

**Classification: Public**

## dormakaba Modern Slavery Statement 2017/18

This statement is made pursuant to Section 54, Part 6 of the UK Modern Slavery Act 2015 and sets out the steps dormakaba has taken to ensure that slavery and human trafficking is not taking place in its supply chains or in any part of its businesses.

dormakaba is fully aware of the importance of the Modern Slavery Act and highly appreciates this valuable approach to eradicate slavery and human trafficking from all areas of life. dormakaba also acknowledges its responsibility to respect human rights as outlined in the United Nations Guiding Principles on Business and Human Rights (UNGP). Further, the company is fully committed to uphold the principles of and adherence to its Group policies covering human rights, forced, compulsory or child labor, environmental responsibility and business ethics.

### **About dormakaba**

dormakaba is one of the top three companies in the global market for access and security solutions. With strong brands in its portfolio, dormakaba is a single source for products, solutions, and services for smart and secure access to buildings and rooms. The company is present globally in over 130 countries by own activities and numerous partners.

dormakaba has divided the areas of business in which the company is globally active into five segments. Access Solutions (AS), which comprises four segments, is structured by region: AS AMER (North and South America), AS APAC (Asia-Pacific), AS DACH (Germany, Austria, and Switzerland) and AS EMEA (Europe, Middle East, and Africa). The other globally focused segment is Key & Wall Solutions with two business units, Key Systems and Movable Walls.

The four AS segments include all hardware- and software-based components, products, and solutions for access solutions as well as relevant services. The offering includes the global product clusters Door Hardware, Entrance Systems, Electronic Access & Data, Interior Glass Systems, Lodging Systems, Mechanical Key Systems, Safe Locks and Services, as well as local products. The portfolio ranges from door technology solutions, automatic door systems, a wide variety of fittings, door closers and stoppers, and locking systems – from cylinders, keys, and locks all the way up to fully networked electronic access solutions for companies, public facilities, hotels, and many

other applications. The range also includes physical access systems, high-security locks, glass fittings, solutions for workforce management, as well as services for all these applications.

Segment Key & Wall Solutions features a high-performance range of key blanks and mechanical, electronic and (semi)industrial key-cutting and origination machines. In addition, the portfolio also covers solutions for the automotive industry, such as vehicle keys, transponders as well as key programming devices and duplication equipment. The segment also specializes in partitioning systems with its two product groups Acoustic Movable Partitions (both vertical and horizontal) and Glass Horizontal Sliding Walls. Partitions are available from a manual application to fully automatic / electronic walls.

The most utilized raw material types include brass, zinc, aluminum, nickel silver, high-alloy special steels and glass. Indirect expenditures consist predominantly of capital goods and services. dormakaba's global purchasing volume corresponds to approximately 46% of total sales. The supply chain consists of approximately 22,000 active suppliers, and the company's direct material spend for its top 100 suppliers is focused on Europe (54%), North America (25%), and Asia (21%). The process to approve supplier is in accordance to DIN and ISO requirements, as are the supplier evaluation and assessment processes. Audits are performed on demand, for example, for new supplier or covering quality issues. The auditing method for Asia is currently being amended to include sustainability topics.

### **Policies**

The company's core values and principles are defined in the [dormakaba Code of Conduct](#), which contains rules and requirements specifically regarding human rights, forced, compulsory or child labor and compliance with all applicable law and legal regulations in the following sections:

- I. Section C1: Compliance with the law and internal regulations
- II. Section C2: Human Rights
- III. Section C3: Trust, respect and tolerance
- IIII. Section C12: Supplier code of conduct.

dormakaba is committed to leverage its purchasing power to the benefit of those partners and suppliers which align most closely to its values and sustainability objectives. The company has already taken important steps in embedding sustainability in its supply chain, namely by setting expectations to its suppliers. The [dormakaba Supplier Code of Conduct](#) (SCoC) came into effect in the 2016/17 financial year and outlines minimal requirements with regards to human rights, fair working conditions, environmental responsibility and business ethics. The SCoC includes three main sections of specific bearing to the topic of forced or compulsory labor, namely human rights, fair labor conditions and stipulations on the suppliers' own procurement practices. The latter relates to the expectation that suppliers obtain confirmation from each of the sub-suppliers providing goods or services directly or indirectly to dormakaba that the sub-supplier acts in compliance with the dormakaba SCoC. The dormakaba SCoC is integrated in the company's online bidding system. It is further included as part of new standard contracts. In addition, dormakaba has developed a user-friendly explanatory document of the SCoC which is used to raise awareness. The company has attained acknowledgement of the SCoC by over 89% of suppliers participating in the sustainability self-assessment, described below.

### **Supplier Assessment**

As an important step in assessing the sustainability performance of its suppliers, dormakaba has developed a Sustainability Self-Assessment Questionnaire, which addresses the most relevant compliance topics such as the UK Modern Slavery Act and anti-corruption as well as various reporting obligations under the Carbon Disclosure Project and the UN Global Compact. The survey covers nearly 40 questions related to human rights, labor conditions, environmental management systems, and anti-corruption, for example.

Of the suppliers who were asked to participate in 2017/18, around 75% filled out the self-assessment survey. Over twice as many suppliers submitted responses compared to the 2016/17 financial year in absolute terms. This represents 10% of procurement spend of the sustainability target group. dormakaba has categorized its supply chain based on sustainability risk factors on a country-level, procurement spend, and material content of the goods purchased.

### **Due Diligence Processes**

As part of dormakaba's materiality process, we focused our efforts on a study-based impact assessment of sustainability topics along our value chain. The aim was to focus efforts where dormakaba can have the most impact on sustainable development. The analysis included dormakaba data from procurement, sales, production and human resources. This was overlaid with over 50 risk indicators from social hotspot databases, the World Bank and the Organisation for Economic Co-operation and Development (OECD). The impact assessment showed that the potential impacts for the topic forced or compulsory labor are evaluated as below medium with a balanced impact distribution along the value chain. Geographically, the general risk is seen as rather high in China, India, Taiwan, Hong Kong, and Australia. The latter was considered at higher risk based on perceptions of lack of enforcement of related laws. This is expected to change pursuant the passage of the Australian Modern Slavery Act. The industry exposure along the dormakaba value chain is lower than the average risk.

In addition, in the financial year 2017/18, the company worked with external human rights and business experts to outline the practical application of the UNGP within the business through a human rights due diligence process. In the coming financial year 2018/19, consultations with key internal and external stakeholders will take place, which will generate a focused list of salient human rights issues for dormakaba and will form the basis for further policy development. A roll-out of the resulting Human Rights roadmap and a Human Rights Impact Assessment is planned for the financial year 2019/20.

dormakaba is committed to building on this approach in the coming years in view of its responsibilities as a good corporate citizen.



Riet Cadonau,  
Chief Executive Officer, dormakaba Group

The information in this Statement has been approved by the Board of Directors of dormakaba Group and relates to the 2017/18 financial year. The scope included in this Statement covers fully-consolidated operations worldwide, including those of direct and indirect subsidiaries.