

Rümlang/Switzerland, 07 November 2022

## UN Global Compact – Communication on Progress (COP) Financial Year 2021/22

This Communication on Progress (COP) is the seventh such report for dormakaba, having reported since the financial year 2015/16. The former Kaba Group joined as a participant in the UN Global Compact in 2013.

### CEO Statement

To our Stakeholders:

It has been a year since we launched our new corporate strategy, Shape4Growth, and since then we have been passionately working towards our vision to become “the trusted partner worldwide for safe, secure, and *sustainable* places where people can move seamlessly”. We keep emphasizing that sustainability is core to our future, to the building industry and thus to our business model.

In alignment with our efforts in sustainable development, we are pleased to reconfirm our commitment and support of the Ten Principles of the United Nations Global Compact. In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We continued our contribution to fight climate change and got closer to achieving our science-based emissions targets. For example, in the financial year 2021/22, we achieved a 2.4% year-on-year reduction in Scope 1+2 carbon emissions and increased the on-site generated electricity by 10%. Furthermore, we started a Value Discovery Audit process in partnership with Siemens at ten of our largest manufacturing sites, to discover energy efficiency and carbon saving potentials, and to maximize energy and CO<sub>2</sub> savings by implementing the right strategies and measures for the unique site. The result of the audit is a potential reduction of over 4,000 tCO<sub>2</sub>.

In terms of our goal to assess all high-risk suppliers for their sustainability management by a third party until 2027, we improved from 10% (in financial year 2020/21) to 18.7%. Furthermore, we have slightly improved the female representation at management level to 20% (vs. 19% in the financial year 2020/21). As part of our commitment to promoting gender equality in the workplace, we signed the United Nations Women’s Empowerment Principles (WEPs), and have launched various projects in this topic.

We will continue to actively report on our sustainability progress, through for example an annual Sustainability Report aligned to the Global Reporting Initiative Standards and through this Communication on Progress. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,



Jim-Heng Lee,  
Chief Executive Officer, dormakaba

Human Rights Principles		
Principles	Disclosures	Source
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights</p>	<ul style="list-style-type: none"> <li>dormakaba acknowledges our responsibility to respect human rights as outlined in the UN Guiding Principles on Business and Human Rights (UNGPs) as well as in the Australian Modern Slavery Act 2018 and the UK Modern Slavery Act 2015. Acting in alignment with the local laws and regulations remains the unquestioned basis of dormakaba's day-to-day business.</li> <li>The dormakaba Code of Conduct (CoC) contains standards and rules on human rights, bribery and corruption, equal employment opportunities, workplace harassment, conflicts of interest, antitrust and competition law and procedures for reporting misconduct.</li> <li>dormakaba has also set forward our Supplier Code of Conduct (SCoC) which includes three main sections of specific bearing, namely human rights, fair labor conditions and the suppliers' own procurement practices. The dormakaba SCoC is integrated in the company's online bidding system. It is further included as part of new standard contracts.</li> <li>Our human rights commitment was published in the form of the <a href="#">dormakaba Statement of Commitment on Human Rights</a>. It was elaborated based on a gap assessment, stakeholder consultations and the salient issues identified. As part of our Human Rights Roadmap, dormakaba sought to better understand migrant workers' risks and vulnerability by carrying out social audits in the financial year 2020/21 in our operations in Malaysia and Singapore.</li> <li>To achieve this, we leveraged our membership to the Responsible Labor Initiative to work with local auditors to assess our operations based on the Responsible Business Alliance Code of Conduct. The audits revealed, for example, that migrant workers under employment had paid recruitment fees. However, under the Employer Pays Principle, the costs of recruitment should be borne not by the worker but by the employer. We have therefore committed to reimbursing all recruitment fees within the timeline defined by the Responsible Labor Initiative. This was supplemented by a specific Zero Recruitment Fees Directive as a preventative measure.</li> </ul>	<p>→ <a href="#">Modern Slavery Statement 2021/22</a></p> <p>→ <a href="#">Code of Conduct</a></p> <p>→ <a href="#">Supplier Code of Conduct</a></p> <p>→ <a href="#">SR 2021/22 Human Rights</a></p>

<p>Principle 2: make sure that they are not complicit in human rights abuses</p>	<ul style="list-style-type: none"> <li>• Senior managers and the general managers of local companies are responsible for implementation and enforcement of the Code of Conduct (CoC) and are trained in dealing with the CoC. The Compliance Officer within the Legal Department monitors these processes and, alongside line managers, is one of the defined contacts for reporting infringements of the CoC.</li> <li>• In the financial year 2021/22, we continued to make significant progress in our supplier sustainability engagement strategy, which includes human rights criteria in four key areas:             <ul style="list-style-type: none"> <li>○ To scale up supplier off-site assessments in collaboration with EcoVadis, we initiated virtual supplier onboarding meetings and assessed 18.7% of our high-risk suppliers by the end of the financial year 2021/22.</li> <li>○ We have procedures in place in case of non-participation or non-compliance. During the financial year 2021/22, improvement plans for 234 suppliers were requested, furthermore, six business relationships were terminated, and two suppliers were blocked from new business.</li> <li>○ We continuously offer trainings for procurement employees on sustainability and the processes related to off-site assessments. 34 colleagues were trained and 18 attended the virtual supplier onboarding meetings in the financial year 2021/22.</li> <li>○ We developed a Sustainable Procurement Directive, that will come into force in the financial year 2022/23.</li> </ul> </li> <li>• In the area of Human Rights Due Diligence and in addition to the activities reported under Principle 1, in the financial year 2021/22             <ul style="list-style-type: none"> <li>○ dormakaba started the enforcement of the Responsible Labor Directive and the Zero Recruitment Fees Directive.</li> <li>○ We continued to work together with the Responsible Minerals Initiative (RMI). Using their Conflict Minerals Reporting Template, we launched a US-wide campaign with more than 1,200 suppliers to provide relevant information to our customers and around 60% of them submitted Conflict Mineral Statements.</li> <li>○ We continued cobalt traceability dialogues with key suppliers on human rights and environmental risks in joint upstream value chains and discussed opportunities for collaboration.</li> </ul> </li> </ul>	<p>→ <a href="#">Code of Conduct</a></p> <p>→ <a href="#">SR 2021/22 Supplier Sustainable Development</a></p> <p>→ <a href="#">SR 2021/22 Human Rights</a></p>
<p>Labor Principles</p>		
<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p>	<ul style="list-style-type: none"> <li>• dormakaba respects the rights of all our employees in respect of freedom of association and collective bargaining. Collective bargaining agreements are managed in accordance with the respective local regulations and differ within the various dormakaba units. Approximately 45% of the employees in the scope of the sustainability reporting 2021/22 were unionized or covered by collective bargaining agreements.</li> <li>• Clauses regarding freedom of association are formalized in the Responsible Labor Directive. These include ensuring that workers can exercise their rights to organize in a climate free of violence, pressure, fear or threats and that workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.</li> </ul>	<p>→ <a href="#">SR 2021/22 ESG Performance Table</a></p>
<p>Principle 4: the elimination of all forms of forced and compulsory labor</p> <p>Principle 5: the effective abolition of child labor</p>	<ul style="list-style-type: none"> <li>• dormakaba's values and our Codes of Conduct condemn all forms of forced and compulsory labor as well as child labor. The full dormakaba Modern Slavery Statement 2021/22 is available on our website.</li> <li>• Our Responsible Labor Directive prohibits all forms of non-voluntary work, including forced, compulsory, bonded (including debt bondage) or indentured labor; involuntary or exploitative prison labor; slavery or trafficking of persons.</li> <li>• Regarding the minimum employment age, we follow the principles of the UN Global Compact and the conventions of the International Labor Organization (ILO).</li> <li>• The topics of forced or compulsory labor and child labor are also included in the dormakaba supplier sustainability engagement program and have been identified as salient issues in the company's human rights due diligence process. The potential impact on these issues exists primarily in the upstream value chain and not in dormakaba operations. These topics are therefore included in the frame of the company's human rights roadmap with planned activities to increase value chain transparency, such as our cobalt traceability efforts.</li> </ul>	<p>→ <a href="#">Modern Slavery Statement 2021/22</a></p> <p>→ <a href="#">Code of Conduct</a></p> <p>→ <a href="#">Supplier Code of Conduct</a></p>

<p>Principle 6: the elimination of discrimination in respect of employment and occupation</p>	<ul style="list-style-type: none"> <li>dormakaba is committed to fostering a diverse and inclusive workforce that reflects the varied markets in which it operates. The Group-wide Code of Conduct (CoC) defines the principles of collaboration, which are binding for all employees. This includes the declared aim of dormakaba to avoid discrimination for reasons of age, gender, race or color of skin, nationality, social or ethnic origin, language, sexual orientation, marital status, religion, state of health or disability or any other legally protected status under local law.</li> <li>All potential complaints can be addressed with the supervisor, the supervisor's manager, a member of the Executive Committee, Segment HR, Group HR or the Compliance Officer, who investigate them promptly and discreetly. Employees will not suffer adverse consequences as a result of reporting in good faith any act of discrimination or harassment.</li> <li>Compliance to various regulations such as the obligatory gender pay reporting in Australia, Switzerland and the UK, and the US Employer Information Report to the Equal Employment Opportunity Commission is ensured at a local level.</li> <li>On a global level, the Group Directive Compensation, approved by the Compensation Committee of the Board of Directors, establishes fair compensation; determination is based on the job function and relevant local market benchmarks. It is not influenced by personal attributes such as age, nationality or gender. The global grading system ensures that functions are evaluated in a consistent manner across the organization.</li> <li>Examples of activities fostering diversity and equal opportunity in the financial year 2021/22 included, among others:             <ul style="list-style-type: none"> <li>We acquired the Real Living Wage certification for our UK entity. This commitment covers 594 headcounts and 86 contractors.</li> <li>dormakaba became a signatory to the UN Women's Empowerment Principles (WEPs), which strengthens our commitment to contributing to the UN Sustainable Development Goals and to empowering our employees, so that they can unlock their full potential, regardless of their gender.</li> <li>In the UK, we have launched a pilot for attaining an EDGE gender equality certification.</li> <li>Female employees across the globe took part in events to grow and develop themselves, for example in the Female Leaders Network in the Region Europe &amp; Africa, or in the Project T.E.L.A. (Talenti rosa, Empowerment e Lavoro Agile - in English: Female Talents, Empowerment, and Smart Working) in Italy.</li> <li>We established the Women's Network for the Region Americas and a network of global Diversity &amp; Inclusion Experts who are responsible to implement initiatives that further improve the inclusiveness of our culture.</li> <li>We launched a LinkedIn campaign for Diversity Month, spotlighting dormakaba employees from all over the globe and their take on diversity at dormakaba.</li> <li>In France, local HR started discussions with employees on the topic of disability in the workplace, and they also partnered with a specialized consultancy to analyze current practices and to learn about possible solutions.</li> </ul> </li> </ul>	<p>→ <a href="#">Code of Conduct</a></p> <p>→ <a href="#">SR 2021/22</a> Fair Employment</p> <p>→ <a href="#">SR 2021/22</a> Diversity &amp; Inclusion</p>
<p><b>Environmental Principles</b></p>		
<p>Principle 7: Businesses should support a precautionary approach to environmental challenges</p>	<ul style="list-style-type: none"> <li>The Group-wide Environment Directive regulates minimal business standards as regards the environment for product development and manufacturing and/or service processes at local level, including pollution prevention, resource efficiency, hazardous substances, solid waste, air emissions, materials restrictions, water management, energy consumption, greenhouse gases, product circularity and eco-design.</li> <li>We use the latest scientific knowledge to guide a sound management approach, and our emission reduction targets have been validated by the Science Based Targets initiative (SBTi).</li> <li>The potentially greatest environmental risks lie in the processes used for electroplating and surface finishing, painting, melting as well as zinc and aluminum die casting. These processes are used at 49 of the 100 locations covered in the SR 2021/22.</li> <li>dormakaba is committed to incorporating the latest product life-cycle approaches and environmental technologies to continuously advance our product development and improve our own as well as our customers' sustainability performance.</li> </ul>	<p>→ <a href="#">Directive Environment</a></p> <p>→ <a href="#">SR 2021/22</a> Energy and Emissions</p> <p>→ <a href="#">SR 2021/22</a> Circular Economy &amp; Materials</p>

	<ul style="list-style-type: none"> <li>• Certifications are required for some sites based on a priority listing depending on size, resource consumption and environmental risks. Today, 56% of manufacturing sites already benefit from environmental standards set forth by ISO 14001 (or similar) certification. As of 30 June 2022, 67% of our plants, local assembly centers, and regional logistic centers have established energy management systems (vs. 21% in the previous financial year).</li> </ul>	
<p>Principle 8: undertake initiatives to promote greater environmental responsibility</p>	<ul style="list-style-type: none"> <li>• Electricity and fuel usage play a crucial role in dormakaba's operations due to the processes involved. Many of the components used in our end-products are manufactured in-house, in addition to further processing of bought-in parts. Some of the commodities such as nickel silver are also produced on site, which adds to energy demand. The total energy consumption was over 254,000 MWh in the financial year 2021/22. Electricity and fuels for heating or manufacturing both play a crucial role in production processes, constituting around 76% of total energy consumption. The remainder is associated with the fuel consumption of our vehicle fleet.</li> <li>• In the financial year 2021/22, our scope 1+2 greenhouse gas emissions (GHG) amounted to about 68,600 tCO<sub>2</sub>e. 55% were emitted as a consequence of electricity consumption, followed by heating and vehicle fuel consumption (44%), and volatile as well as process gas emissions (1%). As part of our commitment to the Science Based Targets initiative, we carried out a screening and carbon inventory development of Scope 3 emissions in the financial year 2019/20. The screening showed that the largest sources of Scope 3 emissions stem from purchased goods and services (75%) and the use phase of sold products (11%). For the financial year 2021/22, value chain emissions for the use phase of products totaled 263,700 tCO<sub>2</sub>e and for purchased goods and services 868,300 tCO<sub>2</sub>e.</li> <li>• Climate-related initiatives implemented during the reporting year resulted in total annual savings of approximately 17,400 tCO<sub>2</sub>e (over 25% of our Scope 1+2 emissions). Therein, we worked diligently to source renewable electricity wherever feasible, leading to an emissions avoidance of approximately 17,000 tCO<sub>2</sub>e. 46.4% of the electricity that dormakaba consumed came from renewable sources.</li> <li>• In the financial year 2021/22, energy saving initiatives were being implemented at various sites in the reporting coverage. This work included retrofitting facilities to feature LED lighting and monitoring systems; upgrading equipment such as air compressors, air heaters and air dryers; and the optimization of heating and cooling systems.</li> <li>• Part of our commitment towards a 1.5°C future is to reduce our operational emissions by 42% by 2030 (baseline 74,770 tCO<sub>2</sub>e in FY 2019/20). To reach this goal, we started a Value Discovery Audit process in partnership with Siemens at 10 of our largest manufacturing sites (Taishan (China), Chiayi (Taiwan), Rocky Mount (USA), Dyersville (USA), Indianapolis (USA), Montreal (Canada), Quebec (Canada), Melaka (Malaysia), Singapore, and Suzhou (China)). The audit resulted in a discovered potential reduction of over 4,000 tCO<sub>2</sub>. To reach our 42% reduction target, further initiatives are planned to fill the gap, including the electrification of the fleet, and green electricity projects.</li> <li>• We respect the universal human right to safe and clean drinking water and sanitation. Most of the water consumed by dormakaba's operations is drawn from municipal water supplies and is primarily used for cooling, manufacturing processes (e.g. electroplating) and sanitation. Wastewater is discharged in compliance with the local requirements and is treated by specialized third party companies where necessary. In the financial year 2021/22 we implemented a water treatment plant at our site in Villa El Salvador (Peru) that collects and cleans water from the production process. The plant recovers 50% of the water, with projected savings of 1,472 m<sup>3</sup> water (during the period April 2022 - April 2023).</li> <li>• An inherent aspect of dormakaba's production processes is the generation of different wastes. For each waste type, a specific treatment method is applied. Approximately 73% of the waste stream is recycled, reused or recovered (including raw materials and energy recovery).</li> <li>• In the 2021/22 financial year, dormakaba was not subject to incidents of non-compliance with environmental laws and regulations.</li> </ul>	<p>→ <a href="#">SR 2021/22</a> Energy and Emissions</p> <p>→ <a href="#">SR 2021/22</a> Human Rights</p> <p>→ <a href="#">SR 2021/22</a> Circular Economy &amp; Materials</p>

<p>Principle 9: encourage the development and diffusion of environmentally friendly technologies</p>	<ul style="list-style-type: none"> <li>dormakaba proactively strives to mitigate environmental impacts of our products, solutions and services. Quantified disclosures of a product's environmental impacts through our entire lifecycle are described according to international standards in the form of Environmental Product Declarations (EPD), which we can develop with our Life Cycle Assessment Tool. EPDs can help our customers to achieve green building certifications, such as DGNB, BNB, LEED, and BREEAM, that rate the sustainability of an entire building. dormakaba offers various health-related product declarations as well, which transparently account for the materials found in our products. These are in the form of HPDs or Building Product Declarations (BPDs), depending on local market requirements. We can provide our customers with about 200 sustainability-related product declarations/certifications, including Cradle to Cradle and for recycled content (as of June 30, 2022).</li> <li>Our digital Product CO<sub>2</sub> Inventory Tool provides information on the carbon emissions of energy-consuming products during their use phase. This supports product development and optimization activities to create more energy-efficient products. The Product CO<sub>2</sub> Inventory Tool includes the footprint of around 350 products that consume energy after installation, including those that are battery-operated or connected to the electricity grid (as of June 30, 2022).</li> <li>A circular economy provides solutions for some of the key global challenges by eliminating waste and pollution and circulating products and materials. With the aim to have all new product developments and optimizations covered by our circularity approach by 2023, we have started the development of the EcoDesign, Design for Repair, Disassembly &amp; Recycling guidelines in conjunction with three new product developments in our Door Hardware, Electronic Access, and Data and Entrance Systems product clusters.</li> </ul>	<p>→ <a href="#">SR 2021/22</a> Circular Economy &amp; Materials</p>
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**Anti-Corruption Principles**

<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery</p>	<ul style="list-style-type: none"> <li>dormakaba believes in a system of competitive free enterprise. The company is committed to conducting itself in accordance with all applicable anticorruption, antitrust and competition laws, and with the dormakaba specific ethical standards with respect to corruption and bribery [B1, B2]*.</li> <li>The Group Directive Anti-Corruption and Bribery aims at reducing corruption risks and provides detailed guidance on how to deal with benefits and, thereby, how to comply with national and international anti-corruption laws such as the U.S. Foreign Corrupt Practices Act (FCPA), the United Kingdom Bribery Act (UKBA) [B2].</li> <li>In addition, Group Internal Audit integrates the Corruption Perceptions Index (CPI) as one criteria for developing their internal audit plan [B6]. Corruption risks are also addressed in dormakaba's risk model as part of the company's global risk management process, conducted every six months. The dormakaba Supplier Code of Conduct additionally addresses the topic of corruption and bribery and sets expectations of compliance to business partners [B3].</li> <li>The dormakaba Code of Conduct (CoC) contains standards and rules regarding bribery and corruption. The CoC is fully supported by the Board of Directors and the Executive Committee and forms an integral part of the dormakaba management system [B4].</li> <li>The CoC is available to all employees of the dormakaba Group in various languages and in electronic and printed form. When employees join the company, they confirm in writing that they have received and acknowledge the documents. In addition, all CoC training options (e-learning and live trainings) have a focus on anti-corruption, including how to deal with conflicts of interest, how to seek approval for benefits, etc. Besides this, an anti-corruption eLearning is also available and had been completed by 207 employees during the financial year 2021/22. Moreover, 464 employees took part in our live anti-corruption trainings [B5].</li> <li>The CoC further specifies how employees should manage conflicts of interest as well as donations and sponsoring. Possible conflicts of interest must be reported to the supervisor, Human Resources or Group Compliance. The situation must be resolved in the best interest of the organization based on consultation between the employee and the supervisor as well as Human Resources. The consultation must be documented and related summary minutes provided to Group Compliance [B6].</li> <li>dormakaba has implemented an integrity line (whistleblowing tool), allowing dormakaba employees and third parties (e.g. customers or suppliers) to submit notifications about potential violations of laws and threats to our reputation. The <a href="#">dormakaba whistleblowing tool</a> is available globally 24/7 and is offered in various languages. Through the whistleblowing tool, 10 incidents have been reported and thereafter investigated in the financial year 2021/22. Whistleblowers using the online tool receive a first response within 2–3 days and are provided with</li> </ul>	<p>→ <a href="#">Code of Conduct</a></p> <p>→ <a href="#">Whistleblowing system</a></p>
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	<p>regular updates on their case, if a post-box allowing anonymous communication has been set up. In 60% of incidents reported, misconduct was confirmed, and appropriate corrective action has been taken. Four incidents remained under investigation as at 30 June 2022.[B7].</p>	
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\*all Indicators in [ ] refer to Basic Reporting Elements according to the Reporting Guidance on the 10th Principle.  
 SR = [dormakaba Sustainability Report 2021/22](#). The dormakaba Sustainability Report covers the period from 1 July 2021 to 30 June 2022, in line with the financial year 2021/22.