Sustainability Report

of Maschinenfabrik Berthold HERMLE AG and the Group 2025

(summarised separate non-financial report pursuant to Sections 289b and 315b of the German Commercial Code (HGB))

This separately summarised non-financial report (hereinafter referred to as “Sustainability Report”) presents the summarised non-financial report of the HERMLE Group and Maschinenfabrik Berthold HERMLE AG pursuant to Sections 289b and 315b of the German Commercial Code (HGB). It supplements the Group Management Report and Management Report of Maschinenfabrik Berthold HERMLE AG 2025, which is part of the Annual Report and can be accessed at www.hermle.de.

The non-financial report provides information on essential factors in the five areas concerning environmental, employee, social, human rights and anti-corruption issues. It describes for each area the concept pursued, the corresponding measures and results as well as the possible risks involved.

Essential sustainability criteria

The essential aspects for reporting on sustainability (Corporate Social Responsibility, CSR) at HERMLE are determined primarily by their importance for ensuring customer satisfaction and the long-term and sustainable success of the company. The main focus is on the direct impact of our activities on business partners, employees and the immediate business environment, as well as ensuring efficient and sustainable business operations. As such, we pursue our own concept for reporting on CSR that is suitable for small and medium-sized enterprises. We do not follow a framework of external factors, as its implementation in companies of our size would demand unreasonably high and economically unjustifiable effort. In preparation for the reporting requirements, which will be more heavily regulated in the future and whose legal effectiveness, contrary to expectations, had not taken effect by the end of 2025 but remains anticipated for the coming years, we started initial workshops to review our sustainability strategy with the aim of adapting it where necessary and deriving suitable measures.

EU Taxonomy

The EU Taxonomy Regulation adopted by the European Commission is only of limited relevance to HERMLE. So far, the machine tool manufacturing sector has not been directly included in the EU Commission’s list of environmentally sustainable economic activities. The machine tool manufacturing sector provides products that are often at the beginning of the value chain in an array of industries and contribute significantly to making production processes more efficient as well as generally preparing for the new challenges of sustainability. As such, our company could be classified as a so-called "enabler", since we enable our customers to contribute to the achievement of EU environmental targets through the use of our machines. Due to our extensive customer base from a wide range of technological sectors (see chapter

Business model), we are unable to assess the extent to which our customers are taking advantage of this opportunity.

The definition of turnover in accordance with the EU Taxonomy Regulation corresponds to the presentation in the income statement. Taxonomy-eligible or Taxonomy-aligned turnover (numerator) are presented proportional to total turnover (denominator). For reasons of materiality, those economic activities that are below 10% of the denominator, as provided for in Commission Delegated Regulation 2026/73, are not taken into account.

The direct proportion of HERMLE's turnover from products and services generated with its own Taxonomy-eligible economic activities in accordance with the current EU Taxonomy is 0%. The longevity of HERMLE machine tools and our service business, which additionally contributes to this long usability of our machines by end customers, is not included in the current Taxonomy.

According to the EU Taxonomy Regulation, capital expenditure includes investments in intangible and tangible assets and rights of use from leases. Taxonomy-eligible or Taxonomy-aligned capital expenditure (numerator) is presented proportional to total capital expenditure (denominator). The capital expenditure corresponds to the addition to fixed assets presented in the notes to the consolidated financial statements. When determining the Taxonomy-eligible or Taxonomy-aligned proportion, double counting was avoided by checking the reporting.

The proportion of capital expenditure to be classified as Taxonomy aligned in 2025 was 0% (previous year 0.5%).

Operating expenses within the meaning of the EU Taxonomy Regulation are non-capitalisable expenses for research and development, building renovation measures, short-term leases, maintenance and servicing. Taxonomy-eligible or Taxonomy-aligned operating expenses (numerator) are presented proportional to total operating expenses (denominator). Operating expenses cannot be transferred directly to the income statement. When determining the Taxonomy-eligible or Taxonomy-aligned proportion, double counting was avoided by checking the reporting.

Of the 2025 operating expenses, 0% were classified as Taxonomy-aligned (previous year 1.1%).

Details on the key figures are shown in the following tables.

Template 1: Proportion of turnover, CapEx and OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (summarised KPIs)

Financial year (N)	2025														
KPI	Total	Propotion of Taxonomy eligible activities	Taxonomy aligned activities	Proportion of Taxonomy aligned activities	Breakdown by environmental objectives of Taxonomy aligned activities						Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy aligned activities in previous financial year (N-1)	Proportion of Taxonomy aligned activities in previous financial year (N-1)
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity					
Text	EUR m	%	EUR m	%	%	%	%	%	%	%	%	%	%	EUR m	%
Turnover	491,9	0%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	0%
CapEx	24,1	34%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	9,4%	0,2	0,5%
OpEx	29,4	0%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	7,6%	0,3	1,2%

Template 2: Proportion of CapEx associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025

Reported KPI	Capex												
Financial year	2025												
Economic Activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible CapEx)	Taxonomy aligned KPI (monetary value of CapEx)	Taxonomy aligned KPI (Proportion of Taxonomy aligned CapEx)	Environmental objective of Taxonomy aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
Text		%	EUR m	%	%	%	%	%	%	%	(E where applicable)	T where applicable	%
Construction of new buildings	CCM 7.1	34%	0	0%	0%	0%	0%	0%	0%	0%	0	0	0%
Sum of alignment per objective					0%	0%	0%	0%	0%	0%			
Total KPI (CapEx)			24,1										

Management and Compliance System and involvement of the Management Board

The Management Board of HERMLE AG continuously addresses the key sustainability issues related to the operational business, for example during regular Management Board meetings. Our Management and Compliance System for sustainability includes the annual review by the Management Board of the various aspects included in the reporting on CSR. If key figures are set for specific targets, they can be adjusted annually if this is appropriate for the company. Further, it is monitored whether the level achieved in one aspect (performance level) is at least maintained - according to the specific area, annually, monthly or by means of random checks. If targets are not met, we identify the causes and try to remove the obstacles that prevent their achievement. For measures that are integrated into our Internal Control System (IKS), random checks are generally carried out once a year and staff refresher courses take place every two to three years. In our view, this type of Management and Compliance System is currently sufficient from a cost/benefit standpoint.

Business model

Maschinenfabrik Berthold HERMLE AG is one of the world's leading suppliers of high-quality milling machines and machining centres as well as complete automation solutions from a single source. Our 5-axis machining centres and high quality standards set benchmarks in the industry. HERMLE's customers include domestic and international companies in high-tech sectors such as mechanical engineering, the aerospace industry, medical technology, the electronics and chip industry, the optical industry, energy technology, toolmaking and mould construction as well as the automotive industry, including their subcontractors.

The HERMLE Group is made up of the parent company Maschinenfabrik Berthold HERMLE AG and various domestic and foreign subsidiaries and operating facilities.

Environmental issues

Concept:
As an internationally active manufacturer of machine tools, we provide society and our customers with safe products that are not harmful to their health and ensure the efficient use of resources. Both in terms of our machines and our production processes, we traditionally pay attention to high energy efficiency and resource conservation. Our customers benefit from this approach just as much as we do.

Specific measures and results:
At HERMLE, the **products and the manufacturing processes** as well as the installed components are generally CE compliant, a minor source of emissions and risks, and environmentally compatible. By using materials which are as recyclable as possible, by safely storing, handling and properly disposing of hazardous materials in accordance with the relevant regulations, and by manufacturing highly durable and retrofittable products, we help to conserve resources.

HERMLE machines are equipped with extremely powerful and efficient drives, heat and power recovery systems, LED lighting and consumption-reducing warm-up and standby functions. Energy-saving features also include the lightest possible construction in the area of moving masses and the optional equipment with systems for measuring and tracking energy consumption. As part of the launch of our new Generation 2 machine models, we continued to make progress in the field of energy efficiency in 2025. To ensure efficient machine use, we also offer our customers training courses for maintenance personnel. This allows them to maintain their machines themselves while avoiding travel. Basically, the high degree of automation of our systems results in optimised capacity utilisation and therefore a high level of efficiency for our customers. In addition, we permanently monitor our products after delivery to customers with regard to potential hazards which could arise from their operation.

To reduce **CO_2 emissions**, we work predominantly with local suppliers and manufacture in just one region. Our other production sites in Zimmern ob Rottweil and Burladingen are located in districts neighbouring our headquarters and are close to both suppliers and the motorway, which also helps to minimise transport routes and CO_2 emissions. In Zimmern ob Rottweil, a photovoltaic system was put into operation, which, on days with sufficient sunlight, is able to fully meet the power requirements for the buildings' air conditioning applications. This means that electricity purchased from the public grid during these periods can, excluding times of peak demand, be replaced with a completely CO_2-neutral source. Moreover, our entire fleet of vehicles is equipped with modern, low-emission technology. With few exceptions, forklift trucks and industrial trucks are operated electrically and internal transport orders are processed in a route-optimised manner. As our machines can be serviced online, this also reduces the number of trips to our customers. In addition, we also offer training courses for our customers online.

When **expanding and constructing new buildings**, we pay attention to minimising land use by vertical construction, high energy efficiency, e.g. by the consistent use of LED technology for lighting, as well as heat and noise protection with the aid of good insulation. Especially with the new buildings constructed at the installation location in Zimmern in recent years, we have been able to meet these requirements without any restrictions due to the existing basic fabric. The new buildings were connected to the company's own existing local heating network, which was expanded to include a second, highly efficient heat pump which is used for both cooling and heating the production buildings. We also installed a heat exchanger to be able to recycle the waste heat generated and reduce cable paths and losses by extending the internal 20kV network.

In addition to the air conditioning applications powered by the photovoltaic system, external blinds also help to regulate the temperature inside the buildings.

Our existing buildings are also being successively equipped with the latest lighting and insulation technology. For the heating and air conditioning of various production facilities at the headquarters in Gosheim, we use an energy-efficient combined heat and power plant and absorption refrigeration systems and plan to replace and supplement them with new, more efficient systems over the next few years. There

are also plans to install new, highly energy-efficient ventilation technology as part of the renovation of the existing production areas.

In 2025, our production sites successfully achieved initial certification for energy (ISO 50001) and environmental (ISO 14001) management systems. The findings from previous **energy and environmental audits** were incorporated into the development of a new energy concept. Further, we have also derived measures to further reduce our level of consumption in the future and to smooth out peaks of demand. At the Gosheim site, for example, various transformer stations have been renewed or supplemented in recent years in order to reduce line losses, increase efficiency and at the same time reduce CO_2 emissions by using vegetable oil instead of mineral oil for their operation. Other measures include the use of high-speed doors to reduce heat loss, the replacement of older heating pumps with highly efficient modern systems, and the ongoing conversion of other areas to LED lighting.

In order to **avoid waste and save raw materials,** our production is always optimised in terms of structure, order and offcuts. We use specialist companies to recycle chips and sheet metal waste produced during operation. Any accumulating old cardboard boxes are used on site for the repackaging of parts. Where possible, we also use recyclable transport packaging for shipping. In addition, we use a transport container recycling system together with parts suppliers for the procurement of suitable series parts in order to reduce the use of disposable packaging.

Risks:
To avoid environmental risks, we have embraced a preventive approach. Overall compliance is monitored by, among others, the Technical Law Department. This department carries out technical risk analyses, for example, and ensures compliance with protection standards. Our testing department carries out EMC tests on machines and components to determine the effects of electromagnetic radiation. Environmental risks and the resulting rights of recourse and damage to the company's image are therefore highly unlikely at HERMLE.

Employee issues

Concept:
Our highly qualified staff play a key role in the success of the company. It is for this reason that we attach great importance to the concerns and interests of our employees. Attractive, safe workplaces and conditions, a high level of individual responsibility in performance-oriented teams as well as regular upskilling opportunities are, in our view, important prerequisites for a motivated, loyal, experienced and productive workforce, as well as the success of our company on the labour market. Our human resources concept is designed for the long term with the aim of retaining jobs even during difficult phases. In order to recruit the best employees out there for the HERMLE team and to bring as many different skills and experiences as possible into the company, we promote diversity and tolerance with regard to gender, nationality and age, as well as towards people with disabilities.

Specific measures and results:
By making tasks as interesting and responsible as possible and working in efficient, self-organising teams, HERMLE helps to ensure that employees are highly motivated

and **identify** fully with the company. Flat hierarchies and a culture of open communication ensure a lively exchange among staff and with the management team throughout the Group. Roughly 75% of the employees in the Group are represented by the works council, which works constructively and shares a relationship of trust with the management team.

Workplace safety and preventive **health measures** to avoid accidents are also a top priority at HERMLE. To comply with all relevant workplace regulations, we employ two in-house safety engineers and an occupational health service. Their tasks include, for example, conducting first-aid courses, initial instructions for apprentices and supporting training courses on occupational health and safety, fire protection monitoring and advice on hazardous substances.

Noise protection, excellent ventilation, cleanliness and ergonomics, for example through the use of manipulators, lifting equipment or pre-assembly activities, are also part and parcel of a healthy and safe workplace at HERMLE. Together with an external specialist, we examined the main production areas with regard to their ergonomic design and potentials for improvement. To ensure the derived measures and individually suitable practical exercises for the prevention of musculoskeletal disorders are implemented sustainably, so-called ergo-scouts were specifically trained to support and motivate their colleagues.

The number of occupational accidents at HERMLE has remained at a low level for many years. Last year, there were 35 notifiable accidents at HERMLE AG (previous year 24), most of which were classified as minor. Of these, 8 were commuting accidents (previous year 6) which are not within the direct sphere of influence of the company.

Through the use of various measures, we are continuously increasing the **attractiveness of jobs** at HERMLE. The modern production halls at the installation location in Zimmern, for example, are significantly higher and better ventilated, thereby providing our employees with a quieter and cooler working environment. The new spindle assembly facilities in Gosheim, which we started to operate in 2024, provide our employees with significantly enhanced ambient conditions, as they feature spacious, air-conditioned areas complete with state-of-the-art lighting.

The **financial incentive systems** applied at HERMLE include a profit-sharing scheme for HERMLE AG employees, provided the company performs well, and performance bonuses on top of the basic wage.

In order to secure jobs even during less than favourable periods and at the same time be able to react flexibly to peaks in demand, HERMLE installed an innovative working time system back in 2002. The core of this “**concept of the breathing company**” is a very efficient flexitime regulation. This enables us to cope with economic downturns without having to make compulsory redundancies, while continuing to take on apprentices and dual-study students who have passed their exams and filling vacant apprenticeship and degree apprenticeship positions. This set of instruments also allowed us to react more flexibly to the economic downturn in 2025, helping us cope with the strain from the economic environment for a third consecutive year.

Information on the current status of the working time accounts and the 2025 bonus can be found in the Employee chapter of the Group Management Report. This chapter also describes our activities to enhance **diversity** within the workforce.

Risks:
In theory, the risks in the area of employee issues result from the wilful disregard of regulations and the corresponding penalties or claims for damages. Further, there is a risk of no longer being seen as an attractive employer and thus no longer being able to fill vacancies ideally. Due to the extensive expertise and high motivation of our employees, as well as our intensive efforts to secure HERMLE's outstanding reputation as an employer, such risks can be classified as low overall.

Social issues

Concept:
HERMLE is a key employer and taxpayer in the Schwarzwald-Baar-Heuberg region and is committed to investing in Germany as a business location. We make our contribution by securing the company's long-term success and earning power, training a large number of young people and collaborating with local training institutions.

Measures and results:
Of the 1,639 employees who were actively working for the HERMLE Group on 31 December 2025, we employed the vast majority (1,228) at the company headquarters in Gosheim, at the installation location in Zimmern ob Rottweil and at the new installation location in Burladigen. On average, 87% of the workforce worked in Germany (previous year 87%) and 13% abroad (previous year 13%). Through our business policy, which is designed to secure the company's long-term future, and our clear commitment to investing in Germany as a business location, we want to secure as many **jobs** as possible **in Germany** and especially in our local region.

HERMLE also contributes indirectly to securing the location by participating in various **trade and industry associations**. For example, we are a member of VDMA (German Mechanical Engineering Industry Association), VDW (German Machine Tool Builders' Association), WVIB (Trade Association of Industrial Companies in Baden) and the Heuberg Business Association.

HERMLE's commitment to supporting junior staff is above average. We meet our responsibility to the local region by offering young people interesting **training opportunities**, thereby also helping to prevent an increasing shortage of skilled workers in Germany. At the end of 2025, 144 young people were completing vocational training courses at HERMLE AG (previous year 126), this corresponds to a rate of 11.7% (previous year 10.5%). The young professionals learn a modern and future-oriented profession either as part of a classic apprenticeship or a dual study programme.

To arouse a sense of social responsibility among our trainees and to offer them added value, we have been organising the HERMLE **Social Days** since 2022. In cooperation with Lebenshilfe Tuttlingen and the St. Franziskus Heiligenbronn

Foundation, our second-year apprentices are each able to spend three days in one of Lebenshilfe's work areas.

Our employees once again showed great commitment to good causes in 2025. Many HERMLE employees actively **volunteer** in various roles, for example as volunteer fire fighters or as members of the German Federal Agency for Technical Relief (THW) and local mountain rescue teams. HERMLE supports these activities and once again received an award from the Baden-Württemberg Ministry of the Interior for being a volunteer-friendly employer in the 2024 business year.

Risks:
There are no direct risks for HERMLE in the area of social issues. Our commitment rather strengthens the company's positive image as a responsible employer, an exemplary training company and an important company for the local region.

Human rights issues

Concept:
Compliance with human rights standards is a matter of course for HERMLE – both in our company and in our influenceable environment. The same applies to compliance with legal requirements - for example with regard to conflict materials. Our business activities are aligned accordingly.

Measures and results:
The HERMLE Group selects its suppliers very carefully and only procures material from reputable companies in the European Union as well as Switzerland and North America, i.e. from countries in which compliance with human rights is prescribed and monitored by law. We do not buy parts from companies known to use dubious subcontractors. Further, we restructured and expanded our risk management system to meet the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains and to better identify potential risks in our supply chain, especially at upstream production stages like raw material mining in developing countries and production in high-risk regions. We have assessed our supplier materials with regard to the associated risk of human rights violations. In the case of supplier parts with a suspected increased level of risk, e.g. from a significant admixture or a significant proportion of conflict material, we enquire whether suppliers import raw minerals directly from outside Europe. In this case, we require a declaration of commitment to comply with the statutory provisions. We also strive to agree on a special right to terminate supply contracts if laws are violated and always seek alternatives in the event of violations.

Risks:
The risk of human rights violations by HERMLE employees or our suppliers is practically irrelevant due to the relevant legal requirements and standards in Germany and Europe - our exclusive direct purchasing regions. We do not source conflict minerals such as gold, tantalum, tungsten or zinc in pure form or relevant quantities, nor directly from outside Europe. However, these substances may be present in the form of small admixtures and minute quantities in processed parts and preliminary products sourced by us from EU countries, Switzerland or North America. Due to the multi-level and, in the case of these materials, global supply chains, it

cannot be ruled out with absolute certainty that such substances originate from conflict regions. Systematic, multi-level traceability of our entire supply chain with regard to reliable compliance with human rights is not feasible due to our capabilities and our relatively low purchasing power despite the use of standard specialised platforms for analysing supply chains.

Anti-corruption issues

Concept:
HERMLE requires and expects all its employees to act in accordance with relevant rules and regulations and promotes anti-corruption measures. We categorically reject bribery and all forms of corrupt behaviour, as they are not compatible with our corporate culture and cause lasting damage to foundations of trust, cooperation and the reputation of all the parties involved.

Measures and results:
To ensure compliance with legal and company-specific regulations, corresponding compliance rules and audit processes have been included in our Internal Control System, which is integrated into order processing measures. Further, we ensure the subsequent examination of individual cases. The Compliance Management System, which was further expanded in 2025, includes the monitoring of offers and orders, incoming and outgoing invoices, discounts, commissions and credit notes with regard to their appropriateness in terms of reason and amount. As a matter of principle, we have adopted a principle of dual control. HERMLE complies with the EU money laundering directives. We have implemented the German Whistleblower Act, which is intended to better protect whistleblowers of misconduct in the future. To this end, we established a reporting system and an organisation to process incoming reports.

In 2025, we once again carried out annual random checks on individual transactions due to special features such as high discounts or commissions. In doing so, we add weight to the vital importance we attach to compliant behaviour. No misconduct was found during the reviews.

In order to sensitise our employees with customer and supplier contact to the topics of corruption and money laundering, we offer training sessions composed of both company-specific and relevant legal regulations and sanctions and have them sign their name to confirm participation.

Risks:
The violation of legal standards and corruption entail the risk of claims for damages, fiscal sanctions and exclusion from tender procedures. Further, bribery has a lasting negative impact on the relationship with a potentially wronged business partner besides damaging the company’s image and reputation among peers and the public. We prevent these risks through the corporate culture embedded in the HERMLE Group and the measures described.