

Classification: Public

dormakaba Modern Slavery Statement 2021/22

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 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 access to premises, buildings, and rooms. The portfolio includes locking systems – from cylinders, keys, and locks to fully networked electronic and cloud-based access solutions – along with physical access and automatic door systems, as well as a comprehensive range of door hinges, fittings, and door closers. The access solution business is complemented by products for time and enterprise data recording and high-security locks. The company is also a market leader for key blanks, key cutting machines, and automotive solutions such as transponder keys and programmers, as well as acoustic movable partitions and horizontal and vertical partitioning systems.

dormakaba has a long tradition of innovation and engineering expertise. Its innovation leadership 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 over 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 32% 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 21,000 with spend focused in Europe (45.7%), North America (27.4%), and Asia (22.6%). In the financial year 2020/21, dormakaba launched an initiative to consolidate and reduce the supplier base in order to leverage synergies, build strong supplier relationships and support better due diligence processes.

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 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) 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, 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 high for the value chain steps own operations and 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.

Human rights due diligence

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 in today's value chains. They are often faced with 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 have to pay back. Until the worker is able to pay his or her debt, he or she is trapped in debt bondage, a form of forced labor.

In the financial year 2020/21, when it was discovered that recruitment fees were paid by foreign migrant workers in Malaysia in the past, dormakaba committed to fully reimburse these fees dating back to those that had been paid even ten years ago. All foreign migrant workers were interviewed to collect information on recruitment fees paid and reimbursements have been made within the recommended time frame by the Responsible Labor Initiative.

As a further result of due diligence processes and on-site social audits in our operations, the Responsible Labor Directive and the specific Zero Recruitment Fees Directive have been established in the financial year 2021/22. The directives give more concrete guidance and minimal standards on topics such as freely chosen employment, working hours, worker's accommodation, and responsible recruitment on a global level.

Cobalt traceability

dormakaba is aware that the mining of cobalt is often linked to human rights violations, including child labor, especially when sourced from the DRC region. As a company procuring electronic components, dormakaba must take action to increase transparency in its supply chain, regarding human rights violations during the mining of

high-risk minerals. Therefore, the company set a target to ensure supply chain traceability for minerals having high risk of child labor until 2027. In the financial year 2021/22, dormakaba is engaged in cobalt traceability dialogues with key suppliers on human rights and environmental risks in joint upstream value chains. The goal of the discussions is to look for opportunities for collaboration towards the mutual goal of understanding Tier 2+ supply chain characteristics.

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 2021/22, dormakaba invited around 400 suppliers to participate in the assessment. The positive participation rate was 28%. Of the 117 suppliers with a completed rating as at 30 June 2022, 33% achieved a bronze, silver, gold or platinum rating by EcoVadis, considered as moderate or advanced performance. However, the majority of assessed suppliers (54%) had only partial performance, with an additional 14% considered to have insufficient performance. Since the launch of our collaboration with EcoVadis, 18.7% of the high-risk suppliers have been assessed. Improvement plans for 234 suppliers were requested.

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 2021/22, dormakaba conducted on-site audits for 24 suppliers in China. Regarding sustainability criteria, there were no findings of non-conformance for social indicators.

dormakaba has procedures and process flows in place for auditing rules and corrective action plans in terms of sustainability performance of suppliers. 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. Furthermore, in the financial year 2021/22, dormakaba developed a Sustainable Procurement Directive that is currently under review for approval and will come into force in FY 2022/23. The policy includes basic regulations on sustainability contractual agreements, sustainable purchasing factors and criteria, requests for sustainability information, lifecycle costing, supplier categorization for sustainability assessments and procedures in case of non-participation or non-compliance.

Training

To raise more awareness sustainability and human rights issues in the supply chain, including forced labor, a sustainability training for our procurement professionals specifically focused on the supplier sustainability

assessments (sustainability procurement targets, risk categorization of suppliers, EcoVadis assessment process, new escalation processes) was carried out. In total, 34 colleagues were trained and 18 attended the virtual supplier onboarding meetings in FY 2021/22.

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 Group

31 August 2022

The information in this Statement has been approved by the Board of Directors of dormakaba Group and relates to the 2021/22 financial year. The scope included in this Statement covers fully-consolidated operations worldwide, including those of direct and indirect subsidiaries.