

Classification: Public

dormakaba Modern Slavery Statement 2018/19

This statement is made pursuant to Section 54, Part 6 of the UK Modern Slavery Act 2015 and sets out the steps dormakaba has taken to ensure that slavery and human trafficking is not taking place in its supply chains or in any part of its businesses.

dormakaba is fully aware of the importance of the Modern Slavery Act and highly appreciates this valuable approach to eradicate slavery and human trafficking from all areas of life. dormakaba also acknowledges its responsibility to respect human rights as outlined in the United Nations Guiding Principles on Business and Human Rights (UNGP). Further, the company is fully committed to uphold the principles of and adherence to its Group policies covering human rights, forced, compulsory or child labor, environmental responsibility and business ethics.

About dormakaba

dormakaba is one of the top three companies in the global market for access and security solutions. With strong brands in its portfolio, dormakaba is a single source for products, solutions, and services for smart and secure access to buildings and rooms. The company is present globally in over 130 countries by own activities and numerous partners.

dormakaba has divided the areas of business in which the company is globally active into five segments. Access Solutions (AS), which comprises four segments, is structured by region: AS AMER (North and South America), AS APAC (Asia-Pacific), AS DACH (Germany, Austria, and Switzerland) and AS EMEA (Europe, Middle East, and Africa). The other globally focused segment is Key & Wall Solutions with two business units, Key Systems and Movable Walls.

The four AS segments include all hardware- and software-based components, products, and solutions for access solutions as well as relevant services. The offering includes the global product clusters Door Hardware, Entrance Systems, Electronic Access & Data, Interior Glass Systems, Lodging Systems, Mechanical Key Systems, Safe Locks and Services, as well as local products. The portfolio ranges from door technology solutions, automatic door systems, a wide variety of fittings, door closers and stoppers, and locking systems – from cylinders, keys, and locks all the way up to fully networked and cloud-based electronic access solutions for companies, public facilities,

hotels, and many other applications. The range also includes physical access systems, high-security locks, glass fittings, solutions for workforce management, as well as services for all these applications.

The segment Key & Wall Solutions features a high-performance range of key blanks and mechanical, electronic and (semi)-industrial key-cutting and origination machines. In addition, the portfolio also covers automotive solutions such as vehicle keys, transponders as well as key programming devices and duplication equipment. The segment also specializes in partitioning systems with its two product groups Acoustic Movable Partitions (both vertical and horizontal) and Glass Horizontal Sliding Walls. Partitions are available from a manual application to fully automatic / electronic walls.

The most utilized raw material types include brass, zinc, aluminum, nickel silver, high-alloy special steels and glass. Indirect expenditures consist predominantly of capital goods and services. The global purchasing volume of dormakaba corresponds to approximately 53% of total sales. The supply chain consists of approximately 22,500 active suppliers, and the company's direct material spend for its top 100 suppliers is focused on Europe (49%), North America (27%), and Asia (22%). The process to approve suppliers is in accordance to DIN and ISO requirements, as are the supplier evaluation and assessment processes. Audits are performed on demand, for example, for new suppliers or covering quality issues.

Policies

I. dormakaba Code of Conduct

The company's core values and principles are defined in the dormakaba Code of Conduct, which contains rules and requirements specifically regarding human rights, forced, compulsory or child labor and compliance with all applicable law and legal regulations in the following sections:

- Section C1: Compliance with the law and internal regulations
- Section C2: Human Rights
- Section C3: Trust, respect and tolerance
- Section C12: Supplier code of conduct.

II. dormakaba Statement of Commitment on Human Rights

In line with the "Protect, Respect, Remedy" framework provided by the UN Guiding Principles on Business and Human Rights (UNGPs) and as outlined in the company's Statement of Commitment on Human Rights, dormakaba recognizes the important role the company has in respecting human rights. The company is guided by international human rights frameworks, which include but are not limited to the UNGPs, the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the Core Labor Conventions of the International Labor Organization (ILO) and the OECD Guidelines for Multinational Enterprises.

The dormakaba Statement of Commitment on Human Rights came into effect in August 2019 and specifies the company's commitment to support and respect human rights for all people, as outlined in the dormakaba Code of Conduct. The objective of the Statement of Commitment is to provide a common framework for the company's responsibility to respect human rights that is globally valid and underlies all its business activities and partnerships. It introduces a more effective and proactive management approach on human rights for the Group.

The Statement of Commitment clarifies:

- the relevant international human rights frameworks that the company subscribes to
- the company's salient human rights issues
- the company's human rights due diligence framework describing the appropriate policies and processes to implement its human rights commitment.

III. dormakaba Supplier Code of Conduct

dormakaba is committed to leverage its purchasing power to the benefit of those partners and suppliers which align most closely to its values and sustainability objectives. The company has already taken important steps in embedding sustainability in its supply chain, namely by setting expectations to its suppliers. The dormakaba Supplier Code of Conduct (SCoC) came into effect in the financial year 2016/17 and outlines minimal requirements with regards to human rights, fair working conditions, environmental responsibility and business ethics. The SCoC includes three main sections of specific bearing to the topic of forced or compulsory labor, namely human rights, fair labor conditions and stipulations on the suppliers' own procurement practices. The latter relates to the expectation that suppliers guarantee that their own suppliers adhere to the SCoC.

The dormakaba SCoC is integrated in the company's online bidding system. It is further included as part of new standard contracts. In addition, dormakaba has developed a user-friendly explanatory document of the SCoC which is used to raise awareness.

Supplier assessment

As an important step in assessing the sustainability performance of its suppliers, dormakaba has developed a Sustainability Self-Assessment Questionnaire, which addresses the most relevant compliance topics such as the UK Modern Slavery Act and anti-corruption as well as various reporting obligations under the Carbon Disclosure Project and the UN Global Compact. The survey covers nearly 40 questions related to human rights, labor conditions, environmental management systems, and anti-corruption, for example.

dormakaba has categorized its supply chain based on sustainability risk factors on a country-level, procurement spend, and material content of the goods purchased. Existing suppliers are invited to participate in the self-assessment based on this categorization. Of the suppliers who were asked to participate in financial year 2018/19, around 60% filled out the self-assessment survey. This represents 5% of procurement spend.

Furthermore, the company has developed a comprehensive self-assessment for all potential new suppliers as part of the supplier qualification process. This supports the comparison of qualified candidates and the onboarding decisions that have been made to date. This general self-assessment also includes sustainability elements, such as management practice related to occupational health and safety, social engagement and environmental management. The self-assessment questions related to sustainability will be regularly assessed and improved based on changes in our sustainability strategy and regulatory trends.

In the financial year 2018/19, dormakaba has selected a leading service provider for supplier assessment called EcoVadis to scale up the company's efforts to reduce risk and drive innovation for a sustainable procurement.

General risk assessment as part of materiality process

As part of the company's materiality process conducted in the financial year 2017/18, dormakaba focused its efforts on a study-based impact assessment of sustainability topics along its value chain. The aim was to focus efforts where dormakaba can have the most impact on sustainable development. The analysis included dormakaba data from procurement, sales, production and human resources. This was overlaid with over 50 risk indicators from social hotspot databases, the World Bank and the Organisation for Economic Co-operation and Development (OECD). The impact assessment showed that the potential impacts for the topic forced or compulsory labor are evaluated as below medium with a balanced impact distribution along the value chain. Geographically, the general risk is seen as high in China, India, Taiwan and Hong Kong. However, the industry exposure along the value chain is lower than the average risk.

Human rights due diligence & salient issues

In the financial year 2018/19, dormakaba started implementing a stepwise Human Rights Due Diligence (HRDD) project plan, focusing on stakeholder consultations, policy development ([dormakaba Statement of Commitment on Human Rights](#)), and human rights risk assessment including the identification of salient issues. The overarching goal was to develop a human rights due diligence framework in line with international standards.

Among the broader human rights issues identified, dormakaba commits to focus on the following salient human rights issues (in alphabetical order):

- Child labor
- Contributing to conflict
- Customer safety
- Environmental issues impacting human rights
- Migrant workers (forced labor)
- Outsourced services
- Occupational health & safety

Based on the human rights-related risks and impacts identified, dormakaba will develop prevention and mitigation measures integrated into company operations, training programs, policies and management systems. This will be achieved through the implementation of a human rights roadmap which was established in the financial year 2018/19 and approved by the Executive Committee in the context of the HRDD process development.

dormakaba is committed to building on this approach in the coming years in view of its responsibilities as a good corporate citizen.



Riet Cadonau,
Chairman and Chief Executive Officer, dormakaba Group

12 September 2019

The information in this Statement has been approved by the Board of Directors of dormakaba Group and relates to the 2018/19 financial year. The scope included in this Statement covers fully-consolidated operations worldwide, including those of direct and indirect subsidiaries.