

Classification: Public

dormakaba Modern Slavery Statement 2019/20

This statement is made pursuant to the Australian Modern Slavery Act 2018 and 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 above Modern Slavery Acts 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 makes access in life smart and secure. We are one of the leading companies in the global access solutions market. With our comprehensive portfolio and strong brands, the company offers our customers products, solutions and services for anything related to access to buildings and rooms from a single source. dormakaba has distribution channels and production facilities in all of the industries' key markets and is present globally in over 130 countries by own activities and numerous partners. dormakaba is a growth-oriented company with a strong pool shareholder group that will ensure our long-term strategy.

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 48% of total sales. The number of active suppliers for goods and services is approximately 26,500 focused in Europe (50%), North America (20%), and Asia (13%).

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.

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

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.

General risk assessment as part of materiality process

As part of the company's process for defining the material topics of its sustainability strategy until 2021, dormakaba focused on the results of a study-based impact assessment of sustainability topics along its value chain. The aim was to concentrate 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

In the financial year 2019/20 dormakaba shared the policy commitment to support and respect human rights publicly on the corporate website as well as on various local websites. Internally, the document was shared with all members of the Executive Committee and made available on the social intranet. Further, an eLearning video was also distributed to employees via the Intranet. The animated film takes the viewer through explanations of what saliency means and why the exemplary topics of occupational health and safety, customer safety and migrant workers issues were considered salient and prioritized for action by the company.

In the course of the development of the Statement of Commitment on Human Rights, dormakaba noted

that migrant workers are known to be a particularly vulnerable group to, for example, forced labor in today's value chains.

To gain a better understanding of migrant workers' risks and vulnerability at dormakaba, the company carried out a survey to examine where we employ migrant workers, what type of work they were doing, which countries they came from and whether recruitment agencies were used in the recruitment process. Results were then compared to a country-based migrant workers risk index provided by Verisk Maplecroft. Around 600 foreign workers were employed by dormakaba in 12 countries categorized as high or extreme risk for migrant workers by the index. In nine of these countries, migrants were employed for low-skilled jobs in production. This worker profile is considered more vulnerable to exploitation than office workers. The countries of origin of the foreign workers were also examined, excluding migration patterns from industrialized nations to emerging nations from the analysis. In only three countries – Malaysia, Russia and Taiwan – were third-party recruitment agencies used, which was another indicator of potential risk.

This data was supplemented by occupational health and safety indicators such as whether hazardous materials or production processes were used, as well as the types of potential human rights issues in the supply chain that are linked to the materials used in the manufacturing of the products by location. Based on the analysis, the geographical scope for an on-site Human Rights Impact Assessment was set for Malaysia and Singapore, which will be conducted in the financial year 2020/21 pending further developments of the Covid-19 pandemic.

Supplier assessment

The company applies a comprehensive self-assessment for all potential new suppliers as part of the supplier qualification process. This general self-assessment includes basic sustainability elements, such as management practice related to social benefits, formal employee suggestion programs, and environmental management systems.

In addition, dormakaba has categorized its supply chain based on sustainability risk factors on a country-level, procurement spend, and material content of the goods purchased. Based on this categorization, suppliers are invited to participate in an off-site assessment covering 21 sustainability criteria across four themes (environment, labor and human rights, ethics, sustainable procurement) conducted by a leading provider for monitoring sustainability in global supply chains called EcoVadis. In the financial year 2019/20, dormakaba was able to scale up efforts and increase the number of invited suppliers substantially, having invited 475 suppliers to join the assessment (versus 123 invited suppliers in the previous financial year).

To examine our suppliers' situation on-site, dormakaba also developed a standard audit questionnaire that contains topics related to quality system management. Among these, sustainability topics such as internal Code of Conducts, the dormakaba SCoC, and labor, health and safety and environmental standards are checked. Auditors are asked to check documentation on-site related to:

- Workers ages and identity records
- Receipt of wages
- Training and communication on internal Code of Conduct
- Signature of the dormakaba SCoC
- Hazardous materials storage and worker training on safe handling
- Injury rates
- Development of water, energy and waste metrics over recent years.

In the financial year 2019/20, dormakaba conducted on-site audits for 65 suppliers in China, Malaysia and India. Regarding sustainability criteria, the main gap identified was a lack of energy use reduction strategies rather than social responsibility topics such as eradication of forced labor.

dormakaba developed procedures and process flows for auditing rules and corrective action plans in terms of sustainability performance of suppliers, which have been approved by management in the financial year 2019/20. At its core is the integration of a sustainable development clause in contracts for new suppliers and for existing suppliers in the course of contract renewals. The sustainable development clause establishes and describes the suppliers' obligation to participate in off-site assessments and/or on-site audits, and to commit to and implement an improvement plan if performance is below defined benchmarks.

Training

To raise more awareness sustainability and human rights issues in the supply chain, including forced labor, two sustainability training modules were developed in the financial year 2019/20. One training module was to raise general sustainability awareness (sustainability context, sustainability at dormakaba, sustainability in procurement), and another module was specifically focused on the supplier sustainability assessments (sustainability procurement targets, risk categorization of suppliers, EcoVadis assessment process).

As at 30 June 2020, over 400 employees participated in the general sustainability training, including 65% of the procurement organization. In addition, 53% of the procurement organization took part in the supplier assessment module. Of those giving feedback, 48% felt the training was extremely useful in preparing to face any objections from suppliers who refuse to participate in the sustainability assessments.

Conclusion

In the financial year 2019/20, we have also strengthened our sustainability governance by developing and bringing into force a Sustainability Charter, which clearly outlines the responsibilities and contributions expected from all levels of the business. For example, accountabilities are now also attributed on Board of Directors' level, with the Chairman being mandated to monitor and evaluate the implementation of the sustainability strategy and the sustainability risks and opportunities.

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

03 September 2020

The information in this Statement has been approved by the Board of Directors of dormakaba Group and relates to the 2019/20 financial year. The scope included in this Statement covers fully consolidated operations worldwide, including those of direct and indirect subsidiaries.