

Korneuburg, March 2022

## Information on the current situation: Invasion in Ukraine and sanctions against Russian Federation

Dear business partner,

Concerned and shocked we are observing the escalation in Ukraine. Our thoughts are with the people, especially with our Ukrainian colleagues of the SMC rep. offices in Lviv and Uzhgorod as well as with the employees of our sales partner in Kiev, with whom we have been cooperating trustfully and successfully in the SMC CEE Group for many years. We are in continuous exchange with our colleagues regarding their well-being and to take steps for them and their relatives, if necessary.

In the past few days, we have been asked several times: **How does the situation in Ukraine and the sanctions against the Russian Federation affect SMC CEE Group?**

Let me give you some insights:

- Due to the Russian invasion the **standard international transportation and domestic distribution** in Ukraine were stopped by the large international forwarders.
- We have **paused the supply of SMC goods to Ukraine**. But we are working intensively on a **Business Continuity Plan** to supply those international and Ukrainian customers who never interrupted or resume their operations, as well as to ensure the continuity of our sales partner and SMC rep. offices.
- There is an impact on the **lead times of airfreight from Asia** (Japan/China), caused by:
  - Direct flights/routes cross Russian territory must be changed; alternative routes via Alaska or Arab countries cause additional stopovers.
  - Some freight capacities were lost because Russian cargo airlines covered a large part of the transport between Europe and Asia.
- A **limited number of production orders** is currently allocated to the production of **SMC Russia**. That small quantity of open orders is now being reviewed.
- There are **no operational dependencies for the SMC CEE Group** – neither referring to Ukraine nor Russia. Limitations may occur only due the common consequences for international trade and logistics between Asia and Europe. We are expecting **longer lead-times and higher freight-costs** for the supply of goods.

In the current situation, too, we do our utmost to be the right partner for you. You can rely on us. Thank you very much for your trust!

Kind regard,



Ing. Mag. Robert Angel  
General Manager SMC Austria GmbH  
Managing Director SMC CEE Group