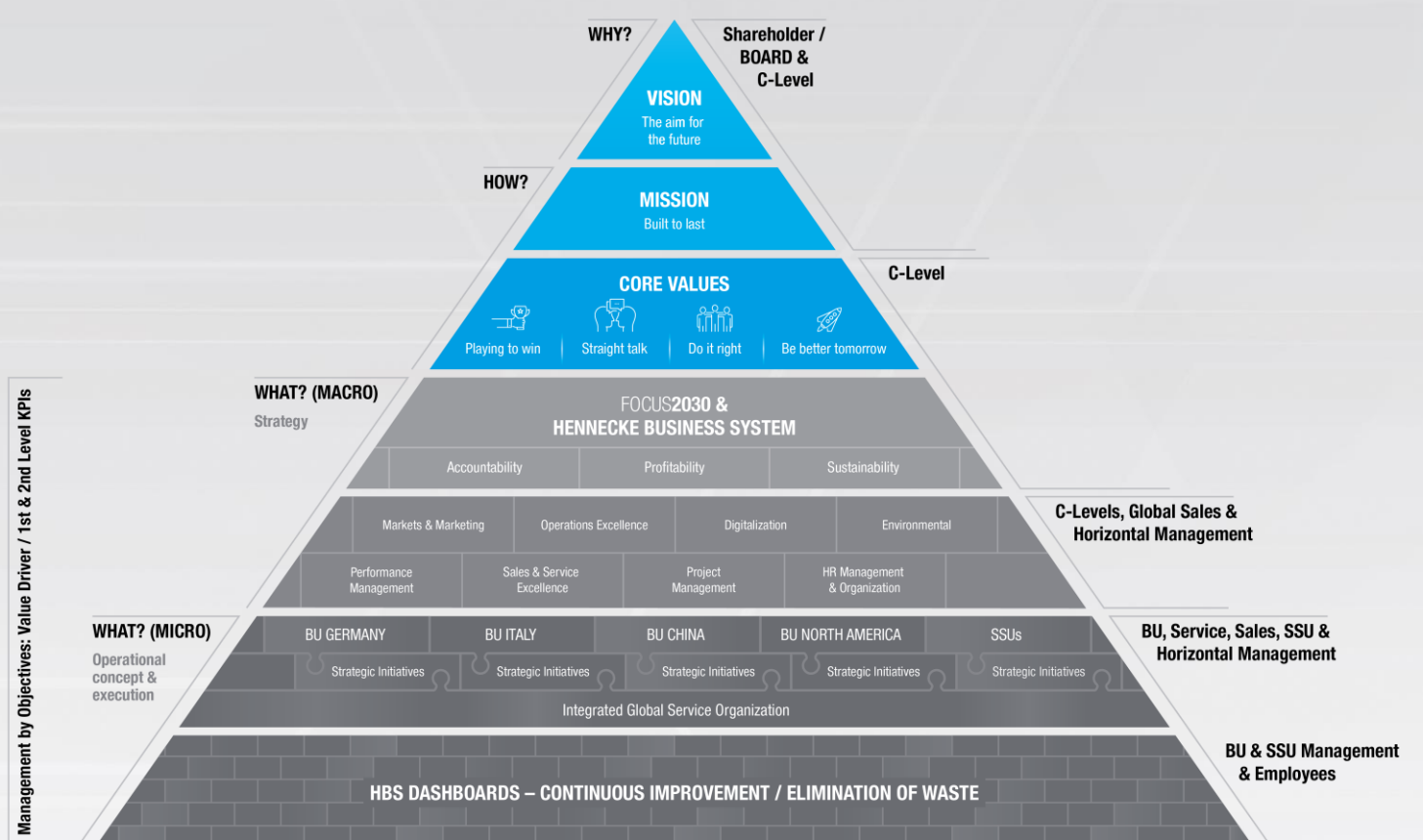
FOCUS2030

The world is changing rapidly - technologically, politically, ecologically and socially. For the Hennecke GROUP, this means: shaping the future actively rather than merely reacting. In 2019, the Hennecke Business System (HBS) was successfully introduced across the company alongside the strategic program Hennecke 2.0. At the end of 2024, the five-year strategy Hennecke 2.0 was successfully completed. The year 2025 marks the beginning of the new strategic framework: FOCUS 2030.

Clear, values-based and operationally embedded: The strategy of the Hennecke GROUP follows a simple but effective principle:



It is visualized by the Hennecke Business System strategy pyramid, which systematically connects all levels of strategic and operational direction:



Vision & Mission – The „Why“

The Hennecke GROUP's strategic vision is clear: To be the preferred partner for sustainable and innovative turnkey solutions in polyurethane processing worldwide.

CURRENT TO FUTURE



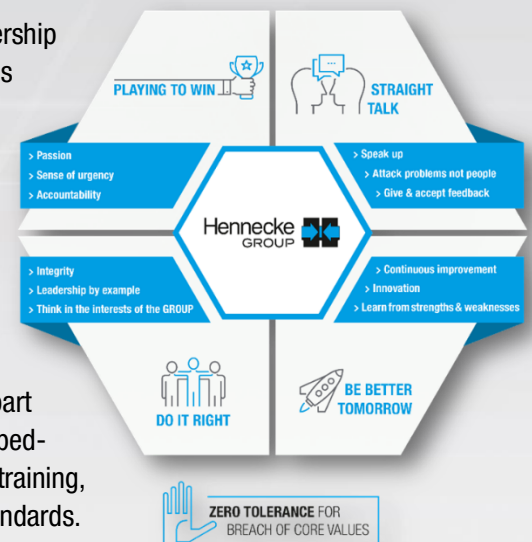
Its mission defines the company's role as a provider of efficient technologies that enable PUR applications delivering measurable benefits in comfort, safety, health, and sustainability.

Core Values – The „How“

The Hennecke GROUP's core values define a shared understanding of leadership and collaboration. They guide decision-making, behavior, and culture across all locations:

- >> **Playing to Win** – driven, committed, accountable
- >> **Straight Talk** – open, constructive, honest
- >> **Do it Right** – ethical, quality-focused, reliable
- >> **Be Better Tomorrow** – curious, solution-oriented, innovative

These values were developed together with the global leadership team as part of the implementation of the Hennecke Business System and are firmly embedded across the entire group. Their integration is reinforced through regular training, leadership feedback, employee feedback and clearly defined behavioral standards.



Strategic Framework – The „What“ (Macro Level)

With the conclusion of the Hennecke 2.0 strategy program at the end of 2024, the phase of organizational and process-related realignment has been successfully completed. Building on this foundation, FOCUS 2030 has been developed as a new strategic framework to guide the company's continued evolution over the coming years. The Hennecke GROUP is thus aligning itself with global megatrends such as urbanization, resource scarcity, digitalization, and climate change. FOCUS 2030 aims to ensure sustainable, profitable growth worldwide even under changing geopolitical, economic, and regulatory conditions. The new strategic framework addresses both opportunities and expectations in the areas of innovation, customer proximity, operational efficiency, and ESG responsibility.

The Hennecke Business System

To implement and embed its strategic objectives, the Hennecke GROUP has developed the Hennecke Business System (HBS). It connects strategy, vision, mission, and core values with measurable outcomes across all sites, functions, and organizational levels. The HBS fosters a shared understanding of leadership and ensures that strategic priorities are effectively translated into day-to-day operations. It focuses on three key pillars: accountability, profitability, and sustainability.



The Pillar of Accountability ensures long-term stability through efficient and sustainable organizational and operational structures. The Pillar of Profitability focuses on profitable growth while promoting the responsible use of resources. Management by Objectives (MbO) functions as a systematic performance management tool that enables transparency and continuous improvement. The Pillar of Sustainability goes beyond traditional ESG topics and encompasses strategic initiatives for the ongoing development of products, processes, and business models. This includes the alignment of corporate strategy with the Sustainable Development

Goals (SDGs), the promotion of innovation across all product lines, the continuous optimization of sales and production processes, and the use of digitalization to enhance efficiency. Governance is ensured through clear policies that are regularly reviewed and audited. Across all pillars, a strong corporate culture, centered on employee engagement, development, and compliance, is fostered.

”

ESG is not a separate initiative – it is an integral part of the Hennecke Business System. The HBS turns our sustainability strategy into tangible daily action – worldwide, structured, and impactful.

”

Thomas Wildt - CEO Hennecke GROUP

Performance Management – Steering based on KPIs

A central element of the Hennecke Business System (HBS) is the Group-wide standardized performance management. It is based on eight value drivers, divided into four shareholder-related, two customer-focused, and two employee-related dimensions. The core success factors are market and customer orientation, efficient processes, and engaged employees. Each value driver is linked to specific key performance indicators (KPIs), which are analyzed monthly across all management levels. A standardized dashboard system ensures transparent and comparable performance assessment, supported by structured reviews, action planning, and clearly defined accountability at the departmental level. This approach ensures that every employee understands their individual contribution and that the success of the FOCUS 2030 strategy is measurable, traceable, and continuously managed across all levels of the Hennecke GROUP.

Leadership Structure – Globally Aligned, Locally Anchored

The Hennecke GROUP is centrally led and operationally managed through global business units. The Executive Team is responsible for strategy and overall steering, supported by the Horizontal Management Team. Business Unit Leaders and Global Sales Leaders are accountable for operational performance, market development, and on-site implementation at production locations. Each site serves as a Center of Excellence with a dedicated focus on product lines and markets. This ensures a strong alignment of global direction with local execution and technical specialization.

SUSTAINABILITY AND ESG-STRATEGY OF THE HENNECKE GROUP

Since 2020, the Hennecke GROUP has pursued a comprehensive sustainability strategy, which was expanded in 2023 to include a dedicated ESG strategy. Its goal is to create long-term ecological, social, and economic value in line with the company's vision and mission by consistently integrating sustainable principles across all business areas. In doing so, sustainability becomes an integral part of the business strategy and secures the company's future viability.

ESG as a Foundation of Corporate Strategy

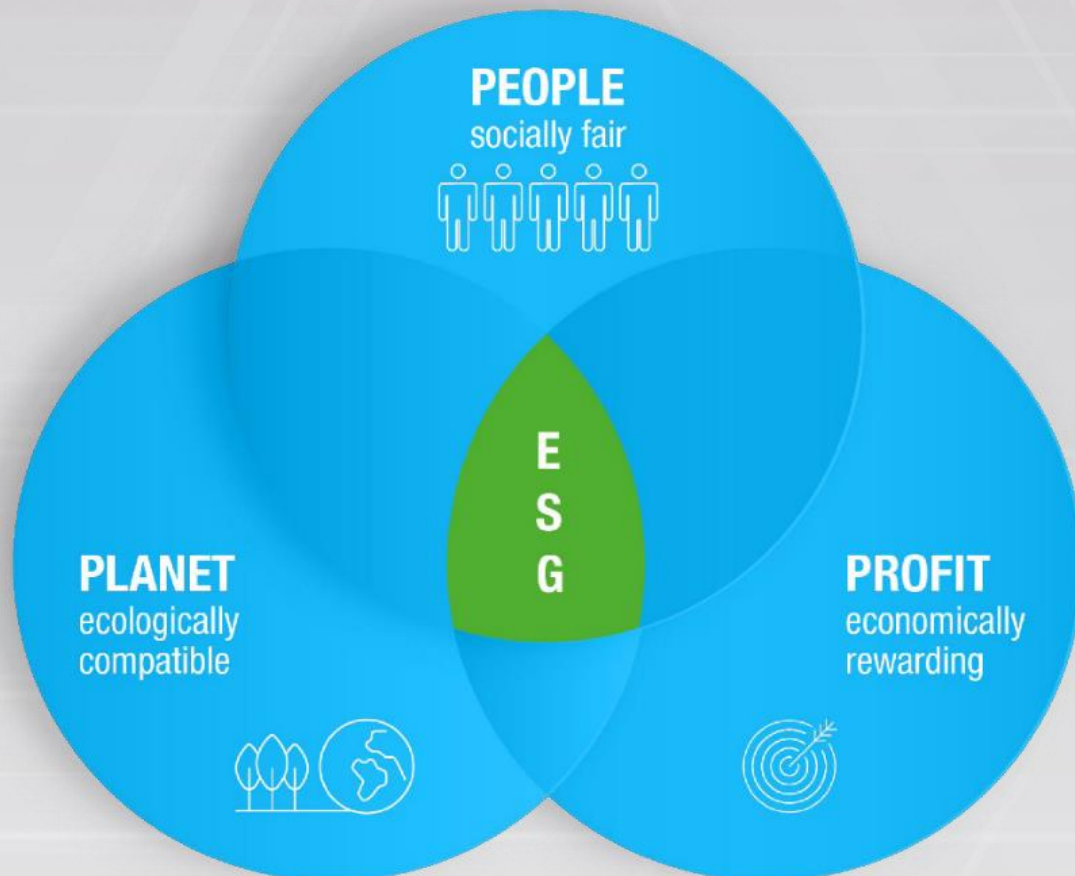
ESG is an integral part of the HBS and is embedded throughout the entire corporate strategy. This holistic integration creates long-term economic, ecological, and social value while supporting key success factors including customer loyalty, innovation, employer attractiveness, compliance, financing advantages, and a strong market position. At Hennecke, ESG is not just a commitment – it is a true business value driver.



>> THE ESG-STRATEGY

ESG IN PRATICE: Concrete Measures, Implementation & Performance

The ESG strategy of the Hennecke GROUP is firmly embedded in the company's overall direction and is guided by the 3P principle: People, Planet, and Profit. It combines social responsibility, ecological sustainability, and economic viability into an integrated approach.

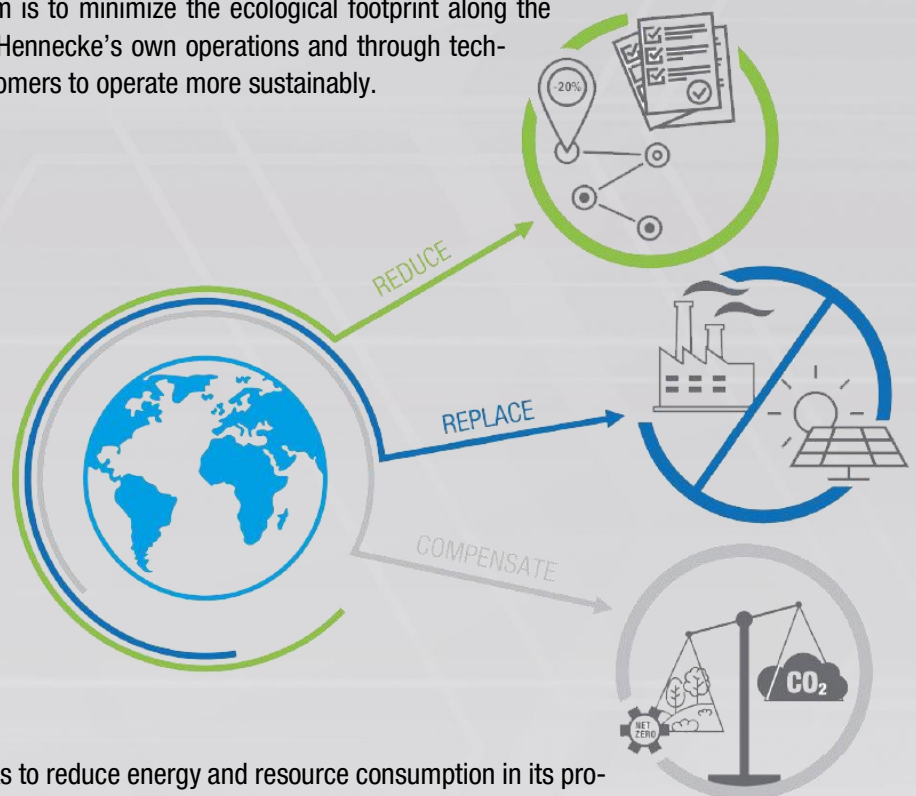


Through concrete actions across the areas of Environment, Social, and Governance, the Hennecke GROUP actively contributes to the long-term development of a sustainable business.

ENVIRONMENT



The environmental aspect of the ESG strategy is guided by three core principles: reduce, replace, and compensate. The aim is to minimize the ecological footprint along the value chain, both within Hennecke's own operations and through technologies that enable customers to operate more sustainably.



Reduce:

The Hennecke GROUP continuously works to reduce energy and resource consumption in its production processes. Measures include the use of energy-efficient technologies, modernization of existing equipment, and systematic audits to identify potential savings.

Replace:

A core element of the strategy is substituting fossil fuels with renewable energy sources. In addition to purchasing green electricity, the Hennecke GROUP is continuously expanding its own renewable energy generation, for example, through photovoltaic systems.

Compensate:

Unavoidable emissions are to be offset in the long term through appropriate projects. The goal is to achieve a carbon-neutral footprint in line with the targets of the Science Based Targets initiative (SBTi).

Promoting Biodiversity – Beekeeping Projects at all Sites

All production sites of the Hennecke GROUP are home to beehives, sending a clear signal in support of biodiversity. Bees are not only vital pollinators for ecosystems, but also stand for natural balance, circularity, and ecological responsibility.

Their presence makes sustainability tangible in everyday working life. At the same time, the initiative supports Sustainable Development Goal 15 (Life on Land) and strengthens the ecological resilience of the company's global sites.

Photographs from Germany, Italy, China and the USA demonstrate that biodiversity is not a side topic at Hennecke, but an active part of the environmental strategy.



BU North America



BU Italy



BU China



BU Germany

SOCIAL



The social dimension of the Hennecke GROUP's ESG strategy places people at the center – employees, customers, partners, and the communities surrounding our global locations.

Trust, respect, and equal treatment form the foundation of the company culture. All employees are entitled to a safe, healthy, and motivating working environment. Accordingly, the Hennecke GROUP invests in professional development, structured leadership training, and the ongoing improvement of occupational safety based on EHS standards (Environment, Health & Safety).

At the Hennecke GROUP, Diversity, Equity & Inclusion (DEI) are not abstract goals — they are part of everyday life. Embracing diversity and ensuring equal opportunities for all, regardless of origin, gender, role, or personal background, are integral to the company's culture. At all locations, various initiatives encourage personal ownership, active participation, and social commitment, from employee-led hobby groups to local community projects.

Great Place to Work (GPTW) is embedded as a strategic partner within the HR approach. Through regular feedback processes, clearly defined targets, and location-specific evaluations, the company continues to strengthen its employer brand as well as workplace culture. The goal is to achieve a group-wide GPTW certification by 2025.



Three Objectives – One Commitment: Engagement, Development, Safety:

- A turnover rate below 5% through emotional engagement and long-term retention
- An internal promotion rate above 70% to support career development
- Safe workplaces through prevention and a proactive approach to health and well-being

These principles directly support the achievement of the Sustainable Development Goals – in particular SDG 3 (Good Health and Well-Being), SDG 5 (Gender Equality), and SDG 8 (Decent Work and Economic Growth).

Occupational Health Management at the Hennecke GROUP

The Hennecke GROUP's occupational health management encompasses a broad range of measures to promote health, quality of life, and well-being in the workplace. These include initiatives related to physical activity, nutrition, mental health, and ergonomic workplace design.

The objective is to maintain long-term employee performance, reduce absenteeism, and create a positive working environment.

Health is a shared responsibility that benefits both employees and the company. An effective health management program not only enhances individual well-being but also strengthens team spirit and fosters a positive corporate culture.



PURFIT

CORPORATE GOVERNANCE



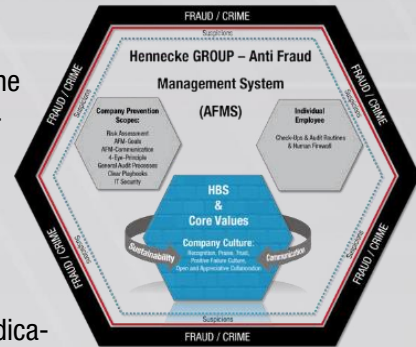
As a central dimension of sustainable growth, governance at the Hennecke GROUP connects regulatory compliance, internal policies, and ethical standards with the company's long-term objectives. Within the framework of the FOCUS 2030 strategy, it reflects a lived culture of responsibility, integrity, and transparency.

The Hennecke Business System provides the structural foundation: it defines roles, processes, and management controls, ensuring that strategic priorities are translated into daily operations. The governance approach is based on three guiding principles:

Clear Accountability: Defined responsibilities, a culture of ownership, and structured performance management ensure the effective implementation of strategic objectives.

Ethical Conduct: Globally consistent behavioral standards, including the Code of Conduct and Core Values, provide the foundation for ethical business practices. The group-wide Anti-Fraud Management System (AFMS) supports this by preventing, detecting, and addressing misconduct such as corruption, bribery, or misappropriation, thereby strengthening an ethical corporate culture.

Operational Transparency: Standardized processes, harmonized ESG indicators, and regular reviews across the entire value chain enable transparent steering and performance evaluation.



All employees of the Hennecke GROUP commit to the Code of Conduct, which defines the ethical principles guiding interactions with colleagues, customers, suppliers, and society. Violations are addressed through the whistleblowing system and the AFMS, with a zero-tolerance approach to non-compliance.

Governance is not an end in itself. It is the essential link between strategy, execution, and oversight. It builds trust among employees, customers, investors, and other stakeholders and forms the foundation for sustainable business success.

Investing in ESG and Long-Term Value

The Hennecke GROUP's ESG strategy is not only firmly embedded in the company's operations but also reflected in its financial commitments. A defined share of annual revenue is strategically invested in projects that drive ecological, social, and economic transformation.

Priority is given to technologies and solutions that translate sustainability into measurable impact and strengthen competitive advantage, including:

- >> the development of energy-efficient and recyclable machinery solutions
- >> retrofit concepts that extend product lifecycles
- >> targeted consulting services for resource efficiency and CO₂ reduction

In addition, Hennecke strengthens strategic partnerships with raw material suppliers and research institutions to advance sustainable materials such as bio-based polyols and support customers in decarbonizing their processes.

These investments contribute to the overarching goal of aligning ecological responsibility with long-term economic success. They reinforce ESG as a strategic value driver for customers, employees, investors, and society at large.

THE ESG PERFORMANCE IN 2024

Progress, Results, and Impact of the ESG Strategy

In 2024, the Hennecke GROUP achieved numerous milestones in the implementation of its ESG strategy. This chapter highlights key advancements across the Environmental (E), Social (S), and Governance (G) dimensions.

The focus is not only on measurable successes, such as the reduction of CO₂ emissions or the introduction of new ESG policies, but also on the ongoing integration of sustainable principles into processes, products, and everyday operations. All measures aim to enhance transparency, create real impact, and generate long-term value for customers, employees, partners, and society.

The following sections demonstrate how ESG was actively embedded in 2024 through projects, KPIs, and structural improvements across all three ESG dimensions: E, S, and G.

ENVIRONMENTAL

Understanding climate impact, reducing it and driving positive change

The environmental aspect is a central focus of the Hennecke GROUP's ESG activities. Key priorities include reducing greenhouse gas emissions, improving energy efficiency, and developing climate-friendly solutions for customers. Thanks to successfully implemented measures, the company was able to reduce its CO₂ emissions by 12.6%. The share of renewable energy reached 48.4% (2023: 49.8%). A particularly noteworthy achievement is the reduction of the total carbon footprint in 2024 compared to 2023. While operational emissions (Scope 1 and 2) account for only 0.4% of the total footprint, 99.6% is attributable to the value chain – primarily to the use phase of sold products.

Since 2021, Hennecke has reduced its energy consumption, mainly electricity and natural gas, by 47%. Scope 1 and 2 emissions remained largely stable between 2023 and 2024, while emissions from stationary combustion declined due to efficiency measures, the installation of a new heating system, high-speed-doors, and the decommissioning of a separate building at the German site. The share of renewable and non-renewable energy remained stable in 2024. Nearly 50% of the electricity consumed already comes from renewable sources. In addition to the existing photovoltaic system in Italy, a second system was installed in China in 2023 to further increase the use of renewable energy. The company aims to raise this share to over 70% by 2030.

The vast majority of emissions stem from the use phase of sold products, accounting for 95% of total Scope 3 emissions. As the Hennecke GROUP supplies machinery and systems for highly efficient polyurethane processing, these emissions are primarily generated through electricity consumption during operation. Overall, Scope 3 emissions decreased by 12.6% in 2024.

To further accelerate this trend, the company follows a lifecycle-based approach focused on sustainable product use and resource conservation. Retrofit and modernization solutions extend product lifespans and help reduce emissions across the entire lifecycle. At the same time, a newly developed Products & Services process model ("Customer Value Service") actively supports customers in optimizing their own carbon footprint.

Methodological Approach to CO₂ Accounting

The development of ESG metrics, including the corporate carbon footprint, is presented over time from 2021 to 2024. The overview highlights progress and trends in key areas.

Carbon emissions are accounted for in accordance with the GHG Protocol Corporate Standard and Corporate Value Chain (Scope 3) Standard. To ensure comprehensive coverage, the operational control approach² is applied, with the goal of including 100% of relevant activities.

Organizational boundaries:

Only sites under direct operational control are included, specifically the headquarters and the production sites in Germany, Italy, China, and the USA. Sales offices in Japan, Mexico, China, Singapore, and South Korea are excluded from the carbon accounting.

Scope of activities:

The accounting includes all core activities at these sites, such as production, research & development, and sales operations.

Analytical system boundaries:

To enable efficient CO₂ monitoring and targeted emissions reductions, a materiality assessment of emission categories was carried out. All business activities and locations of the Hennecke GROUP were analyzed to identify material sources of emissions.

Certain emission sources are excluded based on the following criteria:

- Low materiality – Emissions with a negligible impact on the overall carbon footprint
- Data quality and availability – Sources for which reliable data is insufficient or access to accurate information is limited

² Operational Control Approach: *Carbon accounting that includes all emissions the company can influence through direct operational control.*

Materiality Assessment of Emission Categories

Emission Categories			Materiality	Category Notes
Scope-1	S 1.1	Stationary combustion	Yes	Hennecke GROUP heats its sites with natural gas; emissions are calculated based on actual consumption.
	S 1.2	Mobile combustion	Yes	The company fleet consists of fossil-fueled vehicles; emissions are calculated based on kilometers driven per vehicle type.
	S 1.3	Fugitive emissions	Yes	Emissions from refrigerants are estimated based on the volume of refills.
Scope-2	S 2.1	Purchased electricity (for operational use)	Yes	The electricity used comes from a mix of renewable and grid-based sources; emissions are recorded based on actual electricity consumption.
	S 2.2	Purchased electricity (for electric vehicles)	Yes	The electric fleet is accounted for based on its electricity usage and distances travelled.
	S 2.3	Purchased heat and steam	No	Purchased heat and steam are not used by Hennecke GROUP and are therefore excluded from the inventory.
Scope-3 Upstream	S 3.1	Purchased goods and services	Yes	Purchased goods and services are assessed using an expenditure-based approach; emissions are estimated accordingly.
	S 3.2	Capital goods	Yes	Hennecke GROUP purchases capital goods; emissions are assessed using an expenditure-based approach.
	S 3.3	Fuel- and energy-related activities	Yes	The company uses natural gas and electricity (Scope 1 and 2); the associated indirect emissions are included in the analysis.
	S 3.4	Upstream transportation and distribution	Yes	The company uses natural gas and electricity (Scope 1 and 2); the associated indirect emissions are included in the analysis.
	S 3.5	Waste generated in operations	Yes	The company generates operational waste; emissions are calculated based on the quantity, type, and treatment of waste.
	S 3.6	Business travel	Yes	Employees travel for business using non-company-owned vehicles; emissions are calculated based on expenditures, travel mode, and distance covered.
	S 3.7	Employee commuting	Yes	Employees commute to work; emissions are included based on the distance traveled per transport mode.
	S 3.8	Upstream leased assets	No	The company does not operate leased production facilities or equipment provided by external lessors.
Scope-3 Downstream	S 3.9	Downstream transportation and distribution	Yes	Hennecke GROUP distributes products through logistics providers. Emissions were calculated in 2024 based on the weight of goods sold, main distribution locations, national freight statistics, and specific CO ₂ supplier data.
	S 3.10	Processing of sold products	No	The company does not sell products that require further downstream processing. This category is therefore not applicable.
	S 3.11	Use of sold products	Yes	Hennecke GROUP sells machinery that consumes energy during use. Emissions from the use phase are calculated based on estimated power ratings and operating hours.
	S 3.12	End-of-life treatment of sold products	Yes	The company sells products that are disposed of at the end of their life cycle. Emissions are estimated based on material composition and country-specific disposal methods.
	S 3.13	Downstream leased assets	No	The company does not lease assets to third parties. This category is therefore not applicable.
	S 3.14	Franchises	No	Hennecke GROUP does not operate franchise models. This category is therefore not applicable.
	S 3.15	Investments	No	The company does not hold investments that need to be included in the emissions inventory.

Data collection was carried out by the Hennecke GROUP in the first quarter of 2025. The assessment is based on a combination of desk research³, internal company data, and information provided by suppliers and customers. In addition, insights from several discussions between company management and an independent expert on environmental and sustainability assessment were incorporated.

To ensure the most accurate calculation of the carbon footprint, all data collected is systematically reviewed and validated. Wherever possible, direct supplier data is used, followed by activity-based and expenditure-based data. In cases of incomplete datasets, geographically and temporally relevant emission factors or recognized estimation models are applied.

³ Desk Research: Analysis of existing data sources

For emissions related to the use phase of sold products, estimation models were applied in accordance with GHG Protocol Category 11 – Use of Sold Products, to ensure the most comprehensive Scope 3 accounting possible.

Key KPIs Over Time (2021–2024)

General	Unit	2021	2022	2023	2024	Notes
Revenue	€m	143	147,3	155	159,5	
Total employees	FTE	702	699	645	633	The workforce (excluding apprentices) was deliberately adjusted as part of the strategic HR planning, with a focus on efficiency and targeted talent development.

Environmental KPIs	Unit	2021	2022	2023	2024	Notes
Scope-1-Emissions	tCO ₂ e ⁴	1.050	801	718	657	The increase from 2021 to 2022 was due to expanded data coverage, which for the first time included additional sites and business areas. The reduction from 2023 to 2024 reflects the impact of targeted CO ₂ reduction measures.
Scope-2-Emissions	tCO ₂ e	1.451	1.512	824	836	
Scope-3-Emissions	tCO ₂ e	Not recorded	Not recorded	421.045	367.986	Scope 3 emissions were recorded for the first time in 2023, providing a reliable data baseline. In 2024, the proportion of estimated values was reduced, resulting in improved accuracy.
Scope 1 and 2 emissions	tCO ₂ e	2.501	2.313	1.542	1.493	
Total emissions	tCO ₂ e	2.501	2.313	422.587	369.479	
Scope 1 emission intensity relative to revenue	tCO ₂ e / €m turnover	7,3	5,4	4,6	4,1	
Scope 2 emission intensity relative to revenue	tCO ₂ e / €m turnover	10,1	10,3	5,3	5,2	
Scope 3 emission intensity relative to revenue	tCO ₂ e / €m turnover	Not recorded	Not recorded	2.716,4	2.307,1	
Scope 1+2 emission intensity relative to revenue	tCO ₂ e / €m turnover	17,5	15,7	9,9	9,4	
Total emission intensity relative to revenue	tCO ₂ e / €m turnover	17,5	15,7	2.726,4	2.316,5	
Emission intensity per employee	tCO ₂ e/ FTE	3,6	3,3	655,2	583,7	2021 and 2022 excl. Scope-3-Emissions.

⁴ tCO₂e (Tonnen CO₂-Äquivalent). tCO₂e is the standardized unit for measuring the global warming potential (GWP) of different greenhouse gases. Since various gases contribute to climate change at different levels, they are converted to a common reference value – namely the warming effect of one metric ton of carbon dioxide (CO₂). This unit enables emissions from different gases to be compared on a consistent basis.

CO₂ Emissions According to the GHG Protocol

Category	Unit	2021	2022	2023	2024	Notes
S. S1.1 - Stationary combustion	tCO ₂ e	1.050	699	603	488	The reduction in emissions is due to several efficiency measures at the Birlinghoven site, including the installation of high-speed doors to minimize heat loss, the decommissioning of a poorly insulated building, and the modernization of the heating system with energy-efficient technology and improved insulation. These actions significantly enhanced heating performance and energy efficiency in 2024.
S1.2 - Mobile combustion	tCO ₂ e	Not recorded	85	115	158	
S1.3 - Fugitive emissions from air conditioning and other processes	tCO ₂ e	Not recorded	17	0	12	
S2.1 - Purchased electricity	tCO ₂ e	1.451	1.504	817	826	
S2.2 - Electric vehicles	tCO ₂ e	Not recorded	8	7	10	
S3.1 - Purchased goods and services	tCO ₂ e	Not recorded	Not recorded	11.005	10.730	
S3.2 - Capital goods	tCO ₂ e	Not recorded	Not recorded	415	376	
S3.3 - Fuel and energy related activities not included in Scope 1 or Scope 2	tCO ₂ e	443	407	292	280	
S3.4 - Upstream and downstream transportation and distribution	tCO ₂ e	223	254	1.910	1.584	No comprehensive Scope 3 assessment in 2021/22. Targeted savings in logistics led to reductions in 2024.
S3.5 - Waste generated in operations	tCO ₂ e	44	35	74	72	
S3.6 - Business travel	tCO ₂ e	1.144	1.609	2.896	1.961	
S3.7 - Employee commuting	tCO ₂ e	Not recorded	Not recorded	696	574	
S3.9 - Downstream transportation and distribution	tCO ₂ e	Not recorded	Not recorded	1.455	0	
S3.11 - Use of sold products	tCO ₂ e	Not recorded	Not recorded	402.087	349.018	Improved data accuracy through a refined estimation model.
S3.12 - End of life treatment of sold products	tCO ₂ e	Not recorded	Not recorded	216	3.392	Improved data accuracy through a refined estimation model.

Environmental KPIs	Unit	2021	2022	2023	2024	Notes
Revenue from refurbished machines and retrofit solutions (SDG 12.5)	EUR	19.247.186	18.282.256	22.334.204	31.067.110	
Use of renewable energy	%	5	7	20	21	
Total consumption of renewable energy	MWh	461	475	1.235	1.187	In 2023, a new photovoltaic system was commissioned at the Jiaxing site in China.
Total energy consumption	MWh	8.643	7.143	6.309	5.786	The success reflects the impact of various measures.
Energy intensity	MWh/€m Revenue	60	48	41	36	
Total electricity consumption	MWh	2.909	2.946	2.526	2.453	
Share of renewable energy in electricity consumption	%	15,8	16,1	48,9	48,4	
Renewable energy generated	MWh	Not recorded	168	270	310	The Business Units Italy and China contributed to this progress with the commissioning of a new photovoltaic system at the Jiaxing site in 2023.
Water discharges	t	0	0	0	0	
Hazardous or radioactive waste	t	Not recorded	2	0	2	
Total non-hazardous waste	t	Not recorded	159	252	260	In 2022, data collection was limited to BU Germany. In 2023 and 2024, data quality and coverage were improved and extended to all four production sites.
Recycled non-hazardous waste	t	Not recorded	159	252	260	
Water consumption	t	Not recorded	6.539	6.950	4.987	

Further Environmental Highlights

In addition to carbon footprint accounting and the consistent reduction of emissions, the Hennecke GROUP achieved further significant environmental progress in 2024:

- Introduction of the Sustainable Behaviour Guideline: This group-wide policy translates the ESG strategy into concrete behavioral standards and supports the cultural shift towards sustainability. The environmental section includes energy-efficient working practices, the promotion of renewable energy, and resource-conscious product development.
- Travel Policy with ESG Focus: Introduced in 2024, the travel policy reduces business-related emissions through clear guidelines – including the avoidance of short-haul flights, the preferred use of sustainable transportation, and the consideration of digital alternatives. The policy is an integral part of the Sustainable Behavior Guideline.
- ISO 14001 Certification: The two key production sites in Germany and Italy were successfully certified in accordance with ISO 14001. This underscores Hennecke's commitment to implementing environmental management systematically, across all sites, and to the highest standards. Certification of the Chinese site is planned as the next step for Q1 2025.
- Implementation of a new heating system in Germany: Modernization of the heating system at the Sankt Augustin site led to a reduction in energy consumption and significantly improved building energy efficiency.
- Earth Day 2024 – Commitment in North America: In celebration of the International Earth Day, employees at the North American site planted a peach tree on the company grounds. This symbolic gesture reflects environmental responsibility while contributing to site enhancement and strengthening the connection to the global sustainability goals – SDG 13 Climate Action and SDG 15 Life on Land. The initiative aimed to set a visible example of sustainable action and inspire others to follow.



- Successful completion of Hennecke 2.0: With the conclusion of the strategic phase Hennecke 2.0, the foundation was laid for a more resource-efficient and future-ready direction. Processes, tools, and management structures were systematically aligned with ESG priorities.

These measures demonstrate that Hennecke's environmental commitment goes far beyond emissions accounting. It includes systematic investments, behavior-based changes, and technological solutions laying the foundation for long-term ecological transformation.

SOCIAL

Engaging, Developing, and Protecting Employees

The social dimension of Hennecke's ESG performance in 2024 was demonstrated through concrete measures aimed at strengthening employee retention, safety, and development. Based on the existing strategic framework, targeted initiatives were implemented in 2024 to enhance employee engagement and well-being. These included training opportunities, health-focused programs, and measures to foster an inclusive corporate culture.

In 2024, priority was given to implementing concrete measures based on insights from the 2023 Great Place to Work survey. In location-specific workshops, concrete areas for improvement were identified and systematically addressed. A total of 27 GPTW-related measures were implemented — including enhanced leadership development, optimized feedback processes, and increased employee involvement in change initiatives. The next Great Place to Work® survey is scheduled for 2025. In addition, internal appointments to strategic positions were further strengthened, occupational safety was enhanced through targeted measures, and the proportion of women in leadership roles increased.

The following key figures provide an overview of the Hennecke GROUP's social performance from 2021 to 2024, illustrating how a strong corporate culture translates into measurable outcomes.

Social KPIs	Unit	2021	2022	2023	2024	Notes
Female representation on the Executive and Advisory Boards	%	0	14	14	17	
Female representation in senior management	%	13	13	20	20	
Gender diversity of the workforce	%	12,5	13,3	15	14,7	
Female hires excluding those from M&A (FTE)	%	12	20	12	13	
Employee engagement survey response rate (%)	%	81	0	88	0	Conducted every two years in collaboration with Great Place to Work®. The next survey is scheduled for 2025.
Employee turnover	%	6,8	12,5	9,9	5,7	
Absenteeism rate	%	3	6,2	4,3	3,7	
Total absenteeism hours	#	36.223	66.578	55.170	46.605	
Number of employees trained over the reporting period	#	Nicht erfasst	266	487	422	
Average training hours per FTE during the last 12 months	#	Nicht erfasst	15	17	15	
Leavers due to M&A	FTE	0	0	0	0	
Leavers excluding those from M&A	FTE	65	87	67	68	

Employees benefitting from the profit sharing scheme	FTE	93	80	80	93	
Days lost due to injury	#	107	111	182	137	
Work-related injuries (SDG 8.8.)	#	Not recorded	16	24	14	
Number of work-related injuries (>1 day leave)	#	7	11	19	10	
Work-related fatalities	#	0	1	0	0	The work-related fatality recorded in 2021 was the result of an external criminal incident during a business trip. In response, the company reviewed and strengthened its travel safety measures for business travel in specific regions.
Accident rate	#	Not recorded	11,4	18,6	11,1	
LTIF-Rate (Lost Time Injury Frequency) (SDG 8.8.)	#	11,29	10,3	17,1	8,2	
Sexual harassment or discrimination issues	#	0	0	0	0	
Non-permanent employees	FTE	105	84	78	77	
Total hours worked	#	1.092.373	1.067.180	1.042.681	1.053.218	
Average hours worked per FTE/year	#	1575	1.597	1.597	1.575	

Further Social Highlights

In addition to quantitative developments, the following overview presents selected activities, programs, and initiatives through which the Hennecke GROUP actively embraces its social responsibility. The focus lies on employee health and safety, the promotion of a positive work culture, and the development of leadership and emerging talent.

Between 2022 and 2024, the following key areas were implemented:

- Employee retention and development: Hennecke has implemented a global Performance & Development Process that fosters long-term engagement through structured annual reviews, personalized goal setting, and clearly defined career development paths.
- Leadership development: The Global Leadership Academy promotes a shared leadership mindset across all regions. In 2024, 18 members of the local management team in BU Italy successfully completed the program - a key step in strengthening communication skills, strategic thinking, and leadership accountability.



- Occupational health and safety: Site-specific health promotion campaigns and accident prevention measures led to a measurable reduction in absenteeism rates.
- Feedback culture: Based on the 2023 GPTW results, targeted initiatives were launched through local workshops and interactive formats to further enhance the working environment.
- Employer Branding & modern work environment: Investments in modern workplaces and digital tools have supported the creation of an attractive and efficient work environment. In 2024, the Business Unit Italy was not only recognized among the top five at the Employer Branding Awards, but also secured second place in the "Talent Attraction" category, a strong achievement in strengthening the Hennecke GROUP's employer brand.
- Local employee engagement: The Hennecke Family Day 2024 brought together employees and their families in Shanghai. A day rich in cultural experiences and a visit to historic sites fostered team spirit and deepened appreciation for local roots and cultural diversity - an authentic reflection of a lived corporate culture.

- >> Social Engagement: Employees across the Hennecke GROUP are actively involved in social initiatives, from fundraising and community activities to local events. One example is the donation presented to the St. Martinus daycare center in Birlinghoven in summer 2024: the raffle proceeds raised by BU Germany were topped up by Hennecke and handed over as part of the daycare's anniversary celebration.

In North America, Hennecke Inc. took part in the South Fayette Community Days, supporting the local community and engaging with neighbors. These initiatives not only reinforce social responsibility but also strengthen team spirit and employees' identification with the company.



These examples reflect how social sustainability at Hennecke is actively lived, not merely as a strategic ambition but as an integral part of everyday operations and organizational culture.

GOVERNANCE

Ensuring responsibility, implementing standards, building trust

Governance forms a core element of sustainable corporate management at the Hennecke GROUP. In 2024, existing policies such as the Code of Conduct were actively applied, trained, and communicated across all entities. The whistleblowing system proved effective in enabling early detection and resolution of individual compliance breaches.

With the introduction of the Sustainable Behaviour Guideline and the advancement of the Anti-Fraud Management System (AFMS), the culture of integrity and transparency was further reinforced. Governance reporting is currently being developed and will be expanded in the next reporting cycle to include additional KPIs such as the number of reported whistleblower cases.

A further priority lies in systematically enhancing binding ESG-related policies. The Hennecke GROUP already addresses key areas such as anti-corruption, human rights, data security, environmental management, and occupational health and safety.



ESG Policies	Status Hennecke GROUP
Anti-bribery and anti-corruption policy	In place and actively applied
Biodiversity policy	Covered within the environmental management system
Data protection and IT security policy	In place and actively applied
Diversity, equity, and inclusion policy	In place and actively applied
Employee code of conduct	In place and actively applied
Environmental policy	Covered within the environmental management system
ESG / sustainability policy	In place and actively applied
Gifts and hospitality policy	In place and actively applied
Health and safety policy	In place and actively applied
Human rights policy	In place and actively applied
Procurement policy	In place and actively applied
Supplier code of conduct	In place and actively applied
Whistleblower protection policy	In place and actively applied
Cybersecurity policy	In place and actively applied
Energy consumption policy	Covered within the environmental management system
Waste management policy	Covered within the environmental management system
Climate / CO ₂ policy	Covered within the environmental management system
Workplace accident prevention policy	In place and actively applied
Statement against modern slavery	In place
Employee survey conducted at least every two years	Yes

Notes:

The ISO 14001-certified environmental management system ensures that environmental aspects are systematically integrated into the company's business processes and continuously optimized. It includes, among other things, the biodiversity policy, which addresses ecological issues such as species diversity and the sustainable use of natural resources. The climate and CO₂ reduction policy focuses on the continuous reduction of emissions and the protection of the climate. The waste management policy ensures that strategies for waste prevention, recycling, and environmentally sound disposal are consistently implemented. In addition, the overarching environmental policy defines strategic environmental goals and measures to promote sustainable development. This integrated system provides the foundation for continuous improvement in environmental performance and supports the company's long-term sustainability objectives.

The following key figures provide an overview of the governance-related developments at the Hennecke GROUP from 2021 to 2024. They illustrate how principles such as fairness, transparency, and accountability are implemented across the areas of supply chain, customer service, and site management.

All production sites underwent regular audits to ensure fair working conditions, the number of audited suppliers was further increased, and customer complaints are systematically recorded and analyzed.

Governance KPIs	SDG ⁵	Unit	2021	2022	2023	2024	Notes
Production sites audited for fair labour conditions (SDG 8.8.)		%	100	100	100	100	
Suppliers audited		#	44	45	56	51	25 digital
Total Complaints		#	118	130	176	133	Customer complaints primarily relate to quality aspects and are generally minor. The associated financial impact was 53% below the budget target. Over the past three years, there have been no safety-related incidents or product recalls.

⁵ The indicators are linked to Sustainable Development Goals SDG 8.8 (decent working conditions, health and safety) and SDG 16.6 (effective, accountable institutions).

Further Highlights in the Area of Governance

In 2024, the Hennecke GROUP continued to systematically advance key governance topics. The following overview summarizes major developments from 2022 to 2024:

- Reinforcing compliance culture: A transparent governance structure, anchored in the Hennecke Strategy Pyramid, ensures clear accountability, defined decision-making processes, and effective operational implementation.
- Code of Conduct and ethics training: Group-wide training on the Code of Conduct and ethical business practices was continued to strengthen integrity and awareness across all levels.
- Advancing the Anti-Fraud Management System: The AFMS was further developed through a structured approach that combines a strong compliance culture, risk assessments, internal controls, and onboarding programs for new employees.
- Enhancing supply chain transparency: ESG supplier self-assessments were digitalized to facilitate early risk detection and derive actionable improvement measures.
- Cash flow management: The implementation of the AGICAP software solution has enhanced liquidity planning and financial transparency. At the 2024 Summit in Düsseldorf, Hennecke GROUP and AGICAP jointly presented their progress in digitizing financial processes. The project's success is built on interactive dashboards, improved transparency, and close cross-functional collaboration, a practical example of governance in action.



- Finance training: A group-wide training program for managers strengthens decision-making capabilities and accountability in financial matters.
- Sustainable Behaviour Guideline: Introduced in 2024, this policy ensures that sustainability principles are systematically embedded across all business functions.

These measures demonstrate how governance continues to be strengthened as a guiding framework for ethical and compliant conduct within the Hennecke GROUP, with the aim of ensuring transparent, resilient and responsible growth into the future.

OVERALL SUMMARY: ESG MILESTONES 2023 / 2024

The following overview summarizes the key milestones of the Hennecke GROUP's ESG activities in 2023 and 2024. It highlights in a concise format the broad range of progress achieved across all three ESG dimensions — from CO₂ reduction and new policy implementations to the successful execution of strategic programs.



This overview underlines that sustainability at Hennecke is not merely a goal, but an integral part of daily operations, from strategic direction and operational processes to product and service innovation. Its firm anchoring within the company's structures provides the foundation for continued progress toward responsible and future-oriented corporate management.

External Evaluation and ESG Theme Performance

To continuously reflect on and further develop its ESG performance, the Hennecke GROUP also relies on external analyses and systematic benchmarking. One such external evaluation was conducted using the ESG Advantage platform developed by Holtara. This tool enables a detailed assessment of the company's sustainability performance, structured by ESG topic areas.







Each topic was evaluated using a structured five-level scale ranging from "reactive" to "future-proof." These assessment levels were developed by ESG Advantage and are based on scientific findings and internationally recognized standards to ensure the most objective evaluation possible.

The ESG performance rating provides insight into how effectively the Hennecke GROUP manages its material ESG topics. With a score of 4.5 on the evaluation scale, the Hennecke GROUP achieved the level of "future-proof." In 2024 this result confirms that the corporate strategy is comprehensively aligned with a sustainable future. It also highlights the company's leading role within the industry and its strong commitment to advancing sustainable industrial standards.

For reference: According to ESG Advantage, the industry benchmark for companies in the industrial machinery sector based in Germany stands at 2.5. With a score of 4.5, the Hennecke GROUP ranks significantly above the industry average and is regarded as a strategic ESG frontrunner.

This trajectory was initiated in 2016 with Capvis joining as the company's owner. As a strategic partner, Capvis has played a key role in building a robust governance and performance framework from the very beginning with ESG firmly embedded. Today, ESG is an established topic on the advisory board agenda, and Capvis continues to support the company's path with strategic foresight and entrepreneurial acumen.

Performance of Key ESG-Themes

	Thema	Theme performance rating				
		2020	2021	2022	2023	2024
	Carbon Footprint Management	2	3	3	3	4
	ESG strategy integration	3	4	3	5	5
	Employee health and safety	3	4	4	4	5
	Supply chain control	3	3	2	3	3
	Product life cycle and design	2	2	5	5	5
	Product quality and safety	2	2	4	4	5
Overall ESG performance rating		2,5	3,0	3,5	4,0	4,5

The following section presents the specific ESG performance descriptions defined by the ESG Advantage platform for each ESG area, along with the respective ratings of the Hennecke GROUP for the years 2020 to 2024.

Carbon footprint management - Performance Overview



Rationale: The Hennecke GROUP systematically integrates ESG into its corporate strategy and comprehensively records emissions across the entire value chain (Scope 1 to 3). Since 2023, total CO₂ emissions (Scope 1, 2, & 3) have been reduced by 12.6%, while the operational emissions intensity remains significantly below the industry average at 9.4 tCO₂e/€M revenue compared to 30 tCO₂e/€M revenue.

The alignment of climate targets with the Science Based Targets initiative (SBTi) is underway, and the company has already defined clear CO₂ reduction targets. Currently, the share of renewable energy in electricity consumption is just under 50%, with the aim of increasing it to over 70% by 2030.

To achieve these goals, the company is gradually converting its sites and business areas to energy-efficient LED lighting. At the same time, in-house production of renewable energy is being steadily expanded to further increase the share of sustainable electricity sources.

2020 Review		2024 Review		
1. Reactive	2. Involved	3. Committed	4. Integrated	5. Future proof
Reactive ESG management driven by regulations.	Ambition to improve ESG has been formulated, baseline identified and initial progress mode.	Strategy for improved ESG risk and opportunity management has led to strong performance.	Company-wide integration of ESG has brought a future-proof business within reach.	Business proposition and management is fully aligned with a future-proof society.
Management aims to adhere to (local) energy regulations (i.e. EED (EU), ESOS (UK), Wet Milieubeheer (NL))	Basic monitoring of energy and carbon emissions and targets set for net-zero before 2050 (Scope 1 + 2)	Comprehensive monitoring of Scope 1 + 2 emission sources according to recognized accounting standards (e.g. CO2 Prestatieladder, GHG Protocol)	Science-Based Targets set in line with the 1.5°C climate scenario (X ≥ 4.2% annual linear reduction)	Net-zero emissions achieved for Scope 1 and 2
No insight into employee commuting & business travel	Ad-hoc initiatives to improve business travel sustainability >70% of the electricity is sourced from renewable sources (not necessarily local)	Encouraging video conferencing, including monitoring of avoided emissions due to avoided flights Monitoring emissions resulting from business travel and employee commuting.	All distances reachable within 6 hours by train are travelled by train Onsite renewable energy generation deployed, if possible (e.g. full rooftop potential realized for solar panels)	Employees only commute by bike, public transport or electric vehicles Net-zero carbon footprint achieved (business travel reduced to absolute minimum)
	Energy audit conducted and quick-wins addressed (e.g. procurement of green electricity)	Onsite renewable energy generation potential assessed (e.g. rooftop potential assessed for solar panels) > 90% of electricity is derived from local renewable sources Scope 1, 2 and 3 emission target for net-zero before 2045 set and officially committed to Science-Based Target Initiative (SBTi)	Science-Based Targets set in line with well-below 2°C climate scenario (X ≥ 2.5% annual linear reduction) on business travel emissions	Total energy consumption reduced to absolute minimum Year-on-year progress realised on Scope 3 emissions of at least 2.5% linear annual reduction rate (in line with SBTi)

Employee health and safety- Performance Overview



Rationale: Regular audits across all Business Units ensure regulatory compliance and drive continuous improvement. In Germany, occupational safety assessments are conducted by TÜV and the employers' liability insurance association (Berufsgenossenschaft). In Italy, an external consultant carries out monthly site inspections. In North America, the now-certified Workplace Safety Committee conducts internal audits and OSHA-certified training programs. In China, external reviews, including ISO 14001 certification, complement internal compliance audits.

A structured occupational health and safety (H&S) system with clearly defined processes is in place across all Business Units. A group-wide H&S management system is currently under development and will be rolled out after validation and refinement. While no formal certification such as ISO 45001 has been achieved to date, a gap analysis is planned to assess alignment with this standard. A pilot project will then test the system's practical implementation.

The Lost Time Injury Frequency (LTIF) is currently monitored at Business Unit level, with the objective of expanding accountability to department level in the future. The absenteeism rate decreased from 4.3% in 2023 to 3.7% in 2024. Germany continues to perform well with a rate of 5.3%, staying below the industry benchmark of approximately 6%.

		2020 Review	2024 Review		
1. Reactive	2. Involved	3. Committed	4. Integrated	5. Future proof	
Reactive ESG management driven by regulations.	Ambition to improve ESG has been formulated, baseline identified and initial progress made.	Strategy for improved ESG risk and opportunity management has led to strong performance.	Company-wide integration of ESG has brought a future-proof business within reach.	Business proposition and management is fully aligned with a future-proof society.	
Risk audit conducted (e.g. NL - RI&E)	Risk and safety audit conducted (e.g. VCA), H&S guidelines available	H&S management system (e.g. ISO 45001) and H&S policy in place	Embedded safety culture, with strong H&S management systems (e.g. ISO 45001) and policies in place	Best-in-class H&S management system and practices in place. H&S certifications available, such as ISO 45001, and QHSE manager takes overall responsibility for topic	
Management aims to adhere to (local) H&S regulation	Ad hoc follow-up of identified risks	Sound follow-up structure through monthly board reporting on H&S performance and subsequent mitigating efforts against work-related diseases	Continuous follow-up on identified risks through multiple reporting avenues, with proof of mitigation/improvements against work-related illnesses	YoY reduction of risks identified in audits due to successful improvement plans	
Basic monitoring of absenteeism and accidents	Monitoring of absenteeism, accidents, fatalities	LTIF and absenteeism below industry average, or else an action plan is in place, including KPIs and targets Comprehensive reporting standards, including near-misses, LTIF-rates, short/mid/long-term absenteeism	All accidents are monitored, and consistently ranked below industry benchmarks for >3 consecutive years	Accidents are continuously monitored in all categories, and results are significantly below industry benchmarks for >3 years. Absenteeism and turnover rates are significantly below industry benchmark for >3 years.	

ESG-Strategy Integration – Performance Overview



Rationale: The ESG strategy of the Hennecke GROUP is fully embedded in the FOCUS 2030 strategy and closely aligned with overarching corporate objectives and executive oversight. It is reviewed annually and guided by clearly defined KPIs as well as CAPEX-backed investments aimed at achieving long-term sustainability goals. Key areas of focus include CO₂ reduction, circular economy initiatives, and the implementation of sustainable operational practices.

To ensure effective execution, the company has established ISO certifications (14001, 9001 & 50001), a comprehensive compliance framework, and strong management accountability.

Sustainable innovations such as ECOFILLER PLUS and BLUE INTELLIGENCE demonstrate the company's commitment in this area. ESG metrics are firmly embedded in the agendas of the Management and Advisory Boards, ensuring regular performance reviews and progress monitoring. Furthermore, more than 15% of variable compensation is tied to ESG targets, reinforcing their strategic importance.

A dedicated ESG team actively drives implementation across production and assembly, supply chain, and R&D, ensuring the systematic integration of sustainability principles into all relevant business processes.

2020 Review			2024 Review	
1. Reactive	2. Involved	3. Committed	4. Integrated	5. Future proof
Reactive ESG management driven by regulations.	Ambition to improve ESG has been formulated, baseline identified and initial progress mode.	Strategy for improved ESG risk and opportunity management has led to strong performance.	Company-wide integration of ESG has brought a future-proof business within reach.	Business proposition and management is fully aligned with a future-proof society.
No ESG statement on the website and no other (external) visibility with regards to ESG	Limited ESG statement on the company website	ESG (internal or publicly disclosed) policy in place	ESG policy and strategy (including materiality assessment, KPIs, and targets) are updated annually and communicated to stakeholders (e.g. through public disclosure)	The company's ESG measures and strategy (including materiality assessment, KPIs, and targets) are amongst the top of the industry and peers, as well as demonstrating (best-practice) results
ESG criteria are not included in the remuneration policy and/or incentives are not linked to sustainability performance	Limited ESG incentive schemes in place (<5% of management bonus)	Incentives for ESG performance are in place (between 5% and 15% of management bonus)	Dedicated manager in place that oversees the ESG integration performance of the company	Dedicated business unit in place that oversees and executes the ESG integration plan of the company
ESG is discussed on an ad hoc basis on the board agenda (mostly from a risk or cost efficiency perspective)	Limited C level ESG accountability and responsibilities are in place	ESG is formally discussed at the board level on a regular basis, also including more strategic value creation topics (instead of solely ESG risk mitigation)	Incentives for ESG performance are pioneering the sector (>15% of management bonus)	Incentives for sustainability performance are pioneering the sector (>15% of management bonus)
No (internal or publicly disclosed) ESG policy or strategy (including materiality assessment, KPIs and targets) in place	Limited ESG-related memberships, industry standards and/or certifications in place	ESG- related memberships, industry standards and/or certifications are in place	ESG is formally discussed at the board level on a regular basis, also including more strategic value creation topics (instead of solely ESG risk mitigation) and tangible ESG board oversight progress is demonstrated (YoY)	ESG board oversight acts as a role model for the sector and/or other organizations (e.g. board is strongly involved in the company's ESG processes)
	Limited (internal or publicly disclosed) ESG policy, and/or ESG strategy (including materiality assessment, KPIs and targets) in place	ESG (internal or publicly disclosed) strategy in place (including materiality assessment, KPIs, and targets, such as ensuring minimized product disposal effects or mitigated ESG risks)	On track to reach ESG (KPI) targets YoY progress on ESG strategy integration is demonstrated	Initiator/frontrunner of ESG strategy initiatives and pushing ESG standards in the industry

Product life cycle and design – Performance Overview



Rationale: Hennecke GROUP integrates circular economy principles beyond product innovation, offering environmental consulting and process optimization services. BLUE INTELLIGENCE enhances machine efficiency while supporting the shift toward bio-based and recycled materials. Collaborations with universities and suppliers foster the development of sustainable raw materials, while IoT-based monitoring⁶ solutions help reduce energy consumption and waste.

Measurable circular economy KPIs track revenues from solutions that improve resource efficiency and product longevity. These include ECOFILLER PLUS for reprocessing production waste, spare parts and retrofits for machine modernization, and Customer Value Service for efficiency consulting.

The circular economy strategy is firmly embedded in corporate and ESG goals and is continuously advanced through structured action plans. Since 2022, revenue from refurbished machines and retrofit solutions has increased by 70%, while 90% of materials used in products are recyclable. Key priorities include waste minimization, energy-efficient production, and the optimization of machine performance and longevity (estimated over 15 years). Operational feedback directly informs product development, helping to reduce energy use and material consumption.

2020 Review			2024 Review	
1. Reactive	2. Involved	3. Committed	4. Integrated	5. Future proof
Reactive ESG management driven by regulations.	Ambition to improve ESG has been formulated, baseline identified and initial progress mode.	Strategy for improved ESG risk and opportunity management has led to strong performance.	Company-wide integration of ESG has brought a future-proof business within reach.	Business proposition and management is fully aligned with a future-proof society.
Management aims to adhere to relevant laws & regulations (e.g. product warranty)	Extended product warranty	Impact Assessment (e.g., LCA) conducted for key products, covering over 25% of revenues	LCA conducted for products covering over 50% of revenue streams	Pushing circularity standards in the industry, e.g. by taking back large volumes of products at end-of-life, and collaboration throughout the value chain
No business model initiatives to contribute to a more circular economy	Design choices made to ensure products, components or raw materials stay in use as long as possible (e.g. through modular design, increasing repairability)	Action plan in place to keep products (and materials) in circulation as long as possible, incl. KPIs, targets and design criteria (e.g. repairability, modularity)	Tangible progress made to steer towards circulating products (and materials) at their highest value, which is supported by progress on KPIs or by an LCA	Product strategy aligned to become part of a circular economy, e.g. by obtaining relevant certifications (such as Cradle to Cradle or any other certifications relevant in the industry)
No product design initiatives to ensure products, components or raw materials stay in use as long as possible	Some business initiatives implemented to contribute to a more circular economy (e.g. through product as a service, buyback programs)	Action plan in place to align the business model with a circular economy, including KPIs and targets (e.g. related to product as a service, buyback programs)	Significant increase in revenue from more circular products or through a more circular business model (e.g. increase in revenue from rental options, product as a service, as stipulated in action plan)	Circular business model/product is a key revenue driver of the business

⁶ IoT-based Monitoring solutions: Use connected sensors and digital systems to capture real-time data, analyze it, and optimize process efficiency.

Product Quality & Safety - Performance Overview



Rationale: Hennecke GROUP ensures the highest quality and safety standards through regular supplier audits, digital acceptance protocols, and stringent safety checks during commissioning. A structured lessons learned process links customer feedback, product development, and manufacturing to drive continuous improvement.

Since 2023, the total number of customer complaints has been reduced by 24% (from 176 to 133). Analyses revealed that most deviations were attributable to customer-specific factors. Hennecke pursues a collaborative problem-solving approach and partners with external laboratories when needed to generate sound insights for targeted corrective actions.

Ongoing customer surveys, monitoring of quality-related costs (Cost of Quality), and on-time delivery (OTD), along with preventive measures such as the CAPA system (Corrective and Preventive Actions), ensure steady progress. These initiatives support a long-term strategy focused on reliability, trust, and safety-critical factors for resilient and future-proof business operations.

		2020 Review		2024 Review
1. Reactive	2. Involved	3. Committed	4. Integrated	5. Future proof
Reactive ESG management driven by regulations.	Ambition to improve ESG has been formulated, baseline identified and initial progress mode.	Strategy for improved ESG risk and opportunity management has led to strong performance.	Company-wide integration of ESG has brought a future-proof business within reach.	Business proposition and management is fully aligned with a future-proof society.
Management aims to adhere to country regulation (e.g. GPSD, CPSC)	Quality management system in place (e.g. ISO 9001, NEN-EN15224)	Action plan regarding quality & safety, including KPIs and targets (e.g. product recall, increasing customer satisfaction and retention, zero defects, customer complaints)	Extensive procedures in place to safeguard product quality & safety (e.g. quality and safety checks by third parties)	Product quality & safety commitments that go beyond legal obligations (e.g. GFSL, TPS)
Relevant certifications in place, tracked in compliance register (e.g. CE marking, BIFMA)	Product safety standard in place (e.g. ISO 10377, ISO10393)	Procedures in place to safeguard product quality & safety (e.g. safety trainings, safety manuals, quality manual)	Quality control issues throughout the supply chain are monitored, enabling continuous improvement in product design/procurement	Constant feedback loop between complaint handling team, product development and/or manufacturing team, and other relevant business units
Annual review of compliance register	Quality control staff in place	Complaints are analyzed and a follow-up procedure is established (e.g. Root Cause Analysis)	No customer welfare incidents or product safety recalls in the past 3 years	Quality & safety management includes disciplinary and preventive action plans (e.g. CAPA system)
No insight in customer satisfaction	Customer complaint management system in place Recall and tracking procedure in place Customer satisfaction and retention rate monitored	Quality assurance staff in place. Staff performs market-conform quality checks No product safety recalls in the past 3 years		YoY improvement of consumer satisfaction score

Supply chain control – Performance Overview



Rationale: Hennecke GROUP actively promotes ESG principles across its supply chain and primarily collaborates with multinational blue-chip companies known for their sustainable business practices, including Siemens, Bosch, Voss, and Festo. With approximately 10 to 20 strategic suppliers per business unit, accounting for 80% of total purchasing volume, the company maximizes its leverage for responsible procurement.

To foster sustainability throughout the supply chain, Hennecke has distributed its Code of Conduct to all external business partners, including suppliers, and embedded it within the general purchasing terms. While compliance with these guidelines is encouraged, signed confirmations are not mandatory due to differing legal frameworks. In 2024, Hennecke introduced the ESG Supply Chain Questionnaire to assess and continuously improve supplier sustainability performance, thereby enhancing transparency and development across the supply chain.

Given the complexity of customized machinery production, this focused approach ensures targeted ESG improvements without compromising operational efficiency.

	2020 Review	2024 Review		
1. Reactive	2. Involved	3. Committed	4. Integrated	5. Future proof
Reactive ESG management driven by regulations.	Ambition to improve ESG has been formulated, baseline identified and initial progress made.	Strategy for improved ESG risk and opportunity management has led to strong performance.	Company-wide integration of ESG has brought a future-proof business within reach.	Business proposition and management is fully aligned with a future-proof society.
Management aims to adhere to minimum regulatory and international standards (e.g. ILO & UN Global Compact principles including reference to the respect of human rights stated in supplier contracts)	ESG supplier due diligence assessments of first tier suppliers (including tracking of indicators such as fair labor conditions, modern slavery, waste management, and hazardous materials).	Strategy in place (including KPIs and targets) to eliminate risk exposure through supplier risk assessment, standards and audits (e.g. SA8000, SMETA 4P, Amfori BSCI, GRI 414, Sedex) as well as responsible product certification schemes	Strategy and policy fully embedded in operations	Supply chain risks fully mitigated and active contribution to sustainable development
Little to no insight into the impact and responsible conduct of suppliers	Material risks and mitigation opportunities (i.e. policy, GRI auditing and certification schemes) identified throughout the supply chain, including first-tier suppliers, services, and input materials	Based on due diligence findings, site-visit audits are conducted, and first-tier suppliers are assisted when implementing corrective actions	First-tier suppliers and products meet the highest audit scores and responsible conduct (e.g. sourcing certified products or suppliers, obtaining certifications and labels)	Collaborative efforts and partnerships in place to support stakeholders in the supply chain, both to improve sustainability performance and to raise the bar in the wider industry
	Supplier code of conduct signed by >90% of first-tier suppliers	Engagement with first-tier suppliers to identify risks from indirect suppliers	Actively propagating responsible value proposition	Company proactively takes up innovative and far-reaching initiatives to tackle supply chain issues and improve the industry standard (i.e. on packaging, living wage, sustainable transport)
			Pro-active chain engagement to raise the bar of responsible conduct (e.g. through training and/or resources, collaborative initiatives with other players in the supply chain to improve social or environmental impact)	Full supply chain transparency with the ability to trace products from source to consumer (i.e. farm-to-fork strategy)
			Maximized efforts directed towards establishing full transparency from source to gate	

>> SUSTAINABLE DEVELOPMENT GOALS

2024 Initiatives & 2025 Outlook

At Hennecke GROUP, ESG is not simply a reporting obligation – it is a strategic imperative. To drive the systematic implementation of our sustainability goals and strengthen our contribution to the United Nations Sustainable Development Goals (SDGs), we rely on targeted ESG initiatives with clearly defined responsibilities and measurable impact. The following section provides an overview of selected initiatives implemented in 2024. It is followed by a preview of our ESG priorities for 2025, aimed at building on the momentum achieved and advancing our environmental, social, and governance objectives.

ESG Initiatives 2024

The ESG action plans and initiatives established for 2024 are designed to deliver long-term performance improvements. Each initiative is defined by its objective, implementation status, ESG area, relevant SDG, timeline, and responsible owner. Progress is assessed using a standardized Implementation Level 2024 framework:

1. PLAN – Planning phase
2. ROLL OUT – Implementation underway
3. IMPLEMENTED – Fully implemented
4. MEASURE – Outcome review and impact assessment

Environmental ESG Initiative

Hennecke GROUP Travel Policy to Promote ESG-Aligned Travel Behavior



Implementation Level: MEASURE

The Hennecke GROUP's travel policy was introduced to make business travel more efficient and sustainable. It supports the company's ESG objectives by reducing CO₂ emissions and optimizing costs. Key measures include evaluating digital alternatives, avoiding short-haul flights, and prioritizing environmentally friendly travel options. In addition, business-related emissions are systematically recorded and evaluated under Scope 3. The travel policy thus contributes actively to achieving the Hennecke GROUP's CO₂ reduction targets, which will be validated by the Science Based Targets Initiative (SBTi), and reinforces the company's broader ESG strategy.

ESG-Theme	Target Date	Responsible
Carbon Footprint Management	2024/09/30	VP Human Resources (Projektlead), CEO, Vice President Business System & Sustainability

Social ESG Initiative

Career Development: Over 70% Internal Fill Rate for Key Positions



Implementation Level: MEASURE

In 2024, Hennecke GROUP achieved a strong internal fill rate of 64.5%, marking a 6.3% increase compared to 2023 (60.7%). A total of 20 out of 31 open positions were successfully filled internally. Talent development remains a core element of the corporate strategy and is firmly embedded within the HBS Performance Management System. As a key value driver, the internal fill rate is continuously monitored, with targeted measures implemented annually to drive further improvement. Management demonstrates a high level of awareness and commitment to this priority, ensuring long-term talent development and employee retention.

ESG-Theme	Target Date	Responsible
Employee Health and Safety	2024/12/31	VP Human Resources (Projektlead), CEO

Governance ESG Initiatives

Customer Satisfaction Survey: Structured Feedback for Continuous Improvement



Implementation Level: MEASURE

The customer satisfaction questionnaire has been successfully rolled out and is actively used by all employees in customer-facing roles throughout the entire project cycle. This ensures consistent and ongoing collection of client feedback, enabling Hennecke GROUP to systematically assess customer satisfaction and implement targeted improvements.

ESG-Theme	Target Date	Responsible
Carbon Footprint Management	2024/09/30	Senior Director Global Service (Projektlead), CSO, VP Corporate Development

Sustainability Behaviour Guideline of the Hennecke GROUP



Implementation Level: MEASURE

The Sustainability Behaviour Guideline defines concrete measures to support the Hennecke GROUP's ESG strategy and embeds sustainability into daily business practices. It promotes energy-efficient working methods, increased use of renewable energy, waste reduction, and sustainable product innovation. Social aspects such as diversity, fair working conditions, and occupational safety are equally emphasized. Governance elements, including transparency, compliance, and ethical conduct, form an integral part of the guideline. To further embed sustainability into business processes, targeted initiatives have been launched. ESG criteria are also systematically integrated into CAPEX/OPEX decisions and the full product lifecycle to ensure long-term sustainable value creation.

ESG-Theme	Target Date	Responsible
Carbon Footprint Management	2024/09/30	Vice President Business System & Sustainability (Projektlead), CEO, VP Human Resources

Planned ESG Initiatives 2025

Building on previous progress, further projects have been defined for 2025. These initiatives are designed to advance the company's ESG objectives and contribute to the United Nations Sustainable Development Goals.

Environmental ESG Initiative

Expansion of the BU Performance Report with two additional environmental indicators



Implementation Level: IMPLEMENTED

As part of the ongoing enhancement of performance measurement at business unit level, the existing BU performance report will be extended to include two additional environmental KPIs. The aim is to better reflect ecological performance and create a data-based foundation for sustainable decision-making.

Scope of the initiative:

- >> Identification and definition of relevant environmental indicators to complement the current value drivers
- >> Development of a pilot concept to measure and track these indicators in selected business units
- >> Validation of the feasibility and relevance of the proposed metrics based on available data and existing reporting frameworks.

Potential new indicators:

- >> Carbon footprint (Scope 1 & 2): Measurement of CO₂ emissions (tCO₂e/€M revenue) to monitor emissions intensity and derive targeted reduction measures
- >> Waste efficiency: KPI tracking the ratio of waste to value creation ("waste per ton of value generated") to optimize material usage and reduce process waste

The final selection and definition of these indicators will be based on the analysis and alignment with existing reporting structures.

ESG-Theme	Target Date	Responsible
Carbon Footprint Management	2025/12/31	Vice President Business System & Sustainability (Projektlead), CEO, Director Controlling

Social ESG Initiative

Evaluation of ISO 45001: Occupational Health and Safety Management System



Implementation Level: MEASURE

This initiative aims to evaluate the potential implementation of ISO 45001 in the area of occupational health and safety (H&S). A gap analysis will be conducted to identify deviations and derive targeted improvement opportunities. Based on the findings, a pilot project will be launched at one company site to test enhanced H&S measures in practice. The results will serve as a basis for future investment decisions and the further development of the group-wide H&S management system.

ESG-Theme	Target Date	Responsible
Employee Health and Safety	2025/12/31	VP Human Resources (Projektlead), CEO, Vice President Business System & Sustainability

Governance ESG Initiative

Enhancement of the ESG Scoring System for Hennecke GROUP Suppliers



Implementation Level: ROLL OUT

Building on the recently introduced supplier questionnaire, the next step involves the implementation of a structured ESG scoring system. The aim is to systematically capture and evaluate ESG-related data and leverage the results to guide supplier development. Identified gaps will be addressed through targeted improvement measures. Where remediation is not feasible, alternative sourcing options will be proactively pursued. This structured approach will further drive the sustainable transformation of the supply chain and support continuous improvement of ESG standards.

ESG-Theme	Target Date	Responsible
Supply Chain Control	2025/12/31	CFO (Projektlead) , BU Supply Chain Management, Vice President Business System & Sustainability

>> TAKING SUSTAINABILITY FURTHER

Responsible. Collaborative. Impact-driven.

For the Hennecke GROUP, sustainability is not a trend – and certainly not an add-on. It is firmly anchored in our corporate strategy, embedded in the Hennecke Business System, and guided by a clear commitment: to act responsibly – environmentally, socially, and entrepreneurially.

This report reflects both our progress and our current position. One thing is clear: progress does not just happen. It takes responsibility – applied with respect for resources, driven by clear targets, and shaped through collaboration at every level: in operations, in development, in leadership, and in dialogue with employees, customers, and partners.

Our sincere thanks go to all those who actively shape this journey with ideas, ownership, and a clear focus on what matters tomorrow.

Hennecke GROUP



Sabine Rudolf

Vice President Business System & Sustainability



“ ONE TEAM -
ONE OBJECTIVE ”



Find out more about our sustainability strategy on the Hennecke GROUP website or contact us by e-mail at any time if you have further questions about this ESG-report.



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