

Partnerships

We collaborate to promote sustainable development beyond our own doors

Supplier Sustainable Development

To further develop partnerships in the supply chain based on responsible business behavior, we are engaging our suppliers and trading partners in our endeavor to foster sustainable development.

Our approach

We believe sustainable supply chains ensure the well-being of the people and environments they procure from, as we seek to grow our business through ethical and legal business practices. We are therefore committed to leveraging our purchasing power to benefit those partners whose values align most closely with ours. Furthermore, the rise of supply chain transparency legislation points to the increasing mandate that a company must be aware of the economic, environmental, and social dimensions of its supply chain, and that it must proactively monitor and manage those dimensions.

The dormakaba [Supplier Code of Conduct \(SCoC\)](#) outlines our requirements with regard to human rights, fair working conditions, environmental responsibility, and business ethics, among others things. It is integrated into our online bidding system and is also part of our standard supplier contracts.

In 2022 we adopted the dormakaba Sustainable Procurement Directive, which includes basic regulations on contractual sustainability agreements, sustainable purchasing factors and criteria, requests for sustainability information, life cycle costing, supplier categorization for sustainability assessments, and procedures in case of non-participation or non-compliance.

Our activities

Our global supply chain is large and complex, which poses a challenge in this regard. 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 in Europe (49.0%), North America (27.7%), and Asia (19.2%).

Supplier Sustainable Development is one of the strategic topics in our Sustainability Framework 2021–2027, for which we have set ambitious targets. By 2027, we aim to:

- assess all high-risk suppliers for their sustainability management via a third party or off-board them for lack of participation.
- have at least 45% of our high-risk suppliers participate in our sustainability engagement program.
- close at least 80% of high-priority corrective actions via assessed suppliers.
- have 90% of assessed suppliers with priority findings complete a sustainability training.
- provide information regarding conflict minerals for high-risk suppliers.

Download the dormakaba Supplier Code of Conduct.

[Download](#)

We are setting higher standards for our suppliers to foster circular solutions. Learn more about how we are increasingly sourcing recycled materials, and Forest Stewardship Council-certified products.

[Circular economy](#)

To ensure our suppliers contribute to social and environmental well-being, dormakaba focuses on five areas:

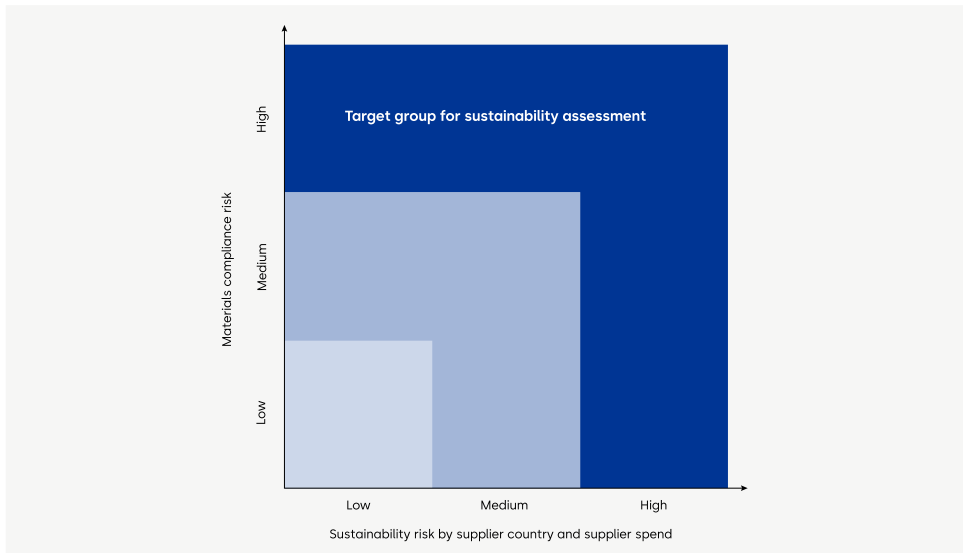
- 1 Identifying supply chain risks
- 2 Supplier off-site assessments
- 3 Supplier on-site audits
- 4 Training of internal and external stakeholders
- 5 Procedures in case of non-participation or non-compliance

Identifying supply chain risks

dormakaba has defined a target group for sustainability assessments based on identified sustainability risk factors – such as origin country and the material content of the goods procured. The latter refers to Material Compliance topics, assessing materials of concern that are regulated, for example, by the European Union’s REACH regulations and RoHS Directive. Suppliers over a certain procurement threshold were taken into consideration as part of the categorization work.

To determine sustainability risk factors on a country level, an impact assessment and hotspot analysis were used as a baseline. The hotspot analysis identified the following sustainability topics as being of the highest relevance in the supply chain: (1) Energy and Emissions; (2) Human Rights; (3) Child Labor and Forced Labor; (4) Materials; (5) Responsible Tax Practices; (6) Freedom of Association; and (7) Circular Economy. For these high-impact topics, any supplier from countries listed as high-risk was included in the sustainability target group for assessment. The high-risk group includes approximately 13% (2,089) of our Tier 1 supplier base, both for direct (e.g. material goods) and indirect (e.g. services) spend. The target group was not updated in FY 22/23 in comparison with FY 21/22. It is based on the latest available full-year data from the procurement information systems (FY 20/21).

Supplier categorization for sustainability assessment



Baseline study to increase the recycled content of metals

Due to our supply chain risk and categorization process, we are aware that the topic of Energy and Emissions has the largest impact. Indeed, a key element of our climate transition plan is to choose goods with smaller carbon footprints.

According to the American Geosciences Institute, the largest energy savings achieved through recycling are associated with metals. Primary metals are predominantly produced using energy-intensive mining and ore processes, which are between 50% and 80% more energy-intensive than the process of choice for producing secondary/recycled metal, depending on the metal recycled. This reduction of energy used leads to clear CO₂ savings. For example, recycling aluminum saves 94% of CO₂ emissions versus producing aluminum from raw materials (source: [US Aluminum Association](#)).

As metals make up around one third of our Scope 3 emissions stemming from purchased goods and services, we are putting special focus on increasing the amount of recycled content purchased.

In the first year of the initiative, we have been developing a baseline for recycled content with our existing metal suppliers. This project includes 164 suppliers (105 steel, 24 brass, and 35 aluminum suppliers) covering the Regions AMER, EMEA, and APAC. With this study, dormakaba will be able to direct purchasing toward those suppliers capable of delivering the highest overall recycled content, thereby reducing value chain emissions related to metal extraction, production, and processing. We are happy to be pioneers in this topic, as our suppliers and customers have highlighted. But being pioneers is challenging, because many suppliers have never had similar requests and must create new processes to deliver the requested information.

Furthermore, gathering this information is especially challenging for traders who receive raw materials from several sources, and who tend to have short-term supplier relationships. This points to issues in achieving our environmental standards within their business models. Of the 164 suppliers included in the baseline study, 68 have been contacted. However, only three have returned the signed affidavit as requested. Due to the low response rates, we will put extra emphasis on the baseline study in the upcoming financial year, and we will continue to work with our suppliers to improve data quality and responses. Additionally, we have included minimum recycled content levels for metals in our Environment Directive and in our supplier management tool SAP Ariba to address this topic from the very beginning of a supplier relationship.



Supplier off-site assessments

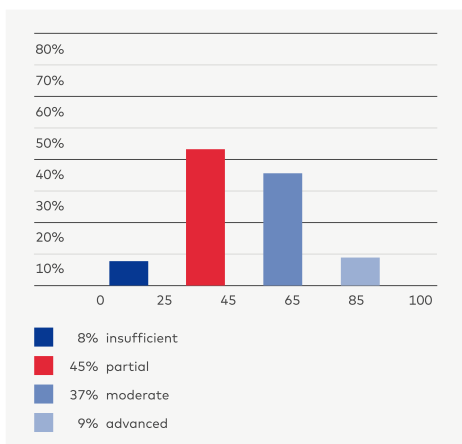
Since 2019, we have been working together with EcoVadis, a leading provider monitoring sustainability in global supply chains, to reduce supplier risk and support supplier development. The assessment covers 21 sustainability criteria across four areas (environment, labor and human rights, ethics, sustainable procurement).

In FY 22/23, we engaged 503 high-risk suppliers and asked them to participate in the EcoVadis assessment (versus the 500 targeted suppliers). The positive participation rate was 31%. Of the suppliers with a completed rating as at 30 June 2023, 56% landed in the score band of "good" or above. However, 35% had only partial performance, with scores lower than 45. And an additional 9% were considered to have insufficient performance.

Since the launch of our collaboration with EcoVadis, 23.7% of our high-risk suppliers have been assessed. 270 high-priority corrective actions have been requested and 49% of these were closed. Furthermore, a total of 12 business relationships have been terminated and five suppliers were blocked from new business.

We invited over **500 high-risk suppliers** from our Tier 1 group to participate in the EcoVadis assessment in FY 22/23.

Overall score distribution*

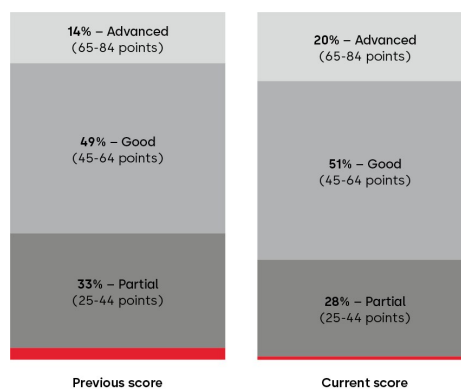


* All EcoVadis-rated dormakaba suppliers since 2019

Since the start of our cooperation with EcoVadis, 42% of assessed suppliers have undergone a follow-up reassessment. We found that 60% of the reassessed suppliers improved their score, with an overall improvement of 3.4 score points. Among those that improved, the average supplier improvements per pillar are:

- Environment: +3.6 points
- Labor and Human Rights: +3.5 points
- Ethics: +3.2 points
- Sustainable Procurement: +3.0 points

The majority of reassessed suppliers (51%) exhibited good performance, with an additional 20% considered to have advanced performance. We will continue to support our business partners to improve their rating in the future.



Improvement in performance through EcoVadis reassessment

Supplier on-site audits

To examine our suppliers' situation on-site, we developed a standard audit questionnaire that contains topics related to quality management. It includes checks on, sustainability topics such as internal Code of Conduct (CoC), the dormakaba Supplier Code of Conduct, labor, health and safety, and environmental standards. Auditors are asked to check documentation on-site related to:

- Workers' ages and identity records
- Receipt of wages
- Training and communication on internal CoCs
- Signing 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

As on-site audits require immense effort and cost, we have introduced a risk assessment process that takes into account the potential risk of specific locations, products, and performance. This risk assessment results in a score ranking, indicating the frequency of auditing required for the relevant supplier.

In FY 22/23, our own quality team conducted on-site audits for 18 suppliers in China. There were no findings of non-conformance regarding sustainability criteria.

We also conducted four comprehensive on-site audits in China via a third-party focusing exclusively on sustainability. Three auditees were small subcontractors that posed risks to labor standards and human rights. The fourth audit was carried out as a result of one of our long-standing Chinese suppliers entering the sustainability escalation process.

The third-party audits were conducted by ELEVATE, a firm specialized in social auditing. The auditees' performance in the areas of labor, health and safety, environment, business ethics, and management systems was assessed against the ERSA and CIA standards.

Despite having faced resistance from the audited suppliers when requesting that the assessment be conducted, all four suppliers complied and we have gained valuable insights into their compliance with social standards. Indeed, the final audit reports revealed major non-conformances with health and safety, and labor standards for all the suppliers assessed. For that reason, we have engaged ELEVATE once again to conduct a root cause analysis with each supplier and set specific corrective action plans.

One year after establishing the corrective action plan, dormakaba will check the implementation of the corrective actions, and adopt governance measures in those cases where the corrective actions have not been properly implemented.

Procedures in the event of non-participation or non-compliance

We have procedures and process flows in place for auditing and corrective action plans in terms of the sustainability performance of suppliers. We integrate a sustainable development clause into contracts for new suppliers and for existing suppliers when it is time for contract renewals. Our sustainability contractual clause establishes and describes the suppliers' obligation to participate in and pay for off-site assessments and/or on-site audits, and to commit to and implement an improvement plan if performance is below our defined benchmarks.

In addition, at the beginning of the supplier relationship, the supplier is presented with the dormakaba SCoC for signature. Suppliers refusing to sign the SCoC or who do not have their own of equal quality are blocked.

If a supplier is invited to participate in the EcoVadis off-site assessment, further actions are determined by their assessment score. For suppliers with bronze, silver, gold, or platinum level, reassessments are required in two to five years. For suppliers with partial performance, an annual reassessment is required, and an improvement plan is defined within the EcoVadis system.

Refusal to participate in an off-site assessment qualifies a supplier for an on-site audit. Likewise, suppliers whose off-site assessment score is insufficient are shortlisted for an on-site audit. A corrective action plan is defined in the course of the on-site audit, with a one-year implementation deadline. Suppliers are blocked or placed in active elimination for lack of implementation.

A **Responsible Procurement Steering Committee** meets regularly to take decisions on a case-by-case basis for special circumstances, such as when dealing with monopoly suppliers, quality checks of suppliers' internal Code of Conduct, acceptance of sustainability assessments provided by companies other than EcoVadis, and monitoring and evaluation of suppliers listed as blocked or in active elimination due to inadequate sustainability performance.

Sustainability trainings for procurement employees

Our procurement employees have a core role in achieving our goals related to Supplier Sustainable Development. Their understanding of the sustainability aspect and the program with EcoVadis is key. For this reason, employees working together with suppliers, participate in training programs that prepare them for sustainability- and assessment-related conversations with partners. In FY 22/23, 107 colleagues from procurement completed the virtual internal training on our sustainability framework, targets, and governance.

Further activities

We have seen greater focus and execution across all of our supplier sustainability engagement work thanks to organizational improvements within the company. There is now a dedicated team of four full-time employees working on a global level and embedded within the Regions AMER, APAC, and Europe & Africa to engage with our suppliers on general sustainability assessments and beyond. For example, this team arranged for further baseline checks on whether our packaging suppliers for wood, paper, and carton are certified by the Forest Stewardship Council. This groundwork will enable us to transition to those suppliers that are able to meet this new requirement, or to seek new suppliers.

The processes in the SAP Ariba system, which is used to automate processes for supplier onboarding, development, and communication, were aligned with new sustainability-related laws, regulations, and requirements. Using this system, we are able to simplify processes for suppliers related to labor, material compliance, high-risk materials and high-risk countries, as well as providing an escalation process for suppliers not compliant with the standards.

Lastly, as part of our goal to provide customers with information related to conflict minerals in our supply chain, we have continued to request Conflict Mineral Reporting Templates (CMRTs) from suppliers. By the end of FY 22/23, in the USA we had contacted more than 1,300 suppliers (excluding non-production suppliers and services), of which around 51% submitted Conflict Mineral Statements. Approximately 32% of the supplier responses indicated that no 3TGs (tungsten, tantalum, tin, and gold) were intentionally used in the delivered goods, 13% have a strong compliance program, and around 5% have weak conflict mineral procedures. For more information on the topic, please view our recently published [Statement of Commitment on Responsible Minerals Sourcing](#).

Outlook

During the next financial year, a key element of our supply chain due diligence will be the continued integration of sustainability requirements in SAP Ariba processes. Furthermore, we will continue to invite at least 500 suppliers to complete our supplier assessments via EcoVadis throughout the year. The planned automation of communication with our suppliers will help us reach this goal.

We will also focus on the replacement of our packaging materials with sustainable and certified alternatives. Therefore, 25% of our paper, carton, and wood packaging will be

replaced sources certified by the Forest Stewardship Council. Additionally, we will start a benchmarking study in order to identify sustainable solutions for plastic packaging bags.

The baseline study on recycled content in our metals will continue, and we aim to invite an additional 25% of our relevant suppliers to complete CMRTs. In addition, dormakaba has been engaged in cobalt traceability dialogue with key suppliers since FY 21/22. The goal of the discussions is to understand the joint upstream value chains and to collaborate on tackling the human rights and environmental risks present in them. In FY 23/24 we will revisit the project with a view to covering a larger number of suppliers.

Finally, we have selected an external partner to conduct supplier trainings on sustainability topics, and the first invitations to suppliers with high-priority corrective actions will be sent in FY 23/24. Our own procurement staff will also undergo training on the stipulations included in the Sustainable Procurement Directive.

Human Rights

dormakaba acknowledges the responsibility to respect human rights as outlined in the UN Guiding Principles on Business and Human Rights (UNGPs).

Our approach

At dormakaba, we want to lead by example and engage with our partners to drive more eco-friendly practices and support the protection of human rights. In today's ever more interconnected and globalized world, there is increasing public focus on how companies are respecting human rights in their operations and across their business relationships within value chains. This means they have to demonstrate that they are not harming the fundamental dignity and welfare of people as they go about their legitimate work and generate the jobs, wealth, and growth that benefit all communities. Human rights are rights that apply to all human beings, irrespective of nationality, place of residence, sex, national or ethnic origin, color, religion, language, or any other characteristic. Above all, human rights are interrelated, interdependent, and indivisible.

As a company with global supply chains, dormakaba is exposed to increased risks of being directly or indirectly linked with human rights violations. We therefore treat the respect of human rights as a top priority and require our business partners to do the same.

Our human rights commitment was published in FY 19/20 in the form of the [dormakaba Statement of Commitment on Human Rights](#) and extends to all individuals throughout the value chain. It was developed based on a gap assessment, stakeholder consultations, and the salient issues identified (see details in the following section), and approved by our then Chairman and CEO. In prioritizing these salient issues, we recognize that some groups may be at greater risk of negative human rights impacts due to their vulnerability or marginalization. We also recognize that the evaluation of the severity of potential impacts may change and that other issues may grow in importance over time. We therefore annually reassess salient issues and human rights risks based on internal and external stakeholder feedback and expert judgments.

We are guided by international human rights frameworks, which include but are not limited to the "Protect, Respect, Remedy" framework of the [UN Guiding Principles on Business and Human Rights \(UNGPs\)](#), 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](#).

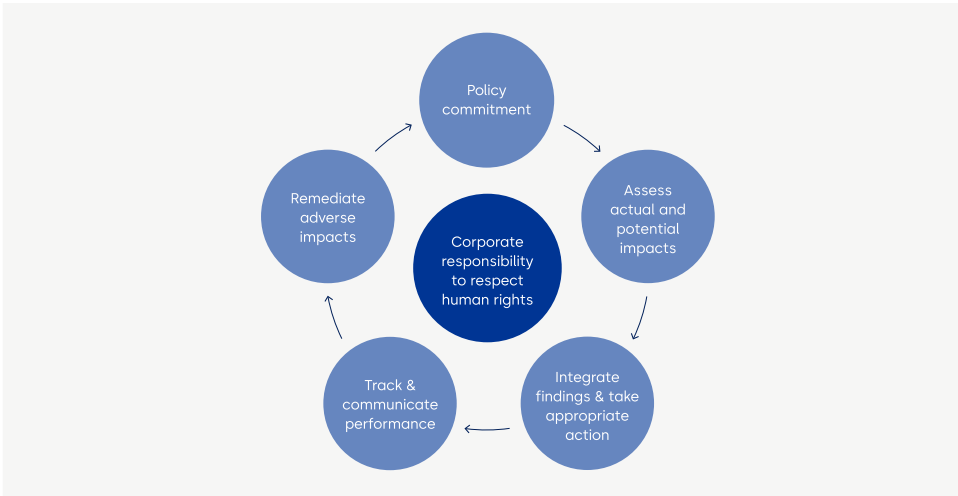
The commitment to human rights is further put into effect by the human rights-related sections in both the dormakaba [Code of Conduct](#) and the [Supplier Code of Conduct](#), which establish the company's expectations on human rights for employees and suppliers.

Human Rights Due Diligence (HRDD)

Our aim is to conduct Human Rights Due Diligence (HRDD) throughout our business to proactively assess, identify, prevent, and mitigate actual and potential adverse human rights impacts on potentially affected rightsholders across the value chain. We also use HRDD to identify where we can better support and promote individuals' ability to live by and exercise their fundamental human rights.

We have defined the following HRDD process and outlined it in the Statement of Commitment on Human Rights to ensure dormakaba will be able to effectively implement our commitment to respecting human rights:

Process of Human Rights Due Diligence (HRDD)



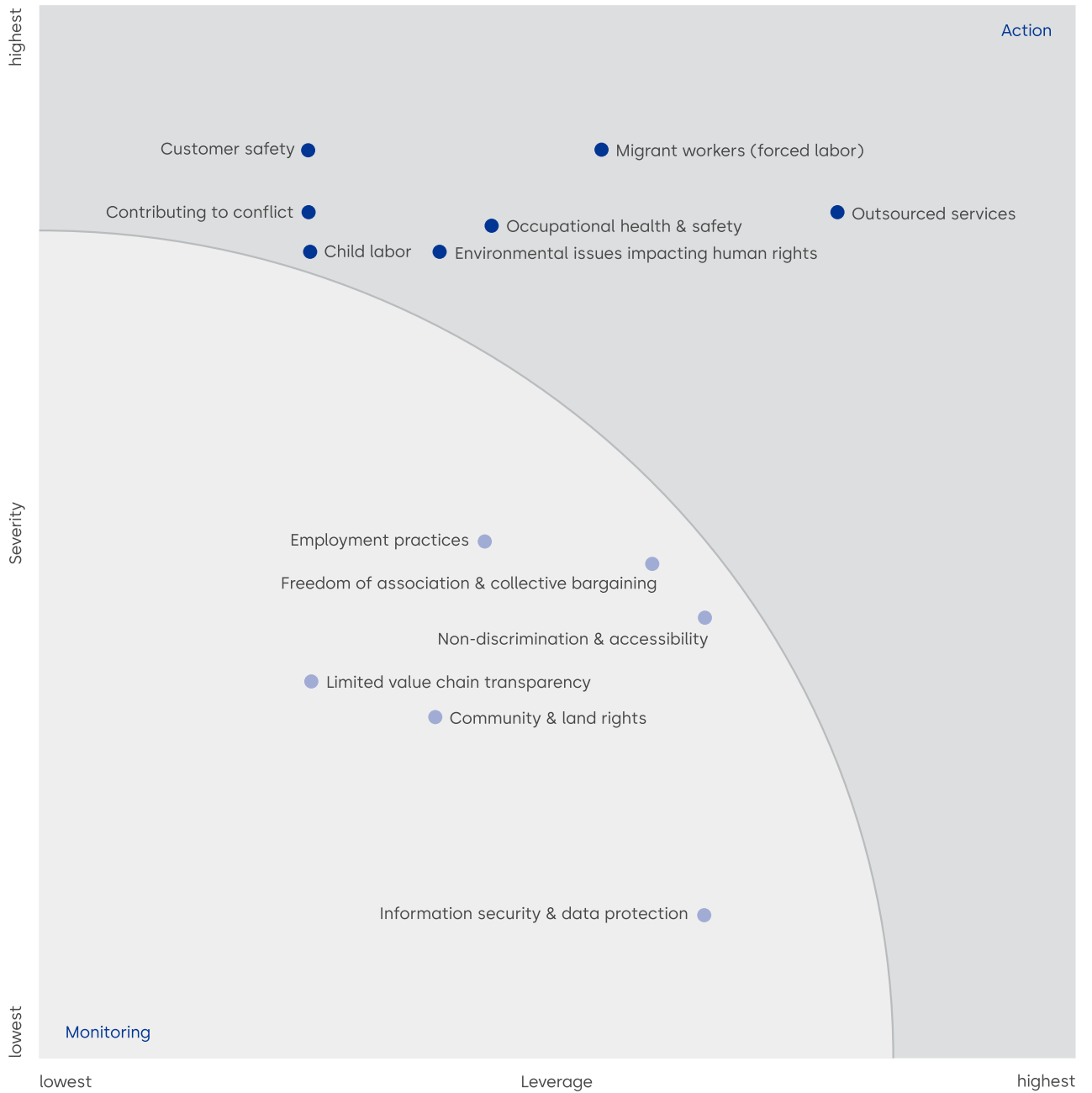
Assessing potential impacts to define salient issues

dormakaba does not attribute more importance to one human right over another. However, for the implementation of our human rights commitment, dormakaba prioritizes human rights issues that are most salient to the business – identified via a formal human rights saliency assessment conducted in accordance with the UNGPs.

This included consultations with 20 key internal and external stakeholders, including human rights experts, customers, and suppliers, which generated a focused list of salient human rights issues for dormakaba and formed the basis of the company's [Statement of Commitment on Human Rights](#).

Saliency was defined based on the inherent human rights risk, without reference to how well our company manages the topic already. Thirteen issues appeared as most relevant, and these were further analyzed in terms of the company's leverage and the potential severity of impact. Severity here is defined by the scale, scope, and remediability of the potential human rights impacts on people.

dormakaba Human Rights Saliency Matrix



- not currently salient
- salient issue

Among the broader human rights issues identified, we commit to focusing on the salient human rights issues defined below (in alphabetical order):

Salient issue	Potential human rights impacts	Illustrative example in our value chain (not exhaustive)
Child labor	Rights on the protection of the child; Right to a family life; Right to an education	Child labor used for cobalt and mica mining.
Contributing to conflict	Right to the security of the person; Freedom from cruel, inhumane, and degrading treatment	Sourcing raw materials from conflict zones and therefore indirectly financing armed conflicts.
Customer safety	Right to health	Door not stopping during operation and injuring someone, or not opening in case of fire and leading to a fatality.
Environmental issues impacting human rights	Right to safe and clean drinking water and sanitation; Right to health; Right to an adequate standard of living	Bauxite mine polluting water used by local communities for drinking, washing, and cooking.
Migrant workers (forced labor)	Right not to be subjected to slavery, servitude, or forced labor; Right to freedom of movement	Migrant workers in plants hired through recruitment agencies at risk of modern slavery/bonded labor.
Outsourced services	Right to health; Right to enjoy just and favorable conditions of work	Outsourced/subcontracted employees in plants facing health and safety risks (e.g., cleaning and security staff).
Occupational health & safety	Right to health; Right to enjoy just and favorable conditions of work; Right to social security, including social insurance	Staff installing products on behalf of dormakaba facing injury risks: lifting heavy equipment, unsafe construction sites, road accidents, etc.

Given the challenges of limited transparency in the value chain, our salient issues are regularly analyzed in more detail through human rights impact assessments or social audits in high-risk areas in order to develop appropriate measures. We have committed to **conducting at least one social audit per financial year in our own operations.**

During FY 22/23, we conducted two audits to identify actual or potential human rights risks or abuses in our own operations. Our internal audit team conducted the first audit in the Suzhou plant (China), which did not result in any human rights-related findings. We engaged ELEVATE, an industry leader in Environmental, Social and Governance (ESG), sustainability and supply chain services to conduct an audit in our facility in Taishan (China) in line with the ERSA standard. ERSA is our preferred auditing standard because it covers all relevant social auditing standards, such as SA8000 or SEDEX.

This year we also commissioned social audits for four of our high-risk suppliers. Read more in our [Supplier Sustainable Development](#) chapter.

Integrate findings and take appropriate action

All audits have resulted in the development of comprehensive corrective action plans that address the findings and build the capacity of the different stakeholders to prevent human rights issues from happening again. To ensure complete objectivity and best practice in the development of the corrective actions, our external auditing partner – ELEVATE – guides the development of the corrective action plans for all external social audits conducted in our own operations and those of our suppliers.

In last year’s Sustainability Report, we reported that the results of a social audit for one of our facilities in Malaysia were pending at the time of publication. Since then, major findings have been reported in the areas of working hours, recruitment fees, and due diligence processes in relation to labor agents. Corrective actions included:

- Execution of individual interviews with all migrant workers in the plant to determine the amounts they paid in the form of recruitment fees. Efforts were made to contact and

include workers that had left the organization up to six months before the social audit took place.

- Having labor agents sign the dormakaba Terms and Conditions for Labor Agents and Contractors as part of their contracts to ensure that no workers will be charged restrictive recruitment fees in the future. contractual clause imposes a Zero Recruitment Fees Directive and an express obligation to ensure specific labor standards and due diligence measures before the worker leaves the home country (i.e pre-departure phase).
- Implementation of a due diligence process prior to engagement with labor agents that includes an online interview and on-site visit.
- Implementation of a Working Time Schedule that ensures the 60-hour working week limit is not surpassed and all workers get at least one day of rest per week.
- Undertaking of efforts to raise awareness of the dormakaba whistleblowing tool during the pre-departure phase training packages for migrant workers.

Tracking and communicating performance

We commit to transparently reporting on the progress of our efforts in our annual sustainability report and publicly accounting – through this report and our annual [Modern Slavery and Child Labor Statement](#) – for how human rights issues are addressed.

We track the effectiveness of our actions and influence to ensure human rights are respected in the value chain. We do this through a management system with concrete targets and key performance indicators, monitoring the implementation of the human rights road map.

dormakaba issues an annual [Modern Slavery and Child Labor Statement](#). The statement sets out the steps dormakaba has taken to ensure that slavery, human trafficking, and child labor are not taking place in its supply chains or any part of the business.

Remediating adverse impacts

When adverse human rights impacts are uncovered caused by our business activities or links to our operations, we are committed to taking timely and transparent action to remediate them in a fair and equitable manner in line with the UNGPs. Where we find impacts linked to our business relationships, we will use our influence to encourage suppliers and business partners to respect human rights.

As mentioned previously, in the course of a social audit of our facility in Senai (Malaysia), the auditors found that migrant workers in the plant had paid recruitment fees to the labor agents during the recruitment process, which increases the risk of bonded labor. As a result, local management conducted individual interviews with all migrant workers in the plant to determine the amounts they had paid in the form of fees.

dormakaba has now reimbursed the full amounts paid by the migrant workers as a remediation measure.

Access to grievance

We provide both internal and external stakeholders with the opportunity to communicate their grievances in an open manner. Our whistleblowing system ensures anonymity and data protection. The tool is available in nine languages. In an effort to ensure accessibility for all workers throughout the organization, we are assessing the need to make the tool available in additional languages.

Before it was launched, we collected feedback from various stakeholder groups and their representatives. For example, the German Works Council was consulted in the design phase and before implementing the whistleblowing tool. They agreed to its implementation, being

satisfied that it provides effective feedback and ensures the protection of whistleblowers from retaliation. Furthermore, representatives from the Human Resources organization of various countries also gave their feedback on the design of the tool before it went live.

An external party has evaluated the [dormakaba whistleblowing tool](#) against the effectiveness criteria set out in the UN Guiding Principles on Business and Human Rights, which were mostly met, and the Global Compliance department reviewed the tool against the requirements of the newly adopted German Supply Chain Due Diligence Act during a recent update.

Global Compliance launched a communication campaign to familiarize our employees with the tool and its usage. The campaign included print media (poster campaign) for local implementation to reach production workers. Our Code of Conduct and the pre-departure phase training package for foreign migrant workers also include a detailed description of our reporting channels.

Lastly, we ask whistleblowers for their feedback on the design of the whistleblowing tool, e.g. accessibility and ease of use. All feedback is consolidated and considered in the regular system updates. The Global Compliance department tracks the implementation of the agreed remediation measures.

Policy commitment

In addition to our Statement of Commitment on Human Rights, our **Responsible Labor Directive** and the specific **Zero Recruitment Fees Directive** lay out our policy commitments on human rights-relevant topics of labor conditions for our workforce. The directives give more concrete guidance and set minimum standards on topics such as freely chosen employment, working hours, workers' accommodation, and responsible recruitment on a global level.

Take a look at our whistleblowing tool.

[Visit page](#)

Embedding our Responsible Labor Standards in daily business

To ensure adherence to the standards contained in the Responsible Labor Directive and the Zero Recruitment Fees Directive, we launched a project to measure the level of compliance with the standards at each dormakaba location, regardless of whether it was an office or a production site, or the number of employees based there.

The project started with a series of workshops for regional and country-level Human Resources leadership teams in charge of managing the labor standards of the different dormakaba sites around the world. Once the Human Resources organization was familiar with the standards and questions had been clarified, Corporate Sustainability sent out the Statement of Adherence – Self-Assessment Questionnaire.

We achieved a 100% participation rate, gaining valuable insights into the situation on the ground and discovering gaps in the Directives' level of implementation that will serve as the basis for designing future due diligence measures. The results of the assessment also enabled us to calculate a social risk score for each dormakaba site, which in turn will become a fundamental pillar of our Human Rights Risk Management System.

Thanks to this project, we have raised awareness of the Directives and the overall dormakaba due diligence strategy throughout the company, thus supporting much wider implementation of the Responsible Labor Directive and Zero Recruitment Fees Directive on the ground.

Key topics of the Statement of Adherence:

- Child labor and juvenile work
- Migrant workers
- Responsible recruitment and employment

98 sites

were covered in the assessment

27 locations

in high-risk countries were assessed

25 policy requirements

were checked in the assessment

Our activities

During the current strategic cycle (2021–2027), we are focusing our efforts regarding the protection of human rights on the following activities beyond the due diligence processes mentioned above:

- Ethical recruitment trainings
- Cobalt traceability
- Respecting the right to water

Ethical recruitment trainings

Based on the tools and training modules developed by the Responsible Labor Initiative, by 2027 we commit to **providing ethical recruitment trainings for our labor agents** in sending and receiving countries where we recruit foreign workers. This includes but is not limited to migration corridors between Nepal, Myanmar, and Malaysia, and between Taiwan and the Philippines. The aim of the trainings is to protect and reduce the risk of forced labor for migrant workers. Implementation is planned for FY 23/24.

Cobalt traceability

We are 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, we must take action to increase transparency in our supply chain, regarding human rights violations during the mining of high-risk minerals. Therefore, it is our goal to **ensure supply chain traceability for minerals with a high-risk of child labor by 2027**.

In the first phase of our cobalt traceability work, we started consultations with human rights experts, in partnership with the University of St. Gallen, we also developed a study – [Report on Cobalt Traceability](#) – to gain deeper insight into tracing cobalt in fragmented supply chains related to the electronic components that we use in our products. The study assessed typical human rights risks, including child labor, as well as governance and traceability challenges.

The report sheds light on the key actors and practices involved in the sourcing process of cobalt. It provides a detailed overview of the upstream part of the cobalt supply chain, as well as the actors that participate in the extraction and handling of this mineral. Numerous sustainability and supply chain professionals contributed their expertise to the report. They shared practices and actions they believe would have the potential to improve labor standards and prevent human rights violations in cobalt supply chains. The study is now available to the general public and we hope the insights will help other companies to improve their understanding and management of the human rights risks linked to their cobalt supply chains.

During FY 22/23, we continued with stakeholder dialogues, inviting key suppliers to open discussions to gain greater visibility and a deeper understanding of the upstream parts of our cobalt supply chain. Our aim with the dialogues is to galvanize support among our supply chain partners so we can increase the pressure at the "choke points" of the supply chain (e.g. metal smelter or refiners).

After communicating the main findings of the first phase to all participant suppliers, we will revisit the project to include more suppliers and scale up our efforts.

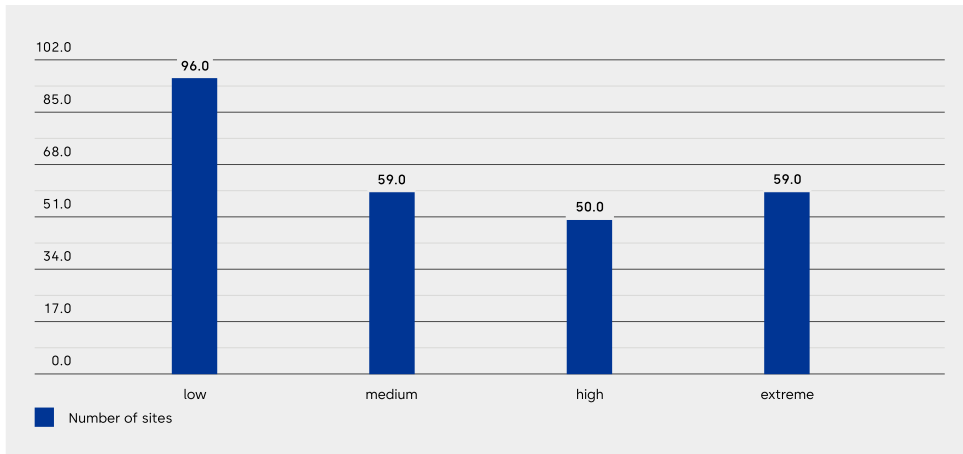
Respecting the right to water

We recognize that the human right to water entitles everyone to have physical and financial access to sufficient, safe, and acceptable water for personal and domestic use. As part of our obligation to respect this right, we assess the level of water scarcity in areas where we operate. The latest analysis revealed that approximately 40% of our sites have the potential for high to extreme water stress, defined as a "water demand to supply ratio of 40% or greater for the respective municipality". The water stress analysis is based on the two databases Aqueduct Water Risk Atlas by the World Resources Institute and AQUASTAT by the Food and Agriculture Organization. Seven manufacturing sites have been found to have (1) high or extreme water stress, and (2) high water consumption relative to other sites.

Water consumption data for all locations within the scope of our reporting are available in our ESG Performance Table.

[ESG Performance Table](#)

Water stress level by sites*



*Based on all locations, including those beyond the regular scope of this report.

As part of our Sustainability Framework, we committed to **establishing water stewardship programs in areas of high water scarcity, with no absolute increase in water consumption and reducing water intensity by 28% by 2027** (baseline 5,086 m³ absolute consumption and 25.5 L/hours worked in FY 19/20). Although in FY 22/23 we have reached this target ahead of schedule, we will continue to monitor in the coming years to ensure that the level remains within the target threshold in 2027.

Below are some examples from FY 22/23 of the water consumption reduction initiatives implemented to achieve this target:

- At our plant in Suzhou (China), we introduced water-saving tap nozzles to reduce water consumption when washing hands. The tap nozzles installed use about 70% less water compared with the normal tap nozzles used before. Additionally, the plant installed a new coolant machine that can distill water for re-use from the wastestream and which separates residual oil for external treatment. The machine can recycle about 80% of the process water.
- Our facility in Lima (Peru) has continued with its implementation of a domestic water treatment plant. Thus far, the plant has been able to recover a monthly average of 40% of the water consumed for domestic use, which represents a saving of 25% of the total water use in this location compared with the prior financial year. Water meters are also being installed to continue with a comprehensive management plan for industrial water treatment.
- In our plant in Nogales (USA), a recovery system for the water used in the fire suppression system was installed, to prevent water being sent down the drain. Since the system was installed in October 2022, this location has started saving an average of 90 m³ of water per month compared with the monthly average of the prior year. This value represents about 20% absolute water savings compared with the prior year.
- In FY 22/23, our production plant in Singapore achieved a 16% improvement in water usage by measuring the water flow rate and adjusting all its water fittings.
- Lastly, our plant in Rocky Mount (USA) started an initiative to reduce the usage of city utility water. This program involves reusing wastewater from the plating process, and reusing groundwater to reduce the need for utility water. As a result, water consumption has decreased by 26% compared to the prior financial year.

Outlook

During the next financial year, we will focus on ensuring adequate implementation of the human rights standards throughout the organization and further embedding these standards in different business processes, such as in Mergers & Acquisitions or Internal Audit.

We will continue carrying out social audits at those dormakaba sites that are categorized as high-risk on the basis of our Human Rights Risk Management System and developing mandatory corrective actions to address any issues identified.

Together with the Procurement function, we will roll out a supplier risk assessment system to be applied in the pre-onboarding phase of the supplier relationship. Currently, our supplier risk categorization takes place after entering a business relationship with suppliers, and this new process will ensure that our responsible procurement practices and standards are shared more proactively at the on set of the business relationship. We will also develop strategies tailored to mitigating the risks posed by specific categories of suppliers – such as subcontractors and labor agents. A training module on ethical recruitment procedures for labor agents will be developed and key service providers will be invited to participate.

Due diligence work related to conflict minerals and cobalt will continue to be a priority on our agenda. With our new [Statement of Commitment on Responsible Minerals Sourcing](#), we have one clear set of guidance to help all suppliers understand our expectations when it comes to tackling the human rights risk in our minerals supply chains. Continuing with supplier dialogues on cobalt traceability will also increase the visibility of the upstream parts of our supply chain, thus facilitating due diligence efforts.

Training and capacity building will also be central to our strategy moving forward. We believe that only when employees are familiar with their rights can they react in the event of infringements. We will therefore, work to educate the entire organization on the labor standards they are entitled to enjoy and the protections at their disposal.

Finally, the seven sites under the scope of our water stewardship target have several initiatives planned to reduce water intensity in FY 23/24. This will include the installation of water meters to effectively monitor water usage and for leaks. Additionally, installing water-saving tap nozzles, water-saving toilet flush systems, and drip irrigation gardening systems will continue. Planned fire system and cooling tower systems upgrades will also reduce water use. It is also critical for us to continue to focus on building employees' awareness of the careful use and preservation of water.

Customer Health & Safety

Our vision is to make access safe, secure, and sustainable for our customers. End user health and safety is therefore a top priority and an inherent part of our business plans.

Our approach

As one of the top three global access control and security solutions companies, customer health and safety is fundamental to our sense of product responsibility. By identifying and minimizing all possible risks relating to our products – including those arising from harmful materials or potentially dangerous functional features – we ensure the safety of our customers and end users.

Our activities

Public buildings must meet high standards in terms of public health and safety – this also applies to our built-in products and solutions. dormakaba meets these product and customer requirements with product certifications that comply with internationally recognized standards such as the European Standard (EN), American National Standards Institute (ANSI), or the Deutsches Institut für Normung (DIN). We pay particular attention to the DIN 18040 standards, which apply to barrier-free construction in public buildings. Furthermore, ISO 9001 processes ensure that quality management requirements are continuously monitored and improved. **No product can be installed in the field or released for production without the appropriate certification.**

To ensure product- and solution-specific customer health and safety, our Access Solutions and Key & Wall Solutions businesses are developing adequate action plans.

Our Information Security Management System helps safeguard our customers' rights to data protection and privacy.

ISO 27001

Access Solutions

Our Access Solutions (AS) business provides products such as escape routes, entrance systems, and hotel access systems. We work to address fire safety and electromagnetic interference, and to reduce hazardous substances, as well as ensuring that emergency exits open following a power failure.

Fire testing: an example of a fire test requires the door assembly with locks to be placed in a door leaf and subjected to a temperature determined in the door leaf specification for a period of three hours. Requirements are met if no flaming occurs on the unexposed surface of a door assembly during the first 30 minutes of the testing period, among other prerequisites; the fire test fails if flames penetrate the door leaf during the whole test time.

For example, we comply with the UL10C Standard for Positive Pressure Fire Tests of Door Assemblies. Furthermore, we follow the requirements set out by the Office of the State Fire Marshal's (SFM) Building Materials Listing Program, which stipulates that fire doors must be approved and listed by the SFM prior to sale or marketing within the state.

Hazardous substances: products are designed to comply with the EU Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS Directive 2011/65/EU and its enforced amendments, especially 2015/863/EU). All components and materials in electronic products sold in the EU market must be RoHS-compliant before any product manufacturing begins.

In addition, in the USA we also adhere to California's Proposition 65, which requires businesses to provide warnings to Californians about significant exposures to more than 900 specific chemicals known to cause cancer or reproductive toxicity.

Electrostatic discharges: all Electronic Access & Data products come with a CE self-declaration, which is based on various mandatory test standards such as ESD (electrostatic discharge EN 61000-4-2), EMC (electromagnetic compatibility EN 55032/EN 55035) and product safety (IEC 62368) to ensure safe operation. Products equipped with radio-frequency identification are tested based on the RED (Radio Equipment Directive) EU regulation.

Electrified locking devices sold in the USA comply with the ANSI/ BHMA A156.25 standard, which checks for reliable operation under slam cycle tests, durability, and strength, and includes electrical tests for protection against corrosion and over current among other test factors.

Emergency exits and escape routes: all our automatic doors are subject to the highest safety demands in accordance with EN 16005 (Power operated pedestrian doorsets – Safety in use – Requirements and test methods). For example, the ES PROLINE FST is equipped with a redundant operator, an additional control unit for safety purposes, and a self-monitoring motion detector. Additionally, the combination of burglary protection and escape route is possible with the ES PROLINE thanks to the magnetic locking system (FIA). This means all persons can safely leave buildings in an emergency, and the door offers protection from uninvited guests at the same time. In the USA, we conform to the authorization requirements for unintentional radiators as stipulated in the Code of Federal Regulations (FCC Part 15 Sub Part B).

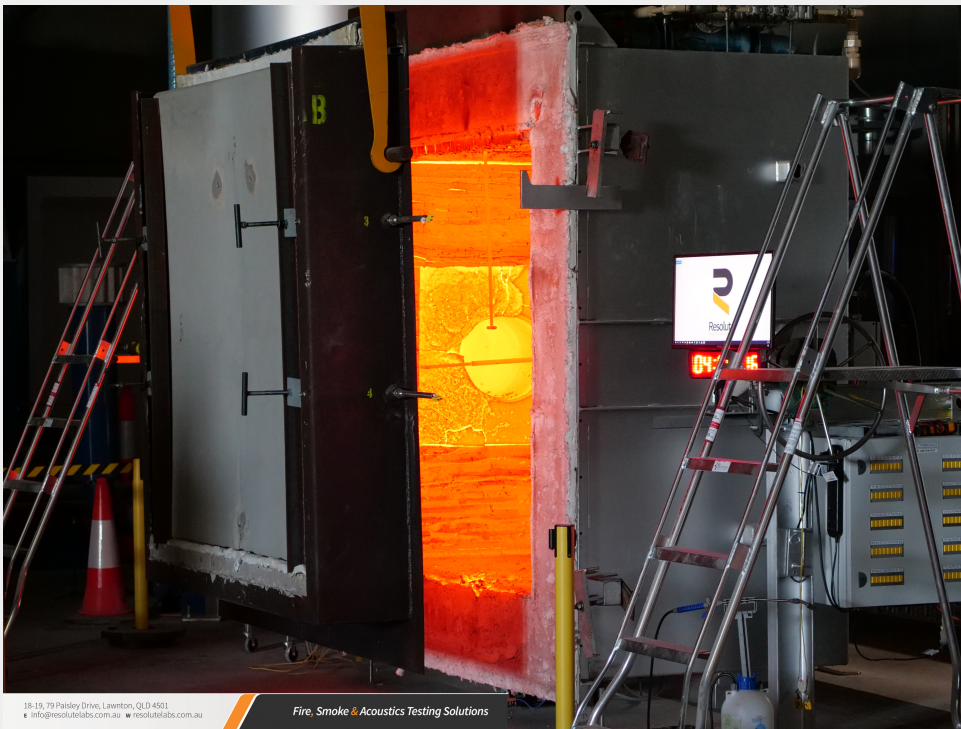
Fast-track fire, smoke, and acoustic testing at the dormakaba laboratory

Resolute Testing Laboratories, founded in 2016 and part of the dormakaba Group, supports companies with all their testing requirements at its purpose-built laboratory in Brisbane, Australia. As a NATA-accredited (ILAC MRA) laboratory, Resolute provides world-class testing services according to Australian (AS1530.4, AS1530.7, AS1191) and equivalent international standards for fire resistance, smoke leakage, and acoustic transmission building solutions.

Resolute is able to significantly reduce the lead time for tests and test reports compared to external approved NATA laboratories, thus reducing the R&D time on new products to release to market. This has been the case for testing conducted on behalf of Kilargo and E-Core, both part of the dormakaba Group. Resolute was able to test at a rate of one test every one or two weeks, compared to external labs where a test lead time can be up to two to three months.

Additionally, Resolute can also live stream the test to suit different local time zones, so customers have the opportunity to view the test in real time.

Resolute's experienced engineers and state-of-the-art facilities can ensure that our products meet the highest standards and are ready for market. The testing laboratory operates as an independent organization ensuring confidentiality and impartiality for all its customers.



Key & Wall Solutions

Our Key & Wall Solutions business manufactures automated solutions, keys, and space-dividing solutions. Our Key Systems and Movable Walls business units each have individual approaches to customer health and safety that are product-specific.

The business unit Key Systems approaches customer health and safety as an element of its ISO 9001 certification and ensures compliance with both mandatory (such as the European CE Declaration of Conformity) and voluntary safety standards. It has over 16 product certifications. Each Key Systems product features: proper documentation, such as a user manual; a Declaration of Compliance; contact details for the manufacturer; quick guides and tutorials available on the web; and training on demand or during product installation to provide the customer with all the information relevant for proper product use and safety features. Regional distributors are periodically trained on the same topics.

Raising awareness of the safe use and installation of our products

Besides certifications and maintaining our high-standard processes, we also believe that it is important to efficiently communicate with our partners and customers about the safe installation, operation, and use of our products. We have set the following targets to further minimize any health and safety risks related to our products. By 2027, we aim to:

- collaborate on health and safety trainings with subcontractors and installation partners;
- collaborate on trainings and provide information materials on the safe operation of our products to all end users; and
- have at least one corrective action and/or one awareness training for each product-related injury.

Our performance

We internally and externally verify customer health and safety through various certification programs including ISO 9001, testing, and stakeholder feedback. In FY 22/23, 49% of reporting sites achieved ISO 9001 certification.

During the reporting period under review, there were no incidents of non-compliance with health and safety requirements of products and services resulting in a final court decision to pay a fine or penalty or a warning by a competent public authority issued against a dormakaba entity.

49% of our sites have achieved ISO 9001 certification.

[ESG Performance Table](#)

Outlook

As the topic of product safety is embedded within local ISO 9001 management systems, visibility on a global level tends to be lacking. In FY 23/24 we will work with the key stakeholders to start mapping the current local processes embedded in ISO 9001 management systems throughout the company to drive transparency of customer complaints resulting in potential injury. This will include root cause analysis, read-across and training on corrections.