

# 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 we 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.

Our Sustainable Procurement Directive 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 the event of non-participation or non-compliance.

## Our activities

Our global supply chain is large and complex, which poses a challenge in terms of sustainability management. Global procurement volumes with external vendors, excluding inventory, correspond to approximately 41% 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 16,800, with spend focused in Europe (40%), Asia (23%), and the Americas (14%).

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.

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Download the dormakaba Supplier Code of Conduct.

[Download](#)

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We are setting higher standards for our suppliers to foster circular solutions. Learn more about how we are increasingly sourcing recycled materials and goods harvested through responsible forestry practices.

[Circular economy](#)

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

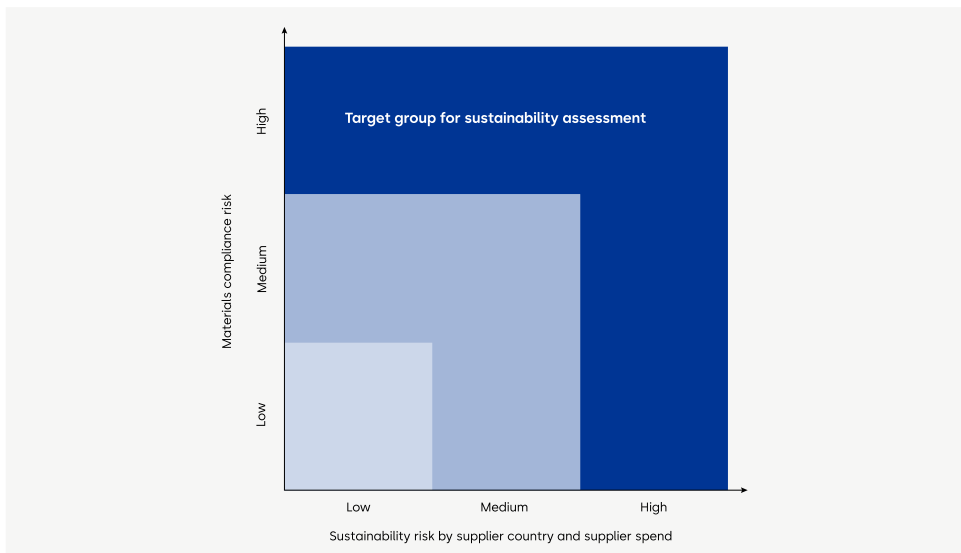
- 1 Identifying supply chain risks
- 2 Supplier off-site assessments
- 3 Supplier on-site audits
- 4 Training of internal and external stakeholders
- 5 Procedures in the event of non-participation or non-compliance

## 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 or potential labor risks for outsourced services. A material content risk assessment is focused on potential hazardous materials outlined by the European Union's REACH regulations and RoHS Directive or conflict minerals. 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 greatest 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 1,972 suppliers from our Tier 1 base, both for direct (e.g., material goods) and indirect (e.g., services) spend. The target group was updated at the end of FY 22/23 based on the latest available full-year data from the procurement information systems at the time the re-evaluation took place (FY 21/22).

### Supplier categorization for sustainability assessment



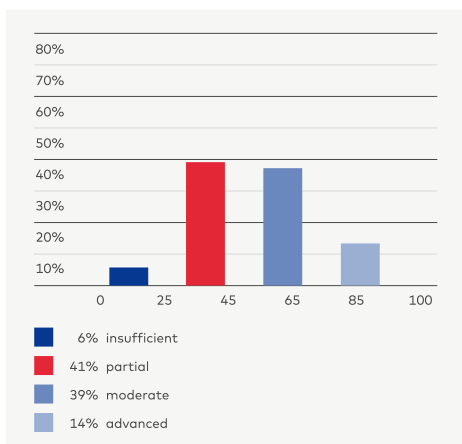
# Supplier off-site assessments

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).

Since the launch of our collaboration with EcoVadis, 31.7% of our high-risk suppliers have been assessed. 825 high-priority corrective actions have been requested and 9% of these have been closed. Furthermore, in FY 23/24 a total of six business relationships were terminated and five suppliers were blocked from new business.

In FY 23/24, we engaged 544 high-risk suppliers and asked them to participate in the EcoVadis assessment (versus the 500 targeted suppliers). The positive participation rate was 30%. Of all suppliers with a completed rating as at 30 June 2024, 60% landed in the score band of "good" or above. However, 34% had only partial performance, with scores lower than 45. And an additional 6% were considered to have insufficient performance.

### Overall score distribution\*

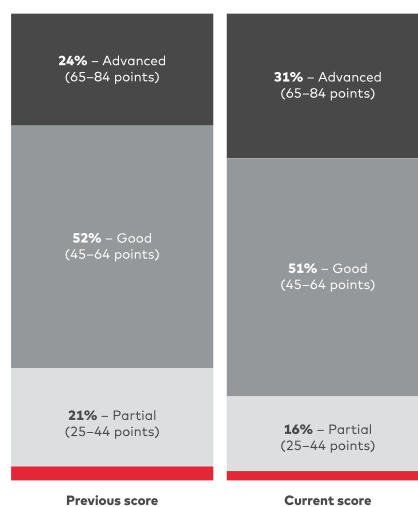


\* All EcoVadis-rated dormakaba suppliers since 2019

Since the start of our cooperation with EcoVadis, 43% of assessed suppliers have undergone a follow-up reassessment. We found that 64% of the reassessed suppliers in FY 23/24 improved their score, with an overall improvement of 4.2 score points. Among those that improved, the average supplier improvements per pillar were:

- Environment: +5.2 points
- Labor and Human Rights: +4.3 points
- Ethics: +3.1 points
- Sustainable Procurement: +3.9 points

The majority of reassessed suppliers (51%) exhibited good performance, with an additional 31% considered to have advanced performance. The proportion of suppliers with partial performance decreased from 21% to 16%. We will continue to support our business partners to improve their rating in the future.



Improvement in performance through EcoVadis reassessment

## Robotic process automation as a game changer in our supplier outreach

Artificial Intelligence (AI) and robotic technologies are dominating conversations across industries. For the procurement function in particular, robotic process automation is predicted to take processes to the next level by streamlining more administrative tasks and leveraging big data.

We sat down with Karola Steputat, our Senior Procurement Sustainability Expert who has been driving sustainable procurement strategies at dormakaba since 2017, to hear more about how dormakaba is applying these technologies.

### **Please tell us about your experiences with robotic process automation so far.**

As dormakaba has a large supplier base, process automation is essential to achieve better results, while saving time and resources. In FY 23/24, we introduced a robotic process automation tool named EVA to automate communication processes with our suppliers. For example, EVA asks our suppliers to sign documents, sends them invitations and reminders for participating in EcoVadis assessments, and it also shares feedback based on their scores. Since the launch of EVA, 181 Supplier Code of Conducts and 189 Sustainability Agreements have been signed by our suppliers. In addition, we began using an AI-based risk management tool to close gaps and to find, understand, and categorize risks that affect our supply chain. With this tool, we will monitor our suppliers' sustainability risks based on AI assessments of public statements and (social) media reports. The alerts we receive allow us to react more quickly to critical issues.

### **From your perspective, what is the significance of AI and robotic processes in sustainable procurement?**

In Sustainable Procurement in particular, there are many repetitive processes, and the demands are increasing exponentially with every new regulation coming into force. Laws and regulations are changing so rapidly – it is a veritable flood, and it does not seem that it will let up any time soon. The only way a company like ours with thousands of suppliers can be compliant is to rely on digital tools. They are essential tools that will allow us the necessary speed while remaining flexible to change and new regulatory challenges. By eliminating repetitive tasks, there is more time for strategic work and on building lasting partnerships with like-minded suppliers rather than focusing purely on administrative tasks.

### **What are the biggest challenges in their implementation?**

Despite their transformative potential, challenges such as ensuring data accuracy, addressing privacy concerns, and achieving customization and scalability remain pivotal hurdles to their adoption. Also, data preparation and mistrust of these technologies by colleagues are big topics. As these kinds of processes are new, errors can occur during planning and setup if, for example, important parameters are forgotten. Supply chain data security can also pose a risk. In order to mitigate these risks, we will continue to monitor the tool's performance and continuously validate and adjust any algorithms. At the end of the FY 23/24, we will review again our learnings so far and adjust for next year's supplier assessment campaigns accordingly.

### **In summary: is robotic process automation good or not?**

Definitely, good. The benefits far outweigh the risks. It:

- 1 Is faster
- 2 Enables better data-based decision-making
- 3 Is less error prone
- 4 Allows employees to focus on designing strategic solutions instead of on administrative, repetitive work and
- 5 Can be used as an early warning.

However, at the end of the day, they can only take you so far. There will never be a substitute for picking up the phone and having a real conversation with a supplier.

## Supplier on-site audits

To examine our suppliers' situation on-site, we developed a standard audit questionnaire that covers 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 23/24, our own quality team conducted on-site audits for 11 suppliers in China. There were no findings of non-conformance regarding sustainability criteria.

We pay particular attention to suppliers performing subcontracted work, as we have noted that there is a higher risk of human rights impacts and poor labor conditions. We therefore organize on-site audits for such subcontractors that are conducted by a neutral third party, ELEVATE. These on-site audits include a workers' sentiment survey that enables the supplier's workforce to voice their concerns and communicate their sentiments towards the management of specific topics, such as working hours, health and safety, and discrimination. Any concerns voiced in the survey or during the interviews are taken into consideration in the design of remedial actions.

During FY 23/24, we conducted six audits on subcontractors: three initial audits in Taiwan, two closure audits in China, and one initial audit in Malaysia. Major findings at some of the subcontractors undergoing an initial audit included retention of passports, workers not being allowed to be interviewed by the auditor, wages being retained, excessive working hours, and health and safety hazards. For those with Zero Tolerance findings, all orders were stopped until the finding was corrected. For example, in the case of passport retention, we stopped business immediately until the passports were released back to the workers and safe storage was provided. Thereafter, our local team worked together with the subcontractor and ELEVATE to agree on a set of additional corrective measures. Depending on the severity of the other findings, a closure audit will take place within three to twelve months to verify the remediation of the violations and the continued improvement.

Regarding the two closure audits, considerable improvements with regard to age verification, formalization of the working relationship, some health and safety findings, annual leave, and delayed payment of wages were verified. However, other findings from the initial audits – such as inconsistencies in the payroll and attendance systems, access to grievance channels, and other health and safety findings – remained open. We will continue working with the subcontractors to improve their systems and processes, and close the findings that remain open.

With a view to safeguarding the interests and well-being of workers, we refrain from immediately exiting business relationships with suppliers where non-conformances have been found, with the exception of Zero Tolerance findings. Instead, we take the time and the effort to work with suppliers to close the findings. We believe that this course of action ensures better protection of the interests and well-being of workers, vulnerable groups, and local communities than an immediate exit from the business relationship.

#### **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 signing. 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. These on-site audits are conducted by a third-party company called ELEVATE. 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 suppliers and employees

Our procurement employees play a critical role in achieving our goals related to Supplier Sustainable Development. Their understanding of sustainability and our processes related to EcoVadis and other sustainability-related information requests is vital. 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 23/24, 142 colleagues from procurement completed trainings on the Responsible Minerals Sourcing and on the Sustainability Procurement Directive. This represents 58% of the procurement function.

Furthermore, to contribute to sustainable development, we want to help our suppliers to improve their own sustainability performance. Therefore, we set a target to engage **90% of our assessed suppliers with priority findings in sustainability trainings by 2027**. We launched the program in FY 23/24 and sent out invitations to 221 suppliers with high-priority corrective actions to complete training on sustainability topics. This supplier training program includes four learning plans: environment, climate change and greenhouse gas emissions, labor, and health and safety. Suppliers are recommended specific training based on gaps in their sustainability performance. They are also able to access the whole suite of training modules available on the platform at no cost.

### Due diligence on conflict minerals

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 via Assent Compliance. By the end of FY 23/24, in the USA we had contacted more than 1,000 suppliers (excluding non-production suppliers and services). Of these, 61% submitted Conflict Mineral Statements, representing around 89% of the procured parts. Approximately 36% of the supplier responses indicated that no 3TGs (tungsten, tantalum, tin, and gold) were intentionally used in the delivered goods, 16% have a strong compliance program, and around 6% have weak conflict mineral procedures.

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For more information on the topic, please view our Statement of Commitment on Responsible Minerals Sourcing.

[Download](#)

## Outlook

During the next financial year, a key element of our supply chain due diligence will be the continued integration of sustainability requirements in supplier qualification processes. Furthermore, we will continue to invite at least 500 suppliers to complete our supplier assessments via EcoVadis throughout the year.

Additionally, in FY 24/25, further suppliers assessed by EcoVadis with high-priority findings will be invited to participate in our sustainability training sessions.

We will also continue to focus on the sourcing of materials with sustainable, certified alternatives. Our aim is to ensure that at least 50% of our paper, cardboard, and wood purchases come from responsibly managed forests based on the Forest Stewardship Council or a similar standard. Additionally, we will start switching plastic packaging to biological alternatives with the aim of transforming 33% of the purchasing base in FY 24/25.

What's more, we will extend our collaboration with Assent Compliance and begin requesting Conflict Minerals Reporting Templates and Extended Minerals Reporting Templates for suppliers delivering to Germany to increase transparency and data quality.

Finally, we will continue to engage our metal suppliers in order to increase the recycled content in their products to the targeted thresholds.



# Human Rights

dormakaba acknowledges its 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.

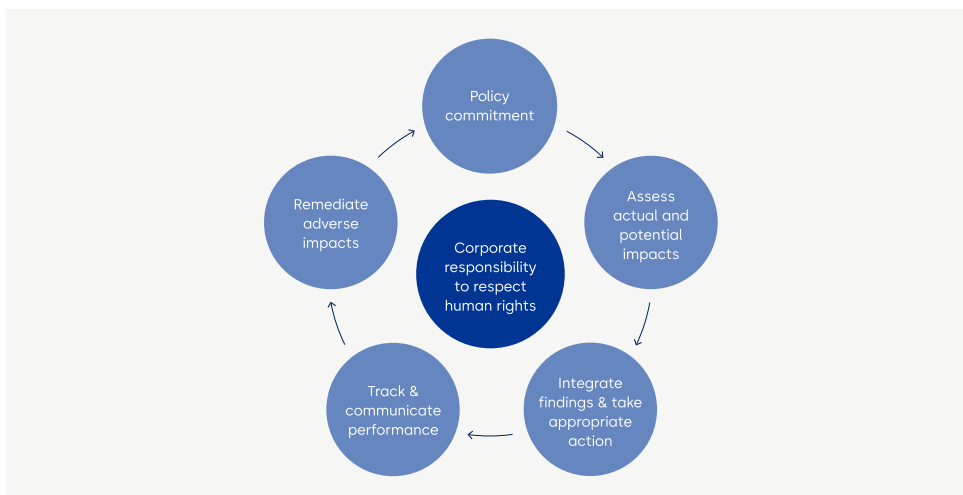
As a company with global supply chains, dormakaba is exposed to increased risks of being directly or indirectly linked with human rights violations. We therefore treat the respect of human rights as a top priority and require our business partners to do the same.

## 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 our [Statement of Commitment on Human Rights](#) to ensure dormakaba will be able to effectively implement our commitment to respecting human rights:

### Human Rights Due Diligence (HRDD) process



## Policy commitment

Our human rights commitment established in the [dormakaba Statement of Commitment on Human Rights](#) extends to all individuals throughout the value chain. It was developed based on a gap assessment, stakeholder consultations, and approved by our then Chairman. Through this work, we also identified our most salient issues (see details in the following section). 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 reassess salient issues and human rights risks annually based on internal and external stakeholder feedback and expert judgments.

In addition to our Statement of Commitment on Human Rights, our Responsible Labor Directive and the Zero Recruitment Fees Directive lay out our policy commitments on human rights-relevant topics of labor conditions for our workforce. These 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.

The commitment to human rights is further enforced 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 regarding human rights for employees and suppliers.

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](#).

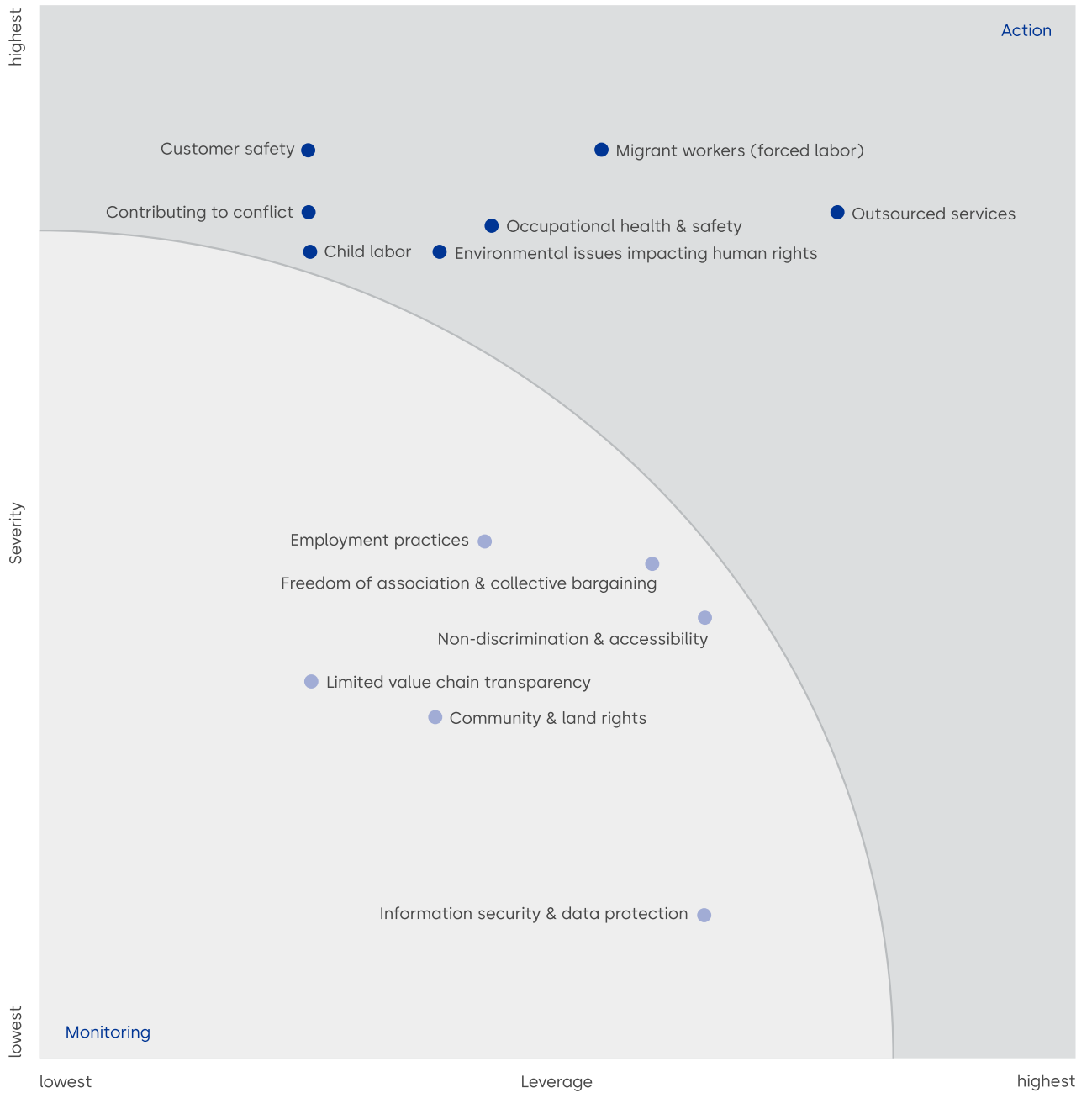
## Assessing actual and potential impacts to define salient issues

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, such as 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 as 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 the event 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. In doing so, we have developed a Human Rights Risk Management System and we **have committed to conducting at least one social audit per financial year in our own operations.**

## Human Rights Risk Management System

In FY 22/23 we distributed a self-assessment questionnaire to local HR management for locations in scope of this Sustainability Report to assess their level of compliance with our Responsible Labor Directive and Zero Recruitment Fee Directive. We achieved a 100% participation rate, gaining valuable insights into the situation on the ground.

Each location received a social risk score depending on their compliance level, and this information was used to inform and develop a Human Rights Risk Management System. Additional internal and external social Key Performance Indicators (KPIs) were also used, ranging from country risk indexes provided by Verisk Maplecroft to working hours records, whistleblowing reports, and injury incident rates.

Each KPI was weighted based on the likelihood, scope, severity, and remediability of the associated human rights risks, and a final risk score was derived for each site. Sites were then classified according to a four-level risk scale between extreme, high, medium and low risk. This classification, in turn, serves as the basis for prioritizing sites for additional due diligence measures, such as on-site auditing cycles, mandatory training tailored to the risks identified, and one-to-one support. The risk scores and self-assessment questionnaire are now updated on an annual basis with a special focus on sites with medium, high, or extreme risk.

A similar risk management approach is applied to supply chain risks. Further information found in the Supplier Sustainable Development chapter.

Supplier Sustainable Development

## Integrate findings and take appropriate action

In FY 23/24, we conducted six audits to identify actual or potential human rights risks or abuses in those facilities identified through our Human Rights Risk Management System as having high or extreme risk. We engaged ELEVATE, an industry leader in Environmental, Social and Governance (ESG), and supply chain services to conduct the on-site audits. We conducted closure audits in our facilities in Singapore, Senai (Malaysia), Melaka (Malaysia), and Taishan (China) and initial audits in the Nogales (Mexico) and Chiayi (Taiwan) plants. These were conducted according to the ERSA 3.0 standard, which is in line with local law in addition to International Labour Organization (ILO) Conventions and industry protocols including RBA, ETI, BSCI, SEDEX SMETA, and IETP.

Of these, our Singapore and Nogales plants achieved good results (B level). The closure audit in Taishan showed an improvement versus previous findings but further corrective actions continue to be necessary. During the initial audit in Taiwan, it was discovered that migrant workers had paid recruitment fees, in violation of the company's Employer Pays Principle. A reimbursement plan is being developed.

In Senai (Malaysia) all major findings from the initial audit had been resolved – however, a new Zero Tolerance finding was discovered related to forced labor risks faced by agency workers managed by an external security firm. Local management acted quickly to address the issue directly with the security company. The results from the closure audit in Melaka (Malaysia) were not yet available at the close of the financial year.

Each audit is followed by the development of a comprehensive corrective action plan that addresses the findings and builds the capacity of the different stakeholders to prevent the same human rights issues from reoccurring. To ensure complete objectivity and best practice in the development of the corrective actions, our external auditing partner guides the identification of root causes and the development of the corrective action plans for all social audits conducted in our own operations and those of our suppliers.

Furthermore, based on gaps in conformity with the Responsible Labor Directive and Zero Recruitment Fee Directive revealed as part of the global self-assessment questionnaire, 12 training modules to build the capacity of the local HR managers and plant managers were developed. These training modules are also a fundamental part of our Human Rights Good Practices Hub, which was also developed in FY 23/24. It serves as a "one-stop shop" for local managers, where they can find information about the Group human rights standards and applicable regulations, lessons learned from their peers, and readily available assets to communicate and fulfill the obligations.

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This year we commissioned on-site audits for seven subcontractors near our factories in China, Malaysia, and Taiwan. Read more about the results in the Supplier Sustainable Development chapter.

Supplier Sustainable  
Development

## Tracking and communicating performance

We are committed to transparently reporting on the progress of our efforts in our annual sustainability report and publicly accounting 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 KPIs, monitoring the implementation of the human rights road map.

We also issue an annual [Modern Slavery and Child Labor Statement](#) that sets out what we are doing to ensure that slavery, human trafficking, and child labor are not taking place in our supply chains or any part of the business. The Statement lays out the strategy and actions that outline our compliance with the ILO Conventions 138 and 182, the ILO-IOE Child Labor Guidance Tool for Business, and the UN Guiding Principles on Business and Human Rights. In line with our adherence to these international standards – which are referenced in Annex 2 of the Swiss Ordinance on Due Diligence and Reporting Obligations in relation to Child Labor – dormakaba falls under the exemption rule of any further requirements stipulated in Article 9.

## Remediating adverse impacts

When adverse human rights impacts caused by our business activities or linked to our operations are uncovered, 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.

After having conducted the initial social audits in Malaysia and Singapore in previous financial years, we were confronted with the fact that an especially vulnerable group, migrant workers, frequently pays fees to agencies, i.e., for the recruitment itself, travel, passport, and visa processing. To remediate these impacts, we have developed improvement actions and the Zero Recruitment Fees Directive, which now regulates the minimum business standards regarding fees and costs associated with recruitment, including travel. Under this Directive, the company is committed to bearing the associated costs under the Employer Pays Principle.

As mentioned above, during the on-site audit at our plant in Taiwan in FY 23/24, it was found that migrant workers had paid recruitment fees to their labor agent. As a remediation measure, these migrant workers will be reimbursed for these fees retroactively.



@Jonathan Hyams / Save the Children

## Remediating child labor victims in the small-scale mining communities of the Democratic Republic of Congo

In a landmark project, we have joined forces with Save the Children Switzerland and The Centre for Child Rights and Business (The Centre) to address the pervasive issue of child labor in small-scale mining communities in the Democratic Republic of Congo (DRC).

dormakaba recognizes that any company sourcing electronic components cannot be sure that the cobalt in its products does not come from the DRC, where 70% of the cobalt mined worldwide originates and which is well-known for a high prevalence of child labor.

The project supports affected children and young people in mining centers in the DRC and provides long-term remediation. Children and young people working in cobalt mines are reintegrated into school or vocational training programs to afford them new opportunities. The project offers monthly living stipends, covers all educational and possible medical costs up to the age of 16, and provides each child with a case manager who supports the family and looks after the child's interests.

Each child is provided with a unique plan tailored to their specific needs, ensuring a holistic approach to their remediation. For some children, adequate remediation means reintegration into the schooling system, while for others it also requires extensive psychological support. This individualized care is critical in helping these children overcome the challenging circumstances they live in. By collaborating closely with local organizations and practitioners, our partners – Save the Children and The Centre – ensure that the interventions are culturally sensitive and more likely to succeed. This community approach leverages local knowledge and expertise while fostering the creation of a network of support that assists current victims, but also prevents future children from falling into the same circumstances. Over a period of ten years, dormakaba will invest around CHF 1 million in total to support the project's objectives.

We are committed to furthering the impact of this initiative by encouraging other companies that utilize cobalt in their products to join us on the ground. Together, we aim to amplify the reach of the initiative, driving broader change and contributing to the fight against child labor in cobalt supply chains on a larger scale.

## 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.

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.

Take a look at our  
whistleblowing tool.

[Visit page](#)

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.

## Further activities

During the current strategic cycle (2021–2027), we are also focusing our efforts regarding the protection of human rights on the following activities:

- Ethical recruitment training
- Due diligence on cobalt and conflict minerals
- Respecting the right to water

## Ethical recruitment training

Using the tools and training modules developed by the Responsible Labor Initiative, **by 2027 we commit to providing ethical recruitment training 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.

In FY 23/24 we developed an eLearning module that lays out our requirements on ethical recruitment processes, which include freely chosen employment, zero recruitment fees, and mandatory pre-departure information. The aim of the training is to protect prospective migrant workers and reduce their risk of being trapped into situations of forced labor. The training will launch in early FY 24/25.

## Due diligence on cobalt and conflict minerals

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. However, we are far away from the extraction of minerals in the value chain, and we do not directly import or purchase raw ore or unrefined minerals. However, they can be found in small quantities in some of our products' components. Therefore, collaboration with actors in mineral extraction, processing, or transport is crucial to identify and manage the risk associated with potential links to conflict-affected or high-risk areas.

To increase our leverage, we collaborate with others through our membership of the Responsible Minerals Initiative (RMI), one of the most utilized and respected resources for companies from a range of industries addressing responsible mineral sourcing issues in their supply chains. By applying their tools and building our due diligence strategy accordingly, we are working toward **our goal of ensuring supply chain traceability for minerals with a high risk of child labor by 2027.**

An important step in achieving this goal was the publication of our [Statement of Commitment on Responsible Minerals Sourcing](#), which helps our suppliers understand our expectations when it comes to tackling the human rights risks in our minerals supply chains. The Statement lays out the strategy and actions that we take in alignment with the OECD



Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict and High-Risk Areas.

Furthermore, we have been consulting directly with suppliers since 2022 to gain greater visibility and a deeper understanding of the upstream parts of our cobalt supply chain. The goal of these dialogues is to assess the maturity of the supplier’s management system on conflict minerals and cobalt, assisting them in making improvements and finding ways to collaborate further.

Suppliers are selected on the basis of their responses to Conflict Minerals Reporting Templates provided by the RMI. Through these, we are able to identify high-risk smelters in our Tier 2+ supply chains, as well as the Tier 1 suppliers linked to them. Out of the suppliers evaluated in FY 23/24, ten have been prioritized for further action and five invited to engage in discussions. The dialogues are planned for FY 24/25. Ultimately, our aim 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 smelters or refiners).

We have continued to request Conflict Mineral Reporting Templates (CMRTs) from suppliers. Read about this financial year’s results in the Supplier Sustainable Development chapter.

Supplier Sustainable Development

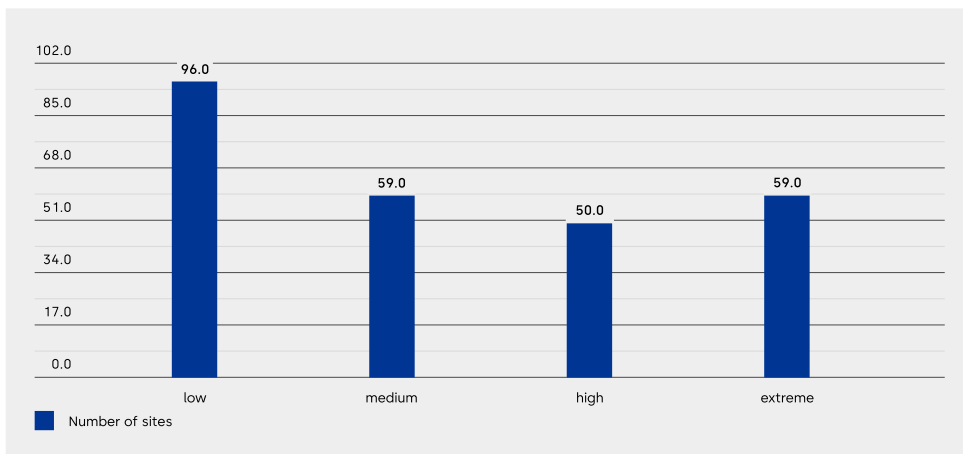
## Respecting the right to water

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 m<sup>3</sup> absolute consumption and 25.5 L/hours worked in FY 19/20)**. We have reached this target ahead of schedule in a previous year and remained on track in FY 23/24. We will continue to monitor the status to ensure that the level remains within the target threshold until 2027.

Below are some examples from FY 23/24 of the water consumption reduction initiatives implemented to achieve this target:

- At our production plant in Singapore, our colleagues increased the cycles of concentration for the cooling tower, which is a sustainable engineering solution to

reduce water consumption in cooling towers operation. So far, a 5% improvement has been achieved in water intensity.

- At our plant in Chiayi (Taiwan), we introduced the use of reclaimed water for our grass. Additionally, water meters have been installed to check for potential leaks. As a result, about 8,760 L per annum has been saved. In parallel, we launched activities to raise employees' awareness of water preservation.
- In Tocancipa (Colombia), we implemented operational controls during the nickel plating process in order to reduce wastewater generation.
- Our manufacturing site in Chennai (India) introduced water saving measures by installing sensors for handwashing and lowering the water flow for the toilet facilities.

## Outlook

During the upcoming financial year, we will continue to focus on our salient issues, evaluating the effectiveness of our projects and further refining our human rights due diligence processes. Our human rights risk management system will be updated to include new risk scores for our locations and new sites will undergo on-site audits. Corrective actions will continue to be implemented based on findings from the FY 23/24 auditing cycle.

Regarding our capacity building efforts, we will continue the rollout of our 12 training modules on our fair labor and human rights Directives for HR managers and site leads, and launch the ethical recruitment training for suppliers.

We will also continue working with our partners — Save the Children and The Center for Child Rights and Business — to contribute to the remediation of victims of child labor in small-scale mines in the Democratic Republic of Congo and to host dialogues with business partners in the cobalt supply chain.

# 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 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), and the Deutsches Institut für Normung (DIN, German Institute of Standardization). 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 or technical product safety instructions.

Product safety processes are also embedded within local ISO 9001 management systems, and the global Quality, Health, Safety, and Environment (QHSE) function works together with local QHSE managers to drive transparency regarding potential product safety issues. This includes root cause analysis, read-across, corrective actions, and training.

We have also established a global definition for quality escalations, based on whether there could be significant impact on the customer in terms of safety, quality, reliability, or delivery. Elements that factor into a quality escalation include failed re-certification tests, notice of non-compliance from a regulating agency, or quality issues that could lead to product recalls, among others.

Whenever a quality escalation occurs, we follow a harmonized global process, which includes containment actions, root cause analysis, corrective action, and definition of preventative action.

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

## 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.

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

ISO 27001

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 at any point in the test time.

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 overcurrent, among other test factors.

Emergency exits and escape routes: all our automatic doors are subject to the toughest 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).

## 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 Key Systems business unit 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 online; 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 exacting 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 training 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 session for each product-related injury.

To support the tracking of corrective actions, we have developed of a workflow for product safety risk identification in our global incident management tool.

## Our performance

We internally and externally verify customer health and safety through various certification programs including ISO 9001, testing, and stakeholder feedback. In FY 23/24, 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 and no warnings issued by a competent public authority against a dormakaba entity.

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**53%** of our sites have achieved ISO 9001 certification.

[ESG Performance Table](#)

## Outlook

We will roll out the workflow for product safety risk identification that we integrated into our global incident management tool. This will allow us to collaborate across the globe on driving effective corrective actions for escalated issues and incidents to ensure product safety.