

Declaration of Principle of Maschinenfabrik Berthold HERMLE AG on Respecting Human Rights and Environmental Rights



I. Introduction

As a family-owned business, Maschinenfabrik Berthold HERMLE AG ("HERMLE AG") is expressly committed to doing business in a manner that is sustainable, as well as ecologically, ethically and socially responsible. We commit to complying with the principle of legality in our actions, measures, contracts and all other processes.

Respect for human rights is of central importance to Hermle AG and is emphasised once again by this Declaration of Principle.

Our human rights strategy is, therefore, based in particular on the following guidelines:

- The UN Guiding Principles on Business and Human Rights
- The Principles of the United Nations Global Compact
- The Core Labour Standards of the ILO (International Labour Organization)

II. Risk management in accordance with LKSG (German Supply Chain Due Diligence Act)

Hermle AG's human rights strategy is geared towards preventing or minimising risks to human rights and preventing, ending or minimising the extent of human rights violations. To achieve this goal, we have adopted appropriate measures in our own area of operation and in our procurement processes. Our measures focus on our own employees and our suppliers' employees. However, in that respect we attach particular importance at all times to including and taking into account the interests of those potentially affected in all areas.

Hermle AG has put in place a risk management system for human rights in its own area of operation and in the supply chain. We regularly monitor the effectiveness of all risk management measures and on an ad hoc basis and make adjustments where necessary.

Responsibilities

Hermle AG has put in place a Compliance Committee that monitors all operational processes and measures.

The management, which is responsible for compliance with the human rights strategy at a strategic level, is informed at least once a year.

Risk analysis

Hermle AG sees due diligence in respect of human rights as an ongoing process with constantly changing underlying conditions. We conduct annual analyses to identify potential and actual negative impacts on human rights and the environment in our area of operation and at our direct suppliers. We also work with an external service provider to conduct a comprehensive and in-depth analysis. This platform facilitates a holistic assessment of our own area of operation and our direct suppliers with regard to ESG issues based on country and sector risks, critical news monitoring and an evaluation of our suppliers' sustainability performance by way of questionnaires. This platform helps us identify, assess and prioritise human rights and environmental risks in the supply chain.

The following groups of people are the focus of our human rights strategy and are, therefore, central to conducting a risk analysis:

- Our own employees at national and international locations
- Our supplier's employees

As a result of the risk analysis, we have identified and prioritised the following human rights and environmental risks in our own area of operation and at our direct suppliers:

- Occupational health and safety within the meaning of Section(2), No. 5, LKSG
- Environmental protection within the meaning of Section 2(3), Nos. 1-8, LKSG

We render identified risks subject to an adequacy review as part of our risk management and increase our investigation efforts as required.

Preventive measures

Hermle AG has put in place guidelines to express our commitment to respecting human rights in our own areas of operations and with our business partners. The following guidelines apply as a binding framework to the daily actions of our employees, suppliers and business partners.

- The Code of Conduct for Suppliers of Maschinenfabrik Berthold Hermle AG.
- The Code of Conduct for Employees of Maschinenfabrik Berthold Hermle AG.
- Hermle AG's procurement strategy focusses on a regional supplier structure. Significantly more than 95% of the supply share is sourced from the D-A-CH region, which represents a significant advantage in terms of ensuring legal compliance.

Further preventive measures in our own area of operation include regular employee training to ensure a high level of quality and sensitisation in respect of implementing our human rights strategy.

We counteract actual human rights or environmental risks that we have identified at our direct suppliers by way appropriate preventive measures as part of our risk management.

- We apply strict criteria when selecting a direct supplier and take specific environmental and human rights risks into account during the onboarding process. We ensure compliance with human rights and environmental standards for the duration of the business relationship
- We place our direct suppliers under obligation to comply with our human rights and environmental expectations, which we have set out in our Code of Conduct for Suppliers.

Declaration of Principle of Maschinenfabrik Berthold HERMLE AG on Respecting Human Rights and Environmental Rights



If we have actual indications of an indirect supplier that is potentially acting in violation of our Code of Conduct, we immediately involve the responsible party in our risk management and risk analysis and develop appropriate preventive and remedial measures.

Complaints procedure

Hermle AG is aware that violations can occur despite due diligence in respect of human rights. We grant those affected in our own business operations, at our suppliers and along our entire supply chain, as well as affected third parties, confidential access to an appropriate complaints procedure for reporting violations. We communicate our complaints procedure internally and publicly on our website and investigate all reported concerns confidentially.

Remedial action

If the violation occurs in our own area of operation, we shall ensure that the violation is stopped. If the non-compliance is attributable to one of our direct suppliers or an party in our supply chain, we shall endeavour to rectify the matter appropriately, including by way of the following remedial measures:

- We expect and require our suppliers to end actual human rights violations without delay. We draft a concept for ending the violation with defined deadlines and responsibilities with the responsible party. If necessary, we support our business partners in implementing the necessary measures. We reserve the right to pause or terminate the business relationship if the violation does not stop.

Effectiveness review

Hermle AG safeguards its due diligence with regard to human rights by way of the described measures. The effectiveness of all the measures described is reviewed annually and on an ad hoc basis. We review the effectiveness of measures in our supply chain by way of continual analyses and on-site visits.

Reporting

Hermle AG reports annually on compliance with due diligence obligations in accordance with the German Supply Chain Due Diligence Act. The report is publicly available to interested parties on our website. This Declaration of Principle is communicated internally and externally and is publicly available on our website.

The Declaration of Principle of Maschinenfabrik Berthold HERMLE AG on Respecting Human Rights and Environmental Rights was adopted by the Management.

Date: October 2024

Maschinenfabrik Berthold HERMLE AG

