

A modern, multi-story building with a white facade and large glass windows. The building is surrounded by greenery and a paved area. The sky is clear and blue.

**KARL
HUGO**
MECHANICAL
ENGINEERING

CSR 2025

**KARL
HUGO**
MECHANICAL
ENGINEERING

REPORT

Corporate Social
Responsibility

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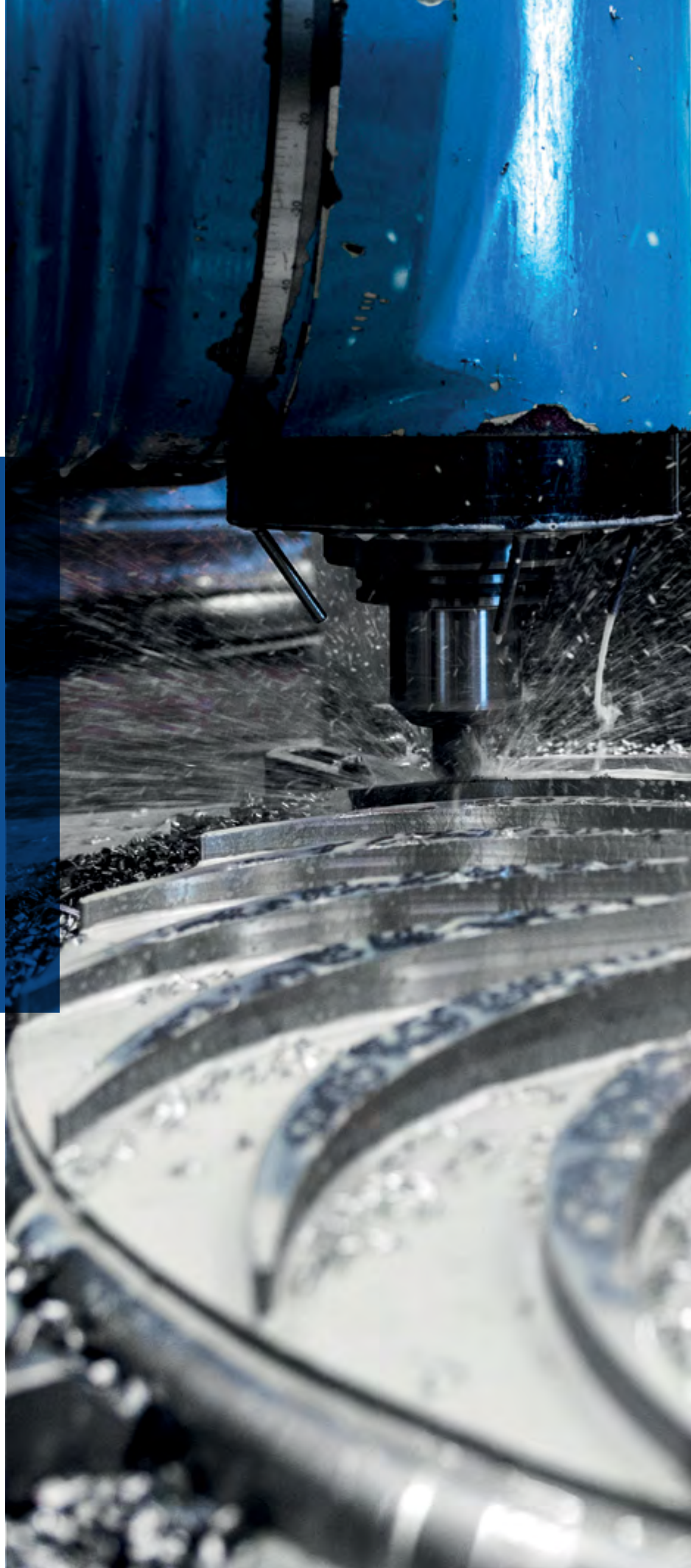
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www.karlhugo.com





Report

Corporate
Social
Responsibility

2025

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Together, we are building a path based on transparency, coherence, and responsibility

We are pleased to present our first Corporate Social Responsibility Report. Faced with today's environmental, social, and economic challenges, KARL HUGO is committed to actively contributing to a more sustainable, resilient and responsible industrial model.

Throughout 2024 and 2025, KARL HUGO progressively formalized its sustainable approach. This commitment has become a key strategic pillar at the core of the company. Reducing our environmental footprint, promoting inclusion, and supporting a fairer and more sustainable future are clear priorities. We are convinced that integrating these sustainable practices within KARL HUGO enables us to create long-term value – for our company, our partners and the environment in which we operate.

This edition reflects our commitment to taking responsibility in three key areas: Environment, Social, and Governance. The result of a collective effort, it presents recent developments, concrete initiatives, and measurable progress. More than ever, KARL HUGO demonstrates its determination to create shared value for all stakeholders.

This report is intended for our employees, clients, partners, suppliers, and local communities – all those who, through their trust and collaboration, contribute to this journey. We sincerely thank them for being part of it.

We hope this report provides valuable insight into our journey, our approach and our objectives.



Bernd HUGO
CEO - CFO
KARL HUGO



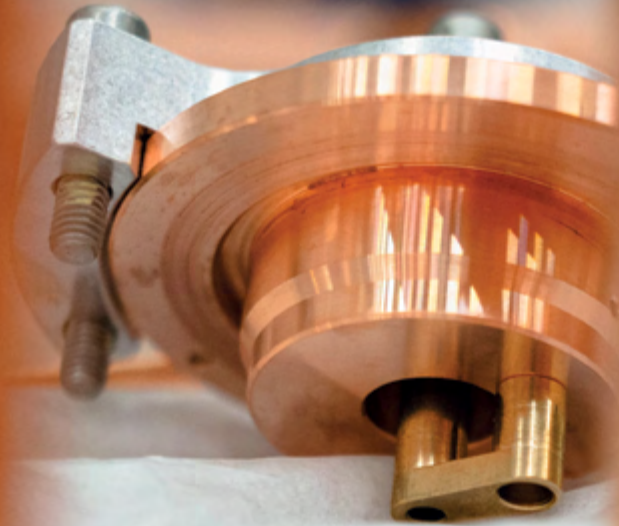
Stephan HUGO
CEO - CTO
KARL HUGO

KARL
HUGO

MECHANICAL
ENGINEERING

1.

KARL HUGO



KARL HUGO, a Belgian Flagship in Mechanical Engineering

Founded in 1970 by Karl-Joseph Hugo and his wife Regina Theissen, KARL HUGO is a family-owned company specializing in the mechanical and metalworking sector.

Located in the heart of Belgium's German-speaking community, we have established ourselves over the decades as a key player in our field, combining traditional craftsmanship with technological innovation.

Since 1996, the second generation has led the company. As CEOs, Stephan and Bernd Hugo continue to drive our development while remaining true to our founding values: quality, excellence and a long-term vision.

Through a consistent and forward-looking investment strategy, KARL HUGO has continuously evolved. The full modernization of our workshops, the renewal of our

machine fleet, and the optimization of our infrastructure reflect our commitment to remain at the forefront of technology.

This development is supported by a strong focus on continuous training, enabling our teams to maintain a high level of expertise and meet the increasing demands of the market.

With a clear vision for the future, we continue to build on our legacy with ambition and commitment, strengthening our position as a trusted reference in our sector.

Tailor-Made Solutions for the Industrial Sector

As a Belgian leader in its field, KARL HUGO provides a wide range of solutions tailored to the specific requirements of industrial clients.

With strong technical expertise and an innovation-driven approach, we design, manufacture and assemble high-precision equipment that meets the most demanding technical specifications.



+ Industrial Machines and Mechanical Assemblies

KARL HUGO specializes in the design and manufacturing of custom industrial machines, as well as the production of machine assemblies for complete production lines. We also manufacture single parts, small series, and mechanical or welded subassemblies, either based on our own engineering or according to customer-provided drawings and specifications.

+ Solutions for the Steel Industry (Coating Heads)

The company has developed a unique expertise in the design and manufacturing of coating heads, widely used in the continuous sheet coating process. These critical components are essential for major steel industries, particularly in the automotive and construction sectors.

+ Vacuum and Pressure Vessels

KARL HUGO designs and manufactures vacuum and pressure vessels in compliance with the most stringent industrial standards.

Our portfolio includes custom-built sterilizers of various sizes, vacuum chambers and particle accelerators, serving advanced sectors such as healthcare and applied research.



+ Engineering Projects and Technical Studies

Through our integrated design office, supported by a multidisciplinary team of engineers, we manage complex projects from initial conception through performance optimization.

KARL HUGO carries out feasibility studies, load and stress analyses, finite element calculations, as well as "ATEX" hazard and risk assessments. We develop detailed design models and technical documentation, including operation and maintenance guidelines, ensuring seamless integration into our clients' production environments.

+ High-Precision Manufacturing and Production

KARL HUGO operates six production halls, where core machining processes like milling, drilling and turning are performed in an integrated setup. Equipped with a continuously modernized, state-of-the-art machine fleet, we process a wide range of metals, including steel, stainless steel, copper and aluminum.

All components and machines are either manually or robotically welded, then coated and subjected to rigorous quality control procedures. KARL HUGO is certified to perform in-house pressure and leak testing, ensuring full compliance with the most stringent industry requirements.

+ On-Site Installation and Integration

Beyond design and manufacturing, KARL HUGO manages the delivery, installation and integration of its equipment directly on site. The company provides end-to-end project support: from the initial study phase through to commissioning - ensuring that each solution is perfectly adapted to the operational requirements of its clients.

Around One Hundred Clients Across Eight Sectors

Located in eastern Belgium, KARL HUGO operates at the heart of an international industrial market.

In close proximity to Germany and France, we serve a broad range of sectors across Europe and beyond.

Our approximately one hundred clients include companies from the steel and mechanical engineering industries, particularly in galvanizing and coil coating.

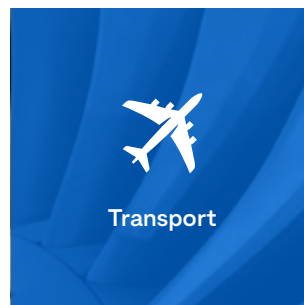
We also work with the chemical sector, including plastics and petrochemicals, providing tailor-made equipment and engineered solutions. In the manufacturing industry, we deliver custom machines and production equipment designed to meet specific technical requirements. The energy sector, including nuclear power, electricity generation, oil and gas, relies on our technical expertise and manufacturing capabilities.

In the medical sector, notably pharmaceuticals, biomedicine, and sterilization, clients depend on the high-precision equipment built by KARL HUGO. The flat glass industry, primarily serving the construction sector, also benefits from our solutions.

Furthermore, we're active in transportation, aerospace, automotive construction, and the mining sector.

Our strength lies in fully integrated production capabilities, offering services in engineering, machining, metal construction, painting, and final assembly. With our in-house design office and extensive technical expertise, KARL HUGO executes projects based either on our own engineering or on detailed specifications and drawings provided by our clients.

Through continuous investment in technology and staff development, KARL HUGO ensures it meets the high standards required by our international customer base. We focus on reliability, flexibility and close collaboration, building long-term partnerships based on trust and technical excellence.



Our DNA!

+ MISSION

GETTING BETTER EVERY DAY!

We want our clients to value and trust their collaboration with us. To achieve this, we strive to improve day by day and consistently raise our own standards.

+ VISION

WELL-BEING

We aim to create an environment where each employee can grow professionally and personally. The company acts as a structured and supportive framework, enabling long-term development and individual fulfillment.

+ VALUES

INNOVATION

We foster creativity and an innovation-driven mindset. We look beyond established solutions and explore new approaches



+ VALUES

VALUES

+ Open to the World

We design, develop and manufacture in our region and operate internationally. Regular collaborations across borders and industries strengthen our adaptability and openness to new challenges.

+ Connecting & Cooperating

We build strong partnerships. New ideas and solutions emerge through collaboration, locally and internationally.

+ Adapting

Our daily work involves multiple languages and cultures. We adapt to our partners and ensure clear, efficient communication at national and international level.

EXCELLENCE

+ Reliable & Competent

We deliver high-quality products and honor our commitments. Responsibility and mutual respect guide our relationships with employees, partners, clients and suppliers.

+ Comitted

We are flexible and solution-oriented. We approach situations pragmatically, take responsibility, act decisively and invest in the continuous development of our employees.

+ Confident

We build on our strengths and approach the future with confidence. We see challenges as opportunities and believe in sustainable long-term progress.



Quality Is More Than a Requirement

Quality is a core value that guides all our actions. Since the founding of KARL HUGO, the pursuit of excellence has shaped our culture and processes, ensuring that our services consistently meet customer expectations.

In 1996, the implementation of ISO 9001:1994 enabled KARL HUGO to align early with international quality management standards. One year later, TÜV certification confirmed the robustness and reliability of our quality assurance system.

Since then, we have been audited annually, with certifications renewed every three years. Our processes are regularly reviewed and updated to comply with the latest standards and requirements.

In 2000, KARL HUGO became the first Belgian company to obtain TÜV certification for the design and manufacture of pressure vessels.

In 2018, the transition to ISO 9001:2015 further strengthened our organization by clarifying responsibilities, optimizing internal processes and enhancing cross-departmental collaboration. This structured approach to continuous improvement ensures consistently high quality standards.

At KARL HUGO, quality is a strategic drive of innovation and long-term performance. *"In an innovative company like ours, quality is essential. It enables us to demonstrate and guarantee excellence over the long term"*, emphasizes Stephan Hugo, CEO – Chief Technical Officer.

Quality is a philosophy that motivates our teams to continuously improve, innovate and deliver their best in every project.



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2.

CORPORATE SOCIAL RESPONSIBILITY



Stakeholder Analysis

The stakeholder analysis was developed during a joint workshop involving all process owners and the management team.

Objectives

- Identify all relevant stakeholder groups
- Assess their importance to the company

Stakeholders were systematically analyzed based on their influence on the company and their interest in its activities. This in-depth analysis allowed for a differentiated segmentation of stakeholders, facilitating a better understanding of their respective expectations and requirements.

It resulted in the creation of a stakeholder matrix, providing a visual representation of the findings.

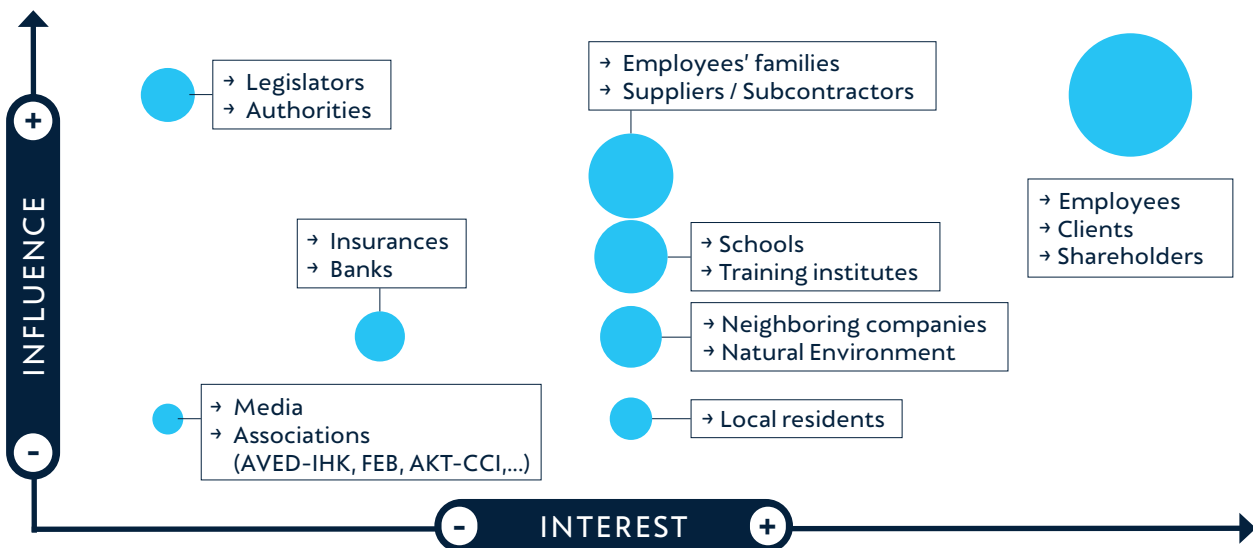
This strategic matrix helps to identify the priority stakeholders and the actions to be taken to effectively meet their expectations.

It serves as an essential tool to ensure targeted and effective communication, as well as sustainable collaboration with the various stakeholder groups.

STAKEHOLDER ECOSYSTEM

The stakeholder matrix represents the company's various stakeholder groups based on their influence and interest.

THE STAKEHOLDER ECOSYSTEM OF KARL HUGO



The size of the bubbles represents the relative importance of the stakeholders.

X-axis (Interest)

Degree of a stakeholder's interest in the company's activities.

Stakeholders with high interest and influence should be actively informed and engaged.

Axis-Y (Influence)

Level of a stakeholder's influence on the company.

Les parties prenantes exerçant une grande influence
Stakeholders with high influence can have a significant impact on strategic decisions.

INTERPRETATION OF THE MATRIX

The matrix helps the company define targeted strategies for engaging with the different groups of stakeholders.

+ Employees, Clients, and Shareholders

They have both high interest and significant influence on the company.

These groups should be actively involved in decision-making processes.

+ Service Providers/Suppliers and Employees' Families

They have medium to high interest and also exert some influence.

Their involvement is important to ensure the smooth execution of processes.

+ Legislators/Authorities

They exert significant influence but have relatively low interest.

Proactive communication with them is essential to meet regulatory requirements.

+ Media, insurance companies, banks, and associations (AVED-IHK, FEB, AKT-CCI, etc.)

They have a more limited level of influence and interest, yet they should still be regarded as key stakeholders.

TESTIMONIALS



EMPLOYEE

“ Working at KARL HUGO means being part of a team that is both familial and supportive. I particularly appreciate the flat hierarchies and open communication. Problems are addressed directly and resolved together. The company invests continuously, which shows it is truly forward-looking. Finally, the proximity of my workplace and the excellent atmosphere with my colleagues make my professional life especially enjoyable. ”

David SCHOLZEN

Project Manager - KARL HUGO

CLIENT

“ What sets KARL HUGO apart is its ability to combine a highly structured approach with remarkable flexibility. ”

Sébastien DE NEUTER

Research and Development - IBA



SUPPLIER

“ Our cooperation with KARL HUGO is a real asset, both on a professional and a human level. It is characterized by mutual trust and open, solution-focused communication. Together, we have successfully completed numerous projects. ”

Karl-Heinz BACKES and Evelyn MYRENNE

CEO - MYRENNE

Double Materiality

The double materiality analysis is based on an integrated approach that evaluates sustainability issues from two complementary perspectives.



1. Impact Materiality (Inside-Out Perspective)

This perspective examines how the company's activities affect the environment and society. It identifies both positive and negative impacts and helps guide actions toward greater environmental and social responsibility.

2. Financial Materiality (Outside-In Perspective)

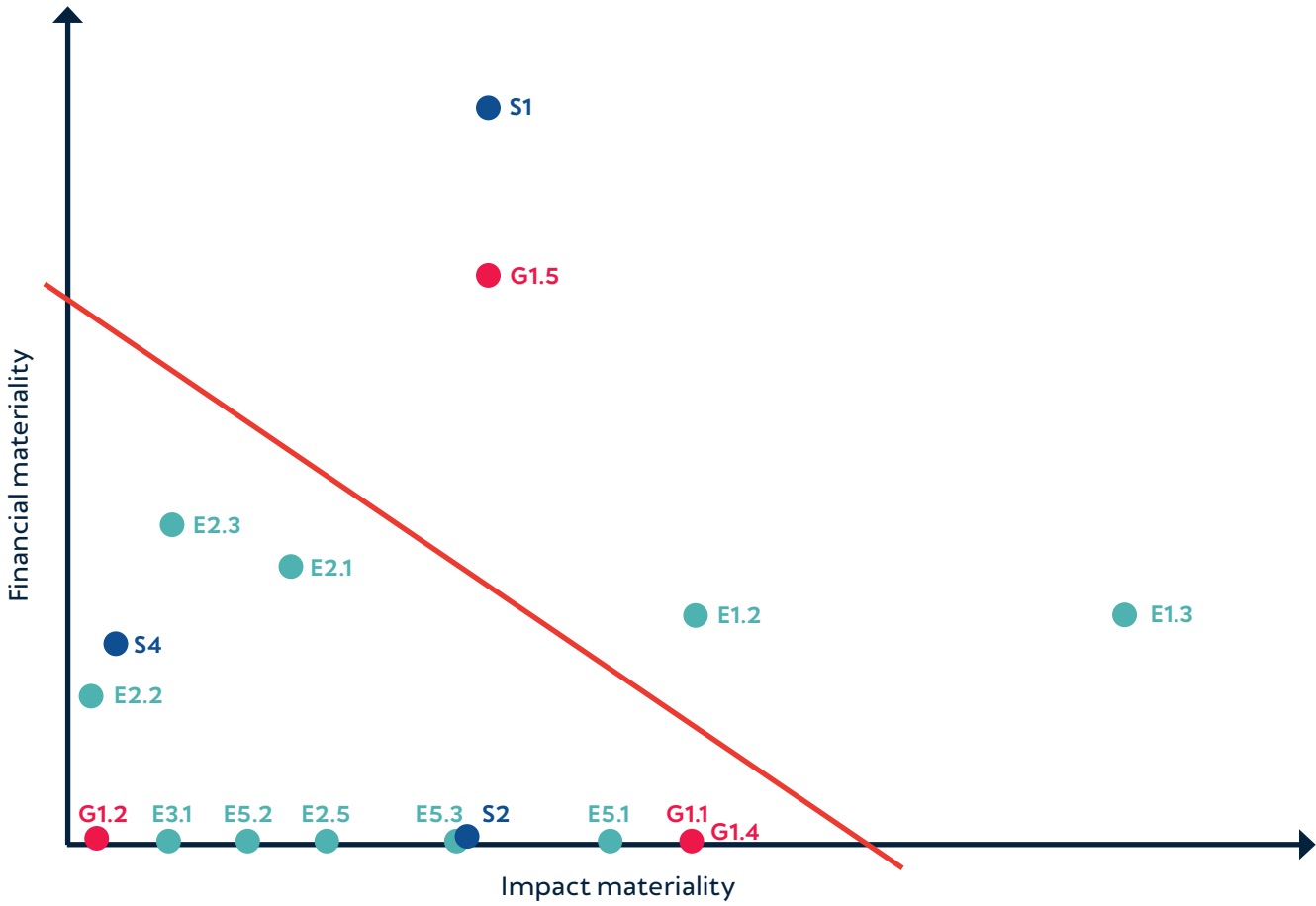
This perspective assesses how external factors such as climate change, regulatory changes or societal expectations influence the company. It helps to identify related risks and opportunities and to integrate them into the overall business strategy.

To ensure a comprehensive and balanced assessment, this analysis is conducted collaboratively, involving process owners and company management. This approach ensures that all relevant perspectives are considered.

The evaluation is structured according to the IRO model (Impact, Risk & Opportunity). It is also aligned with the three ESG pillars (Environmental, Social, and Governance), ensuring consistency with recognized sustainability frameworks.

By combining these two perspectives, double materiality enables companies to better understand their interactions with their environment and to develop a strategy that is both resilient and sustainable.

DOUBLE MATERIALITY OF KARL HUGO



All points above the red line have been defined as priority issues by KARL HUGO and therefore require greater attention.

Legend

- | | |
|---|---|
| <ul style="list-style-type: none"> E1.1 Climate change E1.2 Climate change mitigation E1.3 Energy E2.1 Air pollution E2.2 Water pollution E2.3 Soil pollution E2.5 Substances of concern E3.1 Water E4.2 Impacts on the state of species E4.3 Impacts on the extent and condition of ecosystems E5.1 Resource inflows, including resource use E5.2 Resource outflows related to products and services E5.3 Waste | <ul style="list-style-type: none"> S1 Own workforce S2 Workers in the value chain S4 Consumers and end-users |
|---|---|
-
- | |
|--|
| <ul style="list-style-type: none"> G1.1 Corporate culture G1.2 Protection of whistleblowers G1.4 Political engagement G1.5 Management of relationships with suppliers, including payment practices |
|--|

Environment

CLIMATE CHANGE MITIGATION (E1.2)

IMPACT

The company has implemented several concrete measures to reduce its environmental impact and to support more sustainable mobility.



+ Progressive Electrification of the Internal Transport Fleet

KARL HUGO has replaced diesel- and petrol-powered forklifts with gas-powered or fully electric. An electric Dimos platform is used for internal transport within the production site, which is key to reducing CO₂ emissions.

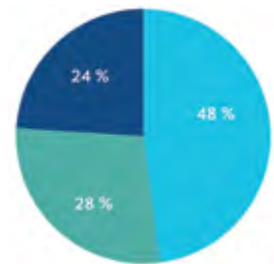


+ Promoting Sustainable Mobility Among Employees

A dedicated bicycle area with charging stations has been installed to encourage employees to use alternative modes of transport. As all employees live within a 40 km radius of the company, commuting distances are relatively short, contributing to lower mobility-related emissions.

COMMUTING DISTANCE

- Less than 10 km
- Between 10 and 20 km
- More than 20 km

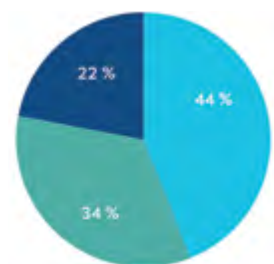


+ Prioritizing Regional Suppliers

The company primarily sources raw materials from regional suppliers. This approach significantly reduces transportation distances while also supporting the local economy.

COMPANY - SUPPLIER DISTANCE *

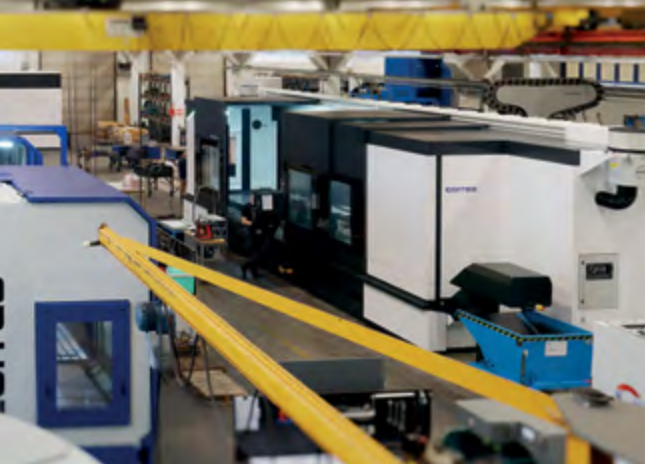
- Less than 100 km
- Between 100 and 200 km
- More than 200 km



*Among the 100 most important in terms of purchase value

+ ENERGY (E1.3)

IMPACT



RISKS

The transition to more sustainable energy sources also involves risks, particularly regarding high investment costs associated with the installation of new infrastructure or the adaptation of existing equipment.

OPPORTUNITY



+ Optimal Energy Efficiency of the Machine Fleet

Our company has a state-of-the-art machine fleet designed for optimal energy efficiency. The machines are equipped with an automatic standby mode to reduce electricity consumption outside of operating hours.

+ LED Lighting & Building Insulation

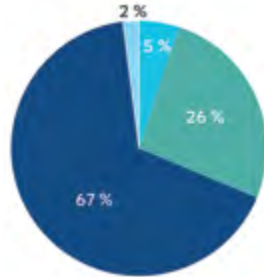
All our production halls and offices are equipped with energy-efficient LED lighting. In addition, all buildings have been fully re-insulated to improve energy performance and reduce heat loss.

+ Moving Towards Sustainable Energy Autonomy

We operate our own photovoltaic system and source electricity exclusively from wind energy. This combination of measures reflects a clear commitment to reducing KARL HUGO's Carbon Footprint while progressing toward greater energy autonomy based on renewable energy sources.

ENERGY MIX 2023

- Solar
- Wind
- Fuel oil
- Propane



These economic challenges must be taken into account in long-term planning to ensure a gradual, controlled, and economically viable transition.

+ Creation of an Energy Cooperative Within the Industrial Zone

As part of its strategic approach to the energy transition, KARL HUGO has identified a key opportunity: the establishment of an energy community or cooperative within the industrial zone. This initiative aims to strengthen the local supply of renewable energy, foster collaboration among neighboring companies, and increase overall energy autonomy.

Social Commitment

+ OWN WORKFORCE (S1)

IMPACT



+ Structured and Transparent Processes

KARL HUGO places strong emphasis on a healthy, safe and participatory working environment. Clear workplace regulations ensure structured and transparent processes for all employees. Our employees are encouraged to take part in internal decision-making processes, fostering a culture of trust and engagement.



+ Preventive Measures and Adapted Working Conditions

Employee health and safety are top priorities. Preventive measures and adapted working conditions are implemented to protect employees' well-being and ensure a safe working environment.



+ Organization of Family Events

To strengthen team cohesion and foster a sense of belonging, the company regularly organizes events for employees, including company celebrations open to their families.

RISKS

Several risks can be identified in the area of human resources. A key challenge is the growing shortage of skilled labor, which makes it more difficult to recruit and retain talent aligned with the company's technical requirements.

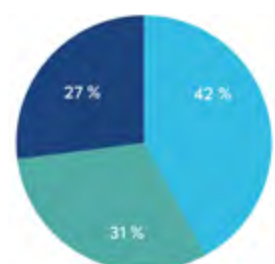
In addition, upcoming retirements, linked to the current demographic structure, may result in the gradual loss of critical skills and accumulated know-how. This risk is anticipated and addressed through a structured action plan.

Language differences, particularly between German and French, could potentially affect communication and col-

laboration. However, thanks to the multilingual capabilities of our employees, this does not present a challenge within the company.

EMPLOYEE AGE

- Under 30 years
- Between 30 and 50 years
- Over 50 years



Governance

Employees Involved in Decision-Making

At KARL HUGO, governance is based on a participatory structure inspired by ISO standards. By relying on clearly identified process and procedure managers, the management system enables employees to actively participate in decision-making and in steering the company.

This distribution of responsibilities promotes shared, transparent and collaborative governance. It relies not only on executive management, but on the collective engagement of all members of the organization.



+ SUPPLIER RELATIONSHIP MANAGEMENT (G1.5)

IMPACT

+ Short Payment Terms

KARL HUGO places its suppliers at the heart of its procurement strategy by granting short payment terms, thereby supporting their financial stability.

Additionally, we have developed a Supplier Code of Conduct that sets out the ethical, social and environmental principles to be followed.

This code aims to establish partnerships based on transparency, responsibility and mutual respect throughout the supply chain.

This code is available at www.karlhugo.com.

RISKS

In managing its supply chain, the company faces several risks. Supply disruptions may occur, particularly due to global market volatility or geopolitical tensions.

In addition, the continuous rise in energy and raw material prices can directly impact production costs and profitability.

Finally, the constantly evolving legal and regulatory requirements increase the need for information and adaptation for both the company and its suppliers. This necessitates close communication and proactive collaboration throughout the supply chain.

Carbone Footprint

In 2024, KARL HUGO conducted its first Carbon Footprint assessment based on data from 2023.



This initiative was carried out in close collaboration with *CO₂ Strategy*, a consulting firm certified to apply the *Bilan Carbone®*, also called French methodology.

By choosing this method, we expanded the scope of its study to all our activities, covering scopes 1, 2, and 3, thus allowing for a comprehensive consideration of emissions related to our value chain.

KARL HUGO's greenhouse gas (GHG) emissions for the year 2023 amount to
4,474 tonnes of CO₂ equivalent (tCO₂e)



537
Belgians



1,745
Flights Brussels
> New-York



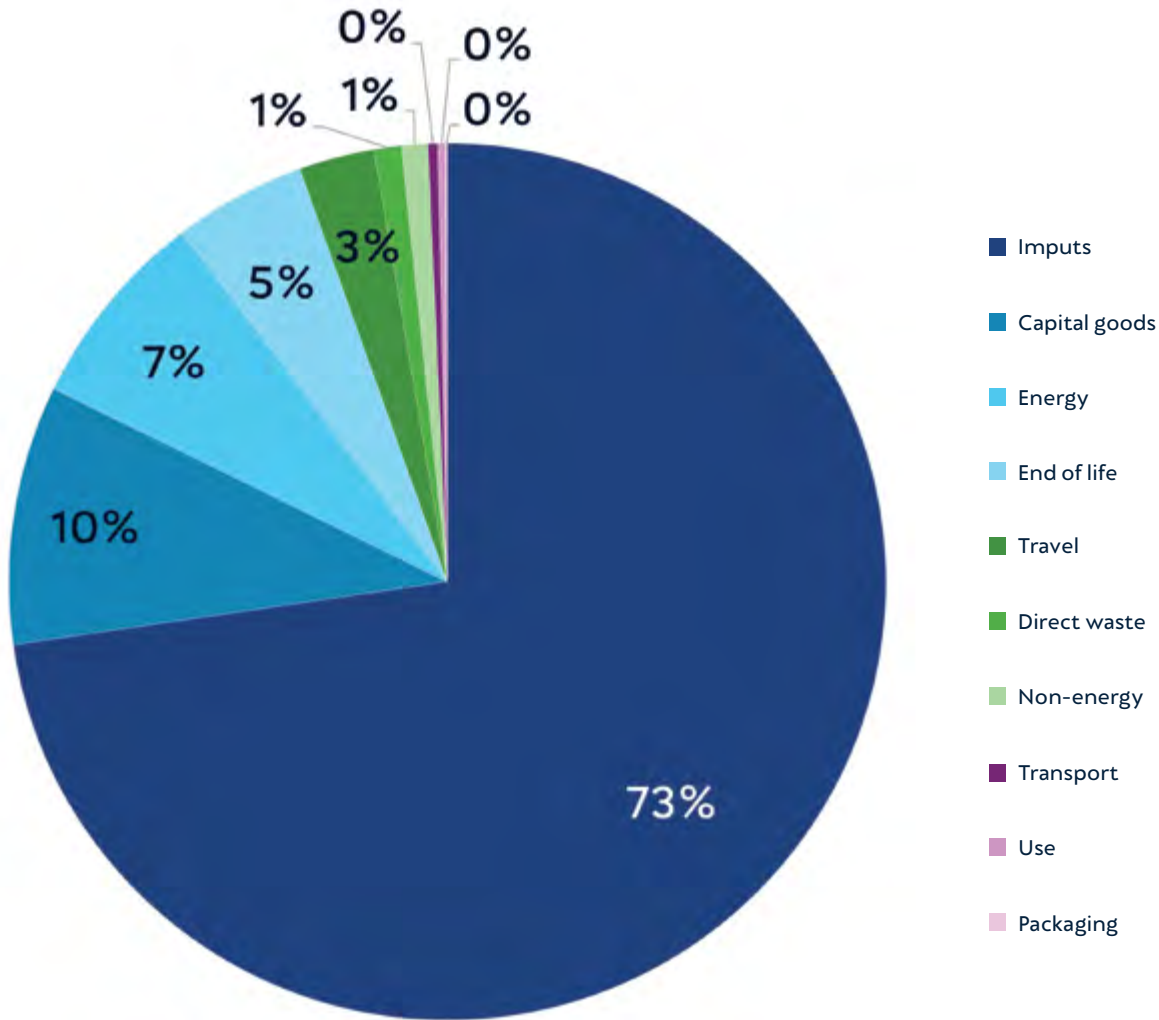
672
Earth orbits
by car

CARBON FOOTPRINT RESULTS

This diagram illustrates the carbon footprint of KARL HUGO, drawing on a detailed analysis of data from 2023. It provides a comprehensive overview of the company's global emissions over the reporting year.

90% of KARL HUGO's GHG emissions come from the following sources

- Inputs - 73%: purchases of raw materials, supplies, etc.
- Capital goods - 10%: infrastructure, rolling stock, machinery, IT equipment, etc.
- Energy - 7%: heating (gas and fuel oil) and electricity consumption.





+ Reducing the Footprint of Raw Materials

Purchases of raw materials, particularly steel, stainless steel, and aluminum, account for 2,202 tonnes of CO₂ equivalent, representing 50% of KARL HUGO's total Carbon Footprint.

To reduce this footprint, we are exploring options to integrate recycled materials or materials produced through low-carbon processes.

In this first assessment, we were not able to distinguish between recycled and virgin materials. Improved traceability would allow KARL HUGO to significantly refine the estimated impact of this category.



+ Reducing the Energy Footprint

Energy is also a significant contributor to KARL HUGO's Carbon Footprint. Emissions from heating our buildings and workshops, where a constant temperature must be maintained, are considerable.

However, emissions related to our electricity consumption remain limited, thanks to KARL HUGO's purchase of green electricity.

+ Challenges and Areas for Improvements

Monitoring Scope 3 emissions remains challenging due to the difficulty of extracting reliable data. We recognise that improvements are needed, and we are working to conduct future Carbon Footprint assessments directly through our ERP management system.

This approach will not only allow us to produce more accurate data, but will also support:

- the management of KARL HUGO's environmental management system (ISO 14001);
- raising daily awareness among our employees by integrating the Carbon Footprint concept into our management software.

+ Action Plan

The first Carbon Footprint assessment served as the basis for developing an action plan to reduce greenhouse gas (GHG) emissions. This plan involves all employees in a process of reflection and continuous improvement.

In conclusion, KARL HUGO is committed to continuing its efforts to reduce its Carbon Footprint and to integrate sustainable practices across all its activities.



Sustainable Development Goals (SDGs)

Adopted in 2015 by the United Nations, the 17 Sustainable Development Goals provide a universal roadmap for a more sustainable future by 2030.

They address major global challenges, such as combating climate change, reducing inequalities, preserving natural resources, and ensuring access to quality education and decent work.

The European Union is committed to integrating these goals into its policies and strategies. Through the European Green Deal, it is implementing concrete measures to accelerate the ecological transition, reduce its Carbon Footprint, and promote a more circular and inclusive economy. At the same time, European companies are encouraged to align their activities with the SDGs.

The SDGs are not only the responsibility of governments, they also require engagement from private actors, local

authorities, and civil society. By integrating these goals into their strategies, companies can meet regulatory requirements while creating long-term value through responsible and sustainable growth.

In this context, KARL HUGO is committed to aligning its actions with the SDGs relevant to its sector. We implement initiatives that strengthen our environmental, social, and economic responsibility, contributing to a more sustainable future for our company, our employees, and our communities.



1 NO POVERTY



KARL HUGO is committed to combating poverty by ensuring stable and dignified working conditions for its employees.

We place great importance on providing quality jobs, ensuring sustainable financial security for our employees and their families.

All employment contracts offered are permanent, providing workers with professional stability and better future prospects. In addition, we ensure fair compensation by offering salaries that comply with industry standards and support a satisfactory standard of living.

KARL HUGO places the health and well-being of its employees at the heart of its priorities by implementing concrete initiatives to ensure a safe and balanced work environment

We strive to minimize work-related risks by investing in safe equipment and adopting appropriate preventive measures. An ergonomic study was conducted to optimize workstation layouts, reducing fatigue and musculoskeletal disorders.

Well-being also includes a pleasant work environment: natural lighting, noise reduction, and an efficient air filtration system in welding areas improve the comfort and air quality in our workshops.

To support a better work-life balance, we offer flexible working hours, allowing employees to organize their work according to family needs.

As part of our efforts to promote active mobility and physical activity, we have invested in a secure bicycle storage area, providing employees with a healthy and sustainable commuting alternative.

Finally, through the production of advanced technologies such as particle accelerators, we contribute to medical progress, particularly in the field of cancer diagnosis and treatment.

3 GOOD HEALTH AND WELL-BEING



KARL HUGO participates in the training of apprentices, enabling them to acquire solid technical skills and prepare effectively for a career in the industry.

To achieve this, we rely on the dual training system in the German-speaking Community of Belgium, which combines on-the-job learning with theoretical instruction at a specialized training center. This model, supported by the IAWM (Institut für Aus- und Weiterbildung im Mittels-tand), allows young people to gain practical experience while receiving structured education and promoting rapid and effective integration into the labor market. This commitment strengthens the attractiveness of industrial professions and ensures the transfer of know-how to future generations.

At the same time, we invest in the continuous training of our employees, providing opportunities for professional development throughout their careers. This ap-

proach ensures constant skill enhancement and enables employees to adapt to technological advancements and evolving market requirements.

4 QUALITY EDUCATION



7 AFFORDABLE AND CLEAN ENERGY



KARL HUGO is actively committed to the energy transition by promoting the use of renewable energy in its operations.

We use electricity exclusively from wind and solar energy, thereby reducing our Carbon Footprint and contributing to the fight against climate change.

In addition, we have invested in a photovoltaic installation that covers a significant portion of our electricity needs. One-third of the energy produced is fed into the grid, supporting the region's supply of green electricity and contributing to amore sustainable energy production.

8 DECENT WORK AND ECONOMIC GROWTH



KARL HUGO implements flexible working hours, enabling employees to better balance their professional and personal lives.

Workplace safety is a priority, with rigorous procedures and ongoing training to raise awareness and ensure best practices.

By providing a stable and secure work environment, KARL HUGO contributes to sustainable economic growth while ensuring employees career development opportunities and working conditions that meet international standards.

KARL HUGO is committed to supporting a sustainable and innovative industry through modern infrastructure and cutting-edge technologies.

We operate a state-of-the-art machine park, ensuring efficient, precise, and sustainable production.

At the same time we provide our engineering expertise to help clients optimize product designs, improving performance and efficiency. This approach promotes technological innovation while contributing to a resilient and competitive industry over the long term.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



KARL HUGO takes a proactive approach to reducing its environmental footprint by optimizing resource and waste management.

We have implemented a metal recycling system, collecting and reusing production chips and metal cuttings. Packaging management is also optimized: packaging received from suppliers is collected and reused for customer deliveries, reducing waste generation.

Additionally, we integrate sustainable solutions to conserve water, including a rainwater collection basin for sanitary facilities as well as a closed-loop system for the cooling mechanism of particle accelerators during tests, minimizing the consumption of drinking water.

Aware of its environmental impact, KARL HUGO takes concrete measures to reduce its Carbon Footprint and to adapt to climate challenges.

We conducted our first Carbon Footprint assessment, an essential step to evaluate and understand CO₂ emissions. This process helps to identify levers to reduce environmental impact and implement effective mitigation strategies.

Furthermore, we optimize the use of natural resources through the rainwater collection basin, promoting sustainable resource management. The basin also helps adapt to extreme weather events, absorbing and regulating heavy rainfall and sudden storms, thereby reducing the risk of flooding and protecting surrounding infrastructure.

13 CLIMATE ACTION





ISO 14001 Environmental Management System



KARL HUGO aims to achieve ISO 14001 certification in 2026 to formalize its commitments and strengthen the credibility of its environmental approach.

As part of our ongoing commitment to sustainable development, we are implementing an Environmental Management System (EMS) in accordance with the ISO 14001:2015 standard, an internationally recognized benchmark for environmental management.

This standard helps companies improve environmental performance while reducing negative impacts on the environment. Thanks to the “high-level” structure common to all ISO standards, we have integrated this EMS into KARL HUGO’s existing ISO 9001 quality management system, creating a coherent and synergistic approach. The goal is to continuously improve our environmental performance while maintaining production quality standards.

KARL HUGO’s environmental management system focuses on key areas, including fire prevention, workplace safety, and environmental protection. These priority areas reflect our commitment to acting responsibly, addressing environmental challenges, and ensuring the safety of our employees and facilities.

A central aspect of ISO 14001 is conducting an environmental analysis to assess the impact of KARL HUGO’s activities. To support this, we have expanded our existing double materiality analysis, which examines both environmental risks and opportunities, for the company and for society.

Within this framework, we have also implemented a process to define, measure, and communicate clear environmental objectives. These objectives guide our actions and ensure transparent reporting on sustainability progress to all stakeholders.

Through ISO 14001, KARL HUGO demonstrates its determination to be not only a high-performing economic actor but also a responsible and committed player in protecting the planet.



The Sustainability Committee

One concrete outcome of our first sustainability workshop was the creation of an internal Sustainability Committee at the heart of the company.

Composed of eight motivated employees, the committee was formed on a voluntary basis and brings together members from different departments and hierarchical levels. This diversity ensures balanced representation across all functions, allowing every voice to be heard.

The committee acts as a link between all departments and management and serves as a driver of continuous improvement in the areas of Environment, Social, and Governance (ESG). Its mission is twofold: to generate

new concrete ideas for sustainability and to support their implementation in the company's daily activities.

This operating model exemplifies the "bottom-up" approach adopted by KARL HUGO to address sustainable development challenges: directly involving our employees in the transition and building a strategy based on initiatives driven from the ground up.

The committee therefore constitutes a key pillar of KARL HUGO's sustainable transformation efforts.



3.

SPECIFIC COMMITMENTS





Oncia Community Foundation

Beyond its technological expertise, KARL HUGO places people at the heart of its values. This commitment is reflected in our support of the Oncia Community Foundation.

Created by IBA, a global leader in proton therapy, Oncia Community aims to revolutionize the support for cancer patients. It promotes a holistic, human-centered approach alongside medical treatments.

For many years, we have collaborated with IBA as a manufacturer of advanced technologies used for cancer detection and treatment. This expertise naturally led us to support this initiative.

As Bernd Hugo explains: *"My brother and I were completely convinced by this project. We share a common vision of more humane cancer care and wish to contribute, in our own way, to improving the quality of life for patients and their families."*

The primary focus of Oncia Community is the promotion of integrative medicine. Still relatively unknown and often underutilized in Belgium, despite its highly effective health-care system, this approach aims to complement medical treatment with comprehensive support, including wellness care and a personalized follow-up.

"The goal of this foundation is to make this type of care accessible and affordable for everyone," emphasizes Bernd Hugo. *"It is a meaningful project that fully resonates with KARL HUGO's values and motivates us every day."*

By supporting Oncia Community, we reaffirm our commitment to medical innovation, patient well-being, and a more human-centered approach to healthcare.



Every patient should benefit from comprehensive care with a human-centered approach across their entire cancer journey

RFC Malmundaria

KARL HUGO encourages the training and development of young sports talents and has been supporting the "Frédéric Waseige" Young Dragons Academy since 2017.

An initiative of RFC Malmundaria, a historic club in Malmedy founded in 1904, this regional training center hosts 280 young players across 18 teams.

Today, the Academy goes far beyond football training. It aims to be a true school of life, instilling core values such as discipline, respect, and excellence.

Since 2022, Frédéric Waseige, a former Belgian professional footballer, has been sponsoring the academy, further strengthening the commitment to youth and sports.

"We are convinced that football is an excellent driver for integration and education. We share with RFC Malmundaria values that are close to our hearts: discipline, respect, and excellence", says Bernd Hugo.



By supporting the Young Dragons, we actively contribute to the development and growth of young athletes in the region. We provide them with opportunities to grow through sport, while promoting quality training and supporting the club's development for future generations.

Hof Peters

KARL HUGO prioritizes the services of a nearby sheltered workshop and provides significant support to local social and inclusive initiatives.

Among these, we regularly use the services of Hof Peters, a sheltered workshop facilitating the professional inclusion of around forty people with various disabilities. Located in the neighboring village, this social enterprise offers a wide range of services, including catering with homemade products, green space maintenance, and a shop.

In practice, our staff members regularly order meals from the catering service, which is also used for corporate events and visitor receptions. This choice reflects our commitment to supporting social enterprises, short supply chains, and local production.



Soft Mobility

KARL HUGO has invested €100,000 in the development of a dedicated space for company cyclists.

This project responds to employees' requests for a secure place to park their bicycles and e-bikes during the workday.

Located at the intersection of two routes of the RAVeL cycling network, our site offers an ideal setting for bicycle commuting. Moreover, since most employees live within a 40-kilometer radius, cycling becomes a practical and eco-friendly alternative for commuting. To support this transition, we have installed charging stations for electric bikes.

Beyond promoting soft mobility, this investment also incorporates a social and well-being dimension. The space

includes a covered terrace, allowing employees to take breaks outdoors during the warmer months. The infrastructure was built by local companies using durable and sustainable materials, such as recycled aluminium profiles.

Encouraging bicycle use not only helps to reduce the Carbon Footprint of commuting but also promotes regular physical activity, which benefits our employees' physical and mental health.

By investing in these facilities, we demonstrate our commitment to corporate social responsibility, combining workplace well-being with environmental engagement.



AVED-IHK Ostbelgien

KARL HUGO is actively involved in the economic, social, and institutional development of the German-speaking Community of Belgium.

"This commitment was fully realized when I accepted the presidency of AVED-IHK Ostbelgien, the result of the merger between the Employers' Federation (AVED) and the Chamber of Commerce and Industry of the German-speaking Community (IHK)", explains Bernd Hugo.

"In our region, AVED-IHK Ostbelgien plays a central role in representing the interests of employers and businesses to public authorities, particularly as the level of autonomy of the German-speaking Community of Belgium continues to expand. This institution supports this evolution by taking on increasing responsibilities in areas such as vocational training, regional economic development, and spatial planning."



By taking on this responsible position, we demonstrate our commitment to actively contributing to the vitality of the local economic fabric, defending the interests of regional businesses, and participating in the development of a forward-looking, attractive, and sustainable region.



Made in Ostbelgien

The "Ostbelgien" regional brand is an initiative of the German-speaking Community aimed at promoting the region as a place to live, work, and invest.

Launched on March 15, 2017, the initiative seeks to strengthen the region's image in order to attract skilled labor, investors, and more tourists.

Its purpose is to position the German-speaking community as a dynamic economic hub with innovative, high-performing companies. By highlighting its various assets, the initiative increases the region's visibility and attractiveness at both national and international levels.

In parallel, the "Made in Ostbelgien" label was created to showcase high-quality products from the region, promoting local consumption and recognizing regional know-how.

By associating the "Ostbelgien" brand with their own image, local companies such as KARL HUGO unite around a strong regional identity, helping to strengthen economic and cultural cohesion while benefiting from a reputation for quality and innovation.



4.

HIGHLIGHTS 2022-2025





2025

First Sustainability Workshop

On April 17, 2025, KARL HUGO's team temporarily left their workshops for a day dedicated to sustainability. The purpose of the day was clear: to reflect together on the challenges of sustainable development.



All employees, regardless of their role, were invited to participate, following a logic of inclusion and co-creation based on our "bottom-up" principle. The goals were to raise awareness, encourage active engagement, and involve employees directly in our sustainability initiatives..

An Afternoon in Two Parts

The first part focused on defining sustainability concepts and ESG notions, followed by a session highlighting the need to adapt individual lifestyles and KARL HUGO's business model. Presentations of ongoing sustainable projects served as a refresher, after which a collective reflection explored the question: how can KARL HUGO positively interact with its stakeholders (colleagues, families, clients, suppliers, neighbors, etc.)?



The second part addressed KARL HUGO's Carbon Footprint. Employees reviewed emission categories, analyzed the company's concrete results, and proposed ideas to reduce our impact.

The day, rich in exchanges and ideas, concluded in a friendly atmosphere with a barbecue, further strengthening bonds across the company.

Following this workshop, the proposals submitted were analyzed and served as the basis for developing a concrete action plan. Another outcome was that several motivated employees volunteered to create and staff a Sustainability Committee, responsible for monitoring the implementation of actions and ensuring a continuous improvement dynamic.

This participatory approach allows employees to feel fully involved in the sustainable transformation of KARL HUGO.



2025

WorldSkills Belgium

Gold Medal for Noah Reusch, Future Production Manager at KARL HUGO!

Noah excelled in the Mechanical Design CAD (Computer-Aided Design) category during the Startech's Days in Marche-en-Famenne.

This national final of technical and technological trade competitions, aimed at young people under 25, took place from 16 to 18 November 2025.

In January 2023, Noah joined the company for his final-year internship in electromechanics at Henallux in Seraing. He then chose to continue his studies with a master's degree in production management in a work-study program at HEPL Liège (ISIL), while continuing his journey within the company. In 2025, he signed his employment contract to gradually take over the management of the machining workshop.

This remarkable journey demonstrates KARL HUGO's active support for developing young talent, contributing to the future and sustainability of technical trades. The joint engagement of youth and company strengthens individual growth and the acquisition of highly valuable professional skills.



2024

Christmas with the Family

On December 21, 2024, KARL HUGO invited all employees and their families to a warm and friendly celebration.



In a festive and family-oriented atmosphere, guests enjoyed a memorable moment with a cocktail dinner and a live indoor concert performed by *Sieben Brücken*, a Peter Maffay cover band.

This event reflects our recognition of employees' daily commitment and our wish to include their loved ones. By bringing families together around values of respect, sharing, and belonging, we emphasize that the company's strength lies above all in the men and women who make up KARL HUGO, and in those who support them every day.

2024 European Football Championship



KARL HUGO in Cologne for the Belgium - Romania Match

On June 22, 2024, the entire KARL HUGO team attended the group stage match of the European Championship between Belgium and Romania at the Rhein-Energie-Stadion.

In a festive atmosphere, employees celebrated Belgium's 2-0 victory, with goals from Youri Tielemans and Kevin De

Bruyne. Beyond the sport itself, this event provided a welcome break from daily work and strengthened our sense of cohesion as one team.

These shared moments outside the workplace help foster a strong sense of belonging and contribute to a positive, friendly corporate culture.

2023 RAVeL Network

Inauguration of the new RAVeL line 47A on the KARL HUGO site

In September 2023, we welcomed representatives from the municipalities of Amel, Sankt Vith, and Vielsalm, several cycling organizations, and the press for the official opening of a new section of the RAVeL network.

This new route, passing directly next to the company, connects the municipalities of Amel, Sankt Vith, and Vielsalm. It follows part of the former Vennbahn railway line, which once transported passengers from Aachen to Burg-Reuland.

During the event, we inaugurated our new bicycle area, a concrete first step in promoting sustainable and environmentally friendly transportation.

Today, many employees use this greenway for their daily commutes, illustrating the shift in mindset and the growth of soft mobility within KARL HUGO's corporate culture.



2022 Startech's Days

Maxime Veithen, milling operator at KARL HUGO, wins a gold medal at the National Skills Championships.



A great source of pride for KARL HUGO! Maxime Veithen competed at the Startech's Days 2022, held from November 12 to 14 in Ciney.

Among the 166 young Belgian talents participating, 84 reached the podium, including 7 from Ostbelgien. This remarkable result highlights the quality of vocational training in the region.

By winning first place, Maxime became an example for his colleagues and a true ambassador for the work-study training offered by KARL HUGO.

This individual success showcases the excellence of the region's work-study system, which allows young talents to gain practical, high-quality training equivalent to an academic pathway. During the official ceremony, attended by winners and their trainers, the German-speaking Community and its training philosophy were celebrated and recognized.

2022 Zukunft Metall

On May 22, 2022, KARL HUGO hosted *Zukunft Metall* at its company headquarters.

Held every six years, this event promotes careers in the metal sector and brings together schools and companies from the metal and metallurgical industries in the German-speaking Community and neighboring French-speaking municipalities.

Over 1,000 visitors, including many young people and their families, had the opportunity to discover technical professions related to metal. Thirty-five schools and specialized companies from the sector participated. The goal was to raise awareness among younger generations about these exciting career opportunities.

The event was honored by the presence of:

- Oliver Paasch, Minister-President of the German-speaking Community
- Antonios Antoniadis, Vice-Minister-President
- Lydia Klinkenberg, Minister of Education and Scientific Research
- Karl-Heinz Lambertz, President of the Parliament of the German-speaking Community

Their participation highlighted the importance of initiatives like this in promoting technical careers to young people and addressing the shortage of skilled labor in the metal sector.

By hosting *Zukunft Metall*, we demonstrate our commitment to inspiring vocational interests from an early age and to ensuring the long-term sustainability of technical professions. This initiative reflects KARL HUGO's values, focused on excellence, innovation, and the transmission of know-how to future generations.



5.

KEY FIGURES



	Unit	2021	2022	2023	2024
Financial data					
Revenue	€	11.433.337	14.735.537	15.050.150	17.144.655
Total assets	€	14.626.281	15.365.069	17.081.654	18.422.769
Revenue growth	%	7,06	28,88	2,14	13,92
Invested revenue	%	12,67	6,99	4,70	5,03
Equity ratio	%	69	73	74	76
Gross margin	%	57	51	58	59
Hours worked	hour	76.956	69.736	75.972	75.780
Value added per FTE	€	114.212	124.630	142.127	163.698
Customers	number	96	84	72	71
Suppliers	number	393	394	391	413
Sustainability data					
Environment*					
Electricity-to-revenue ratio	kWh/€k	58,31	48,17	39,04	39,67
Self-produced electricity	%	66	77	41	56
Green Electricity	%	100	100	100	100
GHG Scope 1	tCO ₂ e	-	-	356,47	-
GHG Scope 2	tCO ₂ e	-	-	10,15	-
GHG Scope 3	tCO ₂ e	-	-	4031,29	-
Total GHG Emissions	tCO ₂ e	-	-	4397,91	-
GHG Intensity	tCO ₂ e/€k	-	-	0,29	-
Water withdrawal	m ³	345	270	345	489
Water withdrawal per employee per day	liter	36	29	35	51
Recycled waste	tonne	-	-	60	-
Social					
Employees	number	43	45	48	48
FTEs	number	39,9	42,8	46,2	47,5
Apprentices	number	2	4	3	1
Full-Time	number	38,9	40,9	43,3	44,1
Part-Time	number	1	2,8	4	4,7
Under 30 years	number	19	20	19	19
Between 30 and 50 years	number	12	14	16	15
Over 50 years	number	12	11	13	14
Hires	number	6	7	12	8
Departures	number	3	5	8	10
Turnover rate	%	8	12	17	21
Absenteeism rate	%	2,54	1,80	2,15	4,25
Employee participation rate in company activities	%	89	88	88	89
Trainings	number	25	14	16	21
Employees trained	number	47	43	53	40
Training hours per employee per year	hour	26	41	48	29
Seniority	year	14	14,16	13,35	14,15
Average age	year	36	37,43	37	38,81
Local suppliers	%	39	47	44	44
Workplace accidents	number	0	1	2	2

* The Carbon Footprint assessment is conducted every two years.







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