

DMG MORI

COMPANY LIMITED

Business & Human Rights Resource Centre
2-8 Scrutton Street, 2nd Floor
London, EC2A 4RT, UK

March 28, 2023

Dear Ella Skybenko and Vladyslava Kaplina,

My name is Kazuya Yagi, I am General Manager of Export Control for DMG MORI Co. Ltd. I am responding on behalf of DMG MORI to your e-mail dated March 24, 2023.

DMG MORI rejects the statement that DMG MORI is among the CNC machine tool manufacturers that Ukraine believes to be key to the continuing function of Russia's arms industry.

DMG MORI Group is headquartered in Japan with key subsidiaries throughout Europe, the United States and Asia. DMG MORI Co. Ltd., DMG MORI's parent company, began as Mori Seiki Co. Ltd. as a manufacturer of textile machines in 1948 and within a decade transitioned to the manufacture of machine tools. In 2009, Mori Seiki Co. Ltd. began collaboration with DMG AG, a German company whose history dates back to 1870, and in 2016, acquired controlling interest in it. DMG MORI conducted past business with Russia through this group member.

DMG MORI has significant presence in more than 40 countries. We manufacture dual-use, high precision machines that are subject to strict export control laws. While we have great pride in our role as a solutions provider in many industries around the world, we have a greater sense of obligation in making sure our products do not end up in the wrong hands.

It was to this end that Mori Seiki Co. Ltd. established its Export Control Compliance Program in 1988, which thereafter was approved by Japan's Ministry of Economy and Industry (METI, Supervising Ministry for Export Control). DMG AG similarly established its own Export Control Compliance Program in complete alignment with Germany's Federal Office for Economic Affairs and Export Control (BAFA, Supervising Ministry for Export Control). These parallel programs form the bedrock of DMG MORI's Global Export Control Program.

Our Export Control Program covers the entire lifecycle of an engagement with a business partner (whether customer or supplier). It operates around one core principle—we will not engage with any entity that is not vetted against our Export Control Program requirements. This means that there is an absolute bar to doing business in and with embargoed countries and sanctioned entities, and an absolute bar to providing products and services without an export license, where it is required. Our Export Control Program is continuously assessed and audited to keep up with the changing geopolitical environment. We go above and beyond what is required by export control laws because we believe that compliance is not a task to be completed, but an integral component of our company culture.

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Our past business in Russia was established in a completely different world. At all times during that period, we observed strict compliance with our Export Control Program and only engaged with fully-vetted entities. While much has been made about machine tools being used in the arms industry, our customers in Russia covered the range of civil enterprises such as medical device and automobile companies. But when Russia attacked Ukraine, we did not wait for sanctions and export control regulations.

Effective February 2022, DMG MORI ceased all business with Russia. All factory operations, sales, service, training and provision of spare parts were completely halted, without exception. All pending orders of machines and spare parts destined for Russia were cancelled. This decision was made quickly and unequivocally by the board of directors of DMG MORI without regard to any financial or other economic consequences. This decision was made on the basis of DMG MORI's commitment to upholding international law and to the protection of basic human rights. What now remains of our business in Russia is wind-down operations that facilitated the swift exit of the company and the transition of all former employees.

DMG MORI machines that remained in Russia and/or with Russian entities have long been owned by the customers that bought them. There was no legal, practical, and safe way for us to repossess such machines. Since February 2022, DMG MORI has not provided any support to any machine that remained in Russia.

Any intimation that DMG MORI is supportive of Russia's invasion of the Ukraine is profoundly baseless. To date, we have not received information request or any inquiry from PBS nor from Agiya Zahrebelska. We therefore find the PBS article careless reporting that unjustly impugns our culture of compliance and our long history as a good global corporate citizen.

We understand that you will be highlighting the article in your publication. Do you have any information related to the subject matter of the PBS article? If so, we would greatly appreciate if you can also allow us to respond to such information so that our company may have an opportunity to address any issues raised and dispel any inaccurate information.

Thank you for giving us the opportunity to respond to the PBS article, a courtesy we were not afforded by PBS itself.

Sincerely,


Kazuya Yagi
General Manager

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