

Classification: Public

dormakaba Modern Slavery and Child Labor Statement 2023/2024

This statement is made pursuant to the regulations on business and human rights that are being enacted in numerous countries, such as Switzerland, Canada, Australia, the Netherlands and the United Kingdom. The present document sets out the steps dormakaba has taken to ensure that modern slavery practices, and in particular child labor and forced labor are not taking place in its supply chains or in any part of its businesses.

dormakaba is fully aware of the importance of these regulatory developments and highly appreciates this valuable approach to eradicate forced, compulsory and child labor 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 (UNGPs). Further, as dormakaba's Statement of Commitment on Human Rights declares, the company is fully committed to upholding the UNGPs and adhering to its Group Directives covering human rights.

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A. Highlights financial year 2022/23

- 100% sites assessed on their adherence to responsible labor standards.
- +140 employees trained on human rights topics.
- 2 audits conducted in dormakaba's own operations.
- 4 audits conducted in high-risk suppliers.
- 6 Corrective Action Plans developed as a result of the audits.
- 100% recruitment fees reimbursed to workers in the Malaysia Plant.

B. About dormakaba

dormakaba Group (dormakaba) is one of the world's top three companies providing smart, secure and sustainable access solutions. Its comprehensive portfolio of strong brands offers customers a broad range of products, solutions, and services for secure access to premises, buildings, and rooms. With a clear portfolio segmentation dormakaba concentrates on global core businesses such as Access Automation Solutions (door operators, sliding doors and revolving doors), Access Control Solutions (connected devices and engineered solutions), Access Hardware Solutions (door closers, exit devices and mechanical, key systems) and Services. The company is also a market leader for Key Systems (key blanks, key cutting machines, and automotive solutions such as transponder keys and programmers), as well as Movable Walls including acoustic movable partitions and horizontal and vertical partitioning systems.

dormakaba has a long tradition of innovation and engineering expertise. It strives to be an innovation leader that anticipates and fulfills customer needs through continuous technological advancement, creating state-of-the-art solutions that add value for customers and end users alike. dormakaba is active in around 130 countries and is present in all relevant markets through production sites, distribution and service offices, and collaboration with local partners.

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. Global procurement volumes with external vendors, excluding inventory, correspond to approximately 39% of total sales, making the company's procurement strategy highly relevant to achieving our financial and sustainability targets. The number of active suppliers for goods and services is approximately 16,500, with spend focused on Europe (49%), North America (27.7%), and Asia (19.2%). In the financial year 2022/23, dormakaba continued its efforts consolidate and reduce the supplier base in order to leverage synergies, build strong supplier relationships and support better due diligence processes.

C. Human rights due diligence

The UNGPs is the framework that underpins dormakaba's Human Rights Due Diligence Strategy. Force and compulsory labor as well as child labor have been found to be salient issues for the company.

C.1 Policies

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, as well as compliance with all applicable law and legal regulations. The Code is structured 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

dormakaba Statement of Commitment on Human Rights

In line with the "Protect, Respect, Remedy" framework provided by the UNGPs, dormakaba recognizes its role in supporting and respecting the human rights of all people, as expressly stated in the dormakaba Code of Conduct. The Statement of Commitment introduces a proactive approach to human rights risk management for the Group that underpins all dormakaba's business activities and partnerships.

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 strategy describing the appropriate policies and processes to implement its human rights commitment.

Furthermore, the Statement pledges adherence to prominent international human rights frameworks, such as 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 Conventions of the International Labor Organization (ILO) and the OECD Guidelines for Multinational Enterprises.

The Statement was one of the major outcomes of the Human Rights Saliency Assessment undertaken by dormakaba in 2019, and it encompasses the perspectives of more than 20 internal and external stakeholders and experts that were consulted prior to its drafting. Among the broader human rights issues identified, dormakaba commits to focusing 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

The commitments are applicable to the entirety of the Group. Should there be conflicts to local standards, the stricter rule applies.

dormakaba Supplier Code of Conduct

dormakaba is committed to leveraging its purchasing power to the benefit of those partners and suppliers which align most closely to its values and sustainability goals. The dormakaba Supplier Code of Conduct (SCoC) sets out the requirements with regards to human rights, fair working conditions, environmental responsibility and business ethics that suppliers and business partners shall uphold if they wish to do business with dormakaba or any of its controlled entities. In addition, the SCoC includes a *pass-on-clause* that requires suppliers to cascade dormakaba's requirements down their own supply chains.

The SCoC is integrated in the online supplier onboarding and bidding systems, and it is part of the new standard contracts. dormakaba created a user-friendly, explanatory document to facilitate the communication of the contents of the Code to its supplier base.

Group Directive Sustainable Procurement (*internal*)

In the financial year 2022/23, dormakaba adopted the Sustainable Procurement Directive. The Directive formalizes the processes and systems that dormakaba has long been setting for ensuring the sustainable management of its supply chain. Prominent examples are the supplier preference system, the sustainability contractual agreements, the sustainable purchasing factors, and the escalation process for cases of non-participation or non-compliance. The Directive aligns dormakaba's internal purchasing practices with its external human rights commitments. In doing so, it prioritizes and provides commercial incentives for those suppliers that demonstrate a commitment to social responsibility and human rights due diligence.

Group Directive Responsible Labor (*internal*)

dormakaba recognizes that responsible employment and recruitment are critical to the protection of workers and their human rights. Apart from laying out obligations and procedures in areas like freely chosen employment, working hours, wages and benefits, or humane treatment, the Responsible Labor Directive imposes an absolute prohibition on the employment of persons below the age of 15, prescribes a rigorous set of protective measures for young workers and working students, and sets out a comprehensive remediation process for child labor victims.

Group Directive Zero Recruitment Fees (*internal*)

The Zero Recruitment Fees Directive states that no worker shall be required to pay fees for their recruitment or employment by dormakaba, or any labor agent, sub-agent, or intermediary acting on behalf of dormakaba. The document also contains tailored prescriptions for internal and foreign migrant workers. It specifies the fees that migrant

workers can never be requested to pay (e.g., transportation fees), as well as their rights to be informed of the working conditions and to receive their employment contract before departing their home country. By means of this set of rules, dormakaba aims to mitigate the risks of forced labor that often result from the payment of employment fees, in particular in the case of migrant workers.

Thanks to its commitments, dormakaba sets out clear standards to be followed by its business partners while driving internal alignment and accountability. The first three above-named documents are accessible on dormakaba's website in different languages.

C.2 Impact assessment

General impact assessment

As part of the company's process for defining the material topics of its sustainability strategy, 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 could have the greatest impact on sustainable development. The analysis included data from procurement, sales, production and human resources. The data was then overlaid with over 50 risk indicators from social hotspot databases, the World Bank and the Organization for Economic Co-operation and Development (OECD). The impact assessment unveiled that dormakaba has high impact potential on human rights across the value chain. Moreover, forced, compulsory labor and child labor are evaluated as high in the steps "own operations," "raw materials," and "sourced goods."

Geographically, the general risk is seen as high in China, India, and Taiwan. However, the industry exposure along the value chain is lower than the average risk.

Child labor impact assessment

During the saliency assessment process, dormakaba mapped the risks of child labor present in its value chain, taking into consideration own operations, supply chain, distribution, products, clients, end users, and end of life. The resulting data showed that the risk of child labor is mainly circumscribed to the process of extraction of certain raw materials contained in some of dormakaba products. Despite the risks being in areas of the value chain far removed from daily business operations, dormakaba has developed tailored due diligence actions and specific projects to better manage the child labor risks identified (see section on cobalt traceability in page 9).

Apart from acting upon the findings of the saliency assessment, dormakaba strives to continuously identify and assess any actual or potential risk of child labor that may exist in other areas of the value chain. Examples of dormakaba's efforts are the inclusion of child labor in the Human Rights Risk Management System, the close collaboration with industry experts such as EcoVadis, ELEVATE and the Responsible Business Alliance, and the inclusion of child labor risk assessments in regular and particular operating processes – such as internal audit and Mergers & Acquisitions.

C.3 Responsibility and resources allocation

The dormakaba Sustainability Charter identifies the staff involved in the decision-making processes related to human rights due diligence. On top of counting with a highly specialized sustainability team, dormakaba is progressively building up the capacities of other relevant functions – such as HR, Procurement and Internal Audit – for them to be adequately equipped to play a central role in realizing the company's Human Rights Roadmap.

Corporate Sustainability holds regular meetings where functions and stakeholders linked to human rights due diligence share their advancements and challenges. Also, the Group Sustainability Officer debriefs the Executive Committee and the Board of Directors about the advancements in the implementation of the Human Rights Due Diligence Strategy on a regular basis. Thanks to these regular interactions, the different stakeholders and levels of management are engaged and aligned with the human rights goals. Whenever tensions arise between the human rights strategy and other policies or business imperatives, dormakaba remains faithful to its commitments and finds solutions that can accommodate the needs of the business and those of human rights due diligence.

Regarding resource allocation, dormakaba assigns adequate resources to identifying and managing human rights risks. Prominent examples are the recent creation of specialized job functions – particularly that of a human rights specialist and regional supplier sustainability specialists and allocating budget for conducting social audits in the company's operations and high-risk suppliers as well as membership fees for multistakeholder, international sustainability organizations.

C.4 Prevention and mitigation

I. Own operations:

To prevent and mitigate modern slavery risks and impacts, dormakaba has set up a system of controls and assessments that range from thorough identity checks during the hiring process, to access systems that require personal identification, self-assessment-questionnaires, on-site external and internal audits, and capacity building exercises. dormakaba has also established strict requirements and processes to ensure that young workers and/or students are kept away from any hazardous tasks and their rights to education and development are respected.

With a view to tackling the root causes of modern slavery and preventing the situations of precarity that force people to stay in a job against their will or send their children to work, dormakaba refrains from offering excessively low wages ("wage dumping"). Moreover, dormakaba is a Living Wage Employer in some sites and strives to meet this standard worldwide.

II. Supply chain:

To increase its leverage in the commercial relationship, dormakaba strives to foster long-lasting, trust-based relations with most of its supplier base, providing incentives for those commercial partners that collaborate and behave responsibly. In cases where the supplier

refuses to participate in the assessment or implement the mandated corrective actions, dormakaba adheres to a governance system comprised of different steps which range from active communication to supplier off-boarding.

- **Pre-onboarding phase:**

Prior to entering a business relationship, dormakaba requires the supplier to sign the

SCoC and, therefore, to uphold dormakaba's human rights standards in its own operations and supply chain (refer to policies section to know more about the Code).

- **In-house risk assessment:**

On a regular basis, dormakaba performs a risk assessment of the entirety of its supplier base to identify those suppliers that pose high risks to the environment or human rights, the so-called "target group." The assessment is based on the criteria of country, material code and annual spend.

- **Off-site risk assessment:**

In turn, suppliers included in the target group will be invited to participate in an off-site sustainability assessment covering 21 sustainability criteria across four themes – *environment, labor and human rights, ethics, and sustainable procurement*. The off-site assessment is conducted by EcoVadis, a leading provider of sustainable supply chain management services.

In the financial year 2022/23, dormakaba invited over **500 high-risk suppliers** from its Tier 1 group to participate in the EcoVadis assessment. 31% of the suppliers invited underwent the assessment. As of 30 June 2023, 56% of the assessed suppliers had landed in the score-band of "good" or above. 35% were considered to have only a partial performance, with scores lower than 45. The remaining 9% were considered to have insufficient performance.

Since the beginning of its collaboration with EcoVadis, 23.7% of dormakaba's high-risk suppliers have been assessed. 270 high priority corrective actions were requested and 49% of these were closed. Regarding governance measures in cases of non-compliance, 12 business relationships were terminated, and five suppliers were blocked from new business.

42% of the suppliers assessed in previous years have already undergone a follow-up reassessment. 60% of the reassessed suppliers have improved their score, with an overall improvement of 3.4 score points.

- **On-site risk assessment:**

To examine its suppliers' sustainability performance on-site, dormakaba developed a standard audit questionnaire that contains topics related to quality system management. The questionnaire addresses sustainability topics such the adherence to labor, health and safety, and environmental standards. Moreover, on-site auditors are asked to check documentation related to:

- Workers' age and identity records

- Reception of wages
- Training and communication on internal Code of Conduct
- Signature of the dormakaba SCoC
- Training for workers on safe handling and storage of hazardous materials
- Injury rates
- Development of water, energy, and waste metrics over recent years.

In the financial year 2022/23, dormakaba's quality team conducted on-site audits for 18 suppliers in China. There were no findings of non-conformance regarding social indicators.

dormakaba has also conducted on-site, third-party audits exclusively focused on Sustainability in 4 suppliers in China. Three of the auditees were small subcontractors that posed risks to labor standards and human rights. The fourth one was a long-standing Chinese supplier that walked down the sustainability escalation process. The audits were undertaken by ELEVATE; a firm specialized in sustainability auditing. The auditees' performance in Labor, Health & Safety, Environment, Business Ethics, and Management Systems was assessed against the ERSA and CIA standards. The Audit Reports revealed major non-conformances in the areas of health and safety, as well as labor standards. For that reason, dormakaba engaged ELEVATE to conduct root cause analyses and set Corrective Action Plans tailored to each supplier. Next year, dormakaba will schedule closure audits to assess the level of implementation of the corrective actions and adopt governance measures accordingly.

- **Cobalt traceability:**

The extraction and processing of cobalt is often linked to human rights violations, including child labor. As a responsible company that procures electronic components, dormakaba has set a target to ensure supply chain traceability for minerals having high risk of child labor until 2027.

To meet this target, dormakaba leverages collective action. The company is an active member of multistakeholder organizations like the United Nations Global Compact, and the Responsible Minerals Initiative; while it regularly collaborates with several others, such as the ILO Child Labor Platform. Indeed, dormakaba is often invited to share experiences and best practice in multistakeholder discussions, such as the webinar series on Child Labor Due Diligence, organized by SECO International Labor Affairs (Swiss State Secretariat for Economic Affairs) and the UN Global Compact (Swiss network).

Furthermore, dormakaba has recently published an in-depth study of the cobalt supply chains to raise awareness among industry peers and society in general about the complexities present in the process of extraction, handling and transportation of cobalt and its linkages to child labor. The study, undertaken by the University of St. Gallen, includes the contribution of various sustainability and supply chain professionals, who shared those practices they believed have the potential to improve labor standards and prevent human rights violations in cobalt supply chains.

Lastly, during the financial year 2022/23, dormakaba continued the Cobalt Dialogues project, where key suppliers openly discussed the challenges present in the joint supply chains. The goal of the dialogues is to galvanize support among supply chain partners to try and increase the pressure in the chocking points of the supply chain. After communicating the main findings of the first phase to all participant suppliers, dormakaba is revisiting the project to try and involve more suppliers in the financial year 2023/24.

C.5 Access to remedy

As stated in the company's Code of Conduct, dormakaba is committed to providing rightsholders with access to remedy. The child labor remediation process detailed in the Group Directive Responsible Labor constitutes a prominent example. The process determines that any child found working on dormakaba premises shall have access to medical checks, financial support for the completion of compulsory schooling, and the maintenance of its income until they become eligible to work. Where legally and practically possible, the child shall be transferred to a workplace learning program. Following the [ILO-IOE Guide for Business](#), dormakaba strives to ensure the best interest of the child by replacing the lost family income and accompanying the child through the recovery process.

Labor agents and subcontractors are also required to adopt the above remediation process. With respect to the rest of the supplier base, dormakaba expects all its suppliers to ensure the adequate remediation of any child laborer found in their own operations or supply chain.

Another example of remediation efforts at dormakaba is the reimbursement process contained in the Group Directive Zero Recruitment Fees, which responds to the risks related to migrant workers identified during the Human Rights Saliency Assessment. Indeed, migrant workers are known to be a particularly vulnerable group in today's value chains. They often face unequal treatment, discrimination, and abusive and fraudulent recruitment processes such as the deception about the nature of the job, retention of passports, illegal wage deductions, or unethical business practices by recruitment agencies, which sometimes charge high recruitment fees and related costs set up as loans they must pay back. Until workers can pay their debt, they are *de facto* trapped in debt bondage, a form of forced labor.

The commitment to remediation has not only been translated into practical processes, but also applied to real-life situations. At the end of the financial year 2021/22, dormakaba found that migrant workers in its Malaysia Plant had indeed paid recruitment fees to the labor agents during the recruitment process, which increased the risk of bonded labor. As a result, during the financial year 2022/23, local management conducted individual interviews with all migrant workers to determine the amounts they had paid in the form of fees. Furthermore, the facility managers reviewed the contracts with the labor agents to ensure that no more workers will be charged restricted recruitment fees in the future.

Presently, dormakaba has reimbursed the full amounts paid by the migrant workers, and

the Malaysian facility strives to only resort to labor agents that have been approved by the Responsible Labor Initiative. In those cases where it is not possible to work with an RLI-approved labor agent, local management ensures that the prospective labor agent signs the Terms and Conditions for Labor Agents and Contractors. The latter is a contractual clause that imposes a zero-recruitment-fees-policy and an express obligation to ensure specific labor standards and due diligence measures already during the pre-departure phase.

C.6 Tracking of performance

I. Own operations

dormakaba's corporate sustainability team receives the external audit results, and tracks progress on corrective actions while also fostering a continuous dialogue with the staff at audited sites and communicating on performance throughout the company. Furthermore, following the requirements of the German Supply Chain Due Diligence Act, dormakaba is in the process of establishing a Group-wide Human Rights Risk Management System, which will consolidate and standardize the monitoring processes and the tracking of performance of the measures to prevent and mitigate risks of forced labor and child labor.

II. Supply chain

For suppliers participating in the EcoVadis assessment, reporting and statistics including key strengths and areas of improvement as well as corrective action status, are visible in the EcoVadis platform and tracked by members of the Expert Group Supplier Sustainable Development. For supplier on-site audits, dormakaba receives the audit reports, the root cause analyses and the corrective action plans.

C.7 Training

dormakaba strives to build the capacity of the functions and the organization in general to identify and manage human rights risks and violations. During the financial year 2022/23, workshops with over 50 mid- and senior-level HR managers were held to raise awareness of the requirements in the Group Directives on Responsible Labor and Zero Recruitment Fees.

Additionally, 107 procurement employees who are working together with suppliers, participated in training programs that related to our supply chain-related targets and which emphasized the importance of their role in facilitating supplier assessments.

C.8 Communication of performance

dormakaba transparently communicates its performance on human rights due diligence and its efforts to eradicate forced labor, child labor, and other forms of modern slavery from its value chain in its annual Sustainability Report and in this Statement.

C.9 Engagement with stakeholders

In the development and implementation of its human rights due diligence program, dormakaba continuously engages with representatives from different functions at local level, external experts and civil society organizations. The general public may also address feedback or questions directly to sustainability@dormakaba.com

C.10 Grievance mechanism

dormakaba's whistleblowing tool is at the disposal of any internal or external stakeholder and accessible in nine languages. This global grievance mechanism is legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and dialogue-based. Furthermore, the tool has recently been updated to create a specific category for human rights violations. In the financial year 2022/23, only two reported cases were related to human rights. Investigations are ongoing for one and for the other, the case was resolved and appropriate action taken.

D. Approval

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



Jim-Heng Lee,
Chief Executive Officer, dormakaba

18 August 2023

The information in this Statement has been approved by the Board of Directors of dormakaba Group and relates to the 2022/23 financial year. The scope included in this Statement covers fully-consolidated operations worldwide, including those of direct and indirect subsidiaries.