

Modern Slavery Act

Statement for Financial Year 2021

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 over € 2.0 billion and more than 6,800 employees. In the “Global One Company”, around 12,000 employees are in direct contact with over 100,000 customers from 55 industries. DMG MORI is present in 87 countries worldwide – with 16 production plants, 111 sales and service locations – and is actively advancing the future fields of automation, digitization and sustainability.

High-precision machine tools and sustainable technologies from DMG MORI are at the beginning of global value chains. Integrated automation and end-to-end digitization solutions extend our core business with turning and milling machines, Advanced Technologies and Additive Manufacturing. With modular products, we enable an easy, fast, scalable entry into digital manufacturing as well as end-to-end digitization. With PAYZR – PAY with Zero Risk – for Equipment-as-a-Service and Software-as-a-Service, DMG MORI is also implementing a completely digital subscription business model. Customers benefit from fast innovation cycles without risk – with maximum planning security, cost and price transparency and full flexibility. 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. With the DMG MORI Qualified Products (DMQP) partner program, we offer perfectly matched peripheral products from a single source. Our customer-oriented services cover the entire life cycle of a machine tool – including training, repair, maintenance and spare parts service. With our online customer portal my DMG MORI, we enable digital, direct access to our service experts and digitize all service processes.

Sustainability at DMG MORI is globally and holistically oriented. Both our “Company Carbon Footprint” and “Product Carbon Footprint” are climate-neutral already today – and that along the entire supply up to the customer. Our vision: Be the most attractive global machine tool manufacturer with digitized and sustainable products!



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 as well as all other third parties 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 commitment to sustainability and in turn to pass on these requirements along their entire supply chain. After all, sustainability does not end at our own company boundaries. We are increasingly evaluating and selecting our suppliers based on sustainability criteria. 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 IT systems relevant for this in our production plants in 2019, followed by the sales and service companies in 2020. We also refer to sustainable procurement in our purchasing guideline and purchasing conditions. In order to make the sustainability performance of our (potential) suppliers transparent and to be able to evaluate them accordingly, we rely on efficient, digitized processes. The four IT-supported phases are:

1. Registration:

Registration on our shopping platform of “SAP Ariba” is a prerequisite for participation in tenders. In this process, (potential) suppliers bindingly confirm in writing that they comply with our requirements. For new suppliers applies: Only after this has been done, a cooperation can be considered. In the event of rejection or suspicion of a violation of one of the ethical or fundamental requirements, a fixed escalation process is defined. This regulates the further procedure 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 2021, 737 suppliers have already registered there, representing 45 % of the total purchasing volume.

3. Assessment:

In order to measure the sustainability performance of our suppliers as early as possible in the procurement process, we conduct an assessment via the compliance platform “Integrity Next”. Digital questionnaires are used to obtain information on all suppliers in order to make potential risk factors transparent, to review sustainability issues such as quality, environmental standards and social requirements, and to ensure compliance with regulatory demands. On this basis, we define concrete improvement measures with our suppliers. In the reporting year, 90 % – that is 3,191 – of DMG MORI's active suppliers, with whom we have been working for at least two years, were already involved. By the end of 2021, we had received the required self-disclosure from 741 existing suppliers – no new suppliers were recorded in the reporting year. Their purchasing volume accounts for 69 % of total volume. After validation of the self-disclosures, immediate communication to suppliers takes place in case of insufficient implementation or detection of violations in order to initiate improvement measures. Depending on the information situation, intensive monitoring may be necessary. If there are serious reasons for not cooperating further, the system-side deactivation is initiated. Based on the self-disclosures completed to date, we were able to identify 160 high-risk suppliers in the reporting year and initiate 144 targeted measures. In this way, DMG MORI helps to make sustainability transparent and to also systematically strengthen it among its suppliers.

4. Risk management:

We use the early warning system “RISKMETHODS” to assess the risks of existing direct suppliers: It provides timely information on risks related to creditworthiness, delivery and quality performance, sustainability, such as violations of labor practices and human rights, as well as environmental

aspects. The responsible parties are notified proactively when risks occur. With “RISKMETHODS” we monitor around 260 suppliers. These account for over 79 % of the total purchasing volume. In the reporting year, the system did not report any potential issues with these suppliers for the indicator “violation of labor practices and human rights” and twelve potential issues for the indicator “environment”. The suppliers concerned accounted for 9 % of the purchasing volume for production materials. After close examination, it was determined that no further action was required, as either the notifications 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 31.12.2021: >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 March 2022.

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