

Modern Slavery Act

Statement for Financial Year 2020

This statement is made pursuant to s.54 of the Modern Slavery Act 2015.

It sets out the steps that the DMG MORI AG-Group have undertaken - and are continuing to take - to ensure that modern slavery or human trafficking is not taking place within our business or supply chain. This includes especially DMG MORI UK LIMITED as part of the DMG MORI Group of companies (DMG MORI).

Modern slavery encompasses slavery, servitude, human trafficking and forced labor. We have a zero tolerance approach to any form of modern slavery. DMG MORI is committed to acting ethically and with integrity and transparency in all business dealings and to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within the business or our supply chain.

Our organization

DMG MORI AKTIENGESELLSCHAFT is a worldwide leading manufacturer of machine tools with sales revenues of more than € 1.8 billion and around 6,700 employees. Together with DMG MORI COMPANY LIMITED, our sales revenues are around € 2.7 billion.

Around 12,000 employees work for the “Global One Company”. With 138 sales and service locations – including 15 production plants – we are present worldwide and deliver to more than 100,000 customers from 54 industries in 86 countries. Its high level of diversification makes DMG MORI a strong and reliable partner, even in challenging times.

Our integrated automation and end-to-end digitization solutions extend the company’s core business with turning and milling machines, Advanced Technologies (Ultrasonic, Lasertec) and Additive Manufacturing.

The corona pandemic is accelerating the digital transformation to smart factories and thus also the expansion of our strategic future fields – in particular, Automation, Digitization and Sustainability. Our modular products allow quick, easy and scalable access to digital manufacturing and integrated digitization along the entire process chain – from planning and preparatory work to production and monitoring to service. Our mission: Empower our customers in manufacturing and digitization.

Our technology excellence is bundled within the main sectors of Aerospace, Automotive, Die & Mold as well as Medical and Semiconductor. In addition, we are pushing the production and further development of green technologies together with our partners. The partner program DMG MORI Qualified Products (DMQP) allows us to offer perfectly matched peripheral products from a single source. Our customer-focused services covering the entire life cycle of a machine tool include training, repair, maintenance and spare parts service. The online customer portal “myDMG MORI” digitizes all service processes. Already since May 2020 DMG MORI AKTIENGESELLSCHAFT has an equalized CO₂ balance (Company Carbon Footprint). All machines delivered worldwide since January 2021 are – along the entire value chain –completely CO₂-neutral (Product Carbon Footprint).

Our policies and procedures

DMG MORI operates a number of internal policies and procedures to ensure that we are conducting business in an ethical and transparent manner. These include:

- [Code of Conduct](#). The Code of Conduct forms the basis for dealing with all DMG MORI's stakeholders and sets out targets and rules that reflect our undertaking to act in a responsible, ethically impeccable and lawful way. To confirm this DMG MORI has a department called "Responsibility" comprising the fields of Sustainability and Compliance.
- German [Corporate Governance Report](#) and [Corporate Governance Declaration](#) give an insight to some of the most relevant governance indicators at DMG MORI.
- [Sustainability Report](#) – The Report covers – without being limited to – human rights including child and forced labour.
- Anti-slavery and human trafficking policy for DMG MORI UK – To set out their position on opposing modern slavery and human trafficking as part of DMG MORI's business and supply chain.
- Recruitment – inter alia, DMG MORI has a structured, digital and group-wide approval process.
- Leading Principles – These form the basis of our modern corporate and management culture.
- Whistleblowing – DMG MORI ensures that all employees know they can raise concerns about how colleagues are being treated, or practices within our business or supply chain, without fear of reprisals. We have several internal and external contact persons in place. Our business partners can also raise concerns inter alia via our external independent legal counsel.
- [Whistleblowing FAQ](#) – DMG MORI does not tolerate any retaliatory actions directed against whistleblowers. To increase transparency and trust in the whistleblowing system, we have published an FAQ for all internal and external stakeholders
- Responsibility Risk-Assessment for all operative DMG MORI entities – The assessment covers the probability of occurrence and the extent of damage in the areas of compliance and sustainability for key scenarios, including human rights.
- Commitment to diversity: We support an appreciative and unprejudiced organizational culture. We have voluntarily committed ourselves to this by signing the German Diversity Charter



Our suppliers

We expect our partners and suppliers to follow our voluntary commitment to sustainability and in turn to pass on these requirements along their entire supply chain. We also refer to sustainable procurement in our purchasing guideline and purchasing conditions. With the platforms “Integrity Next” and SAP Ariba, our sustainability criteria are uniformly integrated into the purchasing and supplier organization throughout the Group. We successfully implemented the relevant IT systems in our production plants in 2019, followed by the sales and service companies in 2020. We use digitized processes to increase transparency and to evaluate and select our suppliers according to their sustainability performance. The IT-supported phases are:

1. Registration:

Registration on our purchasing platform from SAP Ariba is a requirement for the participation in tenders. In this process, (potential) suppliers bindingly confirm in writing that they comply with our standards. This process also applies to new suppliers in particular: Only after our demands have been confirmed in SAP Ariba, a collaboration becomes possible. In the case of rejection or suspected violation of one of the ethical or principle requirements, an escalation process is defined. This regulates the further course of action in the partnership in order to either define joint supplier development measures or to terminate the cooperation.

2. Tendering and awarding:

If our requirements are met, this increases the chances of being awarded contracts in tenders on our purchasing platform. By the end of 2020, there were already 585 registered suppliers, representing 61 % of the total purchasing volume.

3. Assessment:

“Integrity Next“ enables a transparent review of potential risk factors, such as quality, environmental standards, and social requirements, through digital questionnaires. By the end of 2020 73 % of A-suppliers were already registered, and we have also started onboarding B-suppliers. The goal: to cover all A and B suppliers via “Integrity Next”, which together account for around 95 % of the purchasing volume for direct materials. Based on the completed questionnaires, we were able to identify 20 at-risk suppliers in the reporting year and initiate targeted measures. In this way, DMG MORI is helping to strengthen sustainability among its suppliers as well.

4. Risk management:

We use the early warning system “RISKMETHODS“ to assess the risks of existing direct suppliers: It provides timely information on risks relating to creditworthiness, delivery and quality performance, as well as sustainability, such as violations of labor practices and human rights. The responsible parties are proactively notified when risks occur. We use “RISKMETHODS“ to monitor around 260 suppliers. These account for over 60% of the total purchasing volume. In the reporting year, the system did not report any potential incidents for the indicator “Violation of labor practices and human rights“ and four potential incidents for the indicator “Environment“. The suppliers concerned accounted for 0.5 % of the purchasing volume for production materials. After close examination, it was determined that no further action was required because either the reports were not relevant, or measures had already been initiated.

Our supplier due diligence and supply chain management is further explained in our [Sustainability Report](#). Our current business partners (including suppliers) are checked against the EU Sanction List on a regular basis and further investigation is carried out if required.

Training

Every employee at DMG MORI is required to complete our e-Learning training course “Compliance Basics” This course is essentially based on our Code of Conduct and includes slavery and human rights aspects (completion rate 31.12.2020: >90% of employees registered – excluding production staff).

The Compliance department also includes anti-slavery and human rights aspects in their training for all Managing Directors.

For further information about our training concept as well as further information in general please see our [Sustainability Report](#).

This statement was approved by the Chairman of the Executive Board of DMG MORI AKTIENGESELLSCHAFT and the Managing Director of DMG MORI UK LIMITED April 2021.



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