

# Strategy & Approach

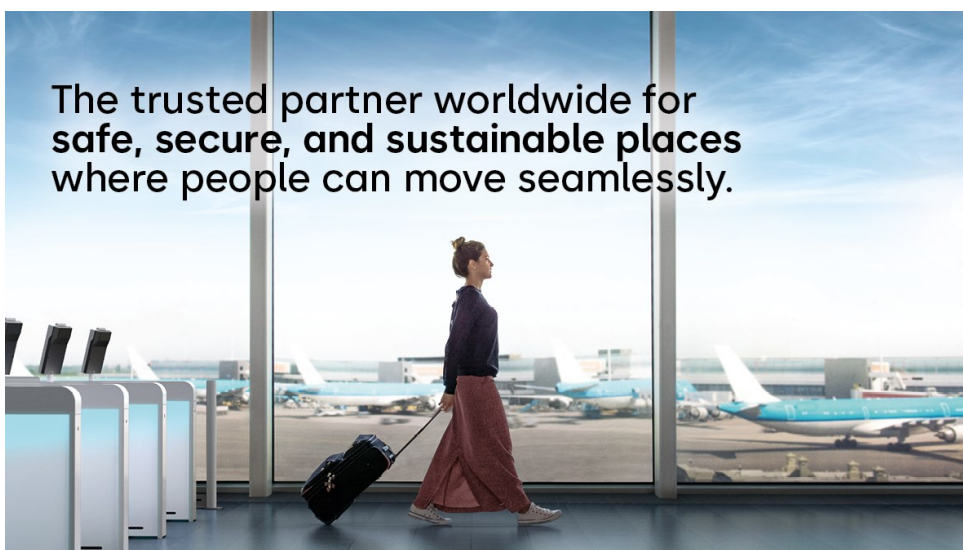
We are committed to championing sustainability in everything we do — from producing more sustainable solutions to helping our customers reduce their environmental footprint, to being a fair and responsible employer and neighbor.

dormakaba strives to promote sustainable development along the value chain as part of our economic, environmental, and social responsibility toward current and future generations. We seek open and transparent dialogue with stakeholders to define strategies and actions based on clear goals and continuous improvements. We adhere to the precautionary principle as the foundation of sustainability. Negative impacts on the environment and health should be avoided in advance to the greatest extent possible by all employees in all business activities. This approach is set out in our [Code of Conduct](#), which outlines our values, principles, standards, and norms of behavior.

At dormakaba we welcome the EU's and local governments' ambition to foster more responsibility within the business sector. We take our obligations to comply with the increasing number of sustainability laws and regulations seriously, including the German Supply Chain Act, the Swiss Conflict Minerals and Child Labor Due Diligence Legislation, the EU Taxonomy, and the EU Corporate Sustainability Reporting Directive.

## Sustainability is embedded in our strategy and vision

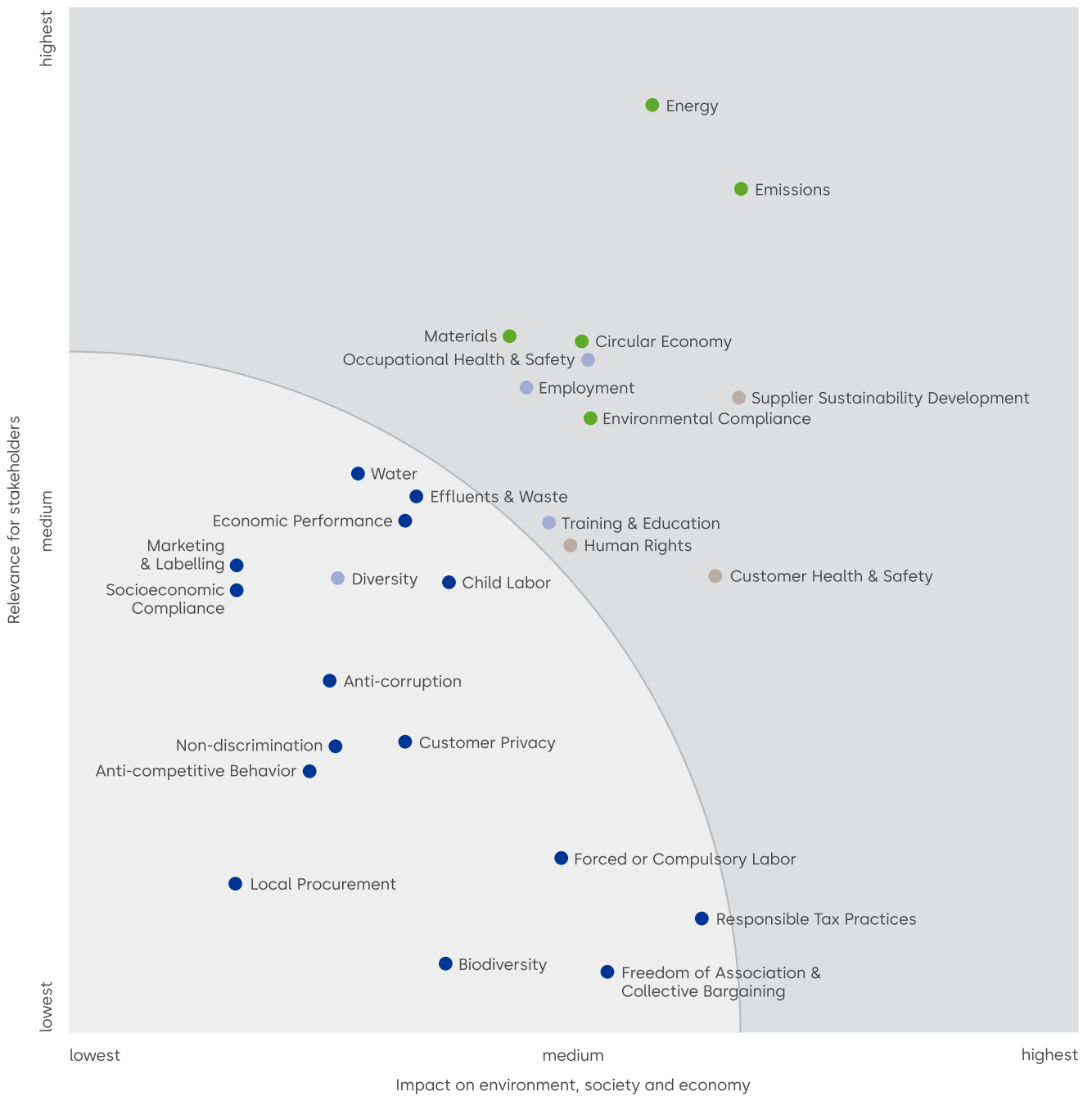
As part of our company strategy Shape4Growth, dormakaba has committed to an industry-leading framework for sustainability with ambitious ESG targets. We share the belief that sustainability is core to the future of our industry, of the building industry in general, and thus to our business model. With Shape4Growth, we have further integrated sustainability into our solutions, operations, and processes to better meet the expectations of our customers. We must do our part to reduce the carbon footprint of the buildings we supply, and we aim to do the same in our internal operations.



**The trusted partner worldwide for  
safe, secure, and sustainable places  
where people can move seamlessly.**

# Materiality

Our material topics were defined in the course of a comprehensive materiality reassessment in FY 20/21 and are valid for the years 2021–2027. We were able to identify ten topics that are the most relevant for our stakeholders and for those, where we have the highest impact on sustainable development. Full details on the materiality process can be found in the Outro.

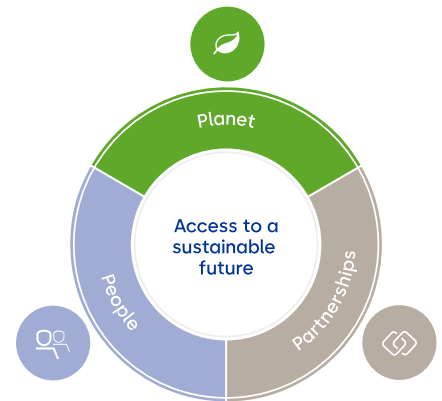


- Planet
- Partnerships
- People
- non-material topic
- Approved threshold

# Our Sustainability Framework 2021–2027

Following the reassessment of our material topics, we have developed a sustainability framework in line with our most material issues, based on three Pillars: People, Planet, and Partnerships. Within each Pillar, we have set clear sustainability targets that determine our sustainability-related efforts for the period 2021–2027.

We are committed to shaping a more sustainable industry and future. Sustainability is embedded at the core of our strategy and vision and is present in everything we do.



Icon	Aim	Material topics
<p><b>People</b> We empower our people so that they can unlock their full potential</p>	<p>We create a fair, inclusive, and safe culture that enables our employees to thrive. We provide a workplace where they can continuously grow, openly contribute with their ideas, and feel proud of their achievements.</p>	<ul style="list-style-type: none"> <li>• Fair Employment</li> <li>• Training &amp; Education</li> <li>• Diversity, Equity &amp; Inclusion</li> <li>• Occupational Health &amp; Safety</li> </ul>
<p><b>Planet</b> We open the doors wide to a low carbon and circular economy</p>	<p>We develop innovative and resource-efficient solutions for the circular economy and do our part to ensure a climate-resilient future. We offer durable and energy-efficient products that help our customers achieve their own sustainability goals.</p>	<ul style="list-style-type: none"> <li>• Energy &amp; Emissions</li> <li>• Circular Economy &amp; Materials</li> <li>• Environmental Compliance</li> </ul>
<p><b>Partnership</b> We collaborate to promote sustainable development beyond our own doors</p>	<p>We lead by example and engage with our partners to drive more eco-friendly practices and support the protection of human rights. Through our secure access solutions, we also contribute to people's health and safety. We work with partners to raise awareness of the safe operating practices of our products.</p>	<ul style="list-style-type: none"> <li>• Supplier Sustainable Development</li> <li>• Human Rights</li> <li>• Customer Health &amp; Safety</li> </ul>

# Strategic targets

In line with this strategic approach, dormakaba has committed to working toward 31 sustainability goals during the current strategic period. In the second year of implementation, we have notably achieved targets related to the circular economy and human rights ahead of schedule. We have also met our commitment to reducing carbon emissions – since our baseline year we have already saved around 10,000 tCO<sub>2</sub>e. This is already around 13% of our baseline. Below is a summary of the status of the targets as at 30 June 2023. You can read about these achievements and challenges in more detail in the relevant chapters of this report.



## People

Material Topic	Target	Target Year	Baseline FY 20/21	Performance FY 22/23	Notes	
Fair Employment	Maintain our employee engagement score at or above the IBM Global Norm (72)	2027	70%*	71%	Based on the results of dormakaba dialogue	
Training & Education	Increase average training hours to 20 hours per employee per year	2027	13 hrs/FTE	12.4 hrs/FTE	We saw a marginal improvement versus last financial year's performance (12 hrs/FTE) due to an increase of almost 17,000 hours of online training and blended learning.	
Diversity, Equity & Inclusion	1 in 3 managers are women	2027	19%	21%		
	25% women in succession planning for senior management positions	2027	14%	No change	Due to the publicly announced reorganization of the company, succession planning will be presented to the Nomination Committee of the Board of Directors in February 2024.	
Occupational Health & Safety	Decrease the recordable work-related injury rate by 33%	2027	1.4	1.5		

\* Baseline FY 19/20 in line with the latest dormakaba dialogue results



Material Topic	Target	Target Year	Baseline FY 20/21	Performance FY 22/23	Notes	
Energy & Emissions	Reduce operational emissions (Scope 1+2) by 42% in line with a 1.5°C future	2030	74,770 tCO <sub>2</sub> e <sup>1</sup>	64,621 tCO <sub>2</sub> e		
	Reduce value chain emissions (Scope 3) from purchased goods and services and the use of sold products by 25%	2030	1,124,936 tCO <sub>2</sub> e <sup>1</sup>	1,127,500 tCO <sub>2</sub> e	In FY 22/23 we saw an increase in procurement spend vs. the previous year, as well as an increase in purchases of more carbon-intensive metals. While emissions stemming from purchased goods and services have increased, those from product use have decreased. As a whole, these have offset each other over the past two years, and we are thus still close to the baseline figure.	
	Become carbon neutral in our operations	2030	74,770 tCO <sub>2</sub> e <sup>1</sup>	64,621 tCO <sub>2</sub> e	Carbon emissions from heating fuels, vehicle fuels, and purchased electricity are to be reduced by our own actions in line with our 1.5°C commitment, and residual emissions will be offset through Gold Standard-certified projects starting in 2030 only.	
	Achieve net zero emissions	Latest 2050	1,199,704 tCO <sub>2</sub> e <sup>1</sup>	1,192,121 tCO <sub>2</sub> e		
	Have best-in-class energy efficiency for new products	2023	–	Target achieved	We developed an EcoDesign Specification Template, which is mandatory for all new product developments starting from FY 23/24.	
	Reduce energy intensity of our operations by 25%	2030	100.5 MWh/mCHF <sup>1</sup>	83.9 MWh/mCHF		
	80% of purchased electricity is from green sources	2030	46%	50%		
	100% of fleet in Germany, France, and the UK is electric- or hydrogen-based	2030	–	4%	This is an improvement versus 1% in the previous FY.	
	All manufacturing sites maintain Energy Management Systems based on ISO 50001 <sup>3</sup>	2023	21% <sup>2</sup>	35% <sup>4</sup>		
	Circular Economy & Materials	All new product developments and optimizations are covered by our circularity approach	2023	–	Target achieved	We developed an EcoDesign Specification Template, which is mandatory for all new product developments starting from FY 23/24.
We offer extended producer responsibility take-back schemes for all products and packaging in top ten sales countries		2027	–	–	A concept has been developed by KEDGE Business School students for launching take-back programs and to evaluate local recycling companies for partnerships. Implementation in nine	

				top selling countries will start in FY 23/24.	
Zero fossil fuel-based plastic used in packaging	2027	223 tons	376 tons	In FY 22/23 we integrated requirements to avoid polystyrene, PVC, and fossil fuel-based plastic packaging in our Corporate Packaging Design Guideline. In FY 23/24 we will reduce spend on fossil fuel-based packaging by 25%.	
100% of paper, wood, and carton stems from Forest Stewardship Council-certified sources	2027	-	-	In FY 22/23 we integrated requirements for FSC-certified packaging in our Corporate Packaging Design Guideline. In FY 23/24 we will convert 25% of all procurement spend for paper, wood, and carton to FSC-certified goods.	
Double the total number of sustainability-related product declarations/certifications, including Cradle-to-Cradle and for recycled content	2027	170	240 <sup>4</sup>		
Zero waste to landfill in operations	2027	3,443 tons	2,382 tons	33 manufacturing sites received training and guidance to develop Zero Waste to Landfill action plans. After on-site waste audits, three locations with the highest levels of landfill waste now have specific waste optimization action plans.	

<sup>1</sup> Baseline FY 19/20 in line with Science Based Targets initiative validation

<sup>2</sup> Baseline FY 19/20

<sup>3</sup> Also referred to as "Operationalization of Energy Management Systems (EnMS)", as named in our credit facility agreement

<sup>4</sup> 2022-2023 PwC-assured. The assurance statement is available under: [bit.ly/Assurance\\_Report\\_22\\_23](https://bit.ly/Assurance_Report_22_23)

Partnerships

Material Topic	Target	Target Year	Baseline FY 20/21	Performance FY 22/23	Notes
Supplier Sustainable Development	Assess all high-risk suppliers for their sustainability management by a third party or off-board them for lack of participation	2027	10%	23.7% <sup>1</sup>	
	At least 45% of our high-risk suppliers participate in our sustainability engagement program	2027	10%	23.7%	
	Close at least 80% of high-priority corrective actions of assessed suppliers	2027	-	49%	
	90% of assessed suppliers with priority findings have completed a sustainability training	2027	-	-	We have selected an external partner to conduct supplier training on sustainability topics and the first invitations to suppliers with high-priority corrective actions will be sent in FY 23/24.
	Provide information regarding conflict minerals for high-risk suppliers	2027	-	663 Conflict Minerals Reporting Templates provided by suppliers	We have also published a Statement of Commitment on

					Responsible Minerals Sourcing.	
Human Rights	Reduce the risk of forced labor for migrant workers by providing ethical recruitment trainings for all our labor agents in sending and receiving countries	2027	-	-	The launch of related initiatives is planned for FY 23/24.	
	Support the right to water in communities where we manufacture by establishing water stewardship programs in areas of high water scarcity, with no absolute increase in water consumption and reducing water intensity by 28%	2027	75,086 m <sup>3</sup> absolute consumption and 25.5 L/hours worked <sup>2</sup>	53,819 m <sup>3</sup> absolute consumption and 18.1 L/hours worked	While the target has been achieved ahead of schedule, we will continue to monitor in the coming years to ensure the level remains within the target threshold in 2027.	
	Ensure supply chain traceability for minerals having high risk of child labor	2027	-	We continued cobalt traceability dialogues with two key suppliers to understand Tier 2+ supply chain characteristics		
Customer Health & Safety	Collaborate on health and safety training with subcontractors and installation partners	2027	-	-	The launch of related initiatives is planned for FY 23/24.	
	Collaborate on training and provide information materials on the safe operation of our products for all end users	2027	-	-	The launch of related initiatives is planned for FY 23/24.	
	At least one corrective action and/or one awareness training for each product-related injury	2027	-	-	The launch of related initiatives is planned for FY 23/24.	

<sup>1</sup> 2022-2023 PwC-assured. The assurance statement is available under: [bit.ly/Assurance\\_Report\\_22\\_23](https://bit.ly/Assurance_Report_22_23)

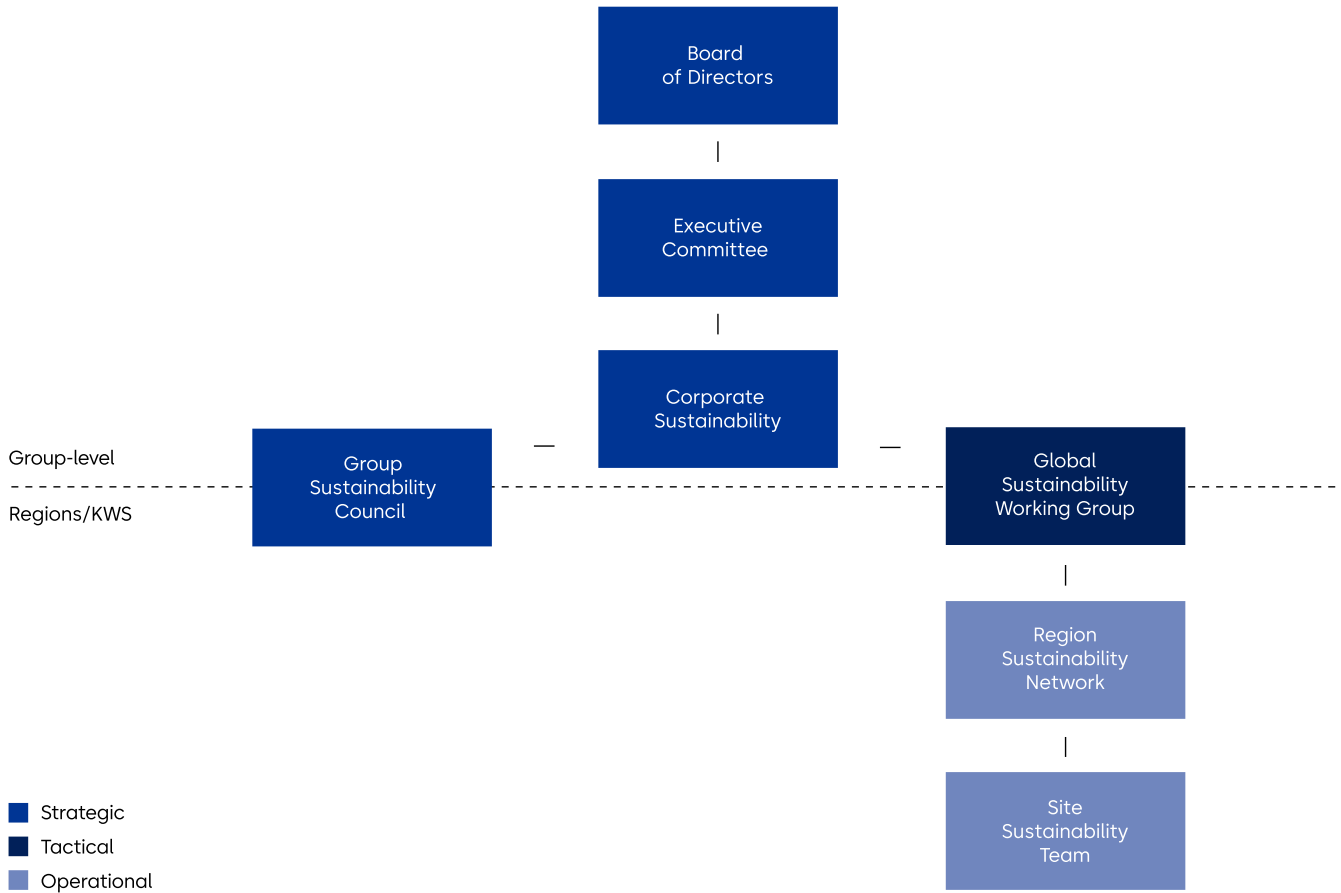
<sup>2</sup> Baseline FY 19/20

## Sustainability governance

Our **Sustainability Charter** defines the management framework required to achieve our sustainability vision. In FY 21/22, the Charter was updated in line with our new corporate strategy and sustainability framework, and a new sustainability organization was defined. The most fundamental change to this is the establishment of four Expert Groups that are integrated into the overarching Global Sustainability Working Group: Sustainable Products, Supplier Sustainable Development, People and Environment, Health & Safety. Each sustainability target is allocated to a particular Expert Group with the most relevant job functions and business know-how. Their contribution is key to ensuring the successful implementation and development of strategic initiatives to achieve our sustainability targets.

An overview of the dormakaba sustainability organization is found below. Further duties, authorities, and reporting channels for the various bodies are set out in the Sustainability Charter.

# Sustainability organization



## Board of Directors

Guides the dormakaba sustainability framework and is responsible for its overall governance by reviewing and endorsing it.

## Executive Committee

Sets and approves strategic objectives and defines an appropriate strategic thrust that incorporates the objectives of the organization, its operational structure, and the business processes needed to meet the company's obligations.



## Group Sustainability Council

The cross-functional Group Sustainability Council receives its mandate from the Executive Committee (EC) and is chaired by the CEO. The members of the Council are senior representatives from the global functions and regions, and they cascade relevant information and details within their functional networks after the meetings. The Council meets twice per year as a minimum. It ensures proper implementation of the sustainability framework. It has the mandate of supporting value creation for the main stakeholders by integrating ethical, social, and environmental responsibility into daily activities as defined in the dormakaba Code of Conduct and based on global best practice. Its purpose is to review sustainability performance and discuss and recommend to the EC the policies, processes, systems, and staff required to identify and meet the relevant international standards and agreements in the social, environmental, and economic fields to which it is formally committed as a member of the UN Global Compact.

## Corporate Sustainability

Develops, monitors, and coordinates the implementation of the sustainability management system across the organization and develops its related policies and standards. The role of Corporate Sustainability is to report and make appropriate recommendations to the Group Sustainability Council with regard to the company's management of its sustainability and its conduct of business in accordance with the above-mentioned external and internal policies, regulations, charters, and principles. Corporate Sustainability is led by the Group Sustainability Officer, and it is part of the Global Strategy function.

## Global Sustainability Working Group

Discusses global and regional sustainability performance, exchanges on current sustainability initiatives and best practice, develops concepts for new initiatives that support the achievement of sustainability targets, and operationalizes them wherever appropriate. It consists of four Expert Groups: Sustainable Products, Supplier Sustainable Development, People, and Environment, Health & Safety. The function of the Expert Groups is to conceptualize and operationalize specific initiatives within the members' functional area of expertise to ensure target achievement.

## Region Sustainability Network

This is not a required body but may support the successful local implementation of sustainability initiatives through the development of guidelines, templates, and knowledge sharing. It recommends and develops concepts for the corresponding Expert Group's sustainability action plan and supports activities to raise sustainability awareness.

## Site Sustainability Team

The Site Head and any local team members are ultimately responsible for the local implementation of sustainability projects and improvement initiatives based on global sustainability targets.

# Global Sustainability Conference

In October 2022, we organized our first in-person Global Sustainability Conference since the Covid-19 pandemic. Almost 40 members of the Global Sustainability Working Group from all four Expert Groups worked on action plans to get us closer to achieving our ESG targets. The key topics were – among others – drafting the Health & Safety Directive, developing initial requirements for the product circularity approach, training on how to achieve Zero Waste to Landfill, and best practice sharing on Diversity & Inclusion and Living Wage assessments. Besides Expert Group break-out sessions, the Global Sustainability Working Group also discussed possible ways to improve cooperation across different levels and departments of the organization.

We also presented our new Changemaker Award to four of our colleagues, whose contribution to driving sustainability change at dormakaba is extraordinary. Our CEO and Chief Strategy Officer, as well as external experts also joined the event to share inspirational speeches or insightful best practices.



The Global Sustainability Working Group in Rümlang, Switzerland

# Stakeholder dialogue and partnerships

dormakaba attaches great importance to regular contact and ongoing dialogue with our stakeholders at both local and global levels. We consider the close involvement of our stakeholders to be an asset in our ongoing efforts and therefore pursue a goal of creating better mutual understanding, based on trust, to enhance our partnerships and collaboration. Examples of stakeholder dialogue in FY 22/23 include:

- **Employees:** We have gathered feedback on employee engagement and satisfaction through our global "[dormakaba dialogue](#)", with over 12,000 employees participating. Additionally, our Human Resources community completed a Statement of Adherence to our Responsible Labor Directive in the form of a self-assessment questionnaire, providing valuable insights on local working conditions, which will serve as the basis for developing future due diligence measures.
- **Customers:** At BAU 2023, the world's leading trade fair for architecture, materials, and systems, we had a dedicated corner for sustainability, where we shared with customers and other stakeholders our sustainability framework and work in the area of product sustainability. Interest in our sustainability endeavors was high, and we received very positive feedback.
- **Government and Civic Society:** Due to our leading role in human rights due diligence, we have presented our work in this area at several multistakeholder events and workshops, including at the ILO's Child Labor Platform, the United Nations Global Compact Swiss Network, and at workshops organized by the Swiss State Secretariat for Economic Affairs (SECO). Additionally, our Head of Product Sustainability has become a Board member of the Institut Bauen & Umwelt e.v., the largest association of building material manufacturers devoted to the concept of sustainable construction and one of the leading programme operators worldwide for construction industry Environmental Product Declarations (EPDs).

## Community engagement across the world

We encourage and support our employees across the world to engage in volunteering and other social activities within their communities and beyond. Examples of such company activities in FY 22/23 are varied. For example, in Ennepetal (Germany), over 130 volunteers – dormakaba employees and their family members – participated in the kick-off of a city-wide reforestation campaign. A total of 150 Norway maples were planted. "With this campaign, we want to express our attachment to the region on the one hand and support the city's climate protection plans on the other. With their commitment, our employees are contributing to dormakaba's long tradition of social and environmental campaigns," explained Oliver Squar, SVP Finance Germany. In Chennai (India), 30 employees took part in a similar initiative in June in honor of World Environment Day.

Immediately after the devastating earthquake in Turkey and Syria, our colleagues from dormakaba Iberia decided to help the people in the affected region. Despite the great distance, they started a donation campaign for clothing and hygiene products and found a prominent partner in Turkish Airlines, which transported the donations to the crisis region.

Furthermore, our colleagues in South Africa, together with clients and customers, took part in the Bell of Hope Cycle Challenge for Mental Wellness to raise awareness and address the stigma attached to mental illness. More than 15 of our French colleagues participated in the Grande Course du Grand Paris running competition – its organizers aimed to prove that it is possible to hold a large-scale urban running event that is also eco-friendly. Last but not least, our colleagues in the USA have been volunteering and building homes for those in need with Habitat for Humanity's Greater Indy chapter since 2017. More details on our engagement with Habitat for Humanity can be found in the [Training & Development](#) chapter.



dormakaba employees all over the world taking action in their communities

Stakeholder	Key topics and concerns	Platforms	Grievance mechanisms
<b>Employees</b>	Employment practices and benefits, occupational health and safety, sustainable business practices, environmentally safe production processes	dormakaba dialogue survey, bilateral meetings with local Human Resources representatives, employee works councils or trade unions, safety committees	Reporting channels defined in the Code of Conduct, open-door policies, grievance mechanisms in place as part of collective bargaining agreements, meetings with trade union representatives
<b>Investors</b>	Business performance and strategy, responsible business practices, eco products, transparent reporting, quantifiable objectives	Anchor Shareholders Events, Capital Market Day, road shows, analyst conferences, bilateral meetings, ESG rating questionnaires	Interviews with Investor Relations and members of the Executive Committee upon request
<b>Architects, specifiers</b>	Product offering, product design and quality, trustworthiness and reliability, price level, innovation	Annual brand tracking survey, trade shows and associations, customer service hotlines	Customer complaint process
<b>Partners, installers, distributors, customers, and end users</b>	Technical training and product specifications, product design and quality, trustworthiness and reliability, price level, sustainability demands for green building certifications	Partner Days (conferences), in-house product training, annual brand tracking survey, trade associations, direct e-mail requests	Customer complaint process
<b>Suppliers</b>	Qualification process	Bilateral meetings, surveys, on-site audits	Third-party whistleblowing hotline
<b>Local government</b>	Employment, health, safety, and environmental compliance	Bilateral meetings	Direct contact

## Partnerships



## External acknowledgments



We have been awarded a gold medal for our sustainability management by the assessment firm [EcoVadis](#), placing the company in the top 5% of all assessed companies in the assigned sector. Our company is especially strong in the areas of labor and human rights (top 2%) and sustainable procurement (top 6%) compared to other companies in our industry.



We improved our score from B to A- with the 2022 [Carbon Disclosure Project \(CDP\)](#) report. By achieving the Leadership level (A-), dormakaba is well above the global average of more than 18,700 assessed companies. Being part of the Leadership band means that we are recognized as implementing current best practices for addressing climate issues.



The [Institutional Shareholder Services \(ISS\) Environmental, Social and Governance \(ESG\) Corporate Rating](#) awarded dormakaba Prime Status. The ESG Corporate Rating assesses companies based on analysis of more than 100 sector-specific ESG factors. Companies that receive particularly high scores within their respective industry are awarded a Prime Status distinction. This means that they fulfill ambitious absolute performance requirements.



In 2023 our MSCI rating remains unchanged at AA, maintaining our position among the leaders in our industry. The [MSCI ESG Rating](#) aims to measure a company's management of financially relevant ESG risks and opportunities.