

Rümlang/Switzerland, 17 November 2020

## UN Global Compact – Communication on Progress (COP) Financial Year 2019/20

This Communication on Progress (COP) is the fifth such report for dormakaba, the first having been published after the merger of the former Kaba Group and the former Dorma Group for 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:

With Covid-19, we are facing a global pandemic that has major negative impact on people and their livelihoods, disrupting supply chains, accentuating potential inequalities and putting progress on the UN Sustainable Development Goals in question. From the beginning of the Covid-19 outbreak, our focus has been on ensuring the health and safety of our employees while at the same time making sure that the impact on business operations and the supply chain is managed and limited as much as possible. This pandemic illustrates how important sustainability factors like health at workplaces are for our company and our communities.

At the same time, we continue to face a global climate challenge with severe impacts for people and all the natural systems that sustain us. In the face of these interconnected challenges, we cannot afford to tackle one or the other. Human health depends on planetary health. We can – and must – tackle both. And as dormakaba is setting corporate emission reduction targets in line with climate science through the Science Based Targets initiative, we remain committed to do our part to achieve a resilient, zero-carbon economy.

We must also acknowledge that sustainability cuts across a variety of topics, business functions, and geographies, which brings its challenges. In order to succeed, we need everyone to contribute in their own way, and we need a strong governance system behind it. To acknowledge this, we have developed and brought into force a Sustainability Charter in the financial year 2019/20, which strengthens the sustainability governance within our company and clearly outlines the responsibilities and contributions expected from all levels of the business, including of the Board of Directors.

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 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,



Riet Cadonau,  
Chairman and Chief Executive Officer, dormakaba Group

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 financial year 2019/20 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 in the financial year 2019/20. We 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. This assessment laid the foundation for scoping a human rights impact assessment which is being carried out in the financial year 2020/21.</li> </ul>	<p>→ <a href="#">Modern Slavery Statement 2019/20</a></p> <p>→ <a href="#">Code of Conduct</a></p> <p>→ <a href="#">Supplier Code of Conduct</a></p> <p>→ <a href="#">SR 2019/20 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 2019/20, we made significant progress in our supplier sustainability engagement strategy which includes human rights criteria in three key areas: <ul style="list-style-type: none"> <li>Scaling up supplier off-site assessments in collaboration with EcoVadis</li> <li>Development of procedures in case of non-participation or non-compliance</li> <li>Training of procurement employees on sustainability and the processes related to off-site assessments.</li> </ul> </li> <li>In the area of Human Rights Due Diligence, dormakaba focused on the following areas in the financial year 2019/20: <ul style="list-style-type: none"> <li>Communicating our policy commitment</li> <li>Assessing potential impacts through the migrant worker's risk assessment</li> <li>Evaluating the dormakaba whistleblowing system and tool for conformity to the effectiveness criteria for grievance mechanisms from the UNGPs</li> </ul> </li> </ul>	<p>→ <a href="#">Code of Conduct</a></p> <p>→ <a href="#">SR 2019/20 Supplier Social and Environmental Assessment</a></p> <p>→ <a href="#">SR 2019/20 Human Rights</a></p>

Labor Principles		
<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 64% of the employees in the scope of the sustainability reporting 2019/20 were unionized or covered by collective bargaining agreements.</li> </ul>	<p>→ <a href="#">SR 2019/20</a> Freedom of Association and Collective Bargaining</p>
<p>Principle 4: the elimination of all forms of forced and compulsory 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 2019/20 is available on our website.</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.</li> </ul>	<p>→ <a href="#">Modern Slavery Statement 2019/20</a></p> <p>→ <a href="#">Code of Conduct</a></p>
<p>Principle 5: the effective abolition of child labor</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 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 2019/20 included, among others:               <ul style="list-style-type: none"> <li>In Taiwan, the Access Solutions (AS) APAC segment has invested in improving the living conditions and safety standards of the foreign workers' dormitory, as part of a renovation to make the facility more earthquake resilient. The renovations to the dormitory included a 25-point environment and safety assessment by an external agency. Foreign workers were included in the renovation plans and were able to give feedback to their needs, which resulted in additional electrical systems being installed.</li> <li>In Germany, AS DACH has continued to support the #moveforward campaign to raise awareness of accessibility barriers in public and private spaces and to confront inaccessibility as a form of discrimination. More than 200 people with disabilities are employed in Germany.</li> </ul> </li> </ul>	<p>→ <a href="#">Code of Conduct</a></p> <p>→ <a href="#">SR 2019/20</a> Employment</p>

	<ul style="list-style-type: none"> <li>AS EMEA has launched a gender diversity program, with the aim to promote more women from within the own ranks, especially in commercial and general management positions. An internal survey assessing the current status of gender diversity showed that there are a number of unconscious biases prevalent in various areas of the business that should be addressed. A series of interventions to start addressing the diversity challenges is now being developed, including a review of recruitment processes to remove gender biases in job ads and interviews, increased focus on female talents in career progression and development, actions to strengthen the self-affirmation of our female talents, a Workplace Allies scheme, and female peer networks, conferences and events.</li> </ul>	
<b>Environmental Principles</b>		
<p>Principle 7: Businesses should support a precautionary approach to environmental challenges</p>	<ul style="list-style-type: none"> <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 29 of the 102 locations covered in the SR 2019/20. dormakaba's environmental management places emphasis on these four processes.</li> <li>The Group Manufacturing Directive includes expectations on achieving international standards for environmental management, energy, and health and safety, and specifically for any locations carrying out the above-mentioned processes. Based on an overview of dormakaba's sites including plants, regional logistic centers, local assembly and distribution centers and service hubs, the Directive sets a framework for expanding the coverage of sites maintaining such management systems. Certifications are required for some sites based on a priority listing depending on size, resource consumption and environmental risks.</li> <li>Today, 36% of manufacturing sites already benefit from environmental standards set forth by ISO 14001 (or similar) certification. We aim to increase this total to over 50% by the end of the financial year 2020/21 (baseline financial year 2017/18). In the financial year 2019/20, our manufacturing facilities in Senai (Malaysia), Westerstede (Germany) and in Taiwan, for example, became ISO 14001 certified and handle environmental issues according to the international standard.</li> </ul>	<p>→ <a href="#">SR 2019/20</a> Environmental Management</p>
<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 247,000 MWh in the 2019/20 financial year. Electricity and fuels for heating or manufacturing both play a crucial role in production processes, constituting nearly 80% of total energy consumption. The remainder is associated with the fuel consumption of our vehicle fleet.</li> <li>In the financial year 2019/20, our total greenhouse gas emissions (GHG) amounted to nearly 73,000 tCO<sub>2</sub>e. Around 60% were emitted as a consequence of electricity consumption, followed by heating and vehicle fuel consumption, and volatile as well as process gas emissions. As part of our commitment to the Science Based Targets initiative, we carried out a screening and carbon inventory development of Scope 3 emissions. The screening showed that the largest sources of Scope 3 emissions stem from purchased goods and services (75%) and use phase of sold products (11%). We also learned that Scope 3 emissions constituted around 90% of our combined Scope 1, 2 and 3 carbon emissions, highlighting the importance of Scope 3 emissions on our climate strategy.</li> <li>Climate-related initiatives implemented during the reporting year resulted in total annual savings of approximately 16,400 tCO<sub>2</sub>e (over 20% of our total footprint). Therein, we worked diligently to source renewable electricity wherever feasible, leading to an emissions avoidance of approximately 14,100 tCO<sub>2</sub>e. 37% of the electricity that dormakaba consumed came from renewable sources.</li> <li>In the financial year 2019/20, energy saving initiatives were being implemented at various sites in the reporting coverage. This work included retrofitting facilities to LED lighting systems; upgrading equipment such as air compressors, as well as milling and key biting machines; the optimization of heating and cooling systems (installation of air curtains, heat recovery, and the renewal of circulation pumps, radiators and valves).</li> <li>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.</li> </ul>	<p>→ <a href="#">SR 2019/20</a> Environmental Management</p>

	<p>electroplating) and sanitation. Waste water is discharged in compliance with the local requirements and is treated by specialized third party companies where necessary. Some examples of water saving initiatives in the financial year 2019/20 included: replacement of rusted underground water pipes in the manufacturing facility in Taishan (China), saving 3,500 m3 of water per year. Installation of water reuse processes in Taiwan, thereby reusing 1,220 m3 of grey water, and the installation of drip irrigation to water the gardens in Chennai (India), reducing around 10% of overall water consumption.</p> <ul style="list-style-type: none"> <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 68% of the waste stream is recycled, reused or recovered (including raw materials and energy recovery).</li> <li>• In the 2019/20 financial year, dormakaba was not subject to incidents of non-compliance with environmental laws and regulations.</li> </ul>	
<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. Green Building certification schemes such as Leadership in Energy and Environmental Design (LEED) or the German Sustainable Building Council (Deutsche Gesellschaft für Nachhaltiges Bauen, DGNB) rate the sustainability of an entire building. At dormakaba, 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).</li> <li>• In the financial year 2019/20, we published 13 EPDs, including for the full product lines of the room-partitioning systems of our Skyfold (3) and Modernfold (7) brands (Segment Key &amp; Wall Solutions). EPDs were also published for the TS 98 XEA door closer, its accessories and the Argus sensor barriers. Our further aim to renew the EPD for the TS 93 was also achieved.</li> <li>• dormakaba offers various health-related product declarations which transparently account for the materials found in our products. These are in the form of HPDs, Building Product Declarations (BPDs) or Declare Labels, depending on local market requirements.</li> <li>• In the financial year 2019/20, dormakaba updated 30 HPDs to the latest version of the standard (2.1.1). Additionally, we published new BPDs for four door hardware products. Overall, we have published BPDs for 24 global products.</li> <li>• This contributes to achieving the dormakaba sustainability target of having EPDs and/or HPDs for products representing 30% of total turnover by 2021. Currently 19% of our products based on sales volumes are covered by EPDs and/or HPDs.</li> </ul>	<p>→ <a href="#">SR 2019/20</a> Product-related Energy, Emissions, Effluents &amp; Waste</p> <p>→ <a href="#">SR 2019/20</a> Materials</p>

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>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. [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 implemented an integrity line (whistleblowing tool) in the financial year 2018/19, 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 <u>dormakaba whistleblowing tool</u> is available globally 24/7 and is offered in various languages. Through all reporting channels, including the whistleblowing tool, 19 incidents have been reported and thereafter investigated in the financial year 2019/20. This is twice as many as the previous financial year. Whistleblowers using the online tool receive a first response within 2–3 days and are provided with regular updates on their case, if a postbox allowing anonymous communication has been set up. In around 75% of incidents reported, misconduct was confirmed, and appropriate corrective action has been taken.</li> <li>Due to the relevance of corruption and bribery, a directive that governs these issues was developed in the financial year 2019/20. The Group Directive Anti-Corruption and the accompanying anti-corruption training initiative will roll out in the financial year 2020/21. [B7].</li> </ul>	<p>→ <a href="#">Code of Conduct</a></p> <p>→ <a href="#">SR 2019/20</a> Fair competition &amp; Anti-corruption</p>

\*all Indicators in [ ] refer to Basic Reporting Elements according to the Reporting Guidance on the 10th Principle. SR = [dormakaba Sustainability Report 2019/20](#). The dormakaba Sustainability Report covers the period from 1 July 2019 to 30 June 2020, in line with the financial year 2019/20.