

Canada Modern Slavery Act
Annual Report for Financial Year 2023
(January 1, 2023 to December 31, 2023)

Introduction

This Annual Report is made on behalf of DMG MORI Canada Inc. (“**DMG MORI Canada**” or “**we**”) and constitutes the annual report required under Section 11 of Canada’s “*An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff*” (“**Canada Modern Slavery Act**”).

a) Structure, Activities and Supply Chains

We belong to DMG MORI group, whose ultimate parent company is DMG MORI CO., LTD., a Japanese corporation registered in Nara, Japan. DMG MORI group is a leading global manufacturer of high-precision machine tools and related machining solutions. With over 13,000 employees, DMG MORI group has a global presence with 16 production plants and 116 sales and service locations worldwide (as of December 31, 2023). Our product portfolio includes 5-axis machining centers, mill-turn machines, and additive manufacturing machines. We also offer automations and software products to enhance manufacturing efficiency.

DMG MORI Canada is a Canadian corporation based in Mississauga, Ontario and is the sales and service arm of DMG MORI group for the Canadian market. It is comprised of 70 employees. It does not have manufacturing capability. It imports finished goods, i.e., machine tools and spare parts from non-Canadian suppliers within DMG MORI group and sells them to end users in Canada. Supplemental procurement activities involve local suppliers, which provide the entity with items such as machine peripherals. In fiscal year 2023, DMG MORI Canada imported around CAD 65 million worth of goods. DMG MORI Canada does not control other entities. Major suppliers of DMG MORI Canada are DMG MORI CO., LTD. (Japan) and DMG MORI USA, INC. (USA), both of which belong to DMG MORI group. Imports from the countries named above accounted for a minimum 90% of the total import volume.

b) Policies and Due Diligence Processes

To reinforce our commitment to addressing modern slavery, we have implemented an internal policy called Anti-Modern Slavery Policy (“**Policy**”). The Policy applies to all our employees, directors and officers, and highlights everyone’s responsibility to respect and promote human rights and equality. In concrete, the Policy sets out our core obligations surrounding ethical recruitment, hiring and employment (e.g. prohibition against recruitment fees and custody of personal documents) as well as safe, fair, and ethical working conditions, including the right to a living wage and to reasonable working hours. The Policy also requires employees to screen all existing suppliers against a denied party list every 12 months.

We also maintain a due diligence process to identify and exclude modern slavery from our business. Should our employees, directors, or officers become aware of actual or possible use of modern slavery in either our business or supply chain, they are required to immediately report the matter via a third-party compliance hotline. This hotline is accessible 24/7 on the internet and allows employees to report anonymously if they wish to do so.

With regards to our suppliers, we expect them to comply with the principles outlined in [DMG MORI CSR Procurement Guideline](#) (“**Guideline**”). In addition, when engaging with new vendors operating in high-risk regions in the world and/or who supply high risk goods on our behalf, we conduct individual screening

before starting commercial transactions. This screening against a denied party list is conducted for all existing suppliers every 12 months.

c) Forced Labour and Child Labour Risks

We are aware that our global supply chain is complex and the manufacturing industry in which we operate presents an inherent risk of forced labour and child labour. Therefore, we conducted an internal risk assessment of our supply chain to identify countries that may be susceptible to practices that perpetuate any form of modern slavery. Based on our supply chain mapping, we linked our main products – machine tools and spare parts – with their associated suppliers within DMG MORI group and the countries they operate in. As a conclusion, the countries identified – Japan and USA – were evaluated as medium risk and high risk respectively for forced labour and child labour risk assessment. Published indices such as Human Development Index (HDI) and Global Rights Index (GRI) scores were used for this exercise.

As a sales arm of DMG MORI group, we rely heavily on due diligence measures taken by our group companies in Japan and USA to mitigate the country risk. Through our outreach, we confirmed that DMG MORI group companies in Japan and USA require their suppliers to follow the Guideline, which expresses the group's commitment against modern slavery and requests that suppliers ensure that their businesses and supply chains are free of modern slavery. In addition, it is confirmed that the manufacturing sites in Japan conduct an annual compliance survey with their suppliers. The questionnaire requires that suppliers disclose steps they have taken to address modern slavery, including information on their code of conduct and whether they have a documented compliance approach towards safeguarding against the use of prohibited forms of labour.

d) Remediation Measures

No measures have been taken to remediate forced labour or child labour in our activities and supply chains in fiscal year 2023.

e) Remediation of Loss of Income

No measures have been taken to remediate any loss of income to vulnerable families resulting from steps taken to eliminate the use of forced labour or child labour in our business or supply chains in fiscal year 2023.

f) Employee Training

We have implemented a mandatory online modern slavery training course for all our employees including our executive management team. The course provides targeted guidance on key drivers, risks and indicators of modern slavery, including forced labour and child labour, as well as tools for appropriate response within the context of our industry and shared value chain. The course was developed by an external organization and has a duration of around 30 minutes. To earn a certificate of completion, each employee had to pass a test at the end of the course which required them to demonstrate their understanding of the subject matter.

g) Assessment of Effectiveness

No actions have been taken in fiscal year 2023 to assess our effectiveness in preventing and reducing risks of forced labour and child labour in our activities and supply chains.

h) Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

This Annual Report has been approved by a written resolution of the board members of DMG MORI Canada Inc., pursuant to Section 11, paragraph (4)(a) of the Canada Modern Slavery Act.



Calin Veres

President, DMG MORI Canada Inc.

May 31, 2024

I have the authority to bind DMG MORI Canada Inc.