dormakaba

Sustainability Report

Financial Year
2020/21

dormakaba

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Introduction

As we close our first sustainability strategic period, we realize just how far we have come.

2020/21 in brief

15,500 tCO$_2$e saved through green electricity purchases and energy efficiency projects	**45.5% of electricity** purchased from renewable sources	**146 high-risk suppliers** were assessed in our supplier sustainability engagement program	**over 70 products** are covered by environmental impact data collected through our Life Cycle Assessment tool
85% of our employees are covered by a health & safety management system	**45% of our manufacturing sites** are ISO 14001 certified	**Over 2,000 employees** participated in our sustainability strategy survey	**1st company** in the access solutions industry to have emissions targets approved by the Science Based Targets initiative

Progress made during the sustainability strategic period 2015–2021

In the last five financial years, we have built a strong foundation in sustainability in line with societal expectations. We have shown leadership in our industry in several areas of our sustainability management as well. Key highlights include:

- The sustainability governance and organization were defined in a formal Sustainability Charter.
- We invested in sustainability management tools to improve our reporting processes and data quality.
- We made significant steps to live up to our commitment to respecting human rights. For example, we have conducted a human rights saliency assessment, developed our Statement of Commitment on Human Rights, and joined the Responsible Labor Initiative.
- dormakaba is one of the first big companies in the building industry to engage with suppliers to assess their social and environmental performance through independent third parties.
- We introduced the life cycle approach into our product development and published nearly 100 Environmental Product Declarations and Health Product Declarations.
- We reduced 20% of our carbon footprint versus our baseline in financial year 2017/18.
- In 2019, we received a Gold Medal for our efforts in sustainability management from the rating firm EcoVadis.

Letter from the CEO

Dear Stakeholders,

Sustainability stands out as a rising trend in 2021, as we have seen accelerated action by regulators towards achievement of national decarbonization goals, and investors' increased interest in the ESG space. In my first weeks as CEO at dormakaba, I have spent a lot of time listening to our stakeholders, and they all confirm the importance of good sustainability management. Therefore, I am proud to head a company that is already a sustainability pioneer in many areas in our industry.

We continued our contribution to fight climate change by offering more green solutions for sustainable buildings and by decreasing the environmental impact of our own operations. Investments in energy-saving projects and the purchase of green electricity have resulted in

Sabrina Soussan, CEO
dormakaba

decreasing our carbon footprint by 6% compared to last year. We have implemented many energy efficiency initiatives, including upgrading air compressors and boilers, for total energy savings of nearly 3,000 Megawatt hours per year.

Turning to our customers, we have been intensifying our open communication on the environmental impact of our products, notably with our new Group-wide life cycle assessment tool, that now covers over 70 products across six of our eight product clusters. This has been a great achievement due to cross-segmental collaboration with many purchasing, product management, and engineering teams across the globe. We notice increasing interest from our customers and expect the green building market to grow annually by close to 15%. By providing Environmental Product Declarations derived from the tool, we support our customers in meeting the requirements for green buildings certifications and achieving their own sustainability goals.

Furthermore, I am pleased to share that dormakaba is the first company within the access solutions industry to have emissions targets in line with climate science and approved by the Science Based Targets initiative. Achieving this has required over two years of dedicated hard work from many colleagues to expand our carbon accounting to cover 95% of our operational emissions and to develop a carbon inventory for our value chain emissions, including for nearly 400 energy-consuming products.

Sustainability is, of course, also very much about people: I care for the health and safety of our employees. We must and will progress here as well. I am heartened by some good practices I saw, starting with the rigorous measures we took to keep our employees safe during the pandemic. I would also like to acknowledge the efforts of our team in Nogales, Mexico which I have recently visited. The health and safety team has received external government recognition for their management of the pandemic two years in a row, and they achieved almost 500 days with no accidents or injuries.

On a Group-wide basis, we have now stepped up the focus on monitoring injury incidents, addressing their root causes and taking corrective actions: in the reporting year, we launched over 200 corrective actions to reduce future incidences. And the tone comes from the top, as safety is the first item discussed in my monthly management meetings with each business.

As you know, we are now closing a five-year strategic period, with strong achievements and progress made in sustainability. I am grateful that our efforts in responsible business practices have been increasingly recognized externally, through improved scores in ESG ratings and thought leadership. Beyond our strong conviction that sustainability brings value to the company, these recognitions motivate us to further drive our contributions to a sustainable future.

Looking ahead, I am personally committed to further drive sustainability and to place it at the core of our vision and strategy. As a consequence, we will expand our sustainability strategy with revised material topics, newly defined focus areas and ambitious targets: we will, for instance, incorporate our emissions targets in our new strategy and, more generally, increase our efforts to contribute to a low-carbon society.

Please learn more about our performance in this report and "stay tuned" about the next chapter of our sustainability journey.
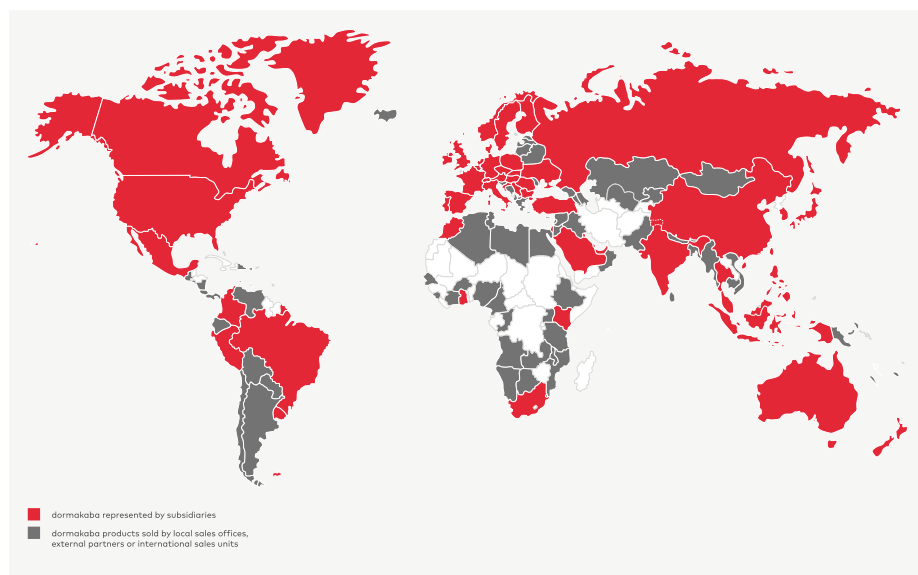
Sincerely yours,

Sabrina Soussan
CEO dormakaba

About dormakaba

Worldwide presence

dormakaba represented by subsidiaries

dormakaba products sold by local sales offices,
external partners or international sales units

Our business

dormakaba makes access in life smart and secure. We are one of the leading companies in the global access solutions market. With our comprehensive portfolio and strong brands, we offer our customers products, solutions, and services for anything related to access to buildings and rooms from a single source. dormakaba has distribution channels and production facilities in all of the industries' key markets and will accelerate global expansion through a strengthened presence in Europe, the Americas, and Asia Pacific. dormakaba is a growth-oriented company with a strong pool shareholder group that will ensure our long-term strategy. Under the leadership of the new CEO, Sabrina Soussan, who started on 1 April 2021, a strategy review process has been initiated. Details of a revised strategy are expected to be communicated in the second quarter of the financial year 2021/22.
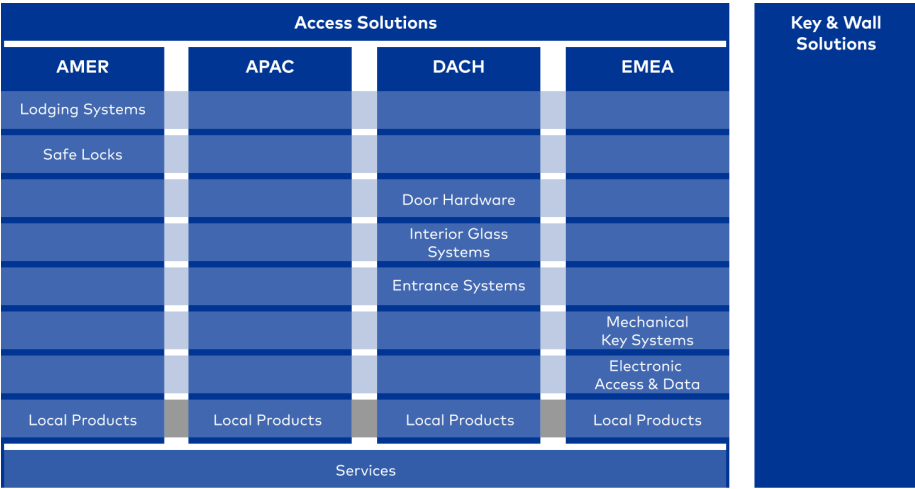
The current strategy is based on the following pillars:

- Providing a superior offering of products and services to meet the needs of customers and their installations along the entire life cycle;
- Expanded presence in existing markets, vertical extension of these markets, and expansion into new markets;
- Achieving enterprise excellence by improving processes and driving efficiency and competitiveness along the entire value chain;
- Leadership in innovation for superior customer value;
- Active management of the portfolio of business activities and disciplined pursuit of options for corporate transactions (acquisitions, divestments, joint ventures);
- Efficient deployment of employees: having "the right people in the right roles".
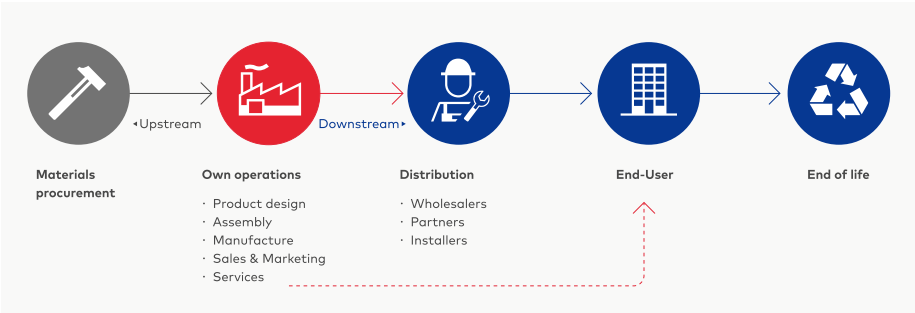
These strategic pillars are based on the two foundations of (1) sustainability and (2) enhancing the global brand power.

Operating Model

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 segment Key & Wall Solutions is globally positioned and consists of the business units Key Systems and Movable Walls.

Access Solutions				Key & Wall Solutions
AMER	APAC	DACH	EMEA	
Lodging Systems				
Safe Locks				
		Door Hardware		
		Interior Glass Systems		
		Entrance Systems		
			Mechanical Key Systems	
			Electronic Access & Data	
Local Products	Local Products	Local Products	Local Products	
Services				

Our value chain

Materials procurement → Upstream → Own operations → Downstream → Distribution → End-User → End of life

Materials procurement

Own operations
· Product design
· Assembly
· Manufacture
· Sales & Marketing
· Services

Distribution
· Wholesalers
· Partners
· Installers

End-User

End of life

Our employees[1]

Employees by region

	Male	Female
Switzerland	654	262
Germany	2,335	668
Rest of EMEA	2,674	1,023
Americas	2,499	1,146
Asia Pacific	2,636	1,353
Total	10,798	4,452
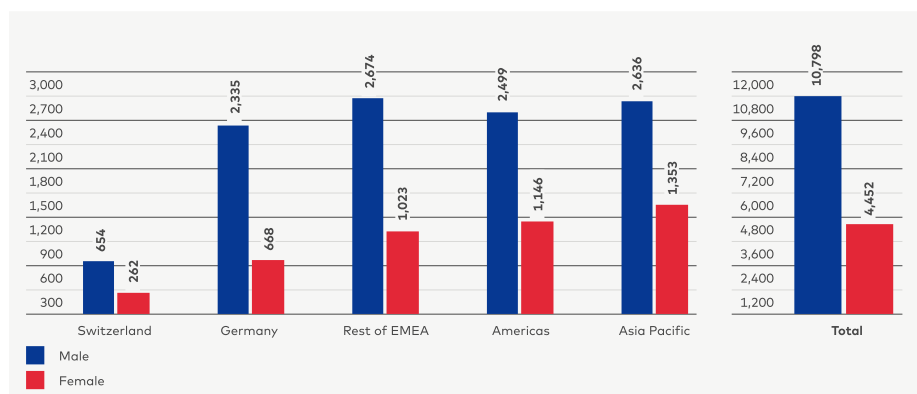
Employees by contract type

	Male	Female
Indefinite/permanent	10,388	4,168
Fixed term/temporary	410	284
Total	10,798	4,452
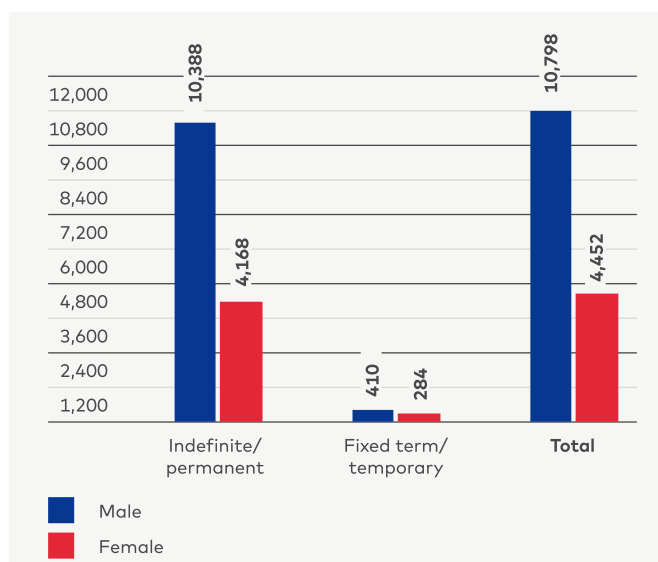
Employees by employment type

	Male	Female
Full-time	10,443	3,847
Part-time	355	605
Total	10,798	4,452
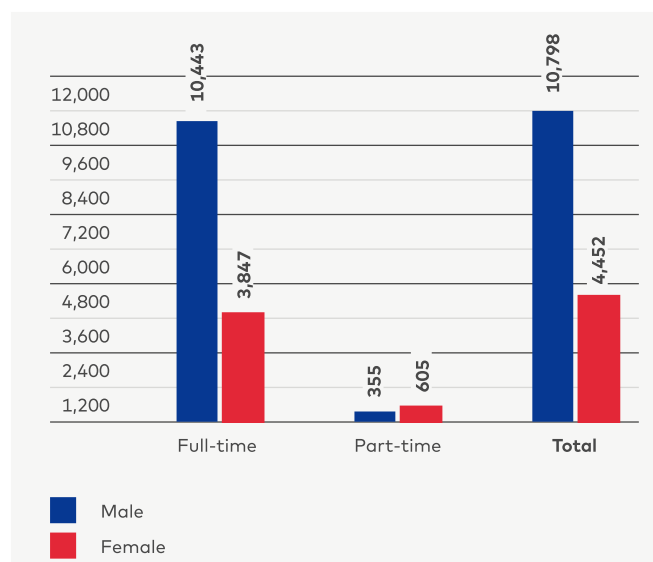
1)   Headcount as at 30 June 2021, excluding apprentices, trainees, interns, and contract workers

The key performance indicators for the above human resources data and the fluctuation figures available in the Employment chapter are based on 100% of dormakaba Group employees as at 30 June 2021. The total workforce in this scope consisted of 15,250 employees, based on headcount. While the majority of our employees work full-time and on the basis of permanent contracts, 6% are engaged on a part-time basis. Over 57% of the employees in this scope are covered by collective bargaining agreements. In addition, dormakaba developed nearly 250 apprentices, trainees and interns, and employed over 1,800 contract workers at the sites in scope.

The other social and all environmental key performance indicators found in this report represent 95% of dormakaba employees as at 30 June 2021, which are located at the 102 sites in the reporting coverage (see Outro for a map of included sites).
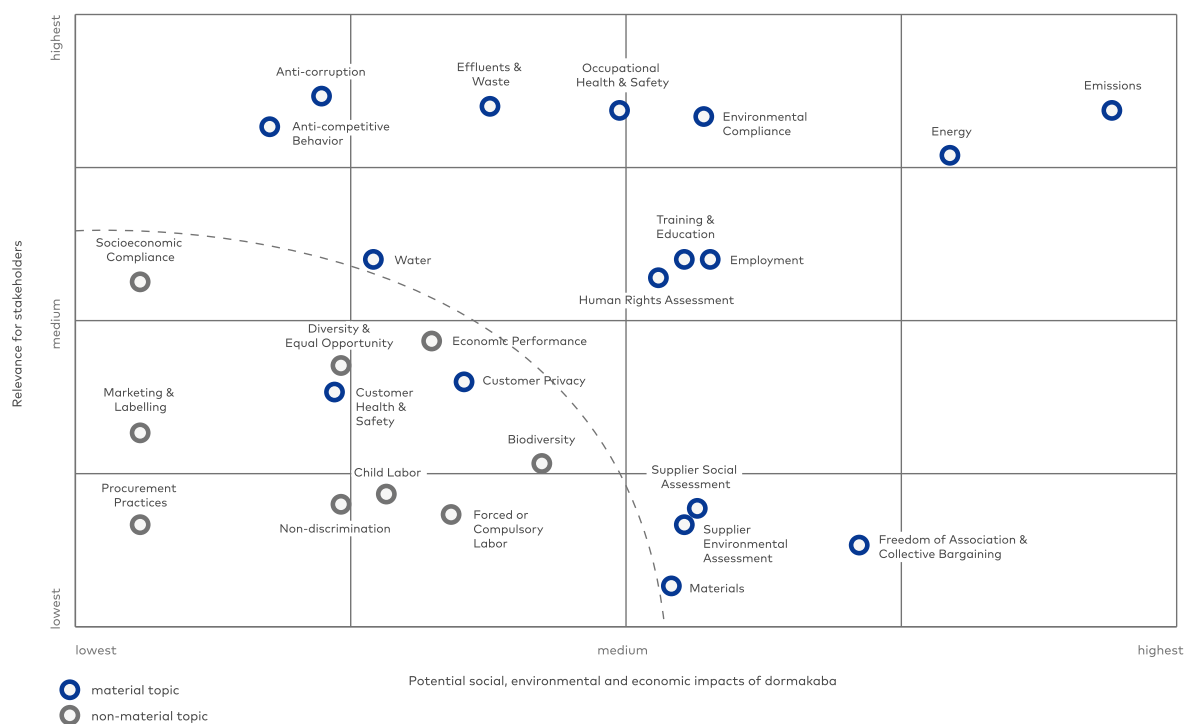
Strategy & Approach

dormakaba defines sustainability as one of the key success factors to being recognized as the trusted industry leader. That is why sustainability is one of the two foundations of the company's current business strategy.

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 commit to an 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.

Materiality

Our material topics were defined in the course of a comprehensive materiality assessment and are valid for the years 2017–2021. They have been aligned to the four focus areas of our sustainability strategy: Transparency, Process & Production, People, and Products. Full details on the materiality process are found in the Outro.

Legend:
- material topic
- non-material topic

Axes:
- Relevance for stakeholders (lowest / medium / highest)
- Potential social, environmental and economic impacts of dormakaba (lowest / medium / highest)

Topics plotted: Anti-corruption, Anti-competitive Behavior, Effluents & Waste, Occupational Health & Safety, Environmental Compliance, Energy, Emissions, Socioeconomic Compliance, Water, Training & Education, Employment, Human Rights Assessment, Diversity & Equal Opportunity, Economic Performance, Marketing & Labelling, Customer Health & Safety, Customer Privacy, Biodiversity, Procurement Practices, Child Labor, Non-discrimination, Forced or Compulsory Labor, Supplier Social Assessment, Supplier Environmental Assessment, Freedom of Association & Collective Bargaining, Materials

Our focus areas

Transparency – We are committed to being a socially responsible corporate citizen and to upholding the principles of international conventions, laws and internal rules and regulations. We also expect our suppliers and business partners to adhere to similar standards and rules.

Process & Production – We seek to reduce the environmental impact of production and adhere to environmental laws and regulations. We strive to ensure a healthy and safe workplace and to safeguard our customers' rights to privacy and security.

People – We offer fair working conditions in which our employees can leverage their strengths and build their skills. We foster an engaged workforce where we have the right people in the right roles.

Products – We are dedicated to producing high-quality, reliable products and solutions, as well as supporting the health and safety of end users through good practice in product development. We aim to reduce our customers' environmental impacts by designing material- and energy-efficient products.

Process & Production
· Energy & Emissions
· Water
· Effluents & Waste
· Customer Privacy
· Occupational Health & Safety
· Environmental Compliance

Transparency
· Anti-competitive Behavior
· Anti-corruption
· Supplier Environmental Assessment
· Supplier Social Assessment
· Human Rights Assessment

Sustainability Strategy

Products
· Energy (use-phase)
· Emissions (use-phase)
· Materials
· Effluents & Waste
· Customer Health & Safety

· Employment
· Training & Education
· Freedom of Association & Collective Bargaining

People

Strategic targets

In line with this strategic approach, dormakaba has committed to achieving seven overarching sustainability goals in our current corporate strategy 2015–2021 as follows:

Target	Deadline	Financial year 2020/21	Status
Meet target submission requirements as part of the commitment to the Science Based Targets initiative (SBTi)	September 2020	Operational and value chain targets submitted and approved by SBTi	▉▉▉▉▉▉▉▉
Reduce Scope 1 and 2 carbon emissions by 5% tCO2e (baseline 2017/18)	End of financial year 2020/21	−20%*	▉▉▉▉▉▉▉▉
Increase the share of ISO 14001 certified production sites to >50% (baseline 2017/18)	End of financial year 2020/21	50%	▉▉▉▉▉▉▉▉
All manufacturing sites maintain health & safety management systems based on ISO 45001	End of financial year 2021/22	82%	▉▉▉▉▉▉▉▊
All manufacturing sites maintain energy management systems based on ISO 50001	End of financial year 2022/23	32%	▉▉▉░░░░░
Increase the revenue share of products with environmental and/or health product declarations to >30%	End of financial year 2020/21	32%	▉▉▉▉▉▉▉▉
Operationalize a supplier audit system based on sustainability criteria	End of financial year 2020/21	420 suppliers invited for EcoVadis assessment and 146 assessed; Procedures for non-participation and non-compliance rolled out	▉▉▉▉▉▉▉▉

* Of which 17 percentage points are attributable to increased purchase of green electricity and energy efficiency projects, and the rest due to various factors including the business impact of Covid-19 primarily in the financial year 2019/20.

We have successfully achieved many of our expiring sustainability targets, particularly on our commitment to reduce carbon emissions, and succeeded in operationalizing a supplier sustainability audit system. For the latter, we have rolled-out escalation processes for non-compliance of the Supplier Code of Conduct and for non-participation in our supplier engagement program, as planned. In addition, we have submitted our Scope 1, 2 and 3 targets to the Science Based Targets initiative (SBTi) for approval. These long-term targets have been approved, making us a pioneer in the access solutions market. The targets will be announced soon as part of our upcoming corporate strategy review. In addition, we have reduced our Scope 1 and 2 emissions by 20%, surpassing the −5% target we had set manyfold.

For the further targets set to expire at the end of the financial year 2020/21, namely the aim to increase the share of ISO 14001 certified production sites and the aim to increase revenue share of products with environmental and/or health product declarations, we have seen vast improvements. Indeed, with the launch of a company-wide life cycle assessment tool in the reporting period, we have over 70 Environmental Product Declarations in the pipeline. These are undergoing third-party assessment and verification processes and will be published on our corporate website soon. In total, we will have Environmental Product Declarations or Health Product Declarations covering products representing 32% of our revenues, which is in line with the originally set target of 30%.

For both remaining targets, we continue to share best practice and work towards achievement. Based on current planning, the target related to health and safety management systems will be achieved. We have already increased coverage by 9 percentage points versus the previous reporting year.

However, the target related to energy management systems is particularly challenging. This is due in part as many of our smaller manufacturing facilities such as local distribution centers or local assembly centers lack the technical know-how and resources for setting up

such management systems. Therefore, the Executive Committee has agreed to extend this target for local assembly centers for one additional year, to be achieved until the end of the financial year 2022/23. Manufacturing plants will remain under the original target deadline. Despite the challenges, we are satisfied with the increase in coverage to 32% in the financial year 2020/21 (versus 21% in financial year 2019/20).

As part of the strategy review process dormakaba will soon be launching a new vision cementing the central role of sustainability in our company's endeavors. As a consequence, we will expand our sustainability strategy, as a core part of our overall corporate strategy, with revised material topics, newly defined focus areas, and ambitious targets in 2021.
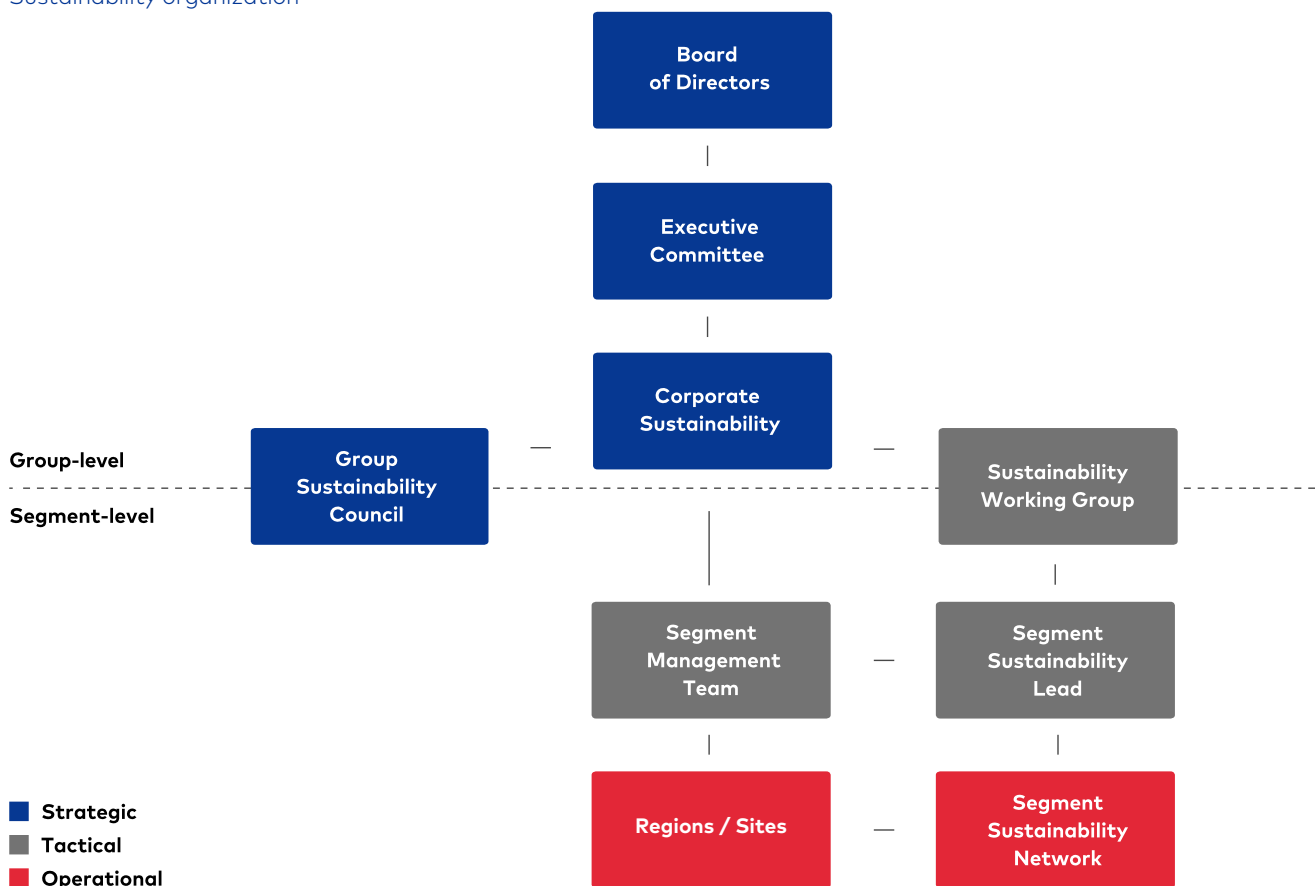
Sustainability governance

In the financial year 2019/20, the sustainability governance and organization were defined in a formal Sustainability Charter, with the aim to improve strategy and resource planning as well as monitoring of progress against targets and accountability across all levels of the company. The most fundamental changes include:

- The Board of Directors is responsible for reviewing and approving the overall sustainability governance framework, and the Chairperson of the Board is explicitly responsible for monitoring sustainability strategy implementation progress against targets and for evaluating and monitoring sustainability risks and opportunities.
- A newly formed Group Sustainability Council is a cross-functional body of senior management representatives of Group and segment business functions relevant to the company's material topics and is chaired by the Chief Executive Officer.

Below is an overview of the dormakaba sustainability organization. Further duties, authorities and reporting channels for the various bodies are set in the Sustainability Charter.

Sustainability organization

Board of Directors

Approves the overall sustainability governance framework. The Chairperson is responsible for monitoring strategic progress and evaluating sustainability risks and opportunities.

Executive Committee

Approves material topics and strategy. Monitors strategy implementation and ensures appropriate resource allocation.

Group Sustainability Council

Chaired by the CEO. Recommends strategic priorities, targets, and objectives to the Executive Committee. Reviews annual sustainability action plans from Group and segment level.

Corporate Sustainability

Monitors and coordinates the implementation of the sustainability strategy across the organization. Advises on appropriate measures based on international standards and external stakeholder expectations. Assesses the environmental and social risks in the value chain.

Sustainability Working Group

Develops concepts for sustainability initiatives and operationalizes them as appropriate. Consists of the Segment Sustainability Leads and representatives from other functions reflected in the Group Sustainability Council.

Segment Management Team

Develops and reviews the segment's annual sustainability action plan. Ensures appropriate resource allocation. Sustainability is integrated in performance management.

Segment Sustainability Lead

Adjunct member of the segment management team. Monitors implementation of strategy at segment level. Advises on appropriate measures for achieving sustainability commitments.

Segment Sustainability Network

Acts as an advisory body that supports local implementation through the development of guidelines and knowledge sharing. Recommends and develops concepts for sustainability initiatives and operationalizes them as appropriate.

Regions/Sites

The so-called Site Head is responsible for local implementation of annual strategic plans and reports on progress to targets. Locations with over 100 employees have a local sustainability team.

Stakeholder dialogue and partnerships

dormakaba attaches great importance to regular contact and ongoing dialogue with our stakeholders at both the local and global level. 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.

In order to identify and select stakeholder groups for dialogue, we held workshops with internal experts in the financial year 2015/16. Specific target groups were selected depending on the aims of the stakeholder engagement. As an example, a high-level segmentation of customer stakeholder groups was validated based on input from country managers in the frame of our annual brand tracking survey. In another example, stakeholders for the human rights dialogues were selected based on relevance of the job function, such as health and safety managers or authors of related policies such as the Supplier Code of Conduct. In addition, external stakeholders, including NGOs and human rights experts, were invited to provide input to our analysis of salient human rights issues.

In the financial year 2020/21, sustainability stakeholder dialogues were held with representatives from the Group Sustainability Council and with external stakeholder groups including banking and investor partners, suppliers, customers, and governmental bodies as part of our materiality assessment process. In addition, all employees were invited to give their opinion on the most important sustainability challenges that we should address. Over 2,000 employees participated, and results form an integral part of the ongoing development of our sustainability strategy as part of the upcoming new strategic cycle.

Increasingly, customers, partners, and end users in the building industry are demanding environmentally friendly products, giving rise to new market opportunities. At the same time, responsible business practices are demanded by legislators and investors as well as employees.

Stakeholder	Key topics and concerns	Platforms	Grievance mechanisms
Employees	Employment practices and benefits, occupational health and safety, sustainable business practices, environmentally safe production processes	dormakaba dialogue survey, bilateral meetings with local Human Resources representative, 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
Investors	Business performance and strategy, responsible business practices, ecoproducts, transparent reporting, as well as quantifiable objectives	Anchor Shareholders Events, Capital Market Day, roadshows, analyst conferences, bilateral meetings, ESG rating questionnaires	Interviews with Investor Relations and members of the Executive Committee upon request
Architects, specifiers	Product offering, product design and quality, trustworthiness and reliability, price level, innovation	Annual brand tracking survey, trade shows & associations, customer service hotlines	Customer complaint process
Partners, installers, distributors, customers and end users	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
Suppliers	Qualification process	Bilateral meetings, surveys, on-site audits	Third party whistleblowing hotline
Local government	Employment, health, safety, and environmental compliance	Bilateral meetings	Direct contact

Partnerships

External acknowledgments

dormakaba has 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 7%) and ethics (top 7%) among other companies in our industry. The EcoVadis assessment for 2021 is currently ongoing and results will be published on our website soon.

dormakaba received an encouraging score of B for the 2020 Carbon Disclosure Project (CDP) report. CDP requests thousands of companies to report on climate change on behalf of over 800 investors with assets of USD 100 trillion. The B rating reflects the strong progress dormakaba shows on climate change and carbon emissions management. Our 2020 CDP score is higher than the average score in our assigned sector (C) as well as the CDP worldwide average and the European program average (both C).

Contributing to the UN Sustainable Development Goals

In 2015, the 193 countries of the United Nations General Assembly adopted the Agenda 2030, with 17 Sustainable Development Goals (SDGs) and 169 targets at its heart. These are ambitious targets for people, planet, and prosperity which require partnerships between governments, non-governmental organizations (NGOs), businesses, and institutions of higher learning to be able to achieve. If we are to achieve them, everyone should know them.

Because less than half of the global population has even heard of them (OECD, 2017), dormakaba aims to increase stakeholder awareness of the SDGs, especially within our workforce, which we have done through our Enterprise Social Network. As a first step to contribute to the SDGs, we have mapped our defined material topics to the targets of the SDGs. While it is essential to achieve all 17 Global Goals, we can make a substantial contribution to 8 of the SDGs by addressing our material topics. We also see the SDGs as a guide to new business opportunities.

Goal 3 – Good Health and Well-being

Goal 3. Ensure healthy lives and promote well-being for all at all ages

By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination (Target 3.9).

Material Topic: Customer Health & Safety

How we are contributing

People spend up to 90% of their time inside buildings and many indoor environments have pollution levels two to five times higher than outdoor levels. It is therefore our responsibility to ensure that our products do not contain hazardous materials that may harm people's health. We provide our customers with transparent product declarations on the materials used, including those under the Health Product Declaration and Declare standards, as well as those in accordance with related regulations such as REACH and RoHs. Several products

have qualified as testing for low emissions of volatile organic compounds or as "Red List Free". This means they are free from the worst-in-class materials prevalent in the building industry, which pollute the environment, bioaccumulate to toxic levels in the food chain, and/or are harmful to construction and factory workers. Today, 32% of our products are covered by a Health Product Declaration or similar standard, such as the Declare Label.

We continuously work to reduce the use of hazardous materials in our production processes, and our filter systems ensure that potentially hazardous substances are not released externally. Activities include the substitution of solvent-based paints for water-based paints, and using web-based systems that allow facilities to easily analyze the current hazardous materials in order to prioritize for material substitution.

Goal 4 – Quality Education

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

By 2030, ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university (Target 4.3).

By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development (Target 4.7).

By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship (Target 4.4).

Material Topic: Training & Education
How we are contributing
We provide our employees with regular vocational training on topics such as lean management, health and safety, and product offerings. We partner with local schools and universities by offering apprenticeships and internships as well as work-study programs. To raise awareness about sustainable development, we regularly communicate our sustainability initiatives to employees through our intranet. We have made good progress in developing the skills of our workforce. For example, 83% (10,183 employees) have completed at least one eLearning module, compared to 80% in the previous financial year. We keep adapting our learning and development portfolio to current trends. In the financial year 2020/21 it was influenced by five drivers: the Covid-19 pandemic, customer needs, digitalization, employee development needs, and cybersecurity.

Goal 6 – Clean Water and Sanitation

Goal 6. Ensure availability and sustainable management of water and sanitation for all

By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally (Target 6.3).

By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity (Target 6.4).

Material Topic: Water
How we are contributing
Our electroplating processes inherently require strong controls on wastewater treatment, because we are working with metallic ions that need to be captured, consolidated, and disposed of properly before discharging the cleaned process water back into the environment. Our biggest challenge is how to most effectively separate the hazardous material and concentrate it into a metals-rich sludge, so as to minimize total generated mass.

We have mapped our facilities for the degree of water stress and scarcity in their communities, with a plan to focus our water reduction activities in those areas of high-water stress. Several facilities have implemented water-use reduction projects. At the Huntsville (USA) manufacturing facility, for example, the water used for washing parts was recirculated into the system, resulting in a significant reduction of approximately 50% in overall water usage for the site.

Goal 7 – Affordable and Clean Energy

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

By 2030, increase substantially the share of renewable energy in the global energy mix (Target 7.2).

By 2030, double the global rate of improvement in energy efficiency (Target 7.3).

Material Topic: Energy
How we are contributing
We currently source renewable electricity for 32% of the locations in the scope of this report (see map in the Outro). We are focused on increasing our use of renewable energy as a central component of our strategy to reduce our carbon emissions. This approach aligns with our commitment to the Science Based Targets initiative (SBTi) and the Paris Agreement.

In the financial year 2020/21, energy-saving initiatives were being implemented at various sites in the reporting coverage. This work included retrofitting facilities to LED lighting and automated control systems; upgrading equipment such as air compressors and an air dryer; the optimization of heating and cooling systems; and the procurement as well as on-site production of renewable electricity.
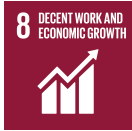
Goal 8 – Decent Work and Economic Growth

Goal 8. Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all

Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment (Target 8.8).

Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labor (Target 8.7).

By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value (Target 8.5).

Material Topics: Employment; Human Rights Assessment; Occupational Health & Safety; Freedom of Association & Collective Bargaining
How we are contributing
We are committed to providing our nearly 16,000 employees with fair working conditions. This entails fulfilling our duty of care for our employees in terms of healthy working environments, fair compensation, and full respect for the ILO core labor standards.

We therefore address not only the safe operation of machines, ergonomic workplaces, or the handling of hazardous substances, but also mental health issues including stress, depression, and emotional well-being and refrain from offering excessively low wages (i.e., wage dumping). We are, however, also committed to further expanding our sphere of influence to our suppliers. This is why these principles are also enshrined in our Supplier Code of Conduct and are part of our supplier risk assessments.

Goal 9 – Industry, Innovation, and Infrastructure

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities, and specifically, reduce the CO_2 emission per unit of value added (Target 9.4).

Material Topics: Emissions; Materials
How we are contributing
Further to our contributions to resource-use efficiencies in the production phase, which are outlined under Goal 7, we also aim to increase the resource efficiency of our products. An important first step was including a sustainable life cycle approach to product development in our Product Design Manual. We also invested in the development of a Life Cycle Assessment (LCA) tool, which helps us to better understand the environmental impact of our products during their whole life cycle. By using the LCA Tool, over 70 more Environmental Product Declarations (EPDs) will be published by the end of the calendar year. To supplement the existing EPDs, we have created a carbon inventory for nearly 400 products that consume energy in their use phase. We currently offer several products that bring our customers energy efficiency gains, including the SafeRoute escape route system, the ST FLEX Green and ST PRO Green sliding door.

Goal 12 – Responsible Consumption and Production

Goal 12. Ensure sustainable consumption and production patterns

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water, and soil in order to minimize their adverse impacts on human health and the environment (Target 12.4).

By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse (Target 12.5).

By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature (Target 12.8).

Material Topic: Effluents & Waste

How we are contributing

The generation of different waste streams is an inevitable consequence of our operations. We monitor our waste by treatment method and by waste type. Approximately 76% of the waste stream was recycled, reused, or recovered (including raw materials and energy recovery) in the financial year 2020/21. Our contributions to the environmentally sound management of chemicals and hazardous materials are detailed under Goals 3 and 6.

Goal 13 – Climate Action

Goal 13. Take urgent action to combat climate change and its impacts

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries (Target 13.1).

Improve education, awareness raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning (Target 13.3).

Material Topic: Emissions

How we are contributing

In addition to the initiatives mentioned under Goal 9, in 2021, SBTi has approved our targets for operational and value chain emissions, including emissions from purchased materials and the use of our products. Progress against the operational emissions target is being tracked as part of our sustainability-linked credit facility. The targets will be announced publicly as we unveil our new corporate strategy by the end of the calendar year. Furthermore, we reduced our carbon emissions by 20% versus the financial year 2017/18 through increased purchase of renewable energy and energy efficiency projects.

Focus Area Transparency

We are committed to being a socially responsible corporate citizen and to upholding the principles of international conventions, laws and internal rules and regulations. We also expect our suppliers and business partners to adhere to similar standards and rules.

Fair competition & Anti-corruption

By standing up to and rejecting anti-competitive behavior and corruption in all forms, we enhance our stakeholders' trust while securing the basis for future business.

Human Rights Assessment

We acknowledge our responsibility to respect human rights as outlined in the UN Guiding Principles on Business and Human Rights.

Supplier Sustainability Assessment

We are committed to leveraging our purchasing power to benefit those partners whose values and beliefs align most closely with ours.

Fair competition & Anti-corruption

By standing up to and rejecting anti-competitive behavior and corruption in all forms, we enhance the trust our stakeholders place in us. This protects our reputation and secures the basis for future business.

Why it matters

Our mission is to make access in life smart and secure. This can only be realized if we work together and consistently apply a legal and ethical approach in all matters. Trust and credibility are built over many years but can be lost in a single moment. In particular, corruption and anti-competitive behavior are unfair business practices that destroy society's trust in the economy and the business community.

Key activities

We aim to be a trusted global partner and believe our customers' interests are best served by focusing on our company value "Customer First" and strict adherence to all applicable laws. Illegal business practices, such as corruption, subvert the rule of law and erode trust, while anti-competitive behavior distorts markets and produces inefficiencies. Therefore, we emphasize integrity, governance, and responsible business practices, and regard fair competition as the soundest basis for our growth and corporate success. As a member of the UN Global Compact, we are committed not only to avoiding bribery, extortion, and other forms of corruption, but to developing related policies and specific programs, both internally and within our supply chain.

dormakaba Code of Conduct & Directives

We set a clear tone from the top regarding compliance by providing guiding documents and training to all employees. Principles of antitrust regulations, anti-corruption and ethical business dealings, for example, are part of our Code of Conduct (CoC). The dormakaba CoC is binding for all our employees. It is each employee's responsibility to comply with laws and internal regulations as per the CoC. The respective manager is responsible for ensuring that employees know the regulations and understand expectations. In the course of the recruitment and onboarding process, new employees receive and acknowledge the dormakaba CoC.
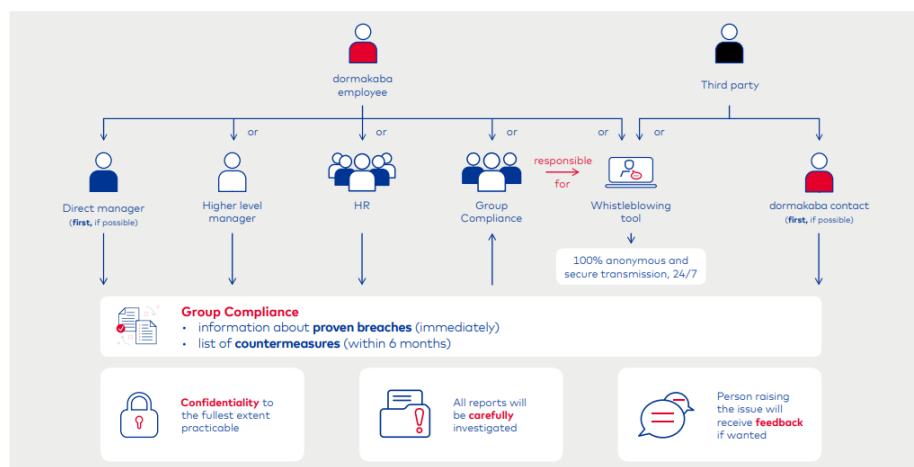
Group Compliance publishes new directives and supports internal communication of any related publications and topics, such as in the case of the Group Directive Antitrust. Functional owners of the directives must ensure appropriate communication and training for the respective addressees.

Group Compliance revised and published the Group Directive Antitrust and a new Group Directive Anti-corruption. The latter was published early in the financial year 2020/21. This directive sets Group-wide minimum standards for granting and accepting of benefits in the public and private business sectors, including documentation and approval requirements depending on certain thresholds, and the mandatory consideration of additional principles to prevent even the mere appearance of corruption. These include the principles of social adequacy, transparency, and separation. As part of the roll out program, the focus in the financial year 2020/21 was on internal communication and the global anti-corruption training initiative (see below section on increasing awareness).

Reporting misconduct & grievances

The CoC outlines the standard procedure for reporting grievances and/or breaches of law. As a first step, any employee should ideally contact their direct manager. Subsequently, the matter may be escalated to the local HR function, Group Legal, or Group Compliance.

Reporting channels

dormakaba employee — Third party

Direct manager (**first,** if possible) · Higher level manager · HR · Group Compliance · responsible for · Whistleblowing tool · dormakaba contact (**first,** if possible)

100% anonymous and secure transmission, 24/7

Group Compliance
- information about **proven breaches** (immediately)
- list of **countermeasures** (within 6 months)

Confidentiality to the fullest extent practicable

All reports will be **carefully** investigated

Person raising the issue will receive **feedback** if wanted

We strive to create a culture where employees speak up and are encouraged to address concerns as outlined in the abovementioned process. On matters of transparency, the respective manager is encouraged to contact Group Compliance directly. Group Compliance carefully considers all notifications received and, depending on the matter, creates an action plan or sets up a project to solve any potential issues. The remediation progress is tracked by Group Compliance and may include direct legal advice, the involvement of external experts, internal investigations, or the development of workshops or customized training. If necessary, Group Legal and Group Compliance will involve the CEO and/or other relevant members of the Executive Committee.

Although employees are encouraged to speak up, potential whistleblowers may want to stay anonymous for various reasons. Group Compliance implemented an integrity line (whistleblowing tool) that allows dormakaba employees and third parties (e.g., customers or suppliers) to submit notifications about potential violations of laws and threats to our reputation. The dormakaba whistleblowing tool is available globally 24/7 and is offered in various languages. Whistleblowers using the online tool receive a first response within 2–3 days and are provided with regular updates on their case, if a postbox allowing anonymous communication has been set up.

An overview of reports of misconduct and investigative activities is shared with the senior management, including in the annual Corporate Compliance Report, which is discussed with the Audit Committee in detail.

Additionally, the whistleblowing system was assessed compared to the effectiveness criteria for grievance mechanisms provided by the UN Guiding Principles on Business and Human Rights. The results of the assessment are found in the Human Rights Assessment chapter.

Identifying & addressing risks

Antitrust and corruption risks are identified top-down and bottom-up. Risks can be addressed in the company's risk model as part of the global risk management process which is conducted every six months. Within our risk evaluation process, the segments can address risks, including any perceived gaps within the internal organization and processes. Segment management can also address relevant issues to Group Internal Audit during regular audit planning and on an ad hoc basis. The Audit Committee can make use of a top-down approach by mandating audits (either performed by Group Internal Audit or through third party support) with a focus on bribery and corruption matters. Triggers include hints from whistleblowers (received through anonymous letters, e-mails, or further whistleblowing

reports), from the organization itself, from impressions during on-site visits, external factors, or regional risk factors.

Regarding anti-corruption, Group Internal Audit integrates the Corruption Perceptions Index (CPI), an index developed by Transparency International as one criterion for developing its internal audit plan. Procurement and sales functions, as well as processes, are regularly subjected to internal audits. In each standard audit engagement, Group Internal Audit verifies whether the principle of segregation of duties is maintained. Furthermore, risks are identified and addressed in the course of advising the business or in training sessions.

Increasing awareness through training activities

dormakaba aims to ensure compliance with applicable laws by strengthening awareness through employee training. Enabling employees to comply with legal requirements helps avoid breaches of laws and negative financial impact to the company, and safeguards our reputation. Group Compliance develops training models and activities, e.g., on fair competition and anti-corruption. Group Compliance liaises with segment management about the training initiatives within their segments. The latter can then give feedback on the training strategy or indicate whether training content should be adjusted based on the local setting or local legislation.

Our goal is to train every employee on our Code of Conduct (CoC). New employees receive and acknowledge the CoC upon hiring, and an eLearning module on its contents are regularly part of the onboarding package.

Since the publication of the Group directives on antitrust and anti-corruption, we have focused on dedicated training for management and employees of relevant functions.

The antitrust training includes a blended training concept consisting of an eLearning and (virtual) live trainings to increase internal awareness and knowledge on antitrust issues. The relevant target group (e.g., sales, procurement, general management) was identified and then assigned the eLearning module, which was made available in different languages. More than 1,200 employees worldwide have participated in the eLearning, of which 100 participated in the financial year 2020/21. In addition, virtual classroom trainings were conducted globally by Group Compliance in the financial year 2020/21, with participation of more than 60 employees across all segments and various Group functions.

As regards anti-corruption, Group Compliance again applied a training concept comprising a mix of eLearning and virtual live trainings. The target group includes management and employees from sales and procurement, among others. While the anti-corruption eLearning campaign is now well advanced with more than 3,100 participants, the live trainings have recently re-started wherever feasible and subject to the ongoing Covid-19 restrictions. By 30 June 2021, more than 80 employees had participated in a live training on anti-corruption and more will follow in the upcoming financial year.

Our performance

The biggest milestones of Group Compliance's work in the financial year 2020/21 include the publication of the Group Directive Anti-corruption, the launch of the corresponding training initiative, and the further development of the Compliance Organization, focusing on internal training, best practice sharing and further enhancing collaboration between Group Compliance and the Compliance Ambassadors of all segments. It was also the second year of implementation of the whistleblowing tool, which allows employees and third parties to disclose possible misconduct globally and anonymously. Awareness of the tool is promoted via several means, including through feature stories on our intranet.

Through all reporting channels, including the whistleblowing tool, 20 incidents have been reported and thereafter investigated in the financial year 2020/21. This is a slight increase of received reports of potential misconduct compared to the previous financial year (19). In around 50% of incidents reported, misconduct was confirmed, and appropriate corrective action has been taken. Two incidents remain under investigation as at 30 June 2021.

Our whistleblowing tool is available in 9 languages for our internal and external stakeholders

With operations in over 50 countries, it is vital that we comply with all applicable laws and regulations at the local, national and international level. Compliance with laws and regulations is a key factor for the sustainability of our business. We confirm that there were no legal actions pending or completed for anti-competitive behavior in the financial year 2020/21 known to us. There were also no confirmed incidents of corruption in the financial year 2020/21 known to us.

Outlook

In the financial year 2021/22, dormakaba Group Compliance aims to continue its antitrust and anti-corruption trainings.

Human Rights Assessment

We acknowledge the responsibility to respect human rights as outlined in the UN Guiding Principles on Business and Human Rights (UNGP).

Why it matters

In today's ever more interconnected and globalized world, there is increasing public focus on how companies are respecting human rights in their operations as well as through their business relationships across value chains. That means demonstrating 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 inherent to all human beings, irrespective of nationality, place of residence, sex, national or ethnic origin, color, religion, language, or any other status. Above all, human rights are interrelated, interdependent, and indivisible.

As a global company with highly complex supply chains, we are exposed to increased risks of being directly or indirectly linked with human rights violations. We therefore treat the issue of human rights as a priority and require our business partners to do the same.

Key activities

Our human rights commitment was published in the financial year 2019/20 in the form of the dormakaba Statement of Commitment on Human Rights. It was elaborated based on a gap assessment, stakeholder consultations, and the salient issues identified (see details in the following section) and approved by our then Chairman and CEO. In prioritizing these salient issues, we recognize that some groups may be at greater risk of negative human rights impacts due to their vulnerability or marginalization. We also recognize that the evaluation of the severity of potential impacts may change and that other issues may grow in importance over time. We will therefore regularly re-assess salient issues and human rights risks based on internal and external stakeholder feedback and expert judgments.

In line with the "Protect, Respect, Remedy" Framework provided by the UN Guiding Principles on Business and Human Rights (UNGP) and as outlined in the Statement of Commitment on Human Rights, we recognize the important role the company has in respecting human rights. We are guided by international human rights frameworks, which include but are not limited to the UNGPs, the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the Core Labor Conventions of the International Labor Organization (ILO), and the OECD Guidelines for Multinational Enterprises

We are committed to fully respect the personal dignity, privacy, and individual rights of our colleagues, customers, suppliers, and other stakeholders. Our commitment to respect human rights extends to all individuals throughout the value chain, and we use the relationships with co-manufacturers, independent suppliers, and other business partners to encourage and promote the principles of the Statement of Commitment on Human Rights throughout our network. We believe that we can influence others through leading by example and therefore communicate proactively about our commitment.

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 and exercise their fundamental human rights.

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

Process of Human Rights Due Diligence (HRDD)
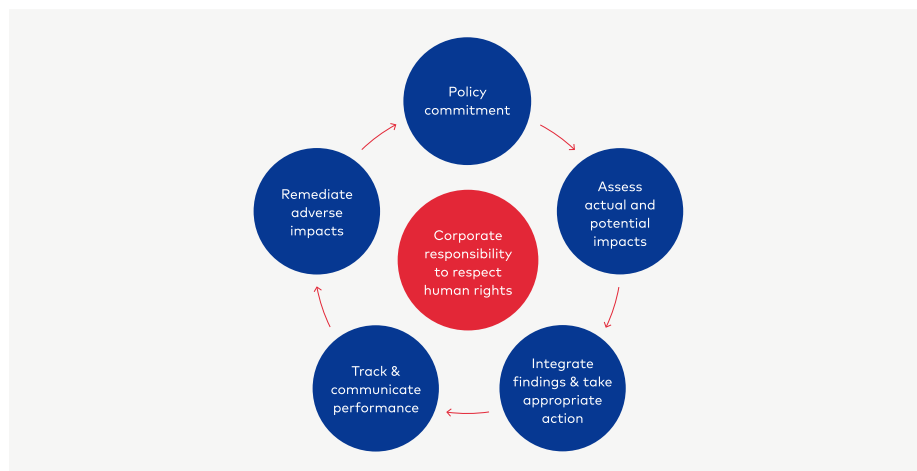
Assessing potential impacts to define salient issues

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

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

The stakeholder consultations were focused on the potential gross risk of human rights impacts on rightsholders, as opposed to a standard risk assessment approach, which looks at the risk to the company. The company's current management of human rights-related topics was not evaluated. **In other words, saliency was defined based on the inherent human rights risk, without reference to how well our company manages the topic already.** Thirteen issues appeared as most relevant, and these were further analyzed in terms of the company's leverage and the potential severity of impact. Severity here is defined by the scale, scope, and remediability of the potential human rights impacts on people.

Where possible, we will strive to measure the actual impacts of our actions on the human rights of potentially affected rightsholders.

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

dormakaba Human Rights Saliency Matrix

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

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

Access to grievance

The dormakaba whistleblowing system and tool have been evaluated by an external party for conformity to the effectiveness criteria for grievance mechanisms laid out by the UNGPs. The criteria are:

- Legitimate
- Accessible
- Predictable
- Equitable
- Transparent
- Rights-compatible
- Source of Continuous Learning
- Based on Engagement and Dialogue

Generally, the criteria of Legitimate, Predictable, Equitable, and Rights-compatible were met well. Considering that the whistleblowing system has been implemented recently, some criteria such as Source of Continuous Learning (i.e., identifying lessons for improving the mechanism) and Based on Engagement and Dialogue (i.e., a feedback mechanism for users regarding the processes of the system itself) could not yet be fully assessed. For the target group of own employees, the grievance mechanism also met the Accessibility criteria well. A description of our reporting channels is included in the dormakaba Code of Conduct. A communication campaign has also been launched, including print media (poster campaign) for local implementation to reach production workers.

The assessment was also intended to be a source of continuous learning and for evaluating areas for potential improvement, e.g., raising awareness of the system for other intended users, such as external business partners, suppliers, etc. Accessibility for external users who are unable to read or have no internet access is by the very nature of a web-based tool more challenging.

Tracking and communicating performance

We commit to transparently reporting on the progress of our efforts in our annual sustainability report as well as to publicly accounting – through the annual Modern Slavery Statement – for how human rights issues are addressed.

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

Our performance

We focused on the following areas in the financial year 2020/21:

1. Assessing actual impacts
2. Integrating findings and committing to appropriate action
3. Remediating adverse impacts
4. Developing further policy commitments

Assessing actual impact

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 the financial year 2020/21, we fulfilled our commitment to carry out such an assessment to gain a better understanding of migrant workers' risks and vulnerability in our operations in Malaysia and Singapore.

In order to achieve this, we leveraged our membership to the Responsible Labor Initiative to work with local auditors to assess our operations based on the Responsible Business Alliance Code of Conduct. The audits revealed, for example, that migrant workers under employment had paid recruitment fees. However, under the Employer Pays Principle, the costs of recruitment should be borne not by the worker but by the employer.

In addition, dormakaba issues an annual Modern Slavery Statement pursuant to Section 54, Part 6 of the UK Modern Slavery Act 2015. The statement sets out the steps dormakaba has taken to ensure that slavery and human trafficking are not taking place in the supply chains or any part of the business.

In addition, we also worked together with the University of St. Gallen and commissioned a study to gain deeper insight in tracing cobalt in fragmented supply chains related to electronics components that we use in our products. The study identifies and maps key actors within the cobalt value chain, along with the relevant legal frameworks. The research also assesses typical human rights risks, as well as governance and traceability challenges and provides solutions based on desk research and expert interviews.

Recommendations to work together with relevant multi-stakeholder groups to amplify activities were taken up and supplemented by our joining the Responsible Minerals Initiative (RMI). We will evaluate how to apply the RMI's 10-step process for responsible sourcing of cobalt as we continue to develop our due diligence.

Integrate findings and take appropriate action

Based on the human rights-related risks and impacts identified in Singapore and Malaysia, we have developed prevention and mitigation measures. This has included several workshops with local stakeholders to raise awareness, assess root causes, and develop solutions in a collaborative way. Besides priority findings related to recruitment fees, other findings related to supplier responsibility, due diligence processes for recruiters, and lack of communication on the whistleblowing mechanism were discovered. Mitigation measures include, amongst others:

- Development of service agreement templates for labor agents and labor contractors to better address freely chosen employment and responsible recruitment practices
- Requirements for pre-departure training for foreign migrant workers on recruitment fees and the dormakaba whistleblowing system
- Training requirements for a wider range of stakeholders on the dormakaba supplier assessment and engagement program
- Development of a responsible recruitment self-assessment questionnaire for pre-contracting/pre-qualification phase with labor agents and labor contractors

Remediating adverse impacts

When adverse human rights impacts are uncovered due to our business activities or from links to our operations, we are committed to taking timely and transparent action to remediate 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. In the financial year 2020/21, when it was discovered that recruitment fees has been paid by foreign migrant workers in Malaysia, we committed to fully reimbursing these fees dating back to those that had been paid even ten years ago. All foreign migrant workers were interviewed to collect information on recruitment fees paid and reimbursements have been made within the time frame recommended by the Responsible Labor Initiative.

Developing further policy commitments

In the financial year 2020/21, we developed a Responsible Labor Directive as a result of policy gaps discovered in the course of social audits. The aim was to give more concrete guidance and minimal standards on topics such as freely chosen employment, working hours, worker's accommodation, and responsible recruitment on a global level. This was supplemented by a specific Zero Recruitment Fees Directive as a preventative measure.

As regards our approach towards human rights, our biggest achievements in the financial year 2020/21 were the social audits conducted in Malaysia and Singapore and the development of associated improvement actions, including reimbursements for recruitment fees, and the development of our Zero Recruitment Fees and Responsible Labor Directives.

However, the biggest challenge of limited leverage and limited transparency in the upstream and downstream value chain remains. This is especially true at the mineral extraction stage or in terms of improper use of our products by end users. This is why we have planned to continue the development of traceability processes based on the findings of the initial study on cobalt value chains.

Outlook

In the financial year 2021/22, we will focus on the global roll out of the Responsible Labor and Zero Recruitment Fees Directives and on leveraging due diligence tools and guidelines provided through our new membership in the Responsible Minerals Initiative, in order to improve supply chain traceability.

Supplier Sustainability Assessment

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.

Why it matters

We believe sustainable supply chains ensure the well-being of the people and environments they procure from, as we seek to grow the 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.

Key activities

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. Our global supply chain is large and complex, which poses a challenge in this regard. Global purchasing volumes with external vendors correspond to approximately 47% 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 25,600, with spend focused in Europe (47%), North America (26%), and Asia (18%).

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

To ensure our suppliers contribute to social and environmental well-being, we focus on three areas:

1. Identifying supply chain risks
2. Supplier off-site assessments
3. Supplier on-site audits

Identifying supply chain risks

We have defined a target group for sustainability assessment based on identified sustainability risk factors – such as origin country and the material content of the goods purchased. The latter refers to material compliance topics that are included in the European Union's REACH regulations and RoHS Directive. Suppliers over a certain procurement threshold were taken into consideration as part of the categorization work.

To determine sustainability risk factors on a country level, an impact assessment and hotspot analysis were used as a baseline. The hotspot analysis identified the following sustainability topics as being of highest relevance in the supply chain: (1) Energy and Emissions; (2) Effluents and Waste; (3) Occupational Health and Safety; (4) Materials; (5) Training and Education; (6) Freedom of Association; (7) Human Rights. For these high-impact topics, any supplier from countries listed as high-risk was included in the sustainability target group for assessment. This list will be reviewed in the regular course of future impact and materiality assessments in our sustainability management.

Supplier categorization for sustainability assessment
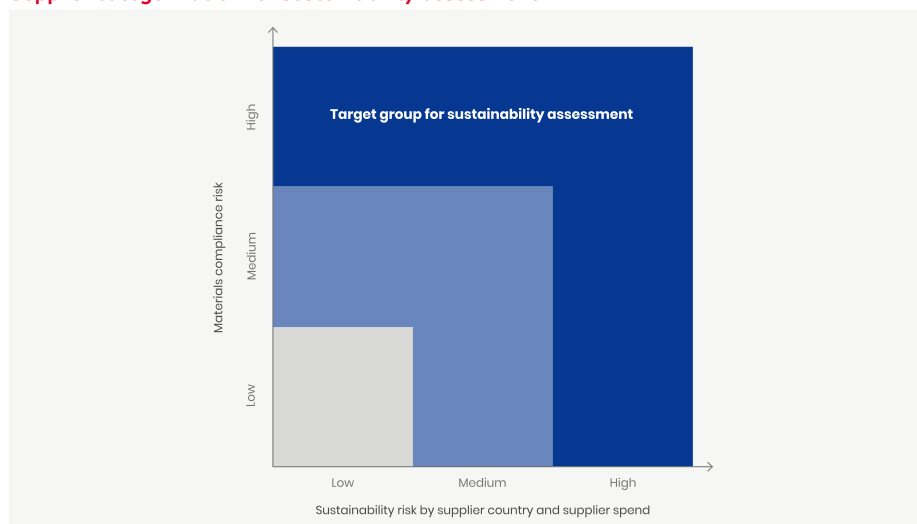
Supplier off-site assessments

As a further step in assessing the sustainability performance of our suppliers, we have partnered with a leading provider for monitoring sustainability in global supply chains called EcoVadis to reduce supplier risk and support supplier development. The assessment covers 21 sustainability criteria across four themes (environment, labor and human rights, ethics, sustainable procurement).

We also apply a comprehensive self-assessment for all potential new suppliers as part of the supplier qualification process. This general self-assessment includes basic sustainability elements, such as management practice related to social benefits, formal employee suggestion programs, and environmental management systems. The self-assessment questions related to sustainability are regularly assessed and improved based on changes in our sustainability strategy and regulatory trends.

Supplier on-site audits

To examine our suppliers' situation on-site, we developed a standard audit questionnaire that contains topics related to quality management. Among these, sustainability topics such as internal Code of Conducts (CoCs), the dormakaba SCoC, and labor, health and safety and environmental standards are checked. Auditors are asked to check documentation on-site related to:

- Workers' ages and identity records
- Receipt of wages
- Training and communication on internal CoC
- Signature of the dormakaba SCoC
- Hazardous materials storage and worker training on safe handling
- Injury rates
- Development of water, energy, and waste metrics over recent years.

As on-site audits require immense effort and cost, we have introduced a risk assessment process that takes into account the potential risk from specific locations, products, and performance. This risk assessment results in a score ranking, indicating the frequency of auditing required for the relevant supplier. In the financial year 2020/21, we conducted on-site audits for 26 suppliers in China. Regarding sustainability criteria, there were no findings of non-conformance.

Our performance

In the financial year 2020/21, we continued to make significant progress in our supplier sustainability engagement strategy in three key areas:

- Scaling up supplier off-site assessments in collaboration with EcoVadis
- Roll out of procedures in case of non-participation or non-compliance
- Training of procurement employees on sustainability and the processes related to off-site assessments.

Scaling up off-site supplier assessments

The financial year 2020/21 was the second year of collaboration with EcoVadis on supplier off-site assessments. Again, we invited around 450 suppliers to participate in the assessment. We saw substantial improvements in the participation rate, with 146 suppliers joining the assessment versus 86 in the previous reporting year.

Of the 146 assessed suppliers, 37% achieved a bronze, silver, or gold rating by EcoVadis, considered as moderate or advanced performance. However, the majority of assessed suppliers (55%) had only partial performance, with an additional 8% considered to have insufficient performance. Improvement plans for 45 suppliers were requested because of the assessment, and no business relationships were terminated.

146 high-risk suppliers were assessed in our supplier sustainability engagement program

Overall score distribution *

7%	insufficient
52%	partial
34%	moderate
7%	advanced
——	All companies assessed by EcoVadis
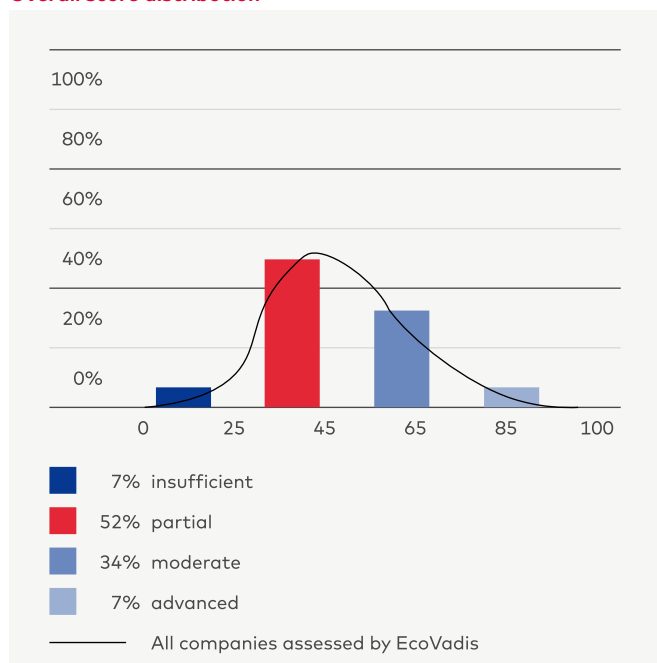
*all our rated suppliers in the financial years 19/20 and 20/21

Procedures in case of non-participation or non-compliance

We have rolled out procedures and process flows for auditing rules and corrective action plans in terms of sustainability performance of suppliers in the financial year 2020/21. At its core is the integration of a sustainable development clause in contracts for new suppliers and for existing suppliers in the course of contract renewals. The so-called Sustainability Supplementary Agreement establishes and describes the suppliers' obligation to participate in and pay for off-site assessments and/or on-site audits, and to commit to and implement an improvement plan if performance is below our defined benchmarks.

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

If a supplier is invited to participate in the EcoVadis off-site assessment, further actions are determined by their assessment score. For suppliers with bronze, silver, or gold level, further reassessments are required in three 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 on-site audit. A corrective action plan is defined in the course of the on-site audit, with a one-year implementation deadline. Suppliers are blocked or in active elimination for lack of implementation.

Additionally, 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 CoCs, acceptance of sustainability assessments by providers other than EcoVadis, and monitoring and evaluation of suppliers listed as blocked or in active elimination due to sustainability performance.

Training of procurement employees
To raise more awareness of the process and sustainability in general across the procurement organization, an eLearning module was developed to train procurement employees on the supplier sustainability assessments with particular focus on the new escalation processes. Upon successful completion of the eLearning, procurement employees were invited to live "role playing" sessions, where participants had a chance to practice how to react to real-world scenarios on supplier's questions – or refusal – of the EcoVadis assessment. In total, 320 procurement colleagues were trained in the financial year 2020/21.

Outlook

We plan to continue our collaboration with EcoVadis in the financial year 2021/22, aiming to invite around 500 suppliers to be assessed. We will also monitor the progress of the 45 suppliers where we have made requests for improvement.

320 procurement employees were trained on supplier sustainability assessments

Supplier engagement program in collaboration with EcoVadis

EcoVadis is the leading provider of business sustainability ratings for global supply chains. They have assessed more than 75,000 companies on their sustainability performance. We sat with Adeline Lefort, Customer Success Manager at EcoVadis to learn her perspective on supplier due diligence and our performance.

70% of business impact on social and environmental topics is in the supplier base. How do companies manage it generally?

Companies are more and more aware of their impact and want to mitigate risks along their supply chains. Furthermore, there is a generally increasing demand both from the legislation and customers to ensure more transparency and visibility in the supply chain. According to the Business Sustainability Risk and Performance Index 2020 of EcoVadis, the overall sustainability performance of companies is improving globally. In 2019, 57% of the rated companies achieved scores 45 or higher (meaning good, advanced, or outstanding performance), compared to 45.2% in 2015.

You have been working with us since 2019 on our Supplier Engagement Program. As an expert in the topic, how would you describe our performance?

dormakaba was one of the first big companies in the construction industry to engage with suppliers, which shows how innovative you are. Before 2019, you already had experience in supplier assessment and engagement by using your own self-assessment questionnaire. This "in-house" solution was, however, too time- and resource-consuming and with a limited coverage. Based on this experience, you decided to collaborate with us to expand your Supplier Engagement Program and developed a strategy to focus on high-risk suppliers, materials, and countries in the first round, with ambitious targets set.

This approach already showed your commitment, but in order to perform better, we co-developed an action plan. This includes, for example, the appointment of "regional champions", to engage with the buyers and through them with the suppliers. We also developed an escalation process, to implement actions in case of refusal of the assessment invitation. By also involving top management in the process, organizing internal sustainability trainings, and setting KPIs publicly, you clearly demonstrate your commitment towards the topic.

Where do you think we could improve?

You have been doing a lot since you started the journey on supplier engagement and assessment, but we are talking here about change management, which needs time to be fully integrated into the daily procurement processes. Procurement is generally reduced to a cost reduction division, although this is also an area where risks can be mitigated and value created. With your Supplier Engagement Program, this is exactly what you are aiming at, together with your buyer organization.

Considering your industry and pioneer role in supplier sustainability assessments, the response rate looks good (about 30%–40% global response rate) but there is still room for improvement. Thanks to the action plan, the baseline for success has been set and will ensure a better response rate.

What is the benefit for suppliers to go through the assessment?

Suppliers are increasingly understanding the value of improved sustainability performance and being assessed by EcoVadis, as it enables them to grow and to create stronger partnerships with their customers; moreover, it has a positive reputational value. If suppliers are at the beginning of their sustainability journey and get a relatively low score during the assessment, we send them a corrective action plan to work on specific topics. They are guided through this action plan, to improve their sustainability performance before the next assessment.

Focus Area Process & Production

We seek to reduce the environmental impact of production and adhere to environmental laws and regulations. We strive to ensure a healthy and safe workplace and to safeguard our customers' rights to privacy and security.

Environmental Management

We focus on improving our management of environmentally related processes and reducing our carbon emissions, energy and water consumption.

Occupational Health & Safety

The protection of the physical and mental integrity and well-being of employees is a core responsibility of dormakaba.

Customer Privacy

As a technology-oriented company, we place great importance on safeguarding our customers' right to privacy and security.

Environmental Management

We seek to reduce the environmental impact of our production and to adhere to environmental laws and regulations.

Why it matters

Every business, government, and individual has a role to play in meeting the goals of the Paris Agreement. For our part, dormakaba aims to reduce our energy consumption and related emissions. We use the latest scientific knowledge to guide a sound management approach. Our energy-intensive processes include melting, and aluminum and zinc die casting. We use these materials to manufacture numerous products, including hotel and high-security locks, door closers, fittings, and door handles.

Key activities

We seek to reduce the environmental impact of our production and to adhere to environmental laws and regulations. We focus on improving our management of environmentally related processes and on monitoring and reducing our energy consumption, carbon emissions, water consumption, and effluents, as well as monitoring our waste disposal and recycling rates.

Environmental management is embedded at both the Group and local levels of our various production sites. Several sites have environmental officers, while others have incorporated environmental management into their quality assurance processes.

Our environmental management covers the following aspects:

1. Energy and emissions
2. Water and effluents
3. Waste

Energy and emissions

The emission of greenhouse gases, which are generated through the use of fossil fuels, is one of today's biggest challenges. In 2018, we committed to setting science-based targets and to having these validated by the Science Based Targets initiative (SBTi).

In 2021, SBTi has approved our targets for operational and value chain emissions, including emissions from purchased materials and the use of our products. We are the first in the industry to have targets validated by the SBTi. Progress against the operational emissions target is being tracked as part of our sustainability-linked credit facility. The targets will be announced publicly as we unveil our new corporate strategy by the end of the calendar year.

As a further commitment, we have set an interim carbon emissions reduction target of −5% tonnes of carbon dioxide equivalent (tCO_2e) by the end of the financial year 2020/21 for the reporting scope and baseline of the financial year 2017/18. We are pleased to report that we have exceeded this target level. We reduced 20% versus the baseline, with approximately 17 percentage points stemming from increased purchase of renewable energy and energy efficiency projects. Other reductions in emissions are explained by decreased production due to the business impact of Covid-19 particularly in the financial year 2019/20, consolidation of production facilities in the USA, improvements in data quality and changes in seasonal weather patterns.

Energy consumption
Total energy consumption was over 250,000 MWh in the financial year 2020/21. Electricity and fuels for heating or manufacturing both play a crucial role in our production processes, constituting nearly 80% of total energy consumption. The remainder is associated with the fuel consumption of our vehicle fleet.

Many components used to create our products are manufactured in-house, and purchased parts require further processing, both of which impact total energy demand. As a result, we focus many of our energy saving initiatives in this area.

We are the first within the access solutions industry to have emissions targets approved by the Science Based Target initiative

In the financial year 2020/21, energy saving initiatives were being implemented at various sites in the reporting coverage. This work included retrofitting facilities to LED lighting and automated control systems; upgrading equipment such as air compressors and an air dryer; the optimization of heating and cooling systems; and the procurement as well as on-site production of renewable electricity.

As a result, we realized total quantifiable annual energy savings of approximately 2,900 MWh for the sites covered in the scope of this report. In addition, over 58,000 MWh (45.5%) of the electricity that we consumed came from renewable sources. In our Access Solutions (AS) EMEA segment, this share already reached over 80%. All other segments showed a percentage of electricity consumption from renewable resources ranging from 34% to 60%.
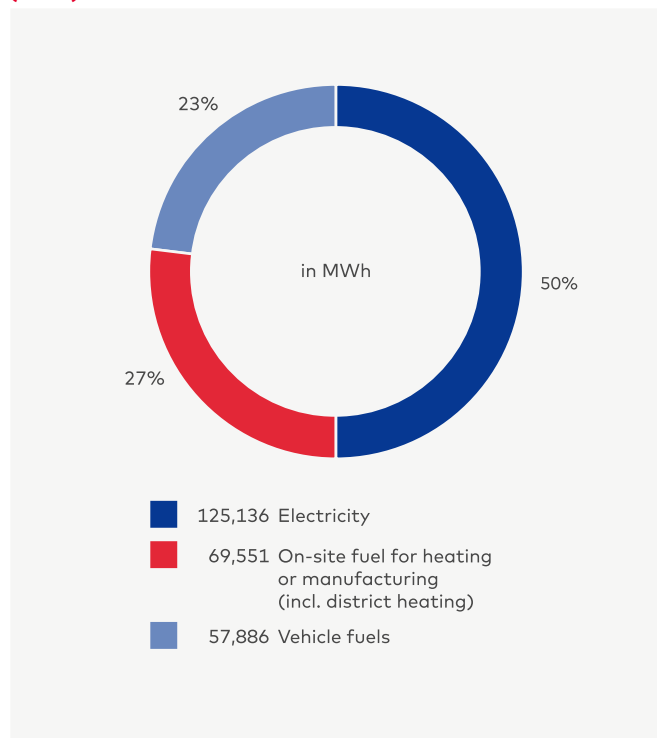
Examples of energy reduction activities in the financial year 2020/21 included:

45.5% of our purchased electricity came from renewable sources

- AS AMER at the Indianapolis (USA) manufacturing facility reduced natural gas usage by approximately 11,000 million BTU/year after replacing a 4 million BTU gas-fired space heater with a heating, ventilation, and air conditioning (HVAC) system. The Montreal (Canada) manufacturing site included LEED certification criteria in its building expansion project and the Reamstown (USA) facility switched to LED lightning. The Nogales (Mexico) manufacturing site installed a more efficient air compressor, implemented a lighting shutdown process, and started the conversion to LED lightning.
- AS APAC optimized the usage of air conditioners at the Chennai (India), Yantai and Shenzhen (China) sites. In addition, the Chennai facility completed the ISO 50001 recertification. The Taishan (China) manufacturing site has begun purchasing steam produced as a byproduct of industrial processes from a neighboring facility, thus eliminating the need to use a diesel boiler as had previously. These and other improvements resulted in annual energy savings of 5%.
- AS DACH at the Ennepetal (Germany) manufacturing site switches off the refrigeration system for several hours during weekends, resulting in energy savings of 29,120 kWh/year. In addition, the retrofit of LED lighting saved 22,080 kWh/year. At the Singapore manufacturing facility we achieved around 1.4% (223,000 kWh/year) reduction in energy consumption by optimizing the chiller and air handling unit system. Our manufacturing facilities in Suzhou (China), Melaka (Malaysia), and Singapore are now ISO 50001 certified.
- AS EMEA at the Fougéres (France) manufacturing facility changed its air dryers from desiccant to refrigerant technology, which decreases the electricity consumption of the compressor by 3.5% on an annual basis. At the Wetzikon (Switzerland) facility, a three-year energy efficiency project has been completed with the modernization of the heating, ventilation, and air conditioning (HVAC) system, which is to reduce heating oil consumption by 86,000 liters per year and carbon emissions by 288 tonnes per year.
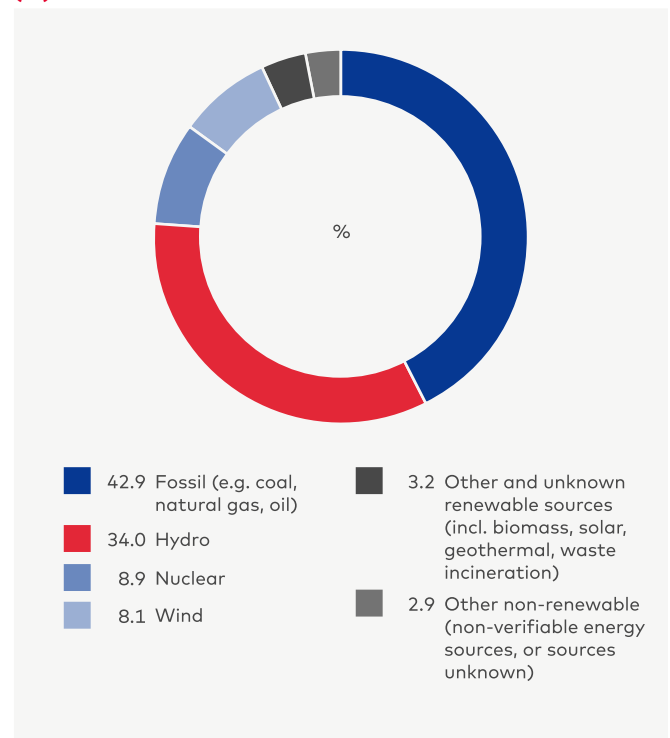
in MWh	2020/21
Energy consumption	**252,574**
Electricity	**125,136**
District heating	**1,627**
Heating fuels total	**67,924**
Heating oil and diesel for backup generators	6,828
Natural gas	59,334
LPG/propane	1,763
Vehicle fuels total	**57,886**
Diesel	44,174
Gasoline	11,809
LPG/propane	1,766
Other vehicle fuels: bioethanol and natural gas	138

**Energy use
(MWh)**

- 125,136 Electricity
- 69,551 On-site fuel for heating or manufacturing (incl. district heating)
- 57,886 Vehicle fuels

**Purchased electricity by source
(%)**

- 42.9 Fossil (e.g. coal, natural gas, oil)
- 34.0 Hydro
- 8.9 Nuclear
- 8.1 Wind
- 3.2 Other and unknown renewable sources (incl. biomass, solar, geothermal, waste incineration)
- 2.9 Other non-renewable (non-verifiable energy sources, or sources unknown)

Energy intensity (MWh/mCHF net sales)
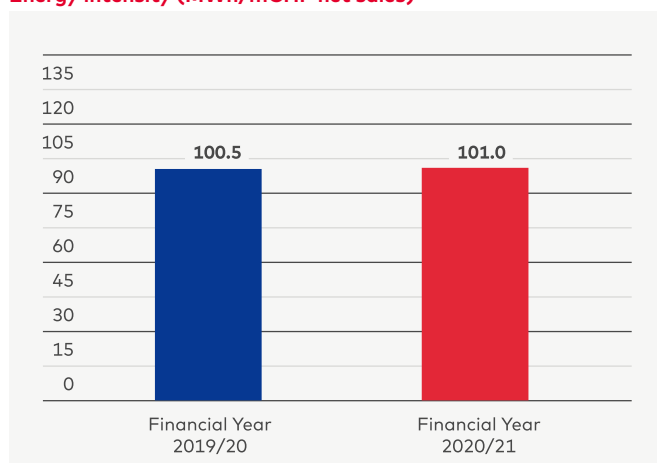
Energy use by segment (MWh)

	Renewable	Non-renewable
AS AMER	13,334	30,032
AS APAC	8,260	32,112
AS DACH	12,908	57,772
AS EMEA	10,167	39,461
KWS	13,833	34,693
Total	58,504	194,070
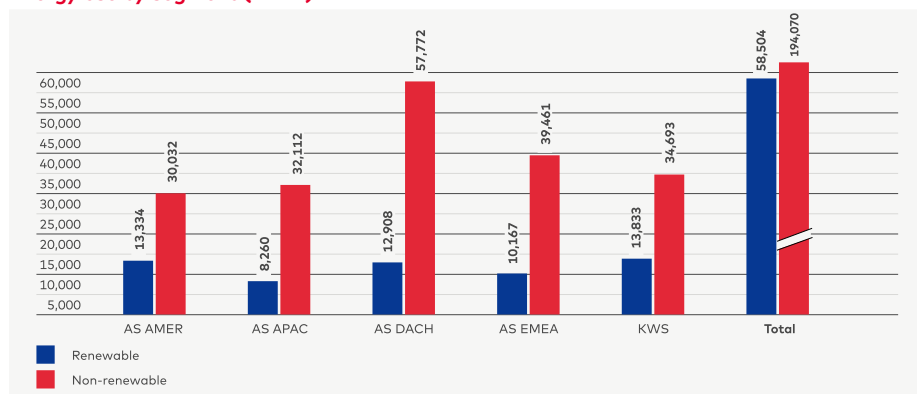
Purchased electricity by segment (MWh) *

	Renewable	Non-renewable
AS AMER	13,284	8,658
AS APAC	8,260	15,688
AS DACH	12,908	22,263
AS EMEA	9,812	1,987
KWS	12,707	19,570
Total	56,971	68,164
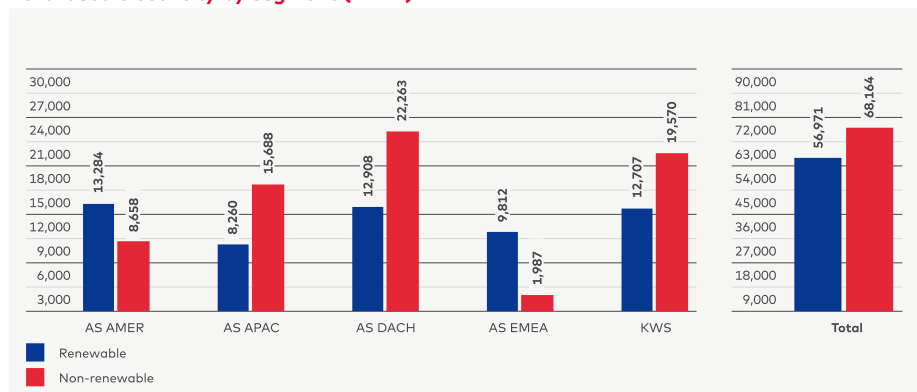
* Including own generation

Percentage of purchased electricity from renewable sources by segment (%) *

	%
AS AMER	60.5
AS APAC	34.5
AS DACH	36.7
AS EMEA	83.2
KWS	39.4
Total	45.5
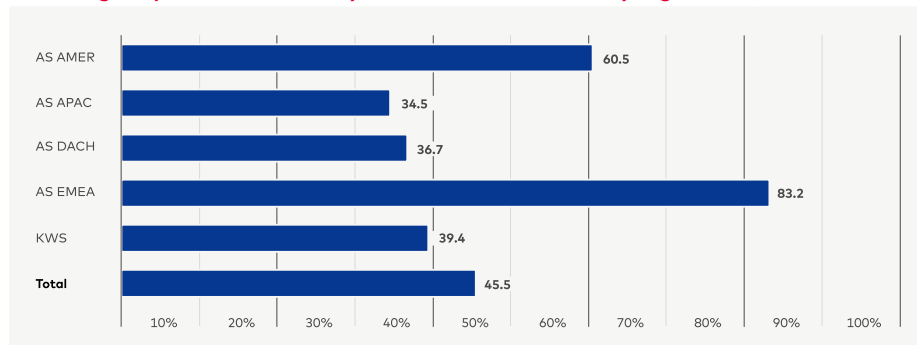
* Including own generation

Greenhouse gas emissions

In the financial year 2020/21, our total greenhouse gas emissions (GHG) amounted to around 70,000 tCO_2e. Nearly 60% were emitted as a consequence of electricity consumption, followed by vehicle and heating fuel consumption, and volatile as well as process gas emissions. Climate-related initiatives implemented during the reporting year resulted in total annual savings of approximately 15,500 tCO_2e (nearly 21% of our total footprint from own operations).

Due to the implementation of the energy-saving initiatives outlined above, we expect to reduce our annual GHG emissions by approximately 1,100 tCO_2e. We also worked diligently to source renewable electricity or generate own renewable energy wherever feasible, leading to an annual emissions avoidance of approximately 14,400 tCO_2e.
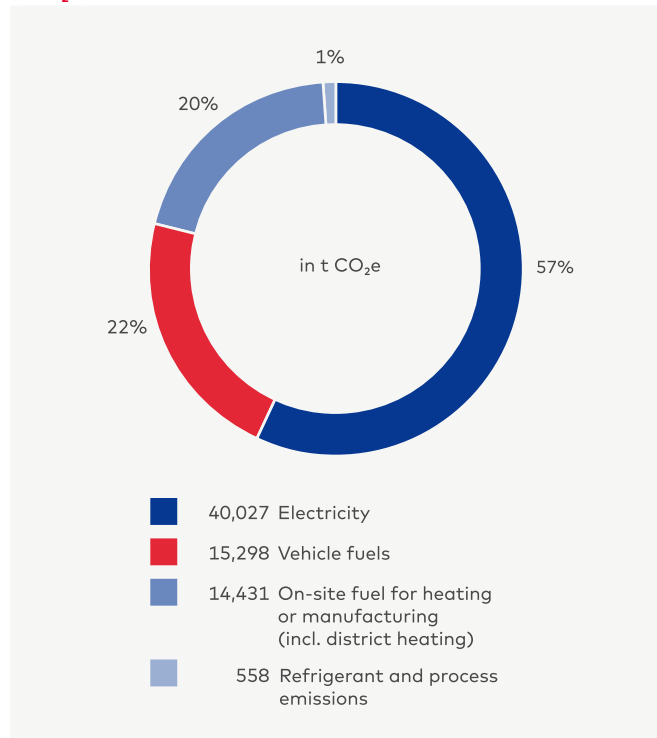
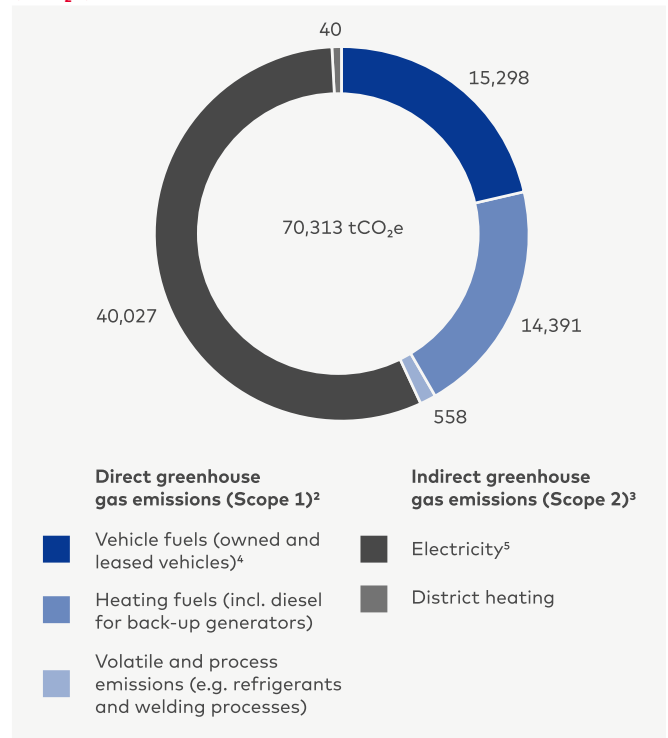Examples of GHG reduction activities in the financial year 2020/21 included:

- Our AS EMEA facilities in Milan and Castel Maggiore (Italy) switched to green electricity, saving 66 tCO_2e per year. The rollout of a fuel-efficient driving training across UK & Ireland has been completed, with in-cab feedback technology built in into about 100 vehicles; furthermore, electric vehicle charging points were installed.

Our annual greenhouse gas emissions savings was
15,500 tCO_2e

- Key & Wall Solutions started a pilot project on e-mobility in Germany and expanded the solar panel installation in the Senai (Malaysia) manufacturing facility, resulting in an annual carbon emission reduction of 19.8%.

Greenhouse gas emissions by source (tCO$_2$e)

in t CO$_2$e

57%
1%
20%
22%

- 40,027 Electricity
- 15,298 Vehicle fuels
- 14,431 On-site fuel for heating or manufacturing (incl. district heating)
- 558 Refrigerant and process emissions

Scope 1 and Scope 2 emissions (tCO$_2$e)[1]

70,313 tCO$_2$e

40
15,298
14,391
558
40,027

Direct greenhouse gas emissions (Scope 1)[2]

- Vehicle fuels (owned and leased vehicles)[4]
- Heating fuels (incl. diesel for back-up generators)
- Volatile and process emissions (e.g. refrigerants and welding processes)

Indirect greenhouse gas emissions (Scope 2)[3]
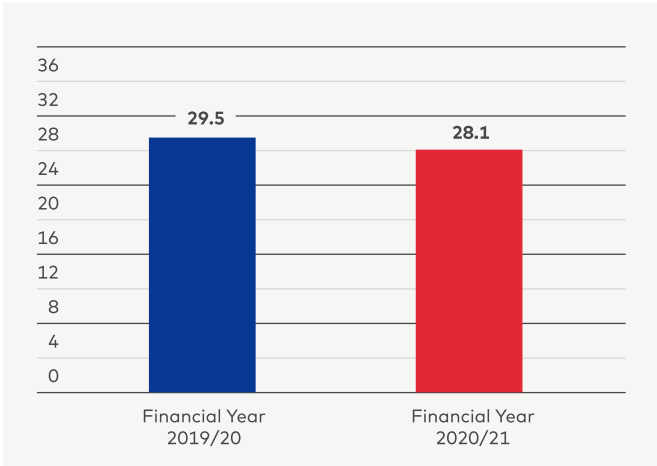
- Electricity[5]
- District heating

1) Greenhouse gas inventory calculated in accordance with the WRI/WBCSD Greenhouse Gas Protocol. Emission factor sources: UK Defra (2019), US EPA eGRID (2018), IEA (2019), AIB (2018).

2) Scope 1: direct greenhouse gas emissions from sources owned or controlled by dormakaba.

3) Scope 2: indirect greenhouse gas emissions from sources owned or controlled by another entity, as a consequence of the company's activities.

4) Biogenic emissions associated with the combustion of biofuel amount to 20 tCO$_2$e. These are called "outside of scope" emissions and reflect the impact of burning biomass and biofuels. The fuel source itself absorbs an equivalent amount of CO$_2$ during the growth phase to that released through combustion).

5) The greenhouse gas emissions associated with electricity consumption are reported according to the "market-based approach", as defined in the Greenhouse Gas Protocol Scope 2 Guidance. When reported according to the "location-based approach", the Scope 2 emissions totaled 60,370 tCO$_2$e.
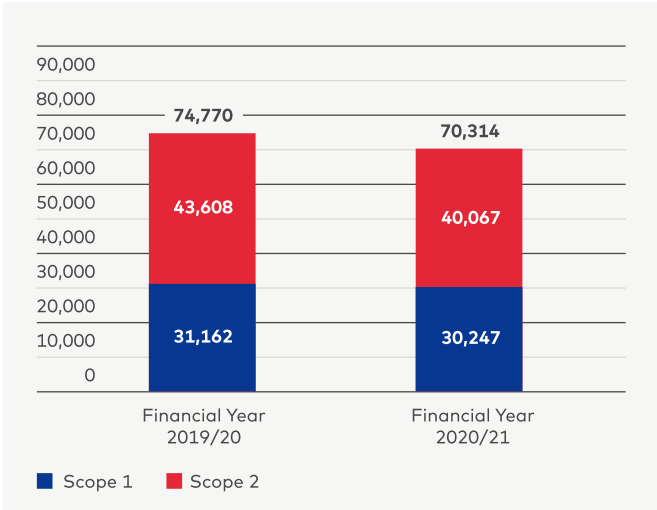
Greenhouse gas emissions by segment (tCO$_2$e)

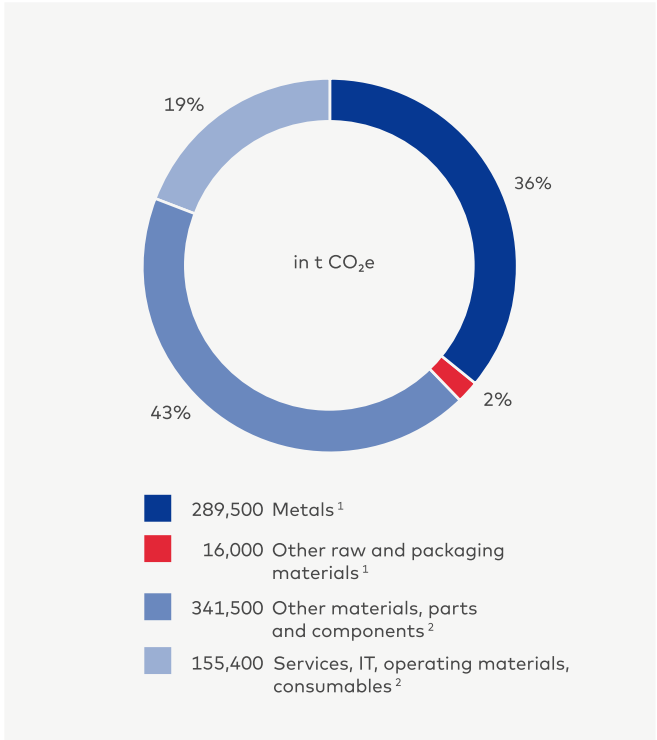| Segment	Value
AS AMER	8,529
AS APAC	19,421
AS DACH	20,154
AS EMEA	10,482
KWS	11,727
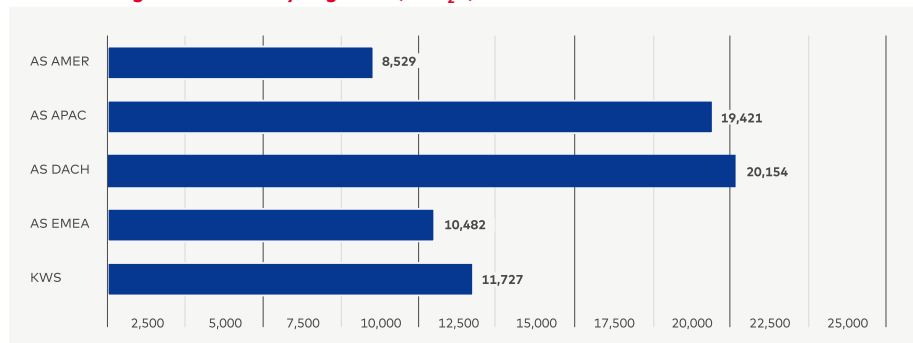
**Carbon intensity
(t CO$_2$e/mCHF net sales)**

**Year-on-year absolute Scope 1 and 2
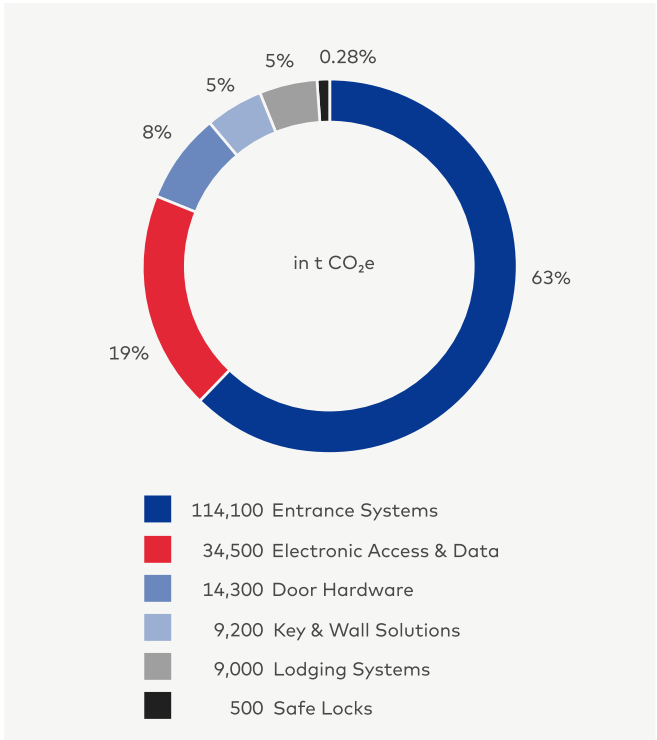emissions
(t CO$_2$e)**

As part of our commitment to the Science-Based Targets initiative, we carried out a screening and carbon inventory development of Scope 3 emissions in the financial year 2018/19 . The screening showed that the largest sources of Scope 3 emissions stem from purchased goods and services (75%) and use phase of sold products (11%). We also learned that Scope 3 emissions constituted around 90% of our combined Scope 1, 2 and 3 carbon emissions, highlighting the importance of Scope 3 emissions to our climate strategy. In a second phase, we therefore developed carbon inventories for these categories of purchased goods and services and use phase of products. For the latter, we calculated the footprint of the 334 products that consume energy after installation, including those that are battery-operated. For the financial year 2020/21, value chain emissions for the use phase of products totaled 181,600 tCO$_2$e. As mentioned, value chain emissions from purchased goods and services represents the vast majority, totaling 802,400 tCO$_2$e in the reporting period.

**Scope 3 emissions: purchased goods and
services
(tCO$_2$e)**

■	289,500	Metals [1]
■	16,000	Other raw and packaging materials [1]
■	341,500	Other materials, parts and components [2]
■	155,400	Services, IT, operating materials, consumables [2]

**Scope 3 emissions: use phase of products
(tCO$_2$e) [3]**

|		
■	114,100	Entrance Systems
■	34,500	Electronic Access & Data
■	14,300	Door Hardware
■	9,200	Key & Wall Solutions
■	9,000	Lodging Systems
■	500	Safe Locks

1) Calculated via direct material weight. Emission factor sources: UK Defra (2019), US EPA eGRID (2018), IEA (2019), AIB (2018).

2) Calculated via spend volume.

3) Calculated via energy consumption during the use phase. Emission factor sources: UK Defra (2019), US EPA eGRID (2018), IEA (2019), AIB (2018).

Water and effluents

In the financial year 2019/20, dormakaba reassessed the water stress levels for all our sites, including those beyond the regular scope of this report. The new analysis revealed that approximately 40% of 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. Results of the updated risk assessment were shared with those sites having (1) high or extreme water stress, and (2) high water consumption relative to other sites for development of mitigation plans. Commitment to water stewardship initiatives and reduction targets for seven of these manufacturing sites have been agreed in the financial year 2020/21.
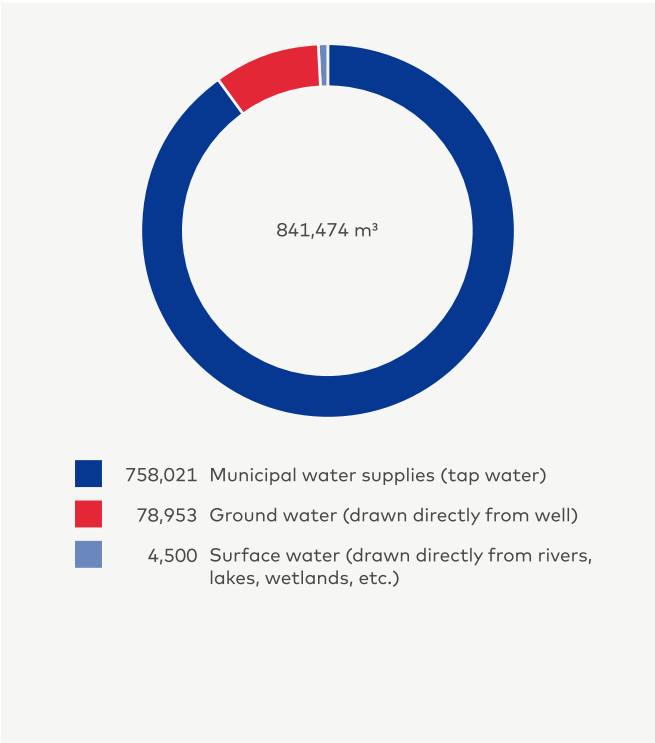
Water stress level by sites*
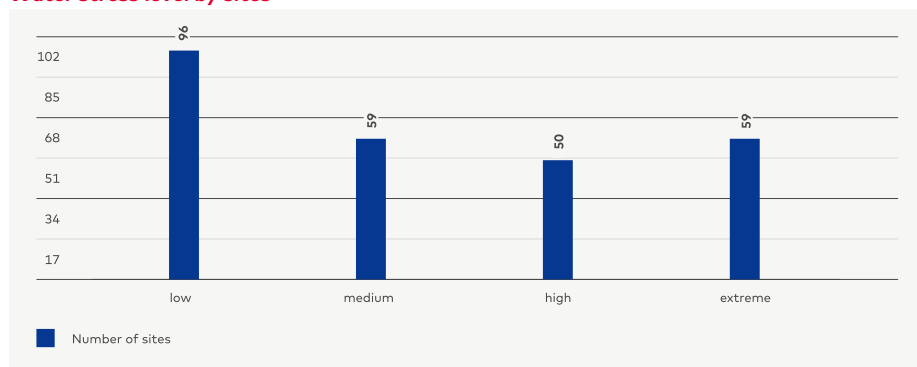
* Based on all locations, including those beyond the regular scope of this report.

The majority of our total water consumption is municipal water used for cooling, manufacturing processes, and for sanitation purposes. Wastewater is mainly discharged via the local municipal sewerage system, in compliance with local requirements and treated by third-party companies where necessary.
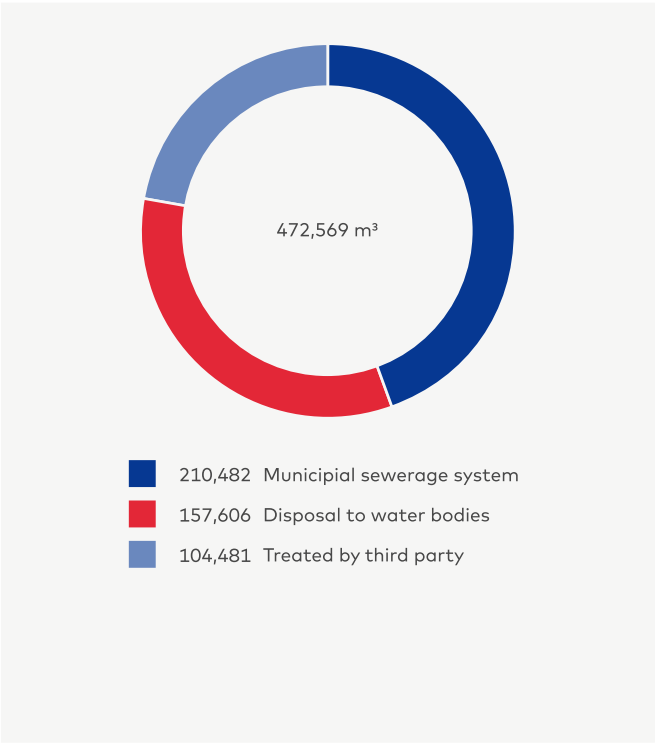
Examples of contribution to water-saving activities and good practices in effluents management in the financial year 2020/21 included:

- AS AMER optimized the wastewater treatment process at the Indianapolis (USA) facility and achieved 50% increase in throughput and decreased the use of treatment chemicals. At the Huntsville (USA) manufacturing facility, the water used for washing parts was recirculated into the system, resulting in a significant reduction of approximately 50% in overall water usage for the site. At the Montreal (Canada) facility, 36% of the washing and urinal systems in washrooms are now touchless.
- AS APAC at the Chennai (India) facility installed an electromagnetic flow meter to quantify and control sewage discharge; furthermore, in the toilets and washroom areas the new control valve solutions resulted in the reduction of water consumption by 5% per year. At Taishan, the water consumption was reduced by 3% on a YoY basis by correcting leakages in the underground pipeline and by optimizing water consumption in the canteen.
- AS DACH at the Ennepetal facility replaced the gravel filter with a drum belt filter in the wastewater treatment plant of the electroplating unit, which resulted in lower zinc and iron levels in the wastewater; furthermore, they introduced a cobalt-free coating process for corrosion protection. At the Singapore and Suzhou (China) facilities, the water consumption trend is monitored, in line with the water stewardship effort, which allows the detection of unusual levels of consumption.
- Key & Wall Solutions at the Lima (Peru) manufacturing facility established a new wastewater treatment plant, which is expected to recycle up to 80% of the water usage. As the factory is not connected to the municipal water system, it will help to reduce water purchase by 70%.
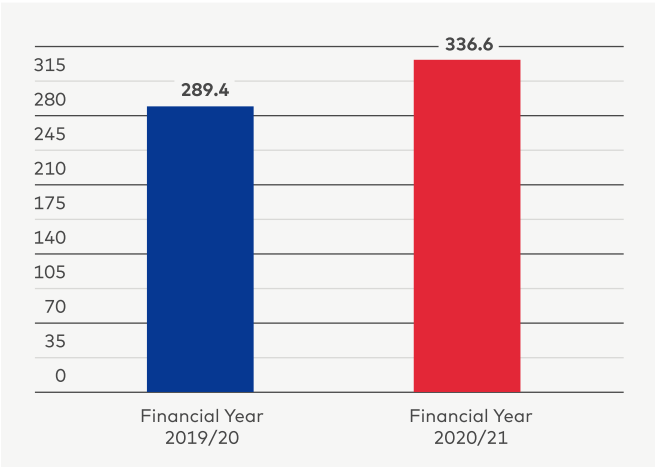
Water consumption (m3)

841,474 m³

■ 758,021 Municipal water supplies (tap water)
■ 78,953 Ground water (drawn directly from well)
■   4,500 Surface water (drawn directly from rivers, lakes, wetlands, etc.)

Wastewater discharge (m3)

472,569 m³

■ 210,482 Municipial sewerage system
■ 157,606 Disposal to water bodies
■ 104,481 Treated by third party

Water intensity (m³/mCHF net sales)

315		336.6
280	289.4	
245		
210		
175		
140		
105		
70		
35		
0		
	Financial Year 2019/20	Financial Year 2020/21

Waste

Next to water consumption and effluents, waste management is of key importance during the electroplating, surface finishing, and painting processes. Our filter systems ensure that potentially hazardous substances are not released externally.
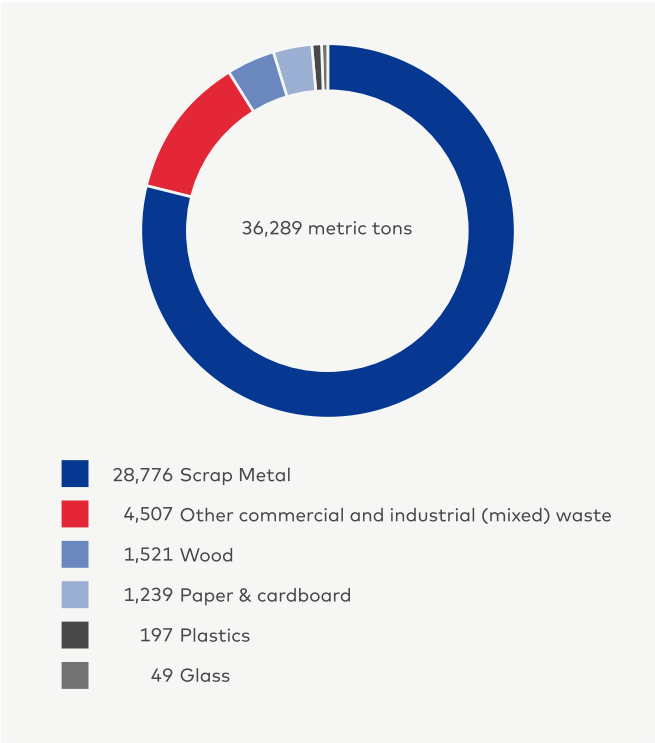
Toxic waste arising from painting and electroplating is disposed of as special waste. In addition, scraps from turning and milling or punching are recycled, and returned, for example, to the suppliers of the raw materials. Certified disposal companies are commissioned to dispose of industrial waste and chemicals, and to recycle materials.

The generation of different waste streams is an inevitable consequence of our operations. We monitor our waste by treatment method and waste type. Approximately 76% of the waste stream was recycled, reused, or recovered (including raw materials and energy recovery) in financial year 2021/21. At about 74% by weight, the largest proportion of waste is scrap metal.
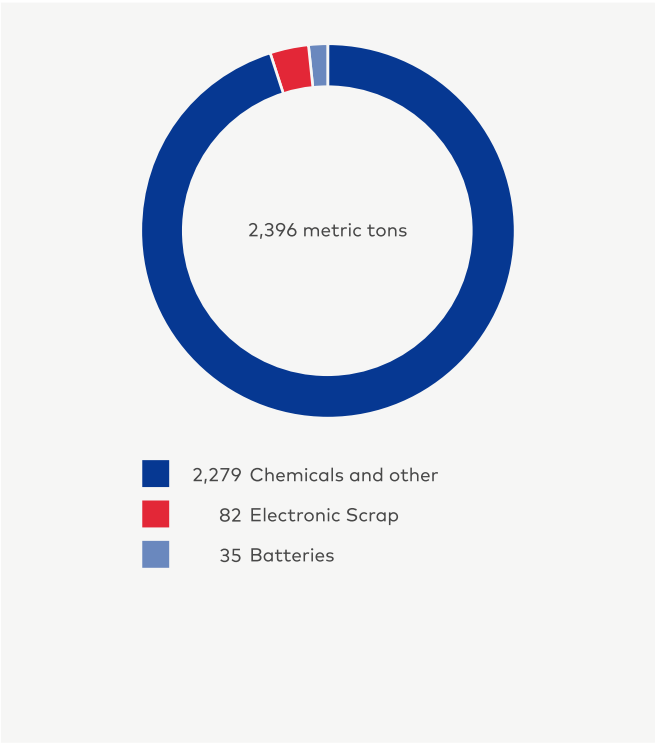
Examples of contribution to waste activities in the financial year 2020/21 included:

- AS AMER implemented a program at the Nogales (Mexico) manufacturing facility to separate organic and inorganic waste in the cafeteria. The organic waste is now diverted to a local farm as animal feed and so the general garbage volume has been reduced by 26%.
- In Germany, AS DACH has continued recycling 96% of the waste in the production facility in Ennepetal (Germany).
- AS EMEA's manufacturing facility in Konstancin-Jeziorna (Poland) introduced steps to reduce paper waste, for example through electronic document circulation, the reuse of cardboard boxes and fillers for shipments, and the use of electronic order forms.
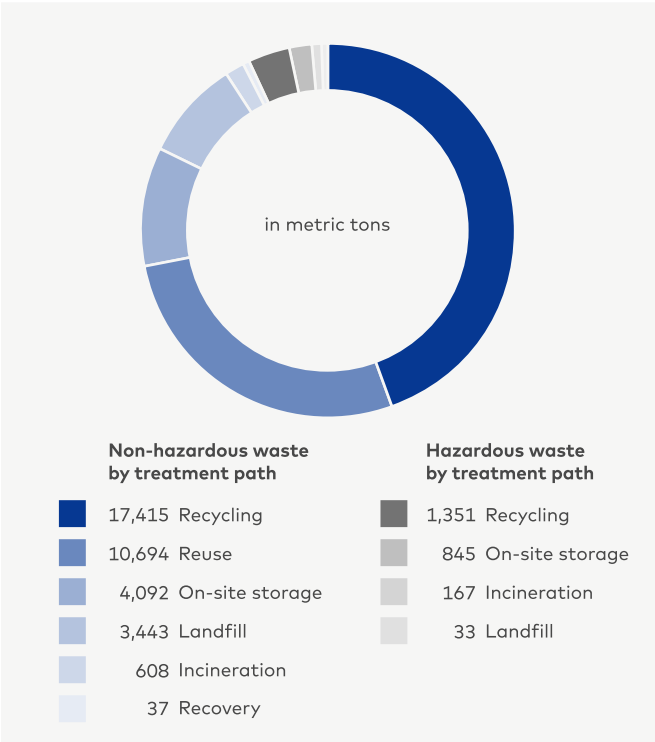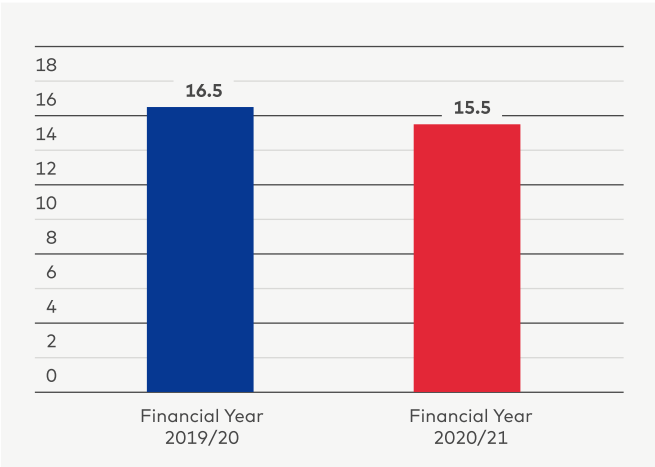
**Non-hazardous waste by type
(metric tons)**

36,289 metric tons

- 28,776　Scrap Metal
- 4,507　Other commercial and industrial (mixed) waste
- 1,521　Wood
- 1,239　Paper & cardboard
- 197　Plastics
- 49　Glass

**Hazardous waste by type
(metric tons)**

2,396 metric tons

- 2,279　Chemicals and other
- 82　Electronic Scrap
- 35　Batteries

**Waste by treatment path
(metric tons)**

in metric tons

**Non-hazardous waste
by treatment path**

- 17,415　Recycling
- 10,694　Reuse
- 4,092　On-site storage
- 3,443　Landfill
- 608　Incineration
- 37　Recovery

**Hazardous waste
by treatment path**

- 1,351　Recycling
- 845　On-site storage
- 167　Incineration
- 33　Landfill

**Waste intensity
(t/mCHF net sales)**

	Financial Year 2019/20	Financial Year 2020/21
	16.5	15.5

Our performance

To ensure our environmental management is state of the art, we refer to international standards for environmental management (ISO 14001) and energy management (ISO 50001). All manufacturing sites that have more than 100 employees, and use non-negligible amounts of hazardous materials, are expected to maintain an environmental management system based on ISO 14001. Those with production process that could potentially seriously harm the environment are required to certify their environmental management system. These processes include plating, anodizing, polishing, galvanizing, painting, and casting.

Today, 50% of the manufacturing sites based on our baseline reporting scope in 2017/18 have achieved ISO 14001 (or similar) certification, which is in line with our strategic target on increasing coverage to this level by the end of the financial year 2020/21.

In the financial year 2020/21, 9 of our manufacturing sites in Germany (Villingen-Schwenningen, Velbert, Bad Berka), Austria (Herzogenburg, Eggenburg) and Switzerland (Wetzikon, Rümlang, St. Gallen, Lausanne), were ISO 14001 certified and handle environmental issues according to the international standard.

Further, all manufacturing plants are expected to maintain an energy management system based on ISO 50001 by the end of the financial year 2021/22. Smaller manufacturing sites (e.g., local assembly centers) have been given an extended deadline for achieving this until the end of the financial year 2022/23. Currently, 21% of manufacturing sites have met this standard. In order to raise awareness and clarify expectations, a checklist on Group standards for energy management systems was developed and shared with all manufacturing sites.

45% of all our manufacturing sites are ISO 14001 certified

Segment	ISO 14001 Certificate	Maintain Environmental Management System	ISO 50001 Certificate	Maintain Energy Management System
AS AMER	2	13		3
AS APAC	3	5	1	5
AS DACH	8	9	5	7
AS EMEA	14	17		5
KWS	6	8	1	3
Total	**33**	**52**	**7**	**23**
% locations covered in reporting scope*	32%	51%	7%	23%
% employees covered (based on FTEs)	62%	72%	19%	43%

* Including offices

There have been no incidents of non-compliance with environmental laws or regulations in the financial year 2020/21.

Outlook

We will continue our efforts to achieve our target towards full coverage of manufacturing sites with energy management systems and to advance our global environmental activities. Planned projects and initiatives include:

- AS AMER will implement energy management systems at all manufacturing sites; furthermore, it plans energy performance evaluations for the Indianapolis (USA) and Montreal (Canada) facilities. The Huntsville (USA) facility plans to evaluate the current chemicals used to clean parts in the wash system. This initiative will allow the facility to convert to a non-hazardous, alkaline cleaner and sealer that will only produce small volumes of landfillable waste, and no byproducts requiring removal of hazardous waste.
- AS APAC in the Chiayi (Taiwan) facility is planning to install a rooftop solar panel system.
- AS DACH plans the conversion to LED lighting at the Bad Salzuflen (Germany) site, which is expected to result in annual energy savings of 186,278 kWh. In Melaka (Malaysia), we plan to purchase green electricity, aiming to reduce emissions by 2835 CO_2e. The segment also plans to gain ISO 14001 certification at 3 locations in Germany (Bad Salzuflen, Bühl, and Zusmarshausen).
- AS EMEA at the Fougéres (France) facility will refurbish the heating and ventilation system, while in Konstancin-Jeziorna (Poland) and Wetzikon (Switzerland) LED lights and motion detectors will be installed.
- Key & Wall Solutions expects to implement ISO 50001 and ISO 45001 management systems across 9 sites and three ISO 14001 certifications across various facilities.

Improving environmental management processes through matrix certification

During the financial year 2020/21, nine of our operational sites in Germany, Austria, and Switzerland became ISO 9001, ISO 14001, and ISO 45001 certified under one coordinated audit process. As a result, we have achieved a matrix certification, which simplifies processes between the countries and saves audit costs and time, while also increasing customer satisfaction.

ISO 14001, the most widely used international standard for environmental management systems (EMS), helps to better manage and control environmental processes, reduce negative impacts, and ensure legal compliance. ISO 14001 is accompanied by ISO 45001, which additionally covers topics related to occupational health & safety, and ISO 9001, which is concerend with quality management.

In the first year of the certification process the focus was, among others things, on the implementation of environmental management processes, reporting, measurement, REACH and RoHS regulations, as well as business continuity management, including risk analysis and crisis action plans.

Despite the Covid-19 situation, which added even more challenges to this generally complex audit process, we have successfully reached our goal. The dedicated and professional work of the Quality Managers and other team members, and the already existing quality-oriented mindset of our employees all contributed to this.

One of the biggest benefits of having a matrix certification is that we need to work with only one certification body, which audits one system instead of the three that we previously had. Therefore, this adjustment obviously resulted in cutting expenses and saving time. In addition, as we now use standardized processes and tools, the cooperation between countries in this area is also easier and more efficient. And finally, as processes have been simplified through harmonization, we are able to respond faster and better to customer requests regarding quality and sustainability.

"The ISO matrix certification enables us to better support each other across these nine locations, through sharing experiences and best practices in quality management, occupational health & safety and environmental issues. I am proud of this achievement, which is the result of the successful cooperation of our QHSE (Quality, Health, Safety, and Environment) teams in Germany, Austria, and Switzerland. We are confident that this experience can serve as a blueprint for future projects at more sites."

René Minder, Deputy Vice President Quality, Health & Safety, Environment, Operations AS EMEA

Occupational Health & Safety

Throughout our business and most especially in our manufacturing sites worldwide, the health and safety of our employees is a priority.

Why it matters

The protection of the physical and mental integrity and well-being of employees is a core responsibility of dormakaba. Accidents and work-related illnesses can be of a long-term nature and entail costs to society and the company. We can only be successful in the long term if we help ensure our employees remain healthy. Occupational health and safety (OHS) addresses not only the safe operation of machines, ergonomic workplaces, and the handling of hazardous substances, but also mental health issues, including stress, depression, and emotional well-being. We strive simultaneously to create optimal working conditions for our employees and to ensure operational efficiencies.

Key activities

Throughout our business and particularly at our manufacturing sites worldwide, the health and safety of our employees is a priority. We want to provide a safe workplace, though injuries still occur in and around our facilities: including cuts, stumbles, commuting accidents, burns in smelting operations, heavy lifting, or exposure to toxic fumes in galvanization processes. Currently, dormakaba has only location-specific systems in place to align with national regulations and standards, as well as ISO 45001 certifications in larger manufacturing facilities.

It is our goal that, by the end of financial year 2021/22, all dormakaba manufacturing sites will maintain an occupational health and safety management system based on the rigorous standards set forth by ISO 45001. A total of 82% of our manufacturing sites have already achieved this. These sites have designated safety personnel, safety committees, regular safety training, and they collaborate with external partners to ensure that health and safety standards are integrated in prevailing production processes at dormakaba.

In addition, 24% of the manufacturing sites covered in this report benefit from ISO 45001 certification. Nine of our sites in Germany (Villingen-Schwenningen, Velbert, Bad Berka), Austria (Herzogenburg, Eggenburg) and Switzerland (Wetzikon, Rümlang, St. Gallen, Lausanne), for example, successfully implemented ISO 45001 standards in the financial year 2020/21.

To ensure our employees remain healthy, dormakaba focuses on three areas:

1. Employee engagement and training
2. Reducing hazardous materials
3. Designated safety personnel and safety committees

Employee engagement and training

To identify and address our health and safety risks, employee engagement is crucial. Our employees are encouraged to report challenges and near misses in order to address these risks. Several segments, for example, regularly train employees to report near-miss incidents that have a potential for injury or property damage in an effort to be proactive. This program helps employees recognize hazards or unsafe acts and to correct them immediately or to ask for support to correct the issue. Near miss reports are treated the same as injury reports, and the respective supervisor follows up with the near-miss to ensure it is corrected.

Examples of our employee engagement and training activities in the financial year 2020/21 included:

- AS AMER at the Indianapolis (USA) facility installed safety blue lights on the vehicles and several dome mirrors at intersections, in order to reduce the risk of contact with pedestrians, as part of a comprehensive Forklift Safety Program. The facility stores hazardous waste in drums, which were equipped with automatic lids to ensure they are properly closed at all times. Thanks to its health & safety programs, the Nogales (Mexico) facility remained accident and injury free for almost 500 days. For its management of the Covid-19 measures and the implementation of essential business operating guidelines, the facility received external recognition from the government. Furthermore, AS AMER initiated conversations with employees on health & safety issues and implemented their suggestions for improvements. For example, in Chino (USA) they introduced daily discussions in an open forum style and in Montreal (Canada) they dedicated a whole month for health & safety awareness.
- AS DACH continued to implement operational health management systems in all departments in Germany, including defining roles and functions, and introducing measures designed to promote health and reduce sickness rates.
- AS EMEA offers regular health & safety trainings and supporting materials for employees. In UK & Ireland, each employee has their own health & safety training plan, and each field-based operative is also subject to unannounced audits to ensure they are working in line with their training. Regular Toolbox Talks discuss different health & safety matters, for example Covid-19, working at height, use of ladders, and hypodermic needles.

Reducing hazardous materials

The potential impact on employees' health of working with hazardous materials is of special concern. Hazardous materials are used as cooling lubricants, as oils in machining and for the cutting of raw materials. They are also used in the electroplating process to protect materials from corrosion.

Examples of our activities to reduce hazardous materials in the financial year 2020/21 included:

- The AS DACH manufacturing facility in Suzhou (China) completed renovations to the painting system in order to switch over from solvent-based to water-based application.
- AS EMEA at the Herzogenburg (Austria) facility established a new nickel bath in the electroplating process, which allows longer operating time, reduces the amount of chemical waste, and improves occupational health & safety. COSHH (Control of Substances Hazardous to Health) Assessments and Material Safety Data Sheets are available for all substances used by our operatives in the UK & Ireland. The COSHH register is regularly reviewed and any hazardous substances that cannot be adequately controlled are removed accordingly. Air quality testing has been carried out on our Tiverton (UK) site and levels of dust, nickel, ethanol, and propane were found to be far below the local workplace exposure limits. In Wetzikon (Switzerland) we have set up a database monitoring the management of over 200 hazardous substances.
- Key & Wall Solutions at the Vittorio Veneto (Italy) plant installed 2 evaporators and reduced liquid hazardous waste coming from the nickeling and milling process by about 90%.

Designated safety personnel and safety committees

dormakaba employs designated safety personnel and safety committees in order to ensure that workers comply with company policies and government regulations. These forums also facilitate communication and cooperation between management and personnel.

Examples of our safety personnel and safety committee activities in the financial year 2020/21 include:

- AS APAC has designated safety personnel in Taiwan and Chennai (India). In the manufacturing facility in Taishan (China) we established safety committees and a new EHS manager was appointed. In addition, the facility in Yantai (China) conducted

an external safety audit, which, combined with internal knowledge sharing, helped to improve safety practices at the site.
- AS DACH started the implementation of health & safety management systems at 3 locations (Bad Salzuflen, Bühl, and Zusmarshausen).

Our performance

Among all our reporting sites – including offices – 20% have a health and safety management system certified to ISO 45001 or the equivalent local standard; and 70% maintain a health and safety management system. For these sites, health and safety training goes beyond the mandatory requirements to include emergency and risk prevention. For example, assessments of repetitive movement and heavy load-lifting, to prevent work-related illnesses, take place at various sites.

Segment	ISO 45001 Certificate	Maintain OHS Management System
AS AMER	1	18
AS APAC	2	15
AS DACH	3	10
AS EMEA	12	20
KWS	2	8
Total	22	65
% locations covered in reporting scope*	20%	70%
% employees covered (versus Group-wide FTEs)	23%	85%

85% of our employees are covered by a health & safety management system

*   Including offices

In the financial year 2020/21, 186 occupational injury cases were registered, compared to 231 in the previous reporting year. This is a recordable injury rate of 1.4 compared to 1.7 in the previous reporting year[1]. There was an even split between injuries resulting in less than 3 days of lost working time and those resulting in more than 3 days of lost working time. Cuts were the most common type of accident, and most injuries were sustained to arms or hands. Most accidents occurred in production plants, with the second highest occuring during installation or service at customer sites. The most common root cause has been reported as lack of concentration. Through our global injury incident reporting tool, we have tracked over 200 corrective actions being implemented. The majority of corrective actions have been organizational safety measures. There were no fatalities as a result of work-related injuries in the financial year 2020/21, nor were there any high-consequence injuries reported.

1)   Recordable work-related injury rate = Number of recordable work-related injuries / Number of hours worked * 200,000

Outlook

We will continue our efforts to ensure our employees remain safe and healthy. Planned projects and initiatives include:

- AS AMER will focus on implementing or expanding EHS training programs and systems at the Indianapolis (USA) and Montreal (Canada) facilities to more effectively train employees and strengthen overall safety culture. The Nogales (Mexico) site plans to pursue ISO 45001 certification.
- AS DACH plans to certify the Bad Salzuflen, Bühl, and Zusmarshausen (Germany) sites to ISO 45001.
- AS EMEA will implement health & safety management systems based on ISO 45001 in Moscow (Russia), Budapest (Hungary), and Warsaw (Poland). In the UK & Ireland the reporting process on health & safety issues will be improved, and the HSQE team will increase field visits to service branches. In addition, the vetting process for sub-contractors is being reviewed and the approval criteria amended as necessary to ensure compliance is met with all sub-contractors.

Outstanding occupational health & safety performance in Mexico

Our manufacturing facility in Nogales (Mexico) received external recognition for health and safety management related to the Covid-19 pandemic. The facility also achieved almost 500 days with no accidents or injuries, as a result of effective leadership and employee cooperation.

The Covid-19 pandemic forced numerous companies to decrease production or even shutdown operations in case protective measures could not be applied. During these challenging times, the dormakaba facility in Nogales could continue working unaffected as an essential business, as a result of implementing and exceeding most of the preventative measures recommended by the Mexican health authorities and adjusting the internal guidelines and procedures.

For meeting the highest standard of the federal Covid-19 compliance program, the facility was granted the Mexican Social Security Institute's Sanitary Security Protocol certification. The program included, among others things, employee trainings on health & safety, protective measures, workforce management, safe "return to work" guidance, and temporary pandemic policies.

The Nogales facility also received the Optimal Sanitary Performance certification from the prestigious International Society for Societal Performance & Kaufman Center for their outstanding achievement in keeping the pandemic under control in the plant. During a 3-month project a multifunctional team of our employees collaborated with experts from universities in Argentina, Spain, and Mexico to evaluate the effectiveness of the measures. As a result of this cooperation, they also created a best practice manual, customized for the Nogales facility and our employees.

The team in Nogales also deserves acknowledgment for another extraordinary achievement, namely being injury- and accident-free for almost 500 days. A long list of measures contributed to this accomplishment. This included the annual health, safety and environment training program (312 training hours in total), daily communication and awareness-raising at the beginning of each shift, the powered industrial vehicle and the machine guarding program, and job safety analysis, among other things. Furthermore, the plant is STPS (OSHA equivalent) certified for occupational health & safety.

"We are proud what we have achieved this year, but most of all, we are proud of the employees who helped us reach the goals we set for dormakaba Nogales. Thanks to their efforts, we managed to keep our employees safe during the pandemic." - **Q. Adalberto Vega Garcia, EHS Supervisor, AS AMER**

The Covid Group and the Safety Committee together with CEO Sabrina Soussan and COO AS AMER Alex Housten in Nogales (Mexico)

Customer Privacy

As a technology-oriented company, we place great importance on safeguarding our customers' rights to privacy and security.

Why it matters

Customers and business partners place a great deal of trust in dormakaba as a premium partner for safe, smart and seamless access and security solutions. dormakaba takes the protection of data and information very seriously. Abuse and misuse of data and information can lead to major tangible and intangible damage due to, for example, relevant information being unavailable, rendered unusable or incorrect, or – in the worst-case scenario – made available or accessible to a malicious third party.

Key activities

Safeguarding our customers' rights to data protection and privacy includes obtaining data by lawful and fair means, protecting the personal data of customers by adequate information security safeguards, and using customer data responsibly. dormakaba also considers the proliferation of new technologies and security risks because we understand we have a responsibility to protect sensitive information against unauthorized access, loss, or falsification. We place a strong focus on:

- Personal data, in particular customer and employee data
- Operating and business data
- IT systems
- Financial data

Considering all information and data available within dormakaba, we pursue the following security aims:

- **Confidentiality**: confirmation that access to information is limited to persons entitled to see it.
- **Availability:** entitled persons can access information during defined periods and from defined locations.
- **Integrity:** warranty that information is correct and complete.

The dormakaba Group Data Protection Officer, in cooperation with the Group Information Security Manager, oversees our approach to customer privacy.

Information Security Management System at the core

To meet our security aims, senior management introduced an Information Security Management System (ISMS) in line with best practice in the industry. Our Chief Technology Officer (CTO) also acts as the Chief Information Security Officer (CISO) within the ISMS. This management system is based on the international ISO/IEC standard 27001:2013, the most recognized standard in the field. Certification to the standard was achieved in the financial year 2019/20. The scope of the certification covers Group IT, dormakaba digital in Europe and the USA, and digital-based product development in Europe, such as for the Electronic Access & Data product cluster. In the financial year 2020/21, the scope was extended to include the workforce analytics IT tool.

As outlined in the Group Directive Information Security, the goal of the ISMS is to achieve and maintain an adequate security level by leveraging risk management methods, continuous improvement, and best practices – all adjusted to our needs. The risk management included in the ISMS is used to identify, assess, and treat risks adequately.

Reporting to the CISO, the Group Information Security Manager is responsible for anticipating and assessing new threats related to information security risks; and ise also responsible for implementing the necessary security levels for dormakaba, as defined by the Security Board in accordance to its Charter. Additionally, Information Security Coordinators (ISC) are responsible for the implementation of the ISMS within an assigned segment or Group function, and for providing support during security audits.

EU General Data Protection Regulation (GDPR)

Our internal compliance processes are aligned with the EU General Data Protection Regulation (GDPR). The GDPR aims primarily to give control to citizens and residents over their personal data, bringing with it a new set of "digital rights" for EU citizens at a time when the digital economy places increasing economic value on personal data.

We have set ourselves three objectives:

- **Compliance with requirements:** the legal and contractual requirements for the protection of personal data will be adequately implemented and complied with at all times.
- **Embedding in the organization:** the protection of personal data is a central component of all projects, activities, and processes in which this data is processed.
- **Continuous improvement:** guidelines, procedures, measures, and structures for the protection of personal data will follow uniform principles and be continuously developed and adapted to changing conditions.

We have established a Data Protection Management System (DPMS), a manual, and a document library to serve all employees. Where relevant, project managers must carry out GDPR assessments prior to any project being activated. This also applies to the development of new products or apps. Product managers are provided with a guideline of GDPR requirements, including of the legal requirement of applying Privacy by Design and Privacy by Default in the development process.

Raising employee awareness

We are aware that technological advances in IT security cannot always guarantee the security of the entire business environment and that human behavior can affect information security and the associated risks. Phishing and other social engineering techniques use the human risk factor. The trend has continued for such attacks, and we are seeing an increase in ransomware in society. Attackers are even using technologies such as artificial intelligence to develop their attack scenarios and make fraudulent e-mails and messages appear more real to the victim.

However, people can learn to deal with risks in a professional and smart way. Raising employee awareness of information security risks is a continuous process that, if done correctly, turns the root of the problem into part of the solution. With our information security training programs, in which all our employees must participate, we not only train employees to recognize suspicious messages, phone calls, and other social engineering tactics, we also build a culture of information security awareness that enables us to manage our risks in a targeted and effective way. The training series is made up of four modules: Information Security, Phishing, Social Engineering, and Cyber Security.

Our performance

We have continued the mitigation of information security risks through Group-wide security training in order to strengthen employee awareness. The eLearning for the four data protection modules was completed by around 5,600 employees in the 2019/20 and 2020/21 financial years.

5,600 employees completed the eLearning modules on data protection

We have published four new directives setting out the internal rules and regulations for data protection early in the financial year 2020/21. A reporting process with corresponding key performance indicators (KPIs) has been developed in order to provide standardized reports. The KPIs will be used to manage, monitor, and improve the data protection organization and the DPMS.

While the company is regularly subject to attempted malicious information security attacks or approaches, there have been no reported incidents resulting in breaches of customer privacy or losses of customer data nor substantiated relevant complaints concerning customer privacy within the financial year 2020/21.

Focus Area People

We offer fair working conditions in which our employees can leverage their strengths and build their skills. We foster an engaged workforce where we have the right people in the right roles.

Employment

We strive to create an engaging working environment t-so as to be an employer of choice for current and prospective employees.

Training & Education

Employee development is vital to maintaining and improving the skills of our workforce and the quality of our products.

Freedom of Association & Collective Bargaining

dormakaba respects the right of all workers to form and join a trade union without fear of intimidation or reprisal, in accordance with national laws.

Employment

We offer fair working conditions in which our employees can leverage on their strengths and build their skills. We foster an engaged workforce where we strive to have the right people in the right roles.

Why it matters

Our success is based on the passion and performance of our employees. It is their dedication to deliver excellent solutions to our customers that helps us maintain and further develop our global competitive position, which is why we have a strong people focus in our corporate strategy. As a company with employees in over 50 countries, we must ensure an engaging working environment to be an employer of choice for current and prospective employees. We must also ensure that we treat employees fairly and with respect in accordance with our company values, and that we provide them with equal opportunities and fair remuneration.

Key activities

A key element of our corporate strategy is that we continuously shape a productive and equitable working environment and foster an atmosphere of trust. As we strive to have the right people in the right roles, dormakaba offers fair working conditions in which our employees can leverage their strengths and build their skills. This leads to an engaged workforce and helps to minimize risks, such as loss of know-how and personnel shortages. Our approach toward our employees is governed primarily by our Code of Conduct as well as by country-based labor regulations and the local employee handbook, where available.

Our Human Resources (HR) management team is spread globally – in addition to Group HR, there are HR professionals at the segment level and HR representatives at the local market level in larger countries. Group HR provides strategic direction based on our corporate strategy and develops global best practice programs accordingly. These programs can then be customized and implemented in each segment and region to respond to local market requirements and conditions. The local HR representatives also develop and implement local initiatives and programs suited to the needs of their employees, helping to react to the different local customers and markets as effectively as possible. We continue to invest in technology and business applications that allow us to more effectively deliver services to our employees, including a Group-wide Learning Management System.

Due to the local nature of employment practices, our segments, regions, and countries develop employment policies according to local requirements. Labor regulations and business needs are taken into consideration to find the best and most sensible solutions on a local level. An overview of best practice policies across the Group can be found in the following table.

Policies and benefits

Policies (additional to Code of Conduct)	% FTE covered
Whistleblower Policy	100%
Health and Safety Policy	95%
Equal Opportunity Employment Policy	74%
Drug- and Alcohol-free Workplace Policy	74%
Equal Pay for Equal Work Policy	68%
Employee Counselling and Discipline Policy	67%
Anti-Bullying Policy	63%
Non-Harrassment/Non-Discrimination Policy	61%
Training and Professional Development Policy	54%
Flexible Working/Home Office Policy	44%
Open Door Policy	40%

Benefits	% FTE covered
Vacation and holidays*	67%
Health insurance benefits for employees	63%**
New employee referral bonus	54%
Incentive/bonus scheme	52%
Health insurance benefits for employees' families/dependants	42%
Disability benefits*	42%
Pension plan*	39%
Maternity, paternity, or parental leave*	37%
Financial contribution to external training	31%
Other special leave offerings*	28%
On-site fitness classes or gym discounts	16%

Measures	% implementing***
Provision of protective equipment to all impacted employees	100%
Training of relevant employees on health and safety risks and best working practices	100%
Flexible organization of work available to employees (e.g., remote work, telecommuting, flexitime, etc.)	94%
Regular assessment (at least once a year) of individual performance	94%
Provision of skills development training	94%
Recognition program	67%
Official measures to anticipate or reduce layoffs and associated negative impacts (e.g., financial compensation, outplacement service, etc.)	67%
Working time reduction measures (part-time; job sharing etc.)	56%
Employee representatives or employee representative body (e.g., works council)	56%
Communication on freedom of association and the right to collective bargaining (e.g., trade unions, works councils, etc.)	56%
Annual medical exams	53%
Measures to promote gender and/or minority inclusion in the workplace	42%
Equal pay for equal work audit	39%
Employee assistance program (counselling for, e.g. psychological, addiction or financial problems)	36%
Training on freedom of association and the right to collective bargaining (e.g., trade unions, works councils, etc.)	33%
Awareness training to prevent discrimination and/or harassment	31%
Dependent care support (on-site childcare, financial support or allowances, holiday care, referral services)	19%

*   Beyond legal requirements

** An additional 28% of employees have universal public or mandatory private health insurance

*** From surveyed countries. These are 36 countries representing 97% full-time equivalent employees

To provide employees with a working environment in which they can thrive, we focus our activities on the following four areas:

1. Engaging our employees
2. Creating an inclusive and diverse workforce with equal opportunities
3. Fair remuneration and benefits
4. Employee attraction and retention

Engaging our employees

High employee engagement has been proven to lead to increased productivity, decreases in workplace accidents, and improved customer satisfaction. A key method to support employee engagement is to ensure a culture of open dialogue across the organization.

In order to gauge employee sentiment, engagement, and the potential impacts on well-being during the pandemic, a global Pulse Check was conducted in April 2021. Thirteen survey items covered the topics of (personal) well-being during the global pandemic, the employees' own individual work situation, sentiment towards home office beyond the pandemic, the company strategy, our value "Customer First", and confidence in the future of dormakaba. The survey was available in 18 languages and 70% of dormakaba employees participated.

The survey revealed both strengths as well as room for improvement on a global level. The main findings were:

- High confidence in the future of dormakaba
- High satisfaction with safety precautions taken to protect employees from Covid-19 on-site
- Need for more employee recognition and for further promoting a "Customer First" mindset
- Low personal well-being during the pandemic in some countries
- Strong feeling of being part of "one dormakaba" despite majority of office workers still working from home
- Most office workers would like remote working to become a permanent option beyond the pandemic

As a result, a global project team is developing guidance and recommendations on remote working and a hybrid working model. Key questions from the dormakaba Pulse Check will be included in the next dormakaba dialogue to measure progress.

dormakaba dialogue is a broader Group-wide employee survey conducted regularly to gauge employee engagement and performance enablement. The latter focuses on, for example, whether employees feel they have the required skills, tools, and information they need to do their jobs effectively. After the last survey, conducted in early 2020, team leaders discussed the results in dedicated team sessions to develop actions e.g., on leadership behavior, team topics, processes, and infrastructure, etc. in the financial year 2020/21. HR representatives trained team leaders throughout the company on how best to communicate the results and develop their action plans. Over 850 teams worldwide worked with their survey results and launched more than 1,500 team actions, which they will follow-up on in their individually set time frame.

A follow-up global survey is planned for spring 2022, to measure the effectiveness of the ongoing actions.

In addition to the global employee survey, segments and regions have local solutions designed to gather employee feedback, address employee concerns and grievances, and encourage employee engagement.

Examples of such activities in the financial year 2020/21 included:

- In China, AS APAC implemented an "Employee of the Quarter" award program to show appreciation for outstanding employees that live our company values. In Japan, employees are invited to special lunch sessions with local management to share their ideas and suggestions for improvement.

Read also about the importance we place on Training & Education here.

70% of employees participated in our Pulse Check survey.

- In France, AS EMEA provides employees with an opportunity to engage with the local community through thier work with the Priority Education Network. Around 30 dormakaba employees volunteered to conduct workshops and training sessions at our premises for schoolchildren to gain insight into our industry.
- In addition to dormakaba dialogue, Key & Wall Solutions organized weekly video calls with no specific agenda for all staff in Australia and Malaysia to offer an open forum for employees to share their concerns and anxieties related to the current state of the business but also related to the impacts of the Covid-19 pandemic.

Creating an inclusive and diverse workforce with equal opportunities

Our global presence and operations in various markets mirror our commitment to promote a diverse and inclusive workforce. As our Code of Conduct states, we respect the equality of people and cultures. In the financial year 2020/21, female employees represented 29% of the total workforce. Employees aged between 30 and 50 make up the majority (55%) of employees represented in this report.
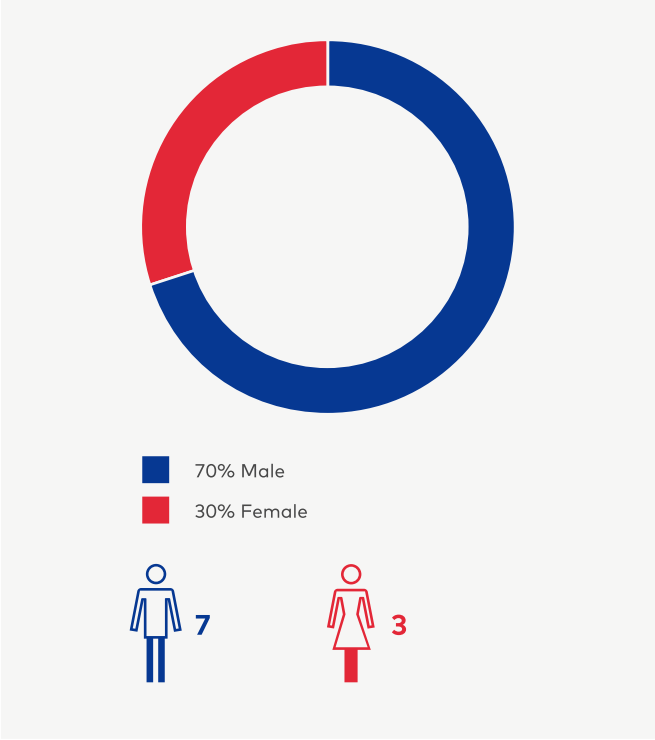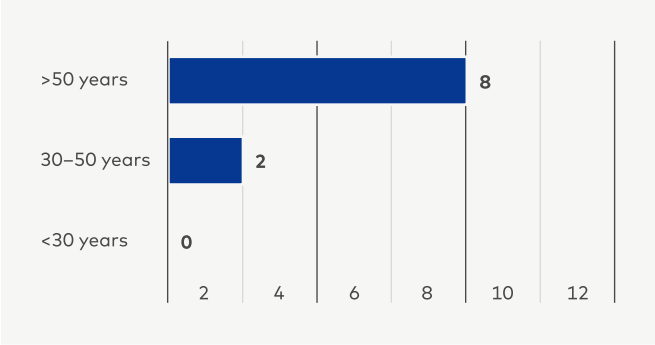
The topic of diversity and equal opportunity is driven by local activities. Examples of activities in the financial year 2020/21 included:

- AS AMER implemented a partnership with a leading provider of diversity recruitment to promote all open positions in the USA on minority and diversity job boards to reach a broader, more diverse candidate pool. Additionally, an intercultural training module was launched at our Phoenix site aimed at increasing intercultural understanding with the Hispanic culture.
- AS DACH started a scholarship program in which engineering students from Singapore complete a practical semester at one of our facilities in Germany, in order to support intercultural understanding of both markets.
- AS EMEA's gender diversity program began its second year. It aims to promote more women from within our own ranks, especially in commercial and general management positions. A series of actions to start addressing the diversity challenges has been developed, including a review of recruitment processes to remove gender biases in job ads and interviews, increased focus on female talents in career progression and development, and actions to strengthen the self-affirmation of our female talents. One initiative is the Female Leaders Network which now has 54 participants. The focus is on self-development, mentoring, culture, and communication. The network has regular meetings to collaborate and share experiences, work on self-development, diversity projects, and learn from inspiring guest speakers.
- Key & Wall Solutions conducted trainings on equal employment opportunity, diversity, and anti-harassment in the USA.
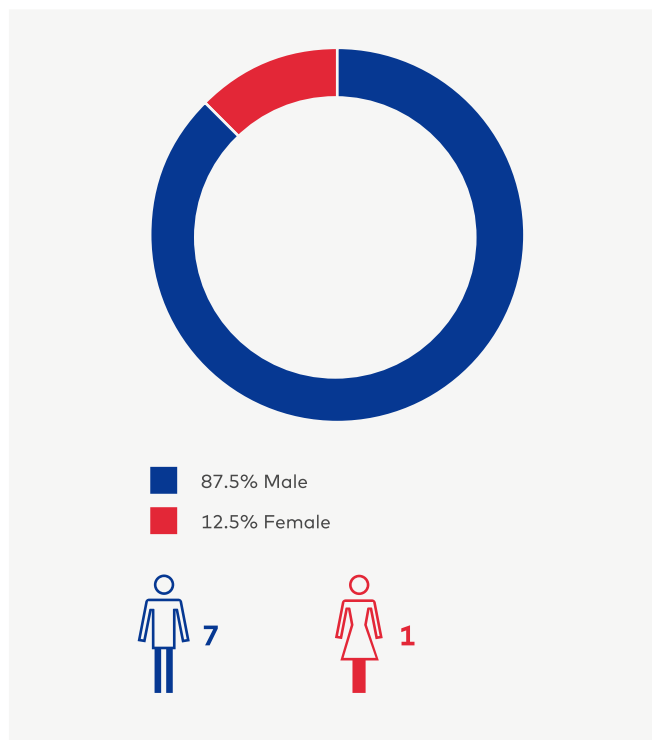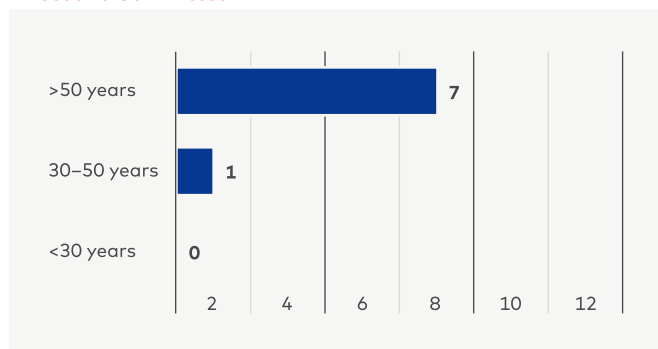
Employees

Age group	Count
>50 years	1,420
30–50 years	8,412
<30 years	5,418

- 71% Male
- 29% Female

10,798　4,452

Board of Directors

Age group	Count
>50 years	8
30–50 years	2
<30 years	0

- 70% Male
- 30% Female

7　3

Executive Committee

>50 years	7
30–50 years	1
<30 years	0

87.5% Male
12.5% Female

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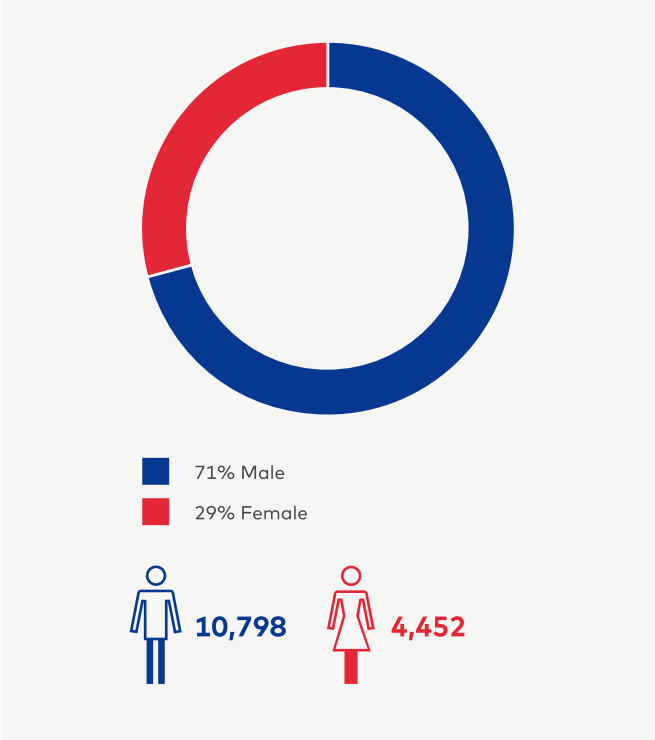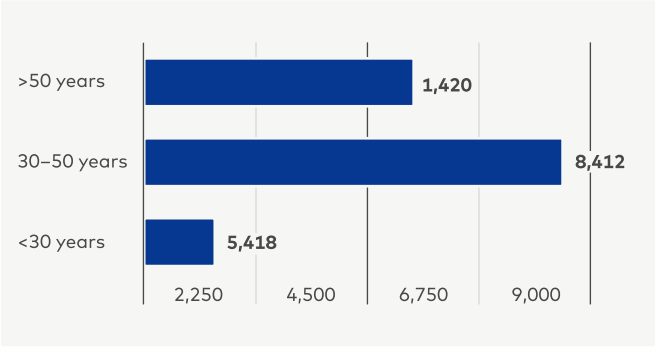
Fair remuneration and benefits

We aim to establish fair compensation that is determined based on the job function and relevant local market benchmarks. It is not influenced by personal attributes such as age, nationality, or gender. The global grading system ensures that functions are evaluated in a consistent manner across the organization. In addition, we provide locally specific benefits and welfare programs. As stipulated in the Group Directive Compensation, we refrain from offering excessively low wages (i.e., wage dumping).

Examples of our fair remuneration and benefits activities that have continued in the financial year 2020/21 included:

- In Singapore, AS APAC has continued its pledge to the Fair@Work Promise started by the Tripartite Alliance. This is a commitment to fair employment practices based on the five principles of merit-based and non-discriminatory recruitment, respect for employees, fair opportunity for training and development, fair rewards and incentives, and adherence to labor law.
- The AS DACH segment has an Equal Pay for Equal Work policy in place, according to national legislation in Germany, Austria, and Switzerland. Further, in Switzerland, an annual salary survey is carried out by an independent third party, as is standard practice for all companies with membership to Swissmem – the Swiss association of mechanical and electrical engineering industries. The analysis compares all the salaries of the member companies who use Switzerland's general collective agreement as a basis for employment.

Employee attraction and retention

We provide our employees with long-term professional development opportunities in order to attract and retain a qualified workforce. This is vital to the company's success. When filling open positions, promoting from within our own workforce is preferred.

Examples of recruiting and career opportunity activities in the financial year 2020/21 included:

- In AS APAC, management recruits are provided with varied training and learning opportunities. A special training program has been implemented for younger employees showing management potential, aimed not only at developing their

professional skills but also at shaping their behavior and mindset to be exceptional contributors to the company and society.

- In order to better understand the reasons why employees end their employment relationship, AS DACH in Switzerland implemented an exit questionnaire, which will be used for evaluation and improvement of employee retention. In addition, several measures were implemented to retain our employees during the Covid-19 pandemic, including a bonus paid to compensate for restrictions in Austria and Germany, free testing, and support for vaccinations.
- AS EMEA has launched an employee initiative called #profitUP in January 2021. This is a contest for the best ideas to improve sales or profitability and to develop creativity and entrepreneurial thinking among all employees by inviting them to make suggestions for business improvement. The best ideas that are also realistic to implement within specific timelines and show measurable impact are awarded with a cash prize and widely communicated. In addition, New Work@dormakaba has been launched in Switzerland, where a step-by-step approach to the world of Work 4.0 has been made, addressing topics like annual working time and more flexible forms of work.

Fluctuation
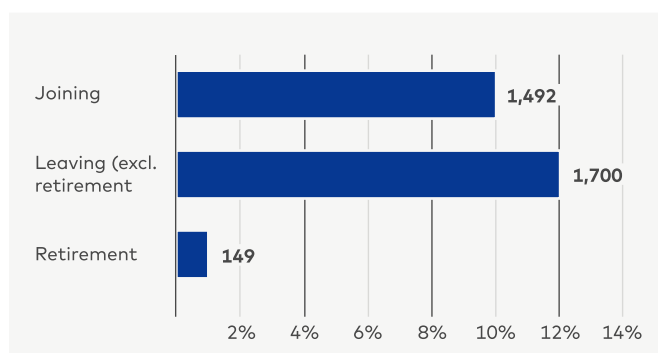
Overall fluctuation (in percentage and headcount), calculated with permanent staff

In financial year 2020/21, a total of 1,492 employees joined the company and 1,700 left in the reporting scope. This corresponds with rates of 10% and 12%, respectively, which was a higher leaver rate than joiner rate. Both rates are in line with those from the previous financial year.
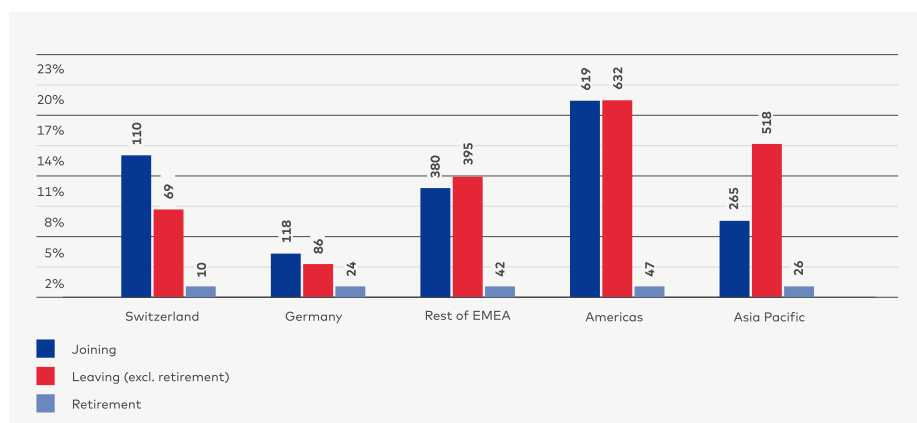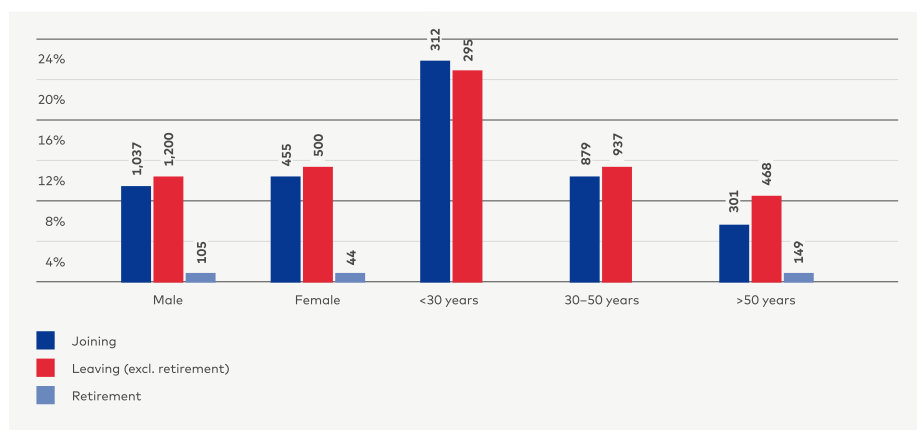

Fluctuation by region (in percentage and headcount of permanent staff)

Employee fluctuation in Asia and the Americas was higher than in other regions, as in previous reporting periods. In the Americas, this is attributed to continued consolidation of manufacturing activities. The higher fluctuation in Asia Pacific is to be expected based on regional workforce trends.

In addition, in China, employees are usually appointed on the basis of fixed-term labor contracts before being eligible for an indefinite contract. This results in a temporal shift of the fluctuation rates for Asia Pacific and to a certain extent overall, since employees with

permanent contracts joining and leaving dormakaba are counted only after their contracts have been converted (usually after the completion of two consecutive fixed-term contracts, in accordance with Chinese Labor Contract Law).

Fluctuation by age and gender (in percentage and headcount of permanent staff)

The workforce aged under 30 again shows higher joining and leaving rates compared to the other age groups. This is consistent across all regions, and congruent with findings from a study on general workforce turnover trends periodically conducted by human resources consulting firm Mercer.

Our performance

Since the beginning of the Covid-19 pandemic, large focus was put on defining guidelines and specific measures such as strengthened safety precautions in the production environment as well as for sales staff and service technicians. Further guidelines adressed office workers working from home for a longer period of time, and travel restrictions. Another integral part was and still is providing our employees with informational material on safety precautions and safe behavior to avoid the spread of the virus, and continuously communicating updates to related measures, stay-at-home policies or lockdowns set by local governments. Further, we continue to put a strong focus on offering regular testing possibilities to our employees, and we have established a clear Group-wide guideline for supporting Covid-19 vaccination as a responsible employer and corporate citizen.

The Covid-19 pandemic has slowed regular HR processes and plans for the financial year 2020/21, such as in extending our portfolio of employer branding measures. Nonetheless, we are continuously making progress in several areas. The follow-up process of the second round of dormakaba dialogue was successful despite having to postpone necessary in-person team sessions and conducting the majority of sessions as virtual meetings.

Following the successful rollout of an eRecruiting system in Canada, Germany, and the USA in the financial year 2019/20, the system was rolled out in Austria and Switzerland, and is planned for further regions and countries.

Outlook

As mentioned above, the third round of dormakaba dialogue will take place in spring of 2022. The implementation of actions planned during the last round of dormakaba dialogue is an ongoing process. Further, segments and management teams will continue to work with the results of the dormakaba Pulse Check and act on them where needed.

A global communication and implementation timeline for the abovementioned remote work project is in preparation. This will be accompanied by training measures on leading remote teams and on working remotely. Further eRecruiting rollouts in the AS EMEA and Key & Wall Solutions segments for France, Spain, the UK and the Middle East and ScanBalt are planned for the financial years 2021/22 and 2022/23.

As part of our Talent Development Program, a project group is working on a proposal for a global strategic framework on the topic of diversity and inclusion. Project results are expected for the financial year 2021/22.

AS AMER plans to deploy unconscious bias training sessions for management, as well as to develop functional career ladders that aid in an employee's career path and development plan. Exit interviews will be carried out to gain a deeper, more holistic view of why employees leave and how we can prevent regrettable departures.

AS EMEA will continue its work on gender diversity, introducing an eLearning module on constructive behaviors and further virtual learning on handling microaggressions and difficult situations. Another major focus will be on reducing the social silence on gender diversity, with all senior managers having dialogue sessions with their female leaders and also working on the concept of allyship. In addition, the mentoring program "Time to Grow" will kick-off where members of the Female Leaders Network will be matched with senior leaders from across the business, who will guide and support them with their career development.

Promoting gender diversity through the Female Leadership Network

The Female Leadership Network in the AS EMEA Segment was launched in September 2020 to support the career development of female professionals and improve the gender diversity of dormakaba's leadership pipeline.

The Female Leadership Network focuses on a wide range of topics, including personal development, gender stereotyping, communication, allyship, and mentoring. The program aims to enable women in mid and senior leadership positions to have the skills, confidence, and support they need to fulfil their professional ambitions.

The virtual workshops utilize traditional training methods to uncover the diversity and inclusion challenges faced, with a focus on dialogue sessions, self-discovery, teamwork, and relationship-building. The meetings offer an open and inclusive environment for women to develop. Learning with their peers and from the invited guest speakers enables the participants to master challenges along their career paths and utilize their strengths and values to lead.

The network is also working on projects to improve inclusion, generally within AS EMEA. The most recent initiative of the network is the "*Time to Grow*" mentoring program, where female participants are matched with senior leaders from across the business, who guide and support them with their career development. This is also an opportunity for reverse mentoring and knowledge sharing, as it allows the senior leadership to learn about challenges female leaders are facing across the regions. The current workshops mostly include women in mid to senior leadership positions from various functions across the AS EMEA Segment, with future waves likely to focus on more junior female leaders and talents from atypical career paths.

"Inclusion initiatives help us to improve our corporate culture, and how we treat people. Applying what we learn about gender diversity to further types of diversity initiatives ultimately helps us to create a more inclusive workplace and become an employer of choice in our industry."

Tracey Storr, Deputy Vice President Human Resources UK, Ireland & BeNeLux

Training & Education

Employee development is vital to maintaining and improving the skills of our workforce and the quality of our offering.

Why it matters

Today's dynamic and globalized world and rising trends towards digitization require new competencies. At the same time, many industries face serious skills shortages, especially in the areas of information technology and digitization. Employee development is vital to maintaining and improving the skills of our workforce and the quality of our products. We want to offer careers instead of jobs and to prepare our employees for the fast-changing world. This improves their engagement, performance on the job and increases their long-term employability. We will continue to invest in the development of our employees and business leaders.

Key activities

We offer various training and development programs for our employees. While we apply some of these programs on a consistent global basis – particularly leadership development, others are developed at the segment or country level to serve local needs.

Local training includes a range of vocational training and dual study programs, language and project management courses, as well as opportunities for job rotation. With our Learning Management System (LMS), we provide employees with worldwide access to a variety of eLearning modules, on topics ranging from product, sales, leadership. Within the LMS, we have continued to offer LinkedIn Learning, which has a library of more than 10,000 eLearning courses. Our LMS also allows us to roll out global learning initiatives such as information security training, compliance training, and antitrust training.

To provide staff with the competencies they require to safely and efficiently perform their tasks and to support their career advancement, dormakaba focuses on three areas:

1. Leadership development
2. Individual development and career management
3. Vocational and technical training

Leadership development

We view leadership as the ability to move oneself and others toward a common goal. Specifically, we want our leaders and managers to act according to our company values and to apply constructive leadership styles (e.g., working toward self-set goals, developing others, resolving conflicts constructively, cooperating) while acting as strong role models for our employees to follow. In line with our strategy and ambition, we aim to have the best leaders in key positions. We are aware that this requires clarity and support for potential leadership candidates in their development.

We have therefore compiled a Leadership Toolbox, which is a unique set of methods and tools we want our leaders to understand and apply, e.g. constructive leadership behavior, best practice facilitation skills, and further core leadership skills and tools. This toolbox also serves as the basis for a globally consistent rollout of leadership trainings, e.g., our standard manager training Leading for Success and the senior manager training Leading Leaders. We have also established two management development programs – the Advanced Management Program (AMP) and the Talent Development Program (TDP) – to develop future leaders of the company. The AMP focuses on further strengthening the leadership and business expertise of already successful managers, while the TDP focuses on high-potential employees. Both programs are co-facilitated by our Executive Committee members and supported by faculty from external business schools.

Examples of our leadership programs in the financial year 2020/21 included:

- The full range of leadership development trainings was virtualized. One example is the original five-day classroom training Leading for Success. We developed three modules which contain central leadership topics such as effective methods of leadership, performance management, and employee development, paired with a lot of interaction. We also implemented the concept of a "learning buddy" where two participants team up and share their learning progress in between the modules. A series of Leading for Success training sessions were conducted with around 147 managers from various segments.
- AS DACH held virtual trainings on remote leadership in Austria and Switzerland, and published a Leadership Handbook.
- The first module of AMP and TDP 2021 took place in April and May 2021, which was conducted for the first time virtually. Overall, 33 participants from all segments and Group Functions from all over the world participated in various interactive sessions on topics such as strategy, leadership, and innovation. The topic of finance was conveyed through a computer-based simulation. Highlights included the sessions that were co-created and co-facilitated by our CEO, Sabrina Soussan. The second module will take place in November and it is currently planned to meet in person.

Individual development and career management

Our combined performance and succession management process known as Perform & Grow provides a common framework to measure and manage performance and potential. The objective setting is based on the principle of Objectives and Key Results, a goal-setting methodology that organizations use to facilitate growth, improvement, and innovation. Employees and their managers are asked to formulate 2 to 5 key results for each objective to ensure an appropriate measurement. The Perform & Grow process also includes the documentation of individual development activities and related measures and trainings. Furthermore, it provides criteria to identify high talent potentials and creates the foundation for systematic succession management to ensure that each leadership position has viable successors.

Examples of our career management initiatives in the financial year 2020/21 included:

- We extended the number of users for Perform & Grow to 3,900 employees (more than twice as many compared to the previous financial year) and will continue with further rollouts in the coming years. To achieve this, we will continue to work together to align Perform & Grow with local works councils wherever this is required. As an important tool extension, we included a new Continuous Performance Management module, which helps employees to document their achievements throughout the year.
- In AS APAC, we have developed and implemented our technical support competency framework to enable talents in different locations to work easier on inter-segmental projects and build the technical support capability required to meet current and future business needs.
- In Switzerland, Austria, and Spain, AS EMEA has successfully rolled out a career management programs for product development specialists and managers. After a good start to the project, we are now restructuring job families and adding at least 2 new ones which have become relevant in the context of the Scaled Agile Framework. This shows that we can evolve the system in line with the changing needs of the organization. So far, we have created over 50 job descriptions and created a full grading system within the global framework, successfully allocating over 120 employees via the career management program.
- Key & Walls Solutions re-evaluates development plans for high talents twice a year. Initiatives include special project assignment, experiences abroad, support for Master's programs and dedicated in-class or individual training plans. A succession plan is deployed for all senior roles up to two levels below the Executive Committee.

3,900 employees have access to our performance and succession management tool Perform & Grow

Vocational and technical training

In today's rapidly changing world of work, the importance of lifelong learning is steadily increasing. For our business success, it is essential that our employees have the relevant skills for their work. The training we provide covers topics such as lean management, health and

safety, and product offerings. Additionally, the increasing digitalization of our products and services also requires new competencies – for example, on big data analytics and artificial intelligence. To ensure that our employees have the relevant long-term skills, we continue to invest in their vocational development and in promoting their talents.

Examples of our vocational and technical training in the financial year 2020/21 included:

- In AS APAC, we have launched a cross-selling academy in China to enable our sales colleagues to provide more tailored solutions to our customers in different vertical markets. We are also in the process of piloting cross-team vertical sales projects.
- AS EMEA in the Netherlands has become the first Smart Building-accredited training company in the region Rivierenland. Through this initiative, we are cooperating with a local vocational school and several other parties and companies to set up a four-year course called Smart Building. The content focuses on building more efficiently and sustainably through optimal cooperation and integration of construction and installation processes. In addition to innovative technical solutions, this also involves innovative means of communication such as Building Information Modeling (BIM). As part of the program, we will additionally host internships and apprentices.
- Key & Wall Solutions launched a digital transformation blended-learning program with 45 participants from all regions, functions, and organization levels supported by external digital transformation experts. The program was aimed at equipping participants with know-how and practical insights on how to design, lead, and accelerate digital transformation in the segment. The result was the design of the segment's digital road map, embedding various projects in their Core-Growth-Explore business development map. Lean training and coaching for manufacturing employees was also conducted, as was sales enablement training.

Our performance

There were five drivers that influenced how we set up our learning and development portfolio in the financial year 2020/21: the Covid-19 pandemic, customer needs, digitalization, employee development needs, and cybersecurity.

Key drivers	Focus of activities	Examples
Covid-19 pandemic	Development of even more online learning content and a virtualized training delivery; Enabling employees to work remotely; Ensuring collaboration and teamwork remotely	Provided training and support for organizing large virtual events; Added new content to the toolbox on working from home
Customer needs	Introducing further training to focus on customer needs and the dormakaba strategy	AMP and TDP cover methods that enable managers to identify customer needs; Vertical Learning Academy was introduced in AS APAC to standardize learning content, create blended learning experiences, develop internal trainers, and enable the organization to achieve cross-selling and solution-selling in different verticals
Digitalization	Establishing agile project management methods as an alternative to waterfall project management, to enable us to develop products and services faster and in more customer-oriented manner	Provided certified trainings on agile methodologies for around 200 participants between January 2020 and May 2021 (i.e., SCRUM Master, SCRUM Product Owner, Leading SAFe 5.0, SAFe for Teams, ITIL4)
Employee development needs	Improving employee learning & development (as requested in the latest dormakaba dialogue survey)	Doubled the user base of Perform & Grow vs. previous year; Invested in strengths-based development; Offered access to learning content on LinkedIn Learning and Coursera
Cybersecurity	Distributing global mandatory trainings on cybersecurity	In January 2021, we completed our Information Security Awareness training program with the assignment of the latest module to more than 12,000 employees

We continue to expand the scope of Group-wide reporting on training hours per employee toward our goal of full reporting scope in the mid-term. For the financial year 2020/21, the sites already reporting this figure covered 95% of our workforce based on full-time equivalent employees (versus 87% coverage in the financial year 2019/20). For these, the average number of training hours per employee was 13 hours per year, which was lower than the previously reported figure (17 hours). We expected this result, as most classroom trainings were not feasible under pandemic constraints. We relied on shorter, virtual trainings instead where possible. In addition, we have increased scope coverage to include smaller locations.

We have made good progress on developing the skills of our workforce. For example, over 12,000 employees now have access to our Learning Management System (LMS). To enable hassle-free access, the LMS is now available through single sign-on, so employees can more easily access learning content from direct links in newsletters or on the intranet. In total, 83% (10,183 employees) of the users who have access to the system completed at least one eLearning module in the past fiscal year, compared to 80% in the previous year.

The LMS is used for both global and local trainings, and the offering has been expanded. In the financial year 2020/21, 281 new eLearning modules have been added, and 185 classroom courses and 348 webinars have been offered on the platform. Of the new training courses provided, 41% are product-related, usually with a focus on sales or technical aspects.

Over **12,000** employees have access to learning content in our Learning Management System

In general, compliance-related training modules continue to have the highest participation in absolute terms, including those on the Code of Conduct, antitrust, and information security. While many of these topics have been introduced in the past and continue to be assigned to new employees, we have added a new module to the compliance training portfolio. Starting in November 2020, we assigned an anti-corruption eLearning module to more than 3,300 employees. The target group comprises mainly sales, service, procurement, HR, and other functions who face a higher risk of exposure to bribery attempts. Combined, the compliance-related training activities had 12,452 participants in the financial year 2020/21.

Our segments and Group HR regularly gather and evaluate participant feedback after training sessions in order to maintain and continually adapt the quality of our training and education programs. In addition, our training programs are regularly evaluated as part of external audits for ISO 9001 certification. If a negative trend is identified through this audit process, management meets to review the root cause and determine any potentially required remediation, which may include increased communication and/or modifying the training program.

Outlook

Besides a general training program for all employees to help them understand the potential changes implicated by a new corporate strategy, which is currently under development, the topics of compliance, digitalization, sales excellence, and growth initiatives in particular will be of great importance on a Group-wide level. Examples of planned initiatives include:

- We will develop additional modules related to information security for specific target audiences and their training needs.
- We will implement a pilot for a global training approach for IT-related topics, with a strong focus on processes rather than pure application training. The new portfolio will cover both off-the-shelf applications and customized solutions.
- More than 500 employees will participate in a global training program to support our organization on improving credit management and receivables collection across the end-to-end "Order to Cash" process. Individual learning paths for finance team members as well as sales & service managers will help us to tailor the training to the specific needs of each group.

To ensure full coverage and management attention, we have agreed on a new standardized approach for global training initiatives including a more centralized roll out, reporting, and follow-up.

Examples of additional activities planned for the financial year 2021/22 on a business segment level include:

- AS AMER sales enablement initiatives are underway and will focus heavily on Sales Excellence, Sales Operations, Sales Marketing, and Field Sales in the financial year 2020/21. The segment will also launch an Early Talent Development Program, which is a 24-month hands-on learning program providing new college graduates with a unique opportunity to rotate through different departments/disciplines within a function (or through multiple functions) to gain a deeper, more holistic view of the function/ organization while solving complex business challenges. We will also partner with local vocational schools in select areas to create a pipeline of entry-level skilled tradespersons for manufacturing operations. Key areas of focus will be machining, tool and die making, and welding.
- AS APAC will continue their journey of embracing Agile work methods and will certify internal Scrum Masters, form an agile community, and leverage expertise from external experts through project collaboration.
- Key & Wall Solutions will focus on building negotiation skills for procurement and sales teams as well as offering training courses on remote selling.

Investing in technology and knowledge base to improve sales performance

The Sales Enablement Initiative of our segment AS EMEA aims, across the sales organization, to improve the processes, information, skills, and tools that are needed to better serve customers and sell more effectively.

The development of the Sales Enablement Initiative started in March 2020, and soon the sales operating model was defined. It is built on three pillars: Great people, Efficient process, Common metrics.

Great people. Sales managers have a major impact on sales performance, therefore improving their skills and competences is key. The *Sales Leader Training* program includes ten modules on relevant sales topics (i.e., indirect and direct sales, international key accounts, services sales), management skills, and coaching. The training content was developed in collaboration with the AS AMER Sales Enablement team, which had already launched a similar initiative. The program is compulsory for all our sales directors and managers across the AS EMEA segment. Besides this, the *Remote Selling Training* program provides sales representatives with the skills and the confidence to effectively conduct sales meetings in a virtual environment, which has been more common since the beginning of the Covid-19 pandemic.

Efficient process. To support the work of our sales representatives, we aim to implement a harmonized Customer Relationship Management (CRM) tool in each country across AS EMEA by the end of 2022. The first launch took place in France in June 2021. Furthermore, a *sales enablement platform,* first piloted by AS AMER, is also being deployed to provide relevant, easily accessible sales information to the salespeople and foster best practice sharing across the countries.

Common metrics. We are implementing standardized sales processes, targets, and metrics, which are discussed in weekly progress calls with the COO of EMEA, the five Region Leads, the Segment Finance Lead, the Sales Enablement Lead, and the Segment HR & Sales Enablement Lead to create a cadence, "Rhythm and Rigour", as we call it. This brings more transparency and makes it possible to continuously monitor activities.

One of the major outcomes of the program so far, is that we could create an international community of sales professionals across the AS EMEA segment. The participants feel more engaged and are proud to be part of the sales community.

"The Sales Enablement Initiative is already a successful program, as it brings the sales teams into greater focus, changes the mindset of the segment to more customer centricity, supports decision-making, helps to achieve better forecasting accuracy, and to react more quickly to changing customer and business needs."

Paul-Olivier Raynaud-Lacroze, Senior Vice President HR & Sales Enablement, AS EMEA

Freedom of Association & Collective Bargaining

As a member of the UN Global Compact, dormakaba respects the right of all workers to form and join a trade union without fear of intimidation or reprisal, in accordance with national laws.

Why it matters

The right of employees to form or join trade unions and employee representative organizations of their own choice fosters our constructive dialogue culture at all our locations. For dormakaba, this also facilitates structured communication with our employees on fair working conditions, reducing turnover, and achieving high performance and engagement amongst members of our workforce. Our aim is to ensure that employees feel comfortable in communicating openly with their leaders and managers.

Key activities

As a member of the UN Global Compact, dormakaba respects the right of all workers to form and join a trade union without fear of intimidation or reprisal, in accordance with national laws. Furthermore, our employees are free to collectively bargain, if they so desire.

We work proactively with employee representative bodies to achieve positive results for both employees and the company. Collective bargaining agreements are in effect in various locations including Australia, Austria, Brazil, China, Colombia, France, Germany, Italy, Mexico, New Zealand, Switzerland, and the USA. In Poland, alternative employee representation is in place which is also based on a transparent election process. However, the committee serves in a more consultative capacity.

To guarantee the right of all workers to form and join a trade union and to bargain collectively, dormakaba focuses on two areas:

1. Identifying risks, fostering openness and transparency
2. Negotiating for mutual benefit and performance gains

Identifying risks, fostering openness and transparency

In the financial year 2017/18, we conducted a comprehensive impact assessment along our value chain (see Outro) to identify which sustainability topics were most relevant in which geographical areas and steps along the value chain. The sustainability impact assessment revealed that countries such as China, Malaysia, the United Arab Emirates, and the USA present a higher risk when it comes to respecting the rights of freedom of association and collective bargaining. Hence, we explicitly foster and ensure that employees can engage in unions and works councils in all our operating regions and business segments.

Specifically, our actions in the financial year 2020/21 included:

- In Australia, AS APAC has reached an agreement with local trade unions to put negotiations on hold due to the pandemic. However, during the pandemic, union representatives were consulted on topics relating to the health and welfare of staff. Discussions revolved around, for example, the wearing of personal protective equipment, and hygiene procedures when on service calls, and leave allowances for at-risk workers.
- AS APAC subsidiary in Taiwan continues to explicitly forbid: (1) threatening, disciplining, punishing, or firing workers because they exercise this right; (2) refusing to hire a candidate because of their association with trade unions; and (3) blacklisting of union organizers by providing their names and details of their activities to other employers, or to employers' associations.
- Key & Walls Solutions held regular, collaborative meetings with the works council to align company plans such as granting worktime flexibility and conflict prevention, also in conjunction with measures related to the Covid-19 pandemic.

Negotiating for mutual benefit and performance gains

dormakaba regularly engages in negotiations of provisions in collective bargaining agreements. These collective bargaining agreements allow dormakaba to improve its business practices but also to offer improved employment provisions for staff. For this reason, some local entities put works councils in place to ensure the representation of all employees.

Examples of our collective bargaining agreements in the financial year 2020/21:

- During the Covid-19 pandemic, AS AMER partnered with the local iron workers union in Illinois (USA) and gained cooperation for the implementation of enhanced health & safety protocols to secure the continued operations of the site as an "Essential Business Operation".
- Negotiations to renew a collective bargaining agreement for the service operations in Missouri (USA) have begun and will focus on remuneration.

Our performance

In the financial year 2020/21, 57% of our employees were covered by collective bargaining agreements. This underscores the importance we place on fostering openness and transparency with trade unions and works councils to negotiate for mutual benefit and improved employment provisions. Our most significant achievement last year in securing and improving core labor rights for employees is demonstrated in the examples above. However, our biggest challenge remains in respecting the right to collectively bargain in countries where this is factually or legally impeded.

Outlook

- In the financial year 2021/22, AS DACH will continue to work on further harmonizing the different works council agreements in Germany and Austria, in order to offer equal benefits and job conditions for employees in each country.
- In Australia it is expected that negotiations on collective bargaining agreements that have been put on hold due to the pandemic will be finalized. These agreements will include a focus on work-life balance, fatigue management, and thermal comfort.
- Additionally, Key & Wall Solutions will renegotiate a collective bargaining agreement with local trade unions in the USA.

Focus Area Products

We are dedicated to producing high-quality, reliable products and solutions, as well as integrating our customers' health and safety concerns. We aim to reduce our customers' environmental burdens by designing material- and energy-efficient products.

Product-related Energy, Emissions, Effluents & Waste	Materials	Customer Health & Safety
We incorporate the latest product life cycle approaches in our product development.	We focus on choosing materials that are both safe and environmentally friendly.	End user health and safety is an inherent part of our business plans.

Energy, Emissions, Effluents & Waste

We aim to reduce our customers' environmental impacts by designing material- and energy-efficient products.

Why it matters

In terms of primary energy consumption, the building sector is one of the largest energy users in the world – as a result, its influence on climate change is enormous. As a leading manufacturer, we are committed to incorporating the latest product life cycle approaches and environmental technologies to continuously advance our product development and improve our, as well as our customers', sustainability performance. This not only provides new opportunities for our design and manufacturing processes; it addresses our customers' expectations regarding environmentally friendly products.

Key activities

We aim to reduce our customers' environmental impacts by designing material- and energy-efficient products. We are dedicated to producing high-quality and reliable products and solutions, while also integrating our customers' desire for environmentally friendly options. As a result, product design remains a core focus of our sustainability strategy, with an emphasis on energy consumption and carbon emissions during the product's use phase, and waste management and recyclability at its end of life.
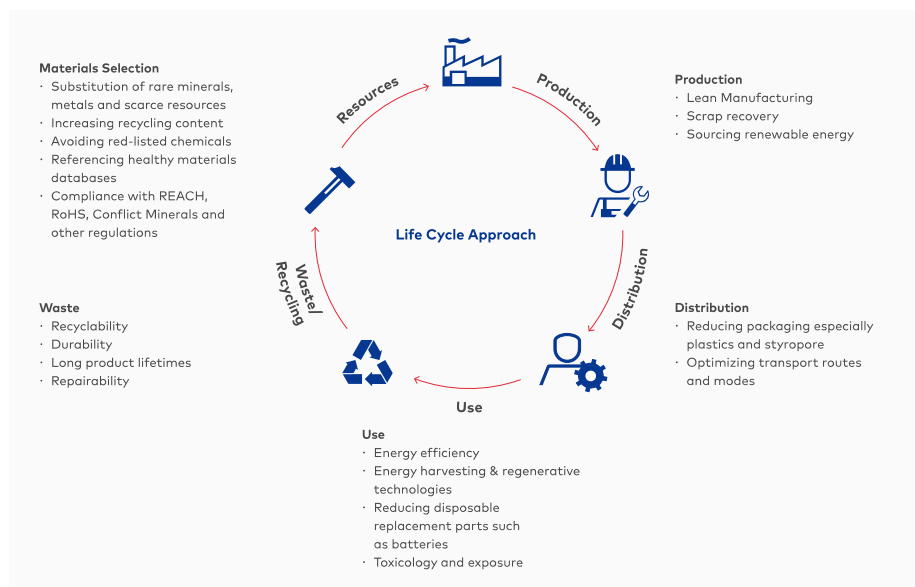
The trend toward sustainable design and ecodesign is here to stay. With an average life span of 40 to 50 years, buildings should ideally be constructed in a way that allows required materials and natural resources to be used efficiently. Green building certification schemes – such as Leadership in Energy and Environmental Design (LEED) or the German Sustainable Building Council (Deutsche Gesellschaft für Nachhaltiges Bauen, DGNB) – rate the sustainability of an entire building. The green building market is forecast to experience a CAGR of more than 14.3% through 2027. By developing sustainable products and providing transparency on our sustainability performance, dormakaba secures our market position and offers added value to customers seeking green building certifications.

To reduce product-related energy consumption, emissions, effluents and waste, dormakaba focuses on three areas:

1. Product design with a life cycle approach
2. Greater transparency with Life Cycle Assessments and Environmental Product Declarations
3. Sustainability platforms for greater information sharing

Product design with a life cycle approach

Our sustainability commitment and life cycle approach are integrated into the company's Product Design Manual, which is binding for all new dormakaba-branded products in the Access Solution segments. By integrating life cycle thinking in the Product Design Manual, dormakaba is taking the first steps in integrating environmental impacts into our decision-making, as well as in product and process development. This product development and design process requires Aesthetic Design Approvals, so-called ADECO, to ensure our design integrity. Each step in our design development stage requires close collaboration between our engineers and producers. Final approval for preproduction is granted by Operations, Product Development, Product Management, and Product Design. The manual's product design requirements are binding for all new dormakaba-branded products and product ranges. The life cycle approach covers the complete value chain from resources, production, and distribution to use and waste/recycling:

Materials Selection
· Substitution of rare minerals, metals and scarce resources
· Increasing recycling content
· Avoiding red-listed chemicals
· Referencing healthy materials databases
· Compliance with REACH, RoHS, Conflict Minerals and other regulations

Production
· Lean Manufacturing
· Scrap recovery
· Sourcing renewable energy

Distribution
· Reducing packaging especially plastics and styropore
· Optimizing transport routes and modes

Waste
· Recyclability
· Durability
· Long product lifetimes
· Repairability

Use
· Energy efficiency
· Energy harvesting & regenerative technologies
· Reducing disposable replacement parts such as batteries
· Toxicology and exposure

Greater transparency with Life Cycle Assessments and Environmental Product Declarations

Life Cycle Assessments (LCA) provide a reliable calculation of the environmental performance of a product. This includes the systematic assessment of the environmental impacts arising during the extraction of raw materials through the production, distribution, and use phases which are quantified based on materials, energy consumption, transport routes, emissions, and the life span of the products.

dormakaba uses two LCA approaches: cradle-to-gate and cradle-to-grave. The first approach considers all production stage modules: raw material supply, transport, and manufacturing. The latter covers all life cycle modules, which means that in addition to the cradle-to-gate stages, cradle-to-cradle analyzes the building construction process, product use stage, and end of life, i.e., our upstream value chain. We mainly use cradle-to-gate "with options" so that we can select the relevant upstream life cycle module(s).

We quantify and disclose a product's environmental impact through its entire life cycle in our Environmental Product Declarations (EPDs), which are based on the international standards ISO 14025, 14040, 14044 and the European Standard EN 15804. We have adopted them to ensure that our environmental information is transparent, reliable, and credible. Our goal was that by the end of the financial year 2020/21, products representing 30% of our total turnover would have EPDs and/or Health Product Declarations (HPDs). To achieve this and to better support product innovations based on life cycle assessments in the design phase, a semi-automated dormakaba LCA Tool was implemented in the financial year 2020/21. With this solution, we are able to speed up the EPD development process due to a more flexible, less cost- and time-consuming approach. The LCA Tool (for semi-automated EPD generation) is approved by the EPD program operator IBU. The advantage of an approved LCA Tool is a more efficient way to generate EPDs in larger numbers, due to the possibility of a short verification process once the system is third-party approved.

Sustainability platforms for greater information sharing

Product information from EPDs, HPDs, and Declare Labels can contribute to the Building Information Modelling (BIM) and specifications or help attain the highest levels of green building certification systems, such as Leadership in Energy and Environmental Design (LEED).

dormakaba publishes the product information from such product declarations on internationally recognized sustainability platforms such as the DGNB Navigator or mindful MATERIALS. These databases provide transparent environmental and health information for users and ensure easy access to specific product data. By providing product information on such databases, we seek to lower market entry barriers in the green building industry, making our inclusion in related bidding processes possible.

Our performance

The know-how we have acquired over the years enables us to set appropriate priorities in a constantly changing international market environment with ever new demands on sustainability issues. At the same time, this evolving marketplace remains our biggest challenge. We constantly exchange knowledge with our colleagues worldwide to remain abreast of customer demands and to raise awareness on the importance of achieving a comprehensive understanding of sustainability issues.

We have been publishing LCAs in the form of EPDs since 2011. The first EPD we offered to customers was for our main door closer TS 93. Since then, our EPD and HPD portfolio has steadily expanded to cover nearly 100 of our top-selling and tender-relevant products.

Our aim for the financial year 2020/21 was integrate the majority of our product clusters in the new dormakaba LCA Tool. In parallel, EPDs for another 13 products, which were already in the pipeline, have been developed outside of the LCA Tool.

We have successfully set up the dormakaba LCA Tool for 6 product clusters in the financial year 2020/21. By using the LCA Tool, over 70 EPDs will be published based on the environmentally relevant data collected so far, pending third-party verification. This will nearly double our EPD offering versus the previous financial year, which is a great achievement, made possible by cross-segmental collaboration with many procurement, product management, and engineering teams across the globe.

Our life cycle assessments, EPDs and HPDs cover products representing **32%** of revenue share (vs. 19% in the previous reportng period).

These efforts have substantially contributed to achieving the dormakaba sustainability target of having EPDs and/or HPDs for products representing 30% of total annual revenue.

Outlook

In the financial year 2021/22, we will continue with our efforts to develop life cycle assessments and EPDs for new products using the dormakaba LCA Tool, including for our Safe Locks and Electronic Access & Data product clusters. The Key Systems business unit (Key & Wall Solutions segment) will evaluate new packaging solutions and the viability of an EPD for a key cutting machine, which would be an industry first.

Creating more transparency along the whole life cycle of our products

Under the leadership of the Product Development team AS DACH, we set up a semi-automated Life Cycle Assessment (LCA) Tool, which helps us to better understand the environmental impact of our products during their whole life cycle and to develop a higher number of Environmental Product Declarations (EPDs). Thus, it will open more possibilities for sustainable innovation.

The LCA Tool assesses the raw materials and processes in every phase of a product's life cycle, provides a transparent overview about the environmental footprint of the product, and supports the development of EPDs.

EPDs are increasingly requested by stakeholders such as customers, architects, and designers, as they are important for assessing the sustainability of buildings. EPDs describe the environmental impact of a building product, based on life cycle assessments and provide information about their functional and technical characteristics. So far, we have developed nearly 50 EPDs and we have submitted LCA data to the third-party provider for verification to develop over 70 more with the new tool, covering a broad range of product clusters (Electronic Access & Data, Door Hardware, Mechanical Key Systems, Entrance Systems, Interior Glass Systems, and Safe Locks).

"The LCA Tool makes the EPD development process faster, more flexible, and cost-effective, but most importantly it allows us to build an in-house competence center for life cycle assessment. This increased efficiency will help us provide greater transparency for more products that will in turn support our customers in achieving green building certifications."

Melanie Schaumann, Manager Sustainable Projects, Product Development AS DACH

With the setup of the product cluster-specific LCA tools, we are more flexible in creating EPDs and are able to provide our customers with a wide range of EPDs for their projects. It also supports sustainable product development through a hot-spot analysis, which helps us identify possibilities for sustainability improvements on existing products or even at the start, during the product development phase.

"Our LCA Tool and the EPDs developed with it are credible and internationally accepted. The tool is verified by the Institut für Bau und Umwelt (IBU) and uses the GaBi database. All our EPDs are compliant with ISO 14025, ISO 14040/44, and EN 15804, which are the leading standards for environmental product labels worldwide."

Lea Kullmann, Manager Sustainable Projects, Product Development AS DACH

Materials

Knowing that healthier materials contribute to customer health and safety, we focus on choosing materials that are both safe and environmentally friendly.

Why it matters

It has been well documented that healthier building materials have a positive impact on building occupants' well-being. We therefore focus on choosing product materials that are both environmentally friendly and consumer safe to ensure we are simultaneously addressing any impacts to the environment and to our customers' health and safety.

Key activities

Our products are manufactured around the world using different processes. The most utilized non-renewable raw materials include metals such as steel, brass, aluminum, nickel silver, and zinc, as well as gypsum board, glass, and plastics. Other important materials are wood, paper, and cardboard which are made from renewable resources. Metal parts are often converted, for example, into door closers, cylinders, key blanks, hotel locks, and glass fittings. Glass, wood, and gypsum board are primarily utilized in sliding and revolving door systems and movable walls.

The potentially greatest environmental risks lie in the processes used for (1) electroplating and surface finishing, (2) painting, (3) melting, and (4) zinc and aluminum die casting. These manufacturing processes are used at 35 of the 102 locations covered in this report. To reduce our environmental footprint, we focus on monitoring and mitigating the environmental impact of these operational steps. When it comes to optimizing our choice of materials, we focus on complying with international material requirements; developing environmental and health-related product declarations; and utilizing the life cycle approach whenever possible. In addition, since the primary extraction of metals from ore and subsequent refining processes are resource-intensive, we use metals with recycled content whenever possible. Further, we generally send scrap metal to recycling.

Knowing that architects and building inhabitants wish to have more transparency on the content of products, we highlight the possible health impacts of our products. We have developed various Health Product Declarations (HPDs) and regularly perform tests – for example on volatile organic compounds (VOCs) in a movable wall product or on hazardous substances in electronic products. To reduce our environmental and customer impacts related to the choice of materials, dormakaba focuses on three areas:

1. Complying with international material requirements
2. Health-related product declarations
3. Closing cycles

Complying with international material requirements

We manage compliance issues on both an ad hoc and strategic basis. Customer and internal requests on used materials or training, for example, are addressed ad hoc; while liaising with external legal support is a more strategic endeavor in order to review changes to regulatory requirements. Through our Supplier Code of Conduct, we also set clear expectations that our suppliers should actively support ongoing efforts to manage and demonstrate product compliance with the abovementioned regulations.

In the financial year 2020/21, the major impact on our Material Compliance efforts was the amendment 2015/851/EU of the European Waste Framework Directive 2008/98/EC coming into force. This updated regulation demands all manufacturers, distributors, and importers of products in the European Union to upload information on articles and complex objects containing so-called Substances of Very High Concern (SVHC) into the SCIP Database created by the European Chemical Agency (ECHA).

Health-related product declarations

We offer various health-related product declarations which transparently account for the materials found in our products. These are in the form of HPDs, Building Product Declarations (BPDs), or Declare Labels, depending on local market requirements.

An HPD provides a detailed list of the materials and contents of a building product and the associated effects on human health. The declaration is a common reporting format with which the required transparency can be guaranteed. BPDs are particularly relevant in the Scandinavian market and are based on the standard from the Byggvarubedömningen (BVB), a business association of Sweden's major property owners and building contractors. The requirements have become more extensive in recent years. Information must be provided on chemical content and life cycle assessment, in addition to other documents such as Material Compliance Statements or Safety Data Sheets.

In the financial year 2020/21, we developed six new HPDs which all followed the new standard 2.2. We also published BPDs for the Argus half-height sensor barriers, and for the Scandinavian DEA 90x panic exit device series.

Closing cycles

Several production sites focus on closed-loop systems in their material use, including in Australia, Brazil, China, Italy, and the USA. The manufacturing facilities recycle most internal scrap metal, either back into their own processes or by selling it to a local approved recycler. Scrap material is also sent back to the original producer, who then uses it to make our purchased materials, resulting in a closed-loop system. For over five years, the production facility in Vittorio Veneto (Italy) accomplished this with over 70% of produced scrap going back into its closed-loop system. Even intracompany trade of scrap takes place, as in the example of our facility in Bogota (Colombia) selling its brass scrap to our facility in Rocky Mount (USA). And the AS APAC facility in Taishan (China) reuses zinc alloy scrap in the die casting process, whereas in Melaka (Malaysia) aluminum chips are remelted in the foundry for reprocessing.

The AS AMER manufacturing facility in Indianapolis (USA) conducts on-site oil reclamation generated from the machining processes. The site utilizes a system whereby oil is spun off of the scrap metal and collected for reprocessing. Once the water content in the oil has evaporated, the oil is reconditioned and supplied back to the equipment for use. In the financial year 2020/21, the team in Indianapolis also converted the cooling process of a new trimmer machine into a closed-loop system where water would continuously recirculate, thereby reducing the overall water usage.

In Singapore, one machining facility has installed a closed-loop system for the metal and aluminum chips produced. All chips produced are transported via underground conveyor to a centralized system where oil and/or coolant are separated and looped back to be used in the production line. The chips are sent to the recyclers.

Downstream material cycles are also taken into consideration. In Germany, we launched a take-back program for sales and transport packaging. We report the annual packaging volumes to a regulatory body as well as a third-party partner, who then takes back the packaging from our customers and ensures it is properly recycled. We have estimated that nearly 5,000 tons of packaging material is taken back and recycled through this process per year.

Our performance

dormakaba has made good progress in enhancing our products and their material composition and origin, beyond the legal requirements. In addition to the new BPDs mentioned above, we published six new HPDs for the room-partitioning systems ALTERRA ALT100, ALTERRA ALT50, and DORMA Hüppe Variflex 88/100, as well as the door closer HD8056 and HD8016, and the automatic sliding door operator ES PROLINE.

We have continued to improve on material compliance and also further embedded the Material Compliance Network which was initiated in financial year 2019/20. The network, sponsored by the Chief Technology Officer, strives to mitigate the overall risk of Material Compliance and ensure transparency, as well as a global strategic alignment of related research and development initiatives.

With the setting up of the dormakaba LCA Tool and the data collection for the SCIP database, we have investigated a wide range of Bill of Material and production data with respect to hazardous or restricted material for the different product clusters. When assessing materials, we usually follow the IEC 63000 standard and obtain laboratory tests where needed.

There are, however, still many challenges to tackle; for example, material compliance requires the extensive collection of data. Our supply chains are global and complex, which makes it difficult to conduct any necessary follow-up or investigation. And we have to ensure that changes in material composition do not impact product quality.
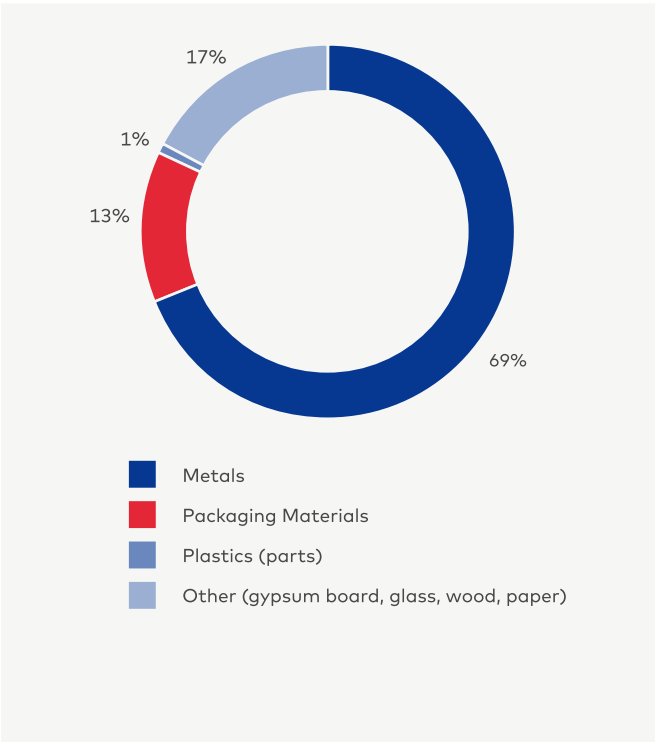
Therefore, in the financial year 2020/21, we have continued our collaboration with a third-party supply chain data management provider to support product compliance for all US operations with California Prop 65, but also REACH, RoHS and Conflict Minerals requirements. In addition, we are proud to have joined the Responsible Minerals Initiative, a well-respected multistakeholder organization evolving business practices to support responsible mineral production and sourcing globally, including, but not limited to, conflict-affected and high-risk areas.

As a member of the Responsible Minerals Initiative, we support responsible mineral production and sourcing

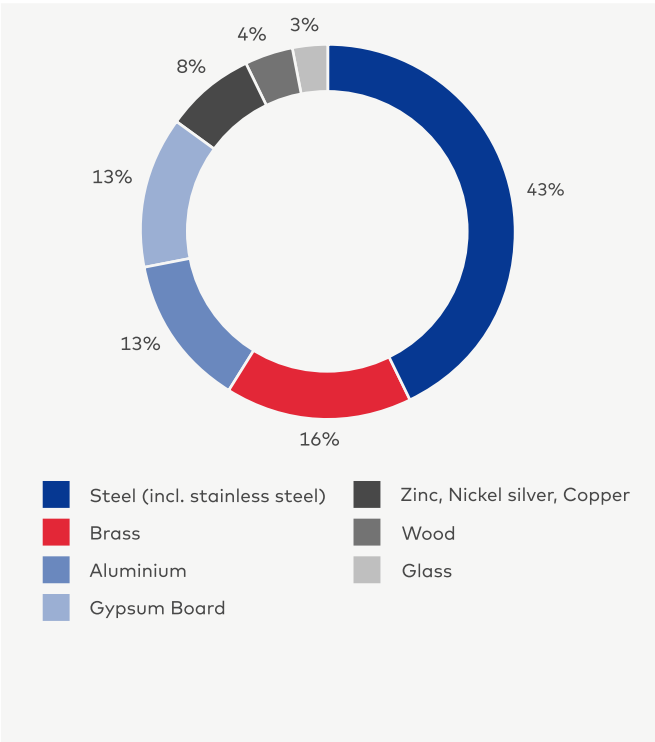| in metric tons [1]	2020/21
Non-renewable resources	**62,985**
Steel (incl. stainless steel)	27,621
Brass	10,334
Aluminium	8,686
Nickel silver	2,058
Zinc	3,145
Copper	38
Gypsum Board	8,095
Glass	1,696
Plastics (parts and packaging material)	1,312
Renewable resources	**12,376**
Wood (incl. packaging material)	8,146
Paper and cardboard (incl. packaging material)	4,230

1) Not included are materials and volumes which can only be accounted for in pieces or monetary terms.

Material use (%)

- ■ Metals
- ■ Packaging Materials
- ■ Plastics (parts)
- ■ Other (gypsum board, glass, wood, paper)

Raw material use (%)

- ■ Steel (incl. stainless steel)
- ■ Brass
- ■ Aluminium
- ■ Gypsum Board
- ■ Zinc, Nickel silver, Copper
- ■ Wood
- ■ Glass

Outlook

We continue to stay well-informed of the upcoming changes to relevant materials regulations. Similarly, we will stay abreast of changes in the BPD and HPD standards and revise our existing portfolio accordingly in the coming financial year.

A key focus will be the rollout of a new Environment Directive which regulates roles and responsibilities at the local level across the organization regarding materials restrictions and hazardous materials management and minimization. A training module will be developed to increase awareness on best practice and support implementation of the policy. In addition, we will leverage the tools and resources from the Responsible Minerals Initiative to improve sourcing polices and processes.

Simplified reporting process with the iPoint SCIP Database Connector

In order to encourage substitution of Substances of Very High Concern (SVHCs) with safer alternatives, enable consumers to make better informed purchasing decisions, and provide information on how to best dispose of affected products, the European Union introduced regulations for greater product transparency in 2021. To be compliant and also support our customers in responding to the new regulation, we have invested in digitizing data processes.

As of early 2021, components with SVHCs in a concentration above a set threshold, which are imported or sold in the European Union, must be reported in the so-called SCIP Database, created by the European Chemical Agency. Working together with internal stakeholders, a global taskforce was setup to develop data collection and reporting processes for the European market through the iPoint SCIP Database Connector tool.

As a first step, we assessed our top-selling products in the European Union affected by the SCIP database reporting requirement. We then identified – for each product type – the "worst case scenario" of the product's Bill of Materials, meaning all possible accessories, materials and combinations of manufacturing part numbers were included for further assessment. The newly developed LCA Tool and the Environmental Product Declarations (EPDs) were the key resources for the analysis. Finally, we created the dossier data and submitted them to the central database. Currently, we have entered 25 dossiers of our top-selling products and now we are continuing with further products.

During the assessment, we took a particular focus on metal alloys containing lead, which is a known SVHC. Lead is normally alloyed with other metals to improve their mechanical properties, which allow machining and cutting and thus play a key role in our production processes and in the quality of our finished products. It is challenging to subsitute its use. But, together with a university partner and members of our internal Material Compliance Network, we are continuously searching for solutions to reduce the lead content in our products without compromising their quality. As members of the ARGE (European Federation of Associations of Locks and Builders Hardware Manufacturers), we also take an active part in industry-wide discussions on potential ways to reduce the lead content in locks and keys.

"The regulation requires us to provide an enormous amount of data, through a complex process. With the iPoint SCIP Database Connector tool we found a solution that enables us to be more efficient throughout the data collection and entry processes and ultimately to comply with the reporting obligations. We are also better able to respond to requests for data from customers, who in turn are obligated to submit information on the products and components they purchase from us."

Christina Siemsen, Specialist Material Compliance

Customer Health & Safety

It is our aim to make access in our customers' lives seamless, smart, and secure. End user health and safety is therefore a top priority and an inherent part of our business plans.

Why it matters

For us 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 of our products – including those arising from harmful materials or potentially endangering functional features – we ensure the safety of our customers and end users.

Key activities

It is our aim to make access in our customers' lives seamless, smart, and secure. End-user health and safety is therefore a top priority and an inherent part of our business plans. Public buildings must meet high standards in terms of public health and safety, as well as for our built-in products and solutions. dormakaba meets these product and customer requirements with product certifications for internationally recognized standards such as from the European Standard (EN), American National Standards Institute (ANSI), or Deutsches Institut für Normung (DIN). We pay particular attention to the DIN 18040 standards, which apply to barrier-free construction in public buildings. Furthermore, ISO 9001 processes ensure that quality management requirements are continuously monitored and improved.

Our product management team is responsible for this work, in close consultation with product development, as required by the Group Directive Adaptive Innovation Methodology (AIM) and defined by Group Innovation Management. Our product quality assurance process, which includes both internal and external resources, ensures that our products have all necessary labels. No product can be installed in-field or released for production without the appropriate certification in hand. This is a necessary step in the product development life cycle, i.e., the product verification phase based on AIM. In our business units and at our production sites, ISO 9001 processes are implemented locally and managed by local quality assurance managers.

To ensure product- and solution-specific customer health and safety, business segments develop adequate action plans:

1. Access Solutions segments
2. Key & Wall Solutions segment

Access Solutions segments

Our Access Solutions (AS) segments provide products such as escape routes, entrance systems, and hotel access systems. we work to address fire safety, electromagnetic interference, and hazardous substances, as well as the need to ensure emergency exits open following a power failure. To ensure customer health and safety, our business addresses these topics through the following activities:

- **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/EC and its amendment 2015/863/EC). All components and materials in electronic products sold in the EU market are determined to be RoHS-compliant before any product manufacturing begins.
- **Fire testing:** an example of a fire test requires the door assembly with locks be placed in a door leaf and subjected to a temperature determined in the door leaf specification for a period of three hours. Requirements are met if no flaming occurs on the unexposed surface of a door assembly during the first 30 minutes of the testing period, among other prerequisites; the fire test fails if flames penetrate the door leaf during the whole test time.

- **Electrostatic discharges:** for various Electronic Access & Data products, we focus on product certification. For example, the dormakaba Wireless Gateway 90 42 is certified to EN 55024, which tests for immunity in cases of electrostatic discharges, power surges and interruptions, or radio frequency interference. The product is also certified to IEC 60950, which specifies requirements intended to reduce risks of fire, electric shock, or injury to the service person, operator, or end user who may come in contact with the product.

- **Emergency exits and escape routes:** automatic doors are subject to the highest safety demands, in accordance with EN 16005. To meet these demands, self-monitoring sensors are mandatory. Obstacle self-detection and automatic reversing are also included in many products. For example, the KTV ATRIUM revolving door systems feature a safety sensor system. Emergency exit and escape route doors are equipped with a redundant operator, an additional control unit for safety purposes and a self-monitoring motion detector. The ES 200-2D door operator features emergency opening following a power failure. Additionally, revolving doors require a safety risk assessment before installation, in accordance with DIN 18650. This is provided by us at the building site before a sale is made.

- **User testing:** in some cases, new product launches require the product development team to initiate an alpha (internal) and a beta (external) user testing. This is in addition to product certification and performance testing. Beta testing is the process by which the first initial products released from the production line are installed in a limited customer setting, and monitored closely by the technical support, product management, and engineering teams. During the beta testing, any issues can be escalated to the team, whereupon an investigation is carried out and issues resolved prior to the full launch of the product in the field. This provides an extra layer of verification and validation to most of our product launches and further deployments.

In case of emerging risks and customer complaints, we have a Group-wide customer complaint process in place based on the principles of ease of access, solution-driven expertise, short response times, positivity, and focus on our value "Customer First".

The process follows five steps:

1. Acknowledge that the customer has an issue, ideally within 24 hours.
2. Assess the problem, prioritize and find a solution driver.
3. Resolve the issue.
4. Respond in a timely manner, keeping the customer informed of the status.
5. Conclude with a proper follow-up to assess the customer's satisfaction and integrate lessons learned.

Regulatory compliance is at the top of the list of priorities for any product development leader and requires immediate action plans. An incident response plan is also put in place to enable direct access to the required resources.

Key & Wall Solutions segment

Our Key & Wall Solutions segment provides product categories such as automotive solutions, keys, and space-dividing solutions. Both business units, Key Systems and Movable Walls, have individual approaches to customer health and safety that are product-specific:

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

- The business unit Movable Walls has over ten active certifications, including those from Underwriter's Laboratory (UL) and the Canadian Standards Association (CSA). Product certification includes fire testing, smoke testing, ball-throwing tests, and weight-bearing tests on suspension track systems, for example. The related legal registers are regularly monitored and updated.

In addition to the Group-wide customer complaint process, the ISO 9001 quality system within Key Systems includes a further grievance mechanism. Each production site implements its ISO 9001 processes locally. Quality assurance managers have ownership of the grievance mechanism and track any complaints from receipt to closure, including feedback to the customer. The steps involved are: registering the complaint in the ticketing system, evaluation, problem analysis and corrective actions, verification, lessons learned, and closure. The intended users of the grievance mechanism are the relevant stakeholders, such as customers, technical assistance, procurement, quality control, logistics, manufacturing, product development, and sales teams. Effectiveness of the grievance mechanism is based on the number of open, accepted, refused, and closed complaints per fiscal year. Additionally, at least once a year, a management review assessment evaluates related KPIs and performance status.

Our performance

To ensure we are on the right track, we internally and externally verify customer health and safety through various certification programs (including ISO 9001), testing, and stakeholder feedback. For example, 53% of reporting sites have achieved ISO 9001 certification.

Examples of contributions to customer health and safety in the financial year 2020/21 included:

53% of our sites have achieved ISO 9001 certification

- AS APAC continued its practice of regular customer training and education programs for its channel partners to raise awareness on new solutions, e.g., space occupancy management, health and safety check entrances, and the use of antimicrobial-coated offerings.
- AS DACH continued to develop Health Product Declarations (HPDs) that help identify hazardous materials in the products, and as a next step, the segment will work on solutions to reduce or eliminate them. In order to fulfill the products' health and safety requirements, regular trainings are conducted in the Wuppertal (Germany) training center for employees and customers. As an example, trainings on the correct and safe handling of our revolving doors are offered to installation teams and customers.
- AS EMEA continued collaboration with a technical university in Austria to study materials that could be substituted for lead in our metal alloys.
- The Key & Wall Solutions segment provided declarations of substances for the SCIP database, and in addition the Movable Walls business unit provided Health Product Declarations (HPDs) to help consumers make better informed purchase decisions. Furthermore, the Movable Walls business unit redesigned several steel components with high lead content, and the Key Systems business unit started sales of lead-free keys in the EMEA region. The Movable Walls business unit further improved operational and assembly instructions, including short videos, to enable safe installation and use of products. Modernfold has launched a "Pilot Build Program" to ramp up production and get user feedback on newly launched products. Customer feedback is used, among other things, to update safety notes and warnings in installation and user manuals prior to full production release.

In the financial year 2020/21, there have been no incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of products and services that have resulted in a fine, penalty, or written warning.

Outlook

We will continue our efforts to ensure customer health & safety in relation to the use of our products. Planned projects and initiatives include:

- Because of the Covid-19 pandemic, demand in the access and security market has shifted to touchless solutions. The protection of the health of staff and visitors to buildings and hospitals, and prevention of the spread of contagions, is more important than ever. AS APAC plans, for example, to expand antimicrobial coating options and touchless identification with facial recognition readers, seeking collaboration with local occupancy management and contact-tracing providers.

- We will continue scouting new lead- and nickel-free materials and less hazardous materials in the market. Our goal is to integrate these materials into existing production infrastructure with minimal modifications to the machinery. To address the issue, AS EMEA, for example, joined a cross-industry working group under the umbrella of ARGE (The European Federation of Associations of Locks & Builders Hardware Manufacturers). The first action will be to measure the lead release rate in keys with different materials.
- The business unit Movable Walls in the Key & Wall Solutions segment is continuing to perform VOC (volatile organic compounds) emission tests on several products and is expanding the VOC certifications to increase transparency on indoor air quality, as this is an increasing customer concern.

Outro

About this report

This is the dormakaba Holding AG ("dormakaba") Sustainability Report 2020/21, which highlights our sustainability commitment, strategic approach, and progress and is geared to all stakeholders. This is the company's sixth sustainability report. This report has been prepared in accordance with the GRI Standards: Core option. The report covers the financial year 2020/21, from 1 July 2020 to 30 June 2021. dormakaba reports on an annual cycle and published the previous report in September 2020. While external assurance of the Sustainability Report 2020/21 was not performed, the compensation of the Board of Directors and the Executive Committee, as well as the financial statements, were audited by an external auditor. Due to improvements in data quality and validation processes, a restatement of the previously reported carbon footprint data from the financial year 2019/20 is necessary. The restated figure is 74,770 tCO_2e for combined Scope 1 and 2 emissions (market-based approach), as opposed to the previously reported figure of 72,992 tCO_2e. Scope 1 increased to 31,162 tCO_2e due to improvements in data collection based on fleet management software, and Scope 2 (market-based) decreased to 43,608 due to validated certificates of renewable electricity purchase.

Significant changes to the organization and its supply chain

Effective 1 April, Sabrina Soussan assumed executive responsibility as CEO of the dormakaba Group. She joined dormakaba from Siemens Mobility, a leading supplier of transport solutions, where she had been CO-CEO since 2017. Previously, she held several leadership positions in Siemens' mobility, building technologies, and automotive businesses over the past 20 years. Her predecessor Riet Cadonau remained in his role as Chairman of the Board, which is subject to annual re-election.

Further, dormakaba has agreed a new five-year CHF 525 million syndicated loan with a consortium of banks coordinated by Zürcher Kantonalbank during the reporting year. In addition to the standard increase and extension options as well as to transitional provisions concerning the SARON interest rate, the terms for the first time include incentives for the achievement of ambitious sustainability performance objectives. The loan will be used to create further financial flexibility and to refinance the existing syndicated credit facility of CHF 500 million, which expired on 30 March 2021.
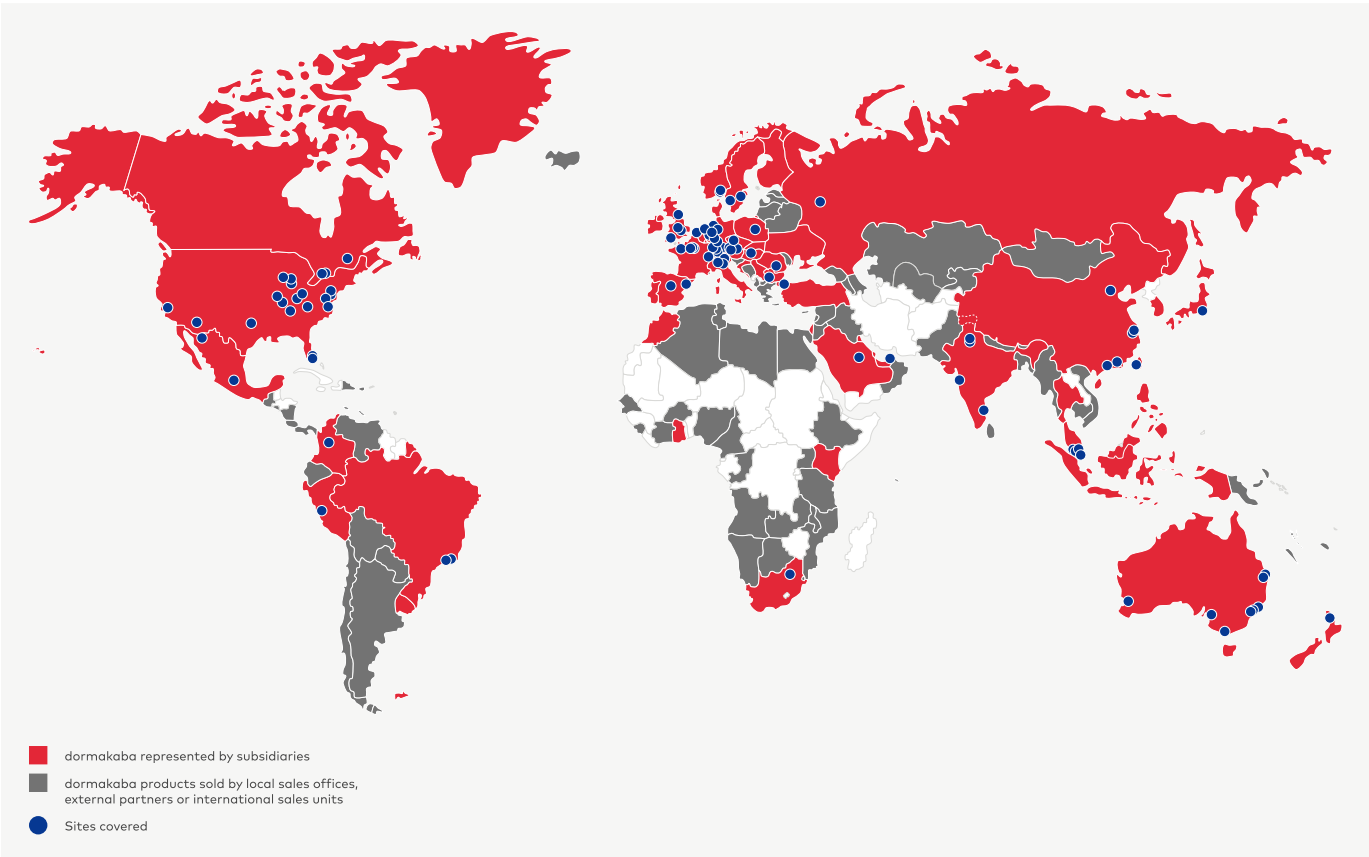
The new syndicated loan has been provided by a banking consortium including BNP, Credit Suisse, Deutsche Bank, HSBC, SEB, UBS, Unicredit (Sustainability Coordinator), and Zürcher Kantonalbank.

Finally, dormakaba has divested its project installation business in Norway. The purchaser of the business, Låssenteret, is a well-established Norwegian security installation group. With this transaction, Låssenteret and dormakaba will further strengthen their existing commercial relationship.

Reporting coverage and processes

The data presented covers 95% of dormakaba employees in 102 locations worldwide, as represented by the blue dots in the below map. These are locations with more than 20 employees and include all manufacturing facilities. Environmental data, including that on energy, water, waste, and materials consumption is collected via an internal Business Intelligence reporting platform. Each location has a dedicated reporter. For all except materials use, internal reporting deadlines are set at the 6th, 10th and 12th month of the financial year. Materials use is reported at financial-year end. Human Resources data pertaining to GRI 100, such as fluctuation and workforce composition, is gathered through the Group-wide Human Resources Information Platform of SAP SuccessFactors. Figures on corruption cases, collective bargaining, and training hours are gathered on an annual basis by HR for all reporting units in scope via an internal Business Intelligence reporting platform. Injury rates, injury and accident types, corrective actions, and root cause analysis data is collected in a web-based Health and Safety tool which was rolled out on 1 July 2020 across the organization for all sites in the scope of this report. Data quality controls and consolidation for all data are provided after financial-year end by an external consultant.

Sites covered

■ dormakaba represented by subsidiaries
■ dormakaba products sold by local sales offices, external partners or international sales units
● Sites covered
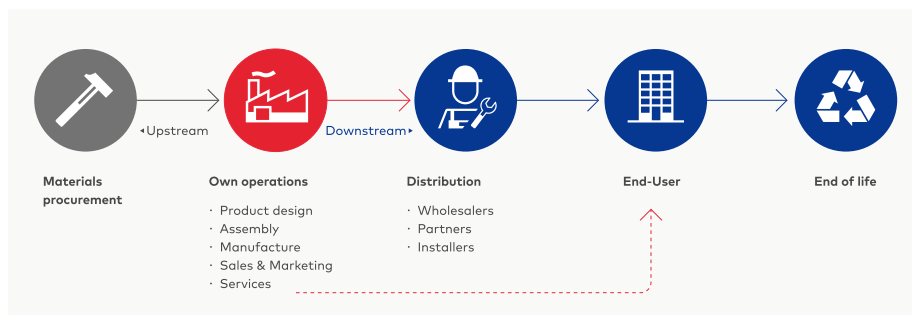
Materiality process in detail

In the financial year 2017/18, dormakaba invested in a comprehensive materiality reassessment to be aligned to the GRI Standards. This assessment is currently being renewed as part of the development of a new sustainability strategy for 2021–2027.

Impact assessment

As part of the 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 approach provided a structured qualitative analysis of environmental, social and economic indicators for the countries and industries dormakaba is involved in throughout the value chain.

dormakaba value chain

Materials procurement	Own operations	Distribution	End-User	End of life
	· Product design	· Wholesalers		
	· Assembly	· Partners		
	· Manufacture	· Installers		
	· Sales & Marketing			
	· Services			

For ease of modelling, the company's value chain was simplified into four steps in the sustainability impact assessment: 1.) Raw materials & sourced goods; 2.) Transportation; 3.) Own activities; and 4.) Distribution, use and end-of-life.

The basis for the long-list of 26 topics taken up into the assessment were:

- The material aspects as defined in the financial years 2015/16 and 2016/17,
- Topics based on the sustainability context of the industries in our value chain, and
- Ongoing sustainability initiatives in the company.

Overall, the assessment process has not only helped to identify hotspots along the value chain, it has generated internal momentum and sharpened understanding of such impacts. This will serve as a basis for informed decision-making as the company manages its sustainability efforts going forward.

Stakeholder dialogue

The second dimension in the materiality reassessment was focused on the relevance of the sustainability topics for our stakeholders, both internal and external. The stakeholder dialogue which had taken place in the financial year 2015/16 was thorough and validated in a robust, multi-stage process. This included an online survey of around 100 employees including the Executive Committee, the Senior Management and employees who regularly deal with sustainability matters in their day-to-day work. Additionally, bilateral discussions with external representatives such as investors, customers, suppliers, partners, and local government were conducted. The results were therefore taken as a basis for this dimension in the current materiality reassessment. For further details, refer to the 2016/17 Sustainability Report.

Threshold-setting and validation

The results of the impact assessment and stakeholder dialogue were quantified in the dormakaba materiality matrix. The threshold for material topics was defined in a workshop with the international dormakaba Sustainability Working Group, including representatives from a range of global and segmental functions within the Supply Chain, Procurement, Human Resources, Compliance, Operations, Quality Control, Material Compliance and Communications departments. After intensive discussion on a third and final dimension – i.e., importance of the individual topics to the company strategy and values, as well as possible risks and opportunities – the materiality threshold was agreed.

All topics where dormakaba was shown to have a medium to high impact on sustainable development were taken up as material. These were topics where dormakaba either makes a positive contribution to sustainable development – for example through job creation or training – or topics whereby our own operations or those of business partners and suppliers could have a negative impact, for example, energy consumption and greenhouse gas emissions resulting from the manufacturing process. Areas of highest interest to stakeholders were also considered. Most topics with a medium to high relevance to our stakeholders were defined as material.

In a final step, the proposed material topics were discussed with the Executive Committee, which then approved them. In addition, the Executive Committee defined the topics of Customer Health and Safety and Customer Privacy as material, highlighting our company value "Customer First".

Changes in material topics

Many topics which had been previously defined as material were reconfirmed through the reassessment process, which indicated that the company was on track in its sustainability management. In addition, six topics have been newly added as material, as seen in the below table. Some topics which had been previously defined as material were shown to be of less relevance to stakeholders or of less potential impact on sustainable development for the company. While these topics are less material in the sustainability strategy, our commitment to the principles related to forced labor and non-discrimination continues as a member of the UN Global Compact.

| New material topics	Previously defined as material
Materials	Socioeconomic Compliance
Freedom of Association and Collective Bargaining	Forced Labor
Customer Privacy	Diversity and Equal Opportunity
Customer Health and Safety	Economic Performance
Supplier Environmental Assessment	Product and Service Labelling
Supplier Social Assessment	

Reporting Frameworks

This report has been prepared in accordance with the GRI Standards: Core option.
dormakaba also reports to the Carbon Disclosure Project annually. Last year, dormakaba achieved a B score for its report.
dormakaba is a member of the UN Global Compact and publishes its annual "Communication on Progress" on the UN Global Compact website.

WE SUPPORT

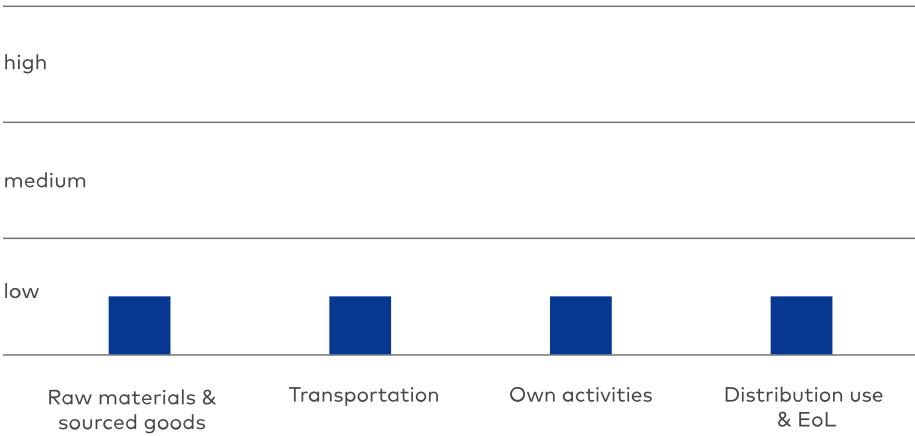UN GLOBAL COMPACT

dormakaba Materiality Matrix 2017–2021

The dormakaba Materiality Matrix below highlights the 17 material topics we plan to monitor and report on through the year 2021, while tracking any emerging global issues or risk for future consideration. An interactive version is available in the web-version of this report. For each topic, the topic boundaries are defined as per impacts along the dormakaba value chain as seen in the subsequent charts. We prioritize these issues according to the degree of potential impact.
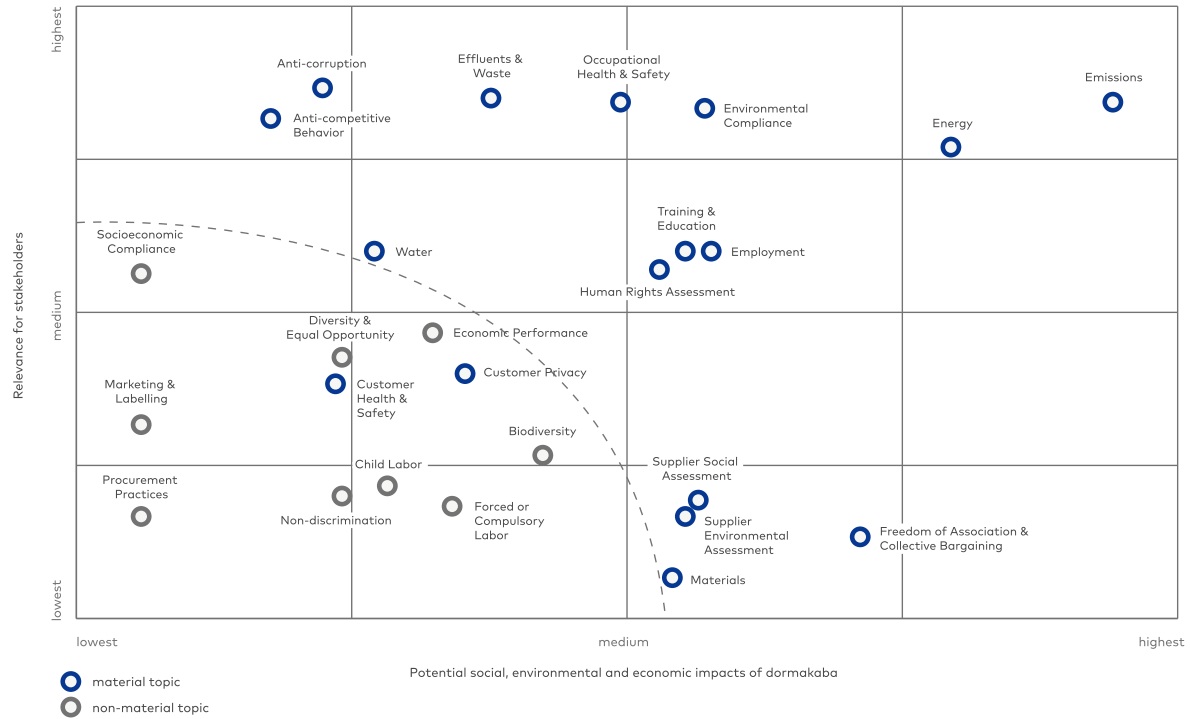
Anti-competitive Behavior

Definition: Prevention of any form of anti-competitive behavior, extortion, collusion, conflicts of interest, price fixing. Anti-trust and monopoly practices, whistleblowing procedures.

Potential Impact per Value Chain Step

high			
medium			
low			
Raw materials & sourced goods	Transportation	Own activities	Distribution use & EoL

Anti-corruption

Definition: Prevention of any form of corruption and bribery in the supply chain, logistics and operations. Policy regarding payments to authorities and whistleblowing procedures.

Potential Impact per Value Chain Step

high			
medium			
low			
Raw materials & sourced goods	Transportation	Own activities	Distribution use & EoL
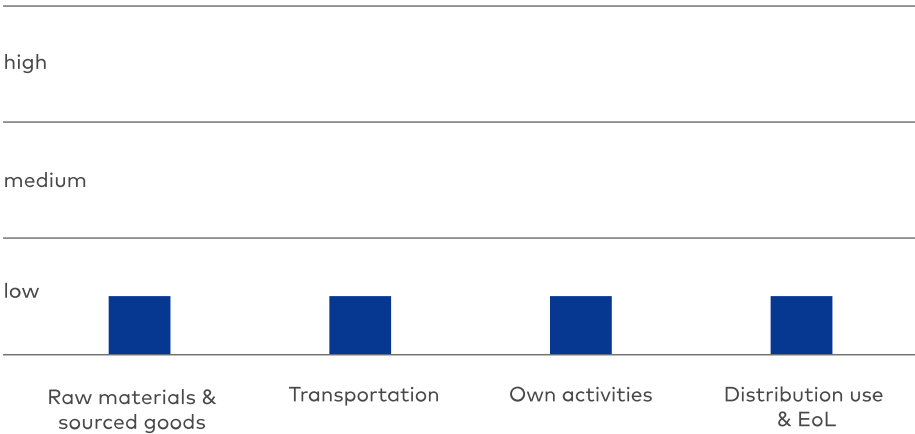
Customer health and safety

Definition: Assurance of the health and safety of customers, consumers and other users.

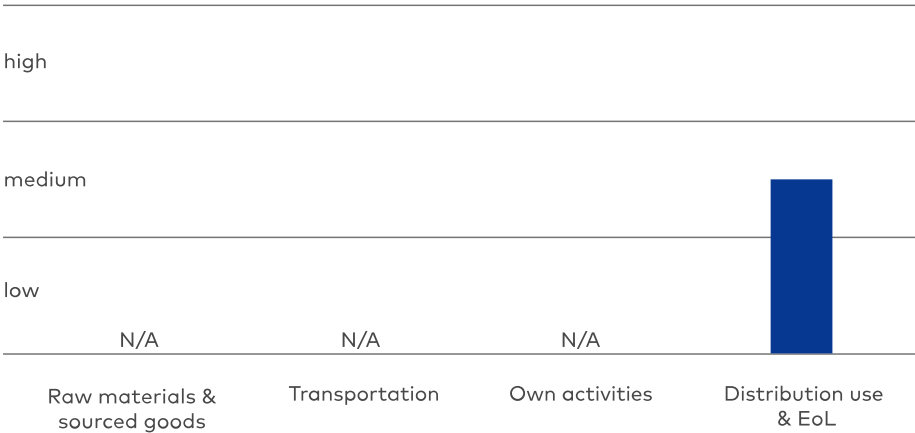**Potential Impact per Value Chain Step**

high			
medium			
low			
N/A	N/A	N/A	
Raw materials & sourced goods	Transportation	Own activities	Distribution use & EoL
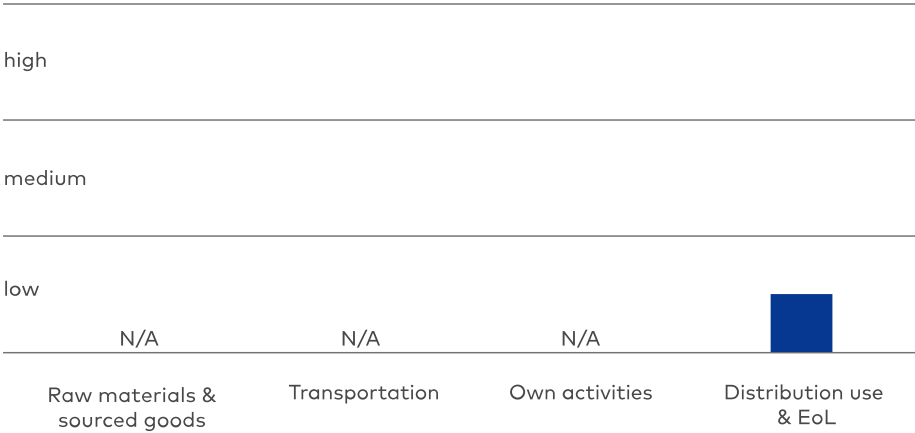
Customer privacy

Definition: Safeguarding of customer's rights of data protection and privacy; e.g. obtaining data by lawful and fair means, protection of personal data of customers by adequate information security safeguards, responsible use of customer data in sales, proliferation of new technologies and security risks / liabilities, cyber security.

Potential Impact per Value Chain Step

high			
medium			
low			
N/A	N/A	N/A	
Raw materials & sourced goods	Transportation	Own activities	Distribution use & EoL

Effluents and Waste

Definition: Pollution in the supply chain, logistics and operations; e.g. emissions of toxic or hazardous substances from manufacturing to soil or water, responsible use, storage and disposal of potential pollutants, preventing chemical spills, wastewater treatment; waste generation, recycling of generated waste.
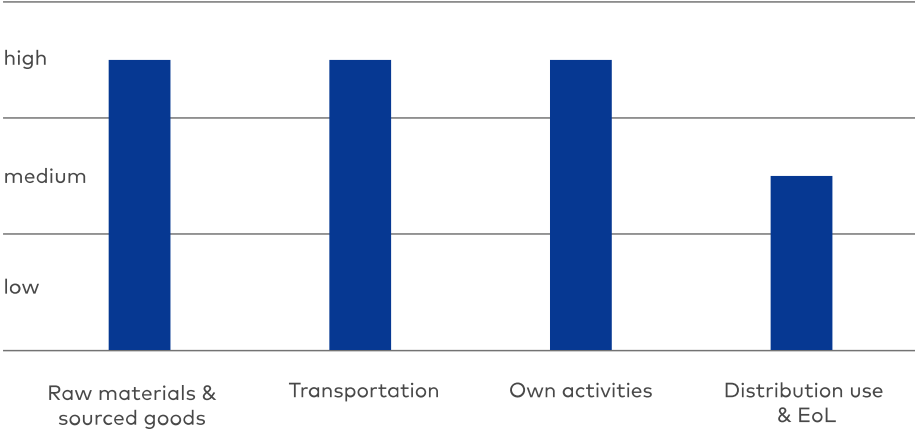
Potential Impact per Value Chain Step

	high	medium	low	
Raw materials & sourced goods	Transportation	Own activities	Distribution use & EoL	
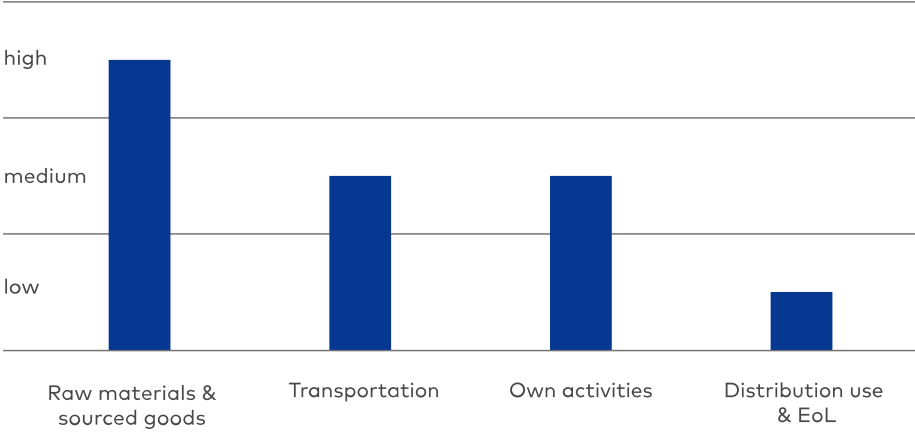
Emissions

Definition: Greenhouse gas (GHG) emissions and air pollutants in the supply chain, logistics and operations; e.g. CO_2, NO_x, SO_x, volatile organic compounds (VOCs), fine dust emissions, ozone-depleting substances, reduction of the risks of related human health impacts.

Potential Impact per Value Chain Step

	high	medium	low	
Raw materials & sourced goods	Transportation	Own activities	Distribution use & EoL	

Employment

Definition: Employment and job creation by the organization and along the value chain; e.g. employment practices, wages, working conditions, hiring and retention of employees, social dialogue, employee-management relations.
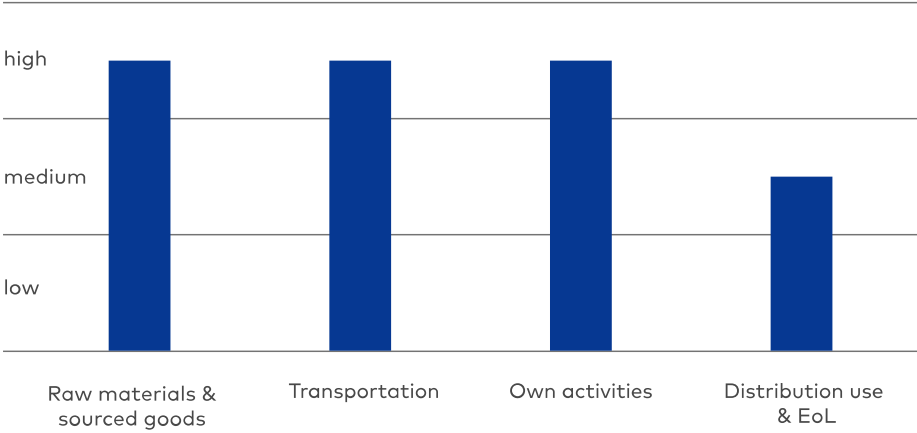
Potential Impact per Value Chain Step

high		
medium		
low		

Raw materials & sourced goods | Transportation | Own activities | Distribution use & EoL
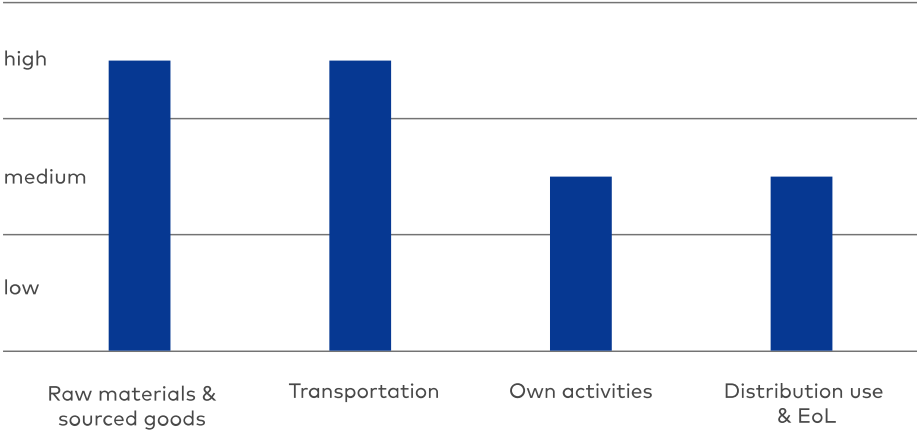
Energy

Definition: Energy consumption and use of renewable energy in the supply chain, logistics, operations and products, e.g. energy efficiency, use of local and renewable energy, energy efficiency of products.

Potential Impact per Value Chain Step

high		
medium		
low		

Raw materials & sourced goods | Transportation | Own activities | Distribution use & EoL

Environmental Compliance

Definition: Compliance with environmental laws and regulations along the value chain (e.g. reduction of financial risks through fines and negative impacts on reputation, avoidance of clean-up obligations or other costly environmental liabilities).

Potential Impact per Value Chain Step

Raw materials & sourced goods	Transportation	Own activities	Distribution use & EoL
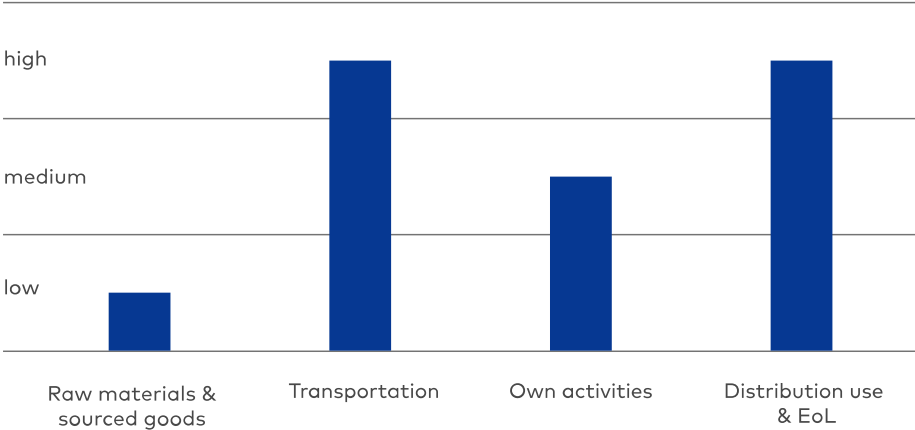
Freedom of Association and Collective Bargaining

Definition: Risk and non-compliance with the freedom of association and collective bargaining in the supply chain, logistics and operations.

Potential Impact per Value Chain Step

Raw materials & sourced goods	Transportation	Own activities	Distribution use & EoL
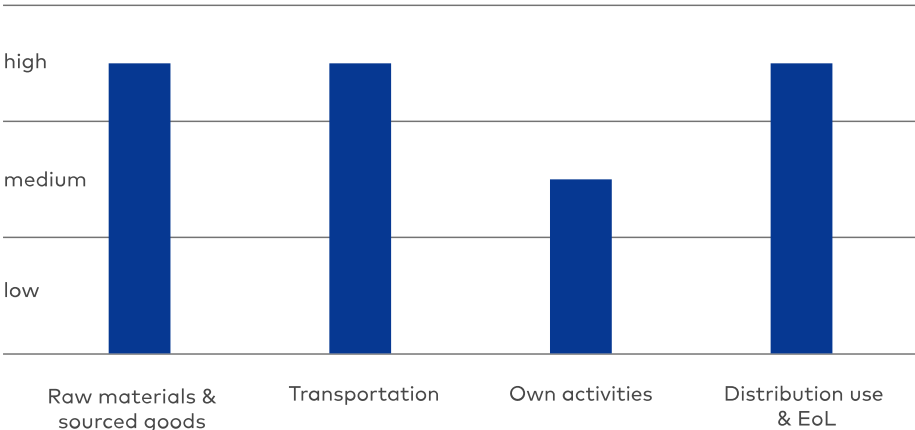
Human rights assessment

Definition: Respecting human rights along the value chain; e.g. obligation and training of employees and business partners to adhere to human rights, provision of grievance mechanisms, human rights due diligence. Human rights include e.g. freedom of religion, right to life, protection from discrimination, freedom from slavery and forced labor.

Potential Impact per Value Chain Step
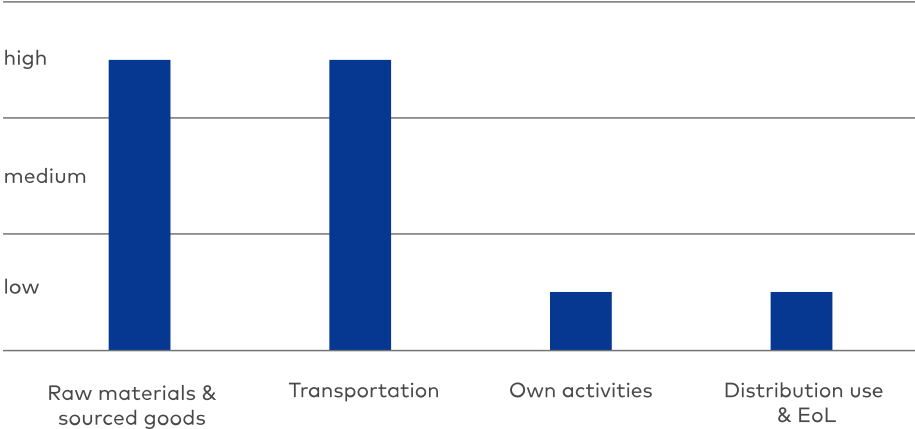
Materials

Definition: Efficient use of materials in production and in the supply chain, e.g. optimization of the production process, responsible sourcing of conflict minerals and wood, ensuring material traceability, responsible use, recycling and reuse of materials and product recovery, responsible use of scarce materials.
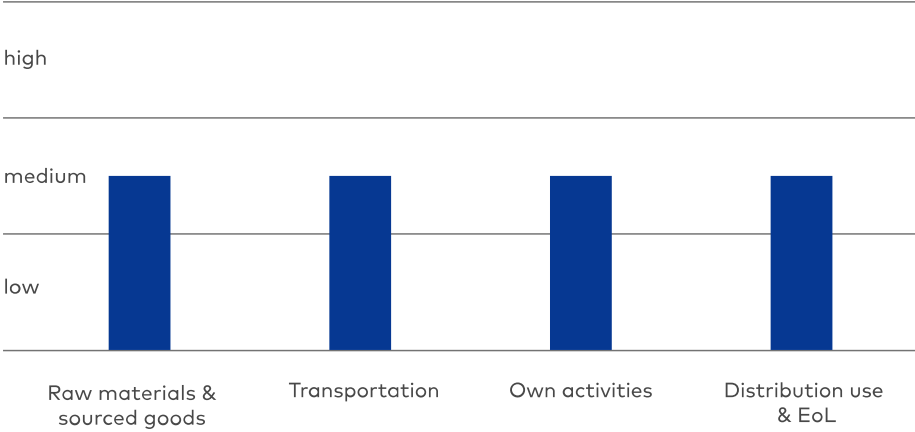
Potential Impact per Value Chain Step
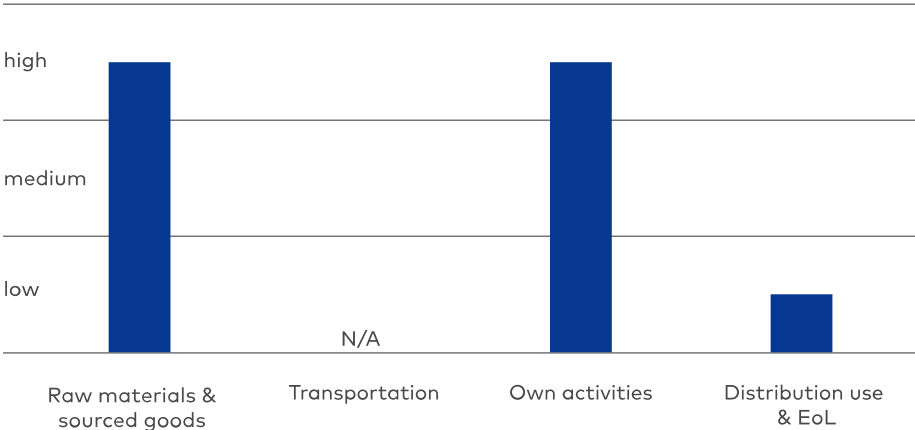
Occupational health and safety

Definition: Accidents, injuries and wellbeing of people involved in activities along the value chain; e.g. workers' exposure to risks and hazardous substances, (personal) protective equipment, health and safety training, health checks, case management, ergonomic work areas.
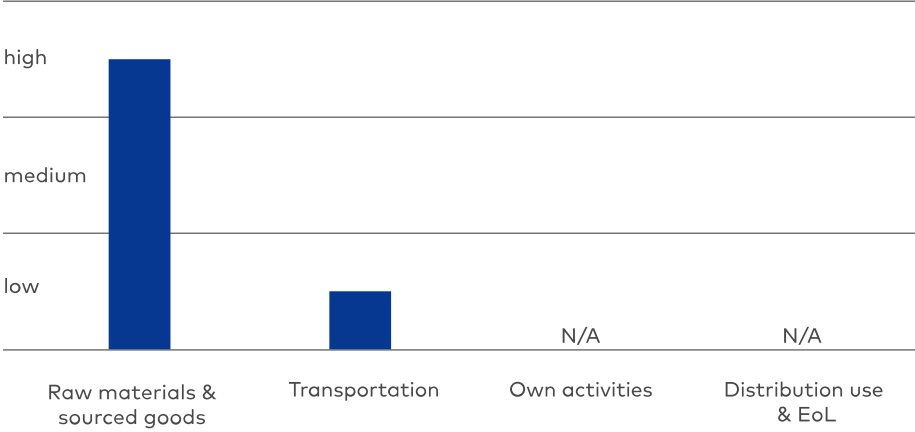
Potential Impact per Value Chain Step

	high			
medium	▮	▮	▮	▮
low				
	Raw materials & sourced goods	Transportation	Own activities	Distribution use & EoL

Supplier environmental assessment

Definition: Reduction of negative environmental impacts in the supply chain and of business partners, i.e. supplier screening, due diligence processes, prevention, mitigation and remediation of negative impacts. Sustainable sourcing of raw materials, e.g. impacts of extraction (including conflict minerals), procurement from politically unstable regions.
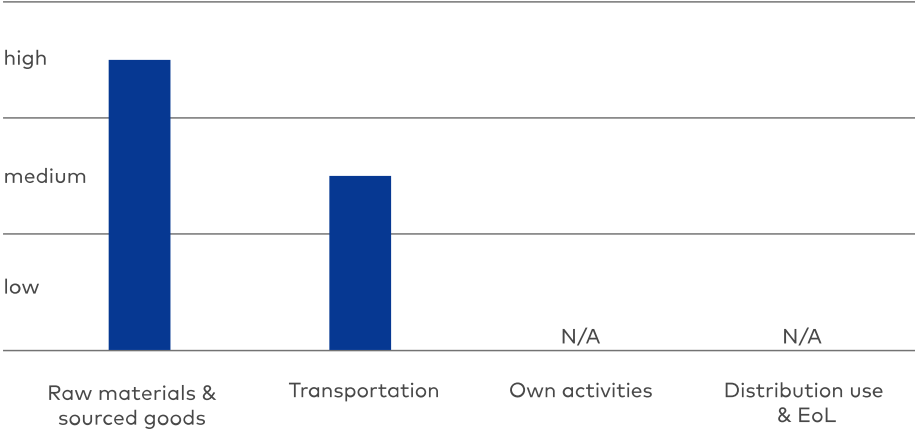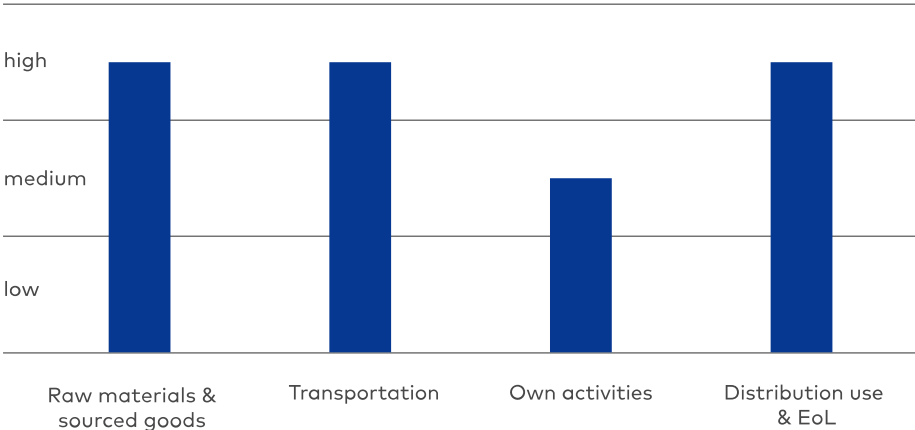
Potential Impact per Value Chain Step

high	▮			
medium	▮			
low	▮	▮	N/A	N/A
	Raw materials & sourced goods	Transportation	Own activities	Distribution use & EoL

Supplier social assessment

Definition: Requirement of social standards for suppliers and business partners, i.e. code of conduct, certifications, audits in the supply chain. Sustainable sourcing of raw materials, e.g. impacts of extraction (including conflict minerals), procurement from politically unstable regions.

Potential Impact per Value Chain Step

	high			
	medium			
	low		N/A	N/A
	Raw materials & sourced goods	Transportation	Own activities	Distribution use & EoL

Training and education

Definition: Enhancement of employee and talent development along the value chain; e.g. vocational training, development planning, performance evaluation, promotion of skills, employee training and education, promotion of lifelong learning opportunities, facilitation of continued employability.

Potential Impact per Value Chain Step

	high			
	medium			
	low			
	Raw materials & sourced goods	Transportation	Own activities	Distribution use & EoL

Water

Definition: Water consumption in the supply chain, logistics and operations and impact on water availability and pollution; e.g. water withdrawal and affected sources; measures to ensure availability and sustainable management of water and sanitation; adaptation to water scarcity, water saving measures.

Potential Impact per Value Chain Step
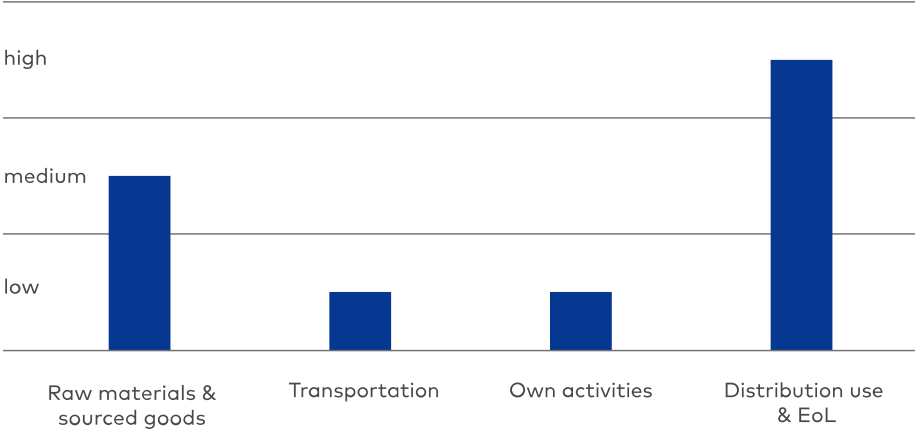
GRI Content Index

GRI 100 Foundation 2016

**GRI 102: General Disclosures
2016**

Organizational profile

102–1 Name of the organization	About this report
102–2 Activities, brands, products, and services	About dormakaba
102–3 Location of headquarters	About this report
102–4 Location of operations	Sites covered
102–5 Ownership and legal form	Corporate Governance
102–6 Markets served	About dormakaba
102–7 Scale of the organization	About dormakaba
	Key Figures
102–8 Information on employees and other workers	About dormakaba
102–9 Supply chain	Supplier Social and Environmental Assessment
102–10 Significant changes to the organization and its supply chain	About this report
102–11 Precautionary Principle or approach	Strategy and Approach
102–12 External initiatives	Strategy and Approach
102–13 Membership of associations	dormakaba is a member of various industry associations and organizations. The focus thereby lies on organizations concerned with door hardware, the security industry, building, locks and fittings, as well as metal and glass hardware, with memberships varying across countries and markets. These memberships include but are not limited to: Builders Hardware Manufacturers Association (USA), Swissmem (Switzerland), Association of Swiss Locks and Builders Hardware Manufacturers, European Locksmith Association, Security Industry Association (USA), The American Institute of Architects, United States Green Building Council, Door and Hardware Federation (UK), Singapore Manufacturing Federation, German Sustainable Building Council, Construction Specifiers Institute (USA), Glass association of North America, Canadian Security Association, American Association of Automatic Door Manufacturers, China Construction Metal Structure Association, Hong Kong Fire Protection Association, Japan Lock Manufacturer's Association, Japan Security Systems Association, National Fire & Civil Emergency Preparedness Council (Singapore), Architectural Door Hardware Association (Australia).

Strategy

102–14 Statement from senior decision-maker	Letter from the CEO

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102–16 Values, principles, standards, and norms of behavior	Our Code of Conduct outlines our values, principles, standards and norms of behavior.

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	Strategy and Approach

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102–40 List of stakeholder groups	Strategy and Approach

102–41 Collective bargaining agreements	Freedom of Association and Collective Bargaining
102–42 Identifying and selecting stakeholders	Strategy and Approach
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102–45 Entities included in the consolidated financial statements	About this report
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102–47 List of material topics	Strategy and Approach About this report
102–48 Restatements of information	About this report
102–49 Changes in reporting	None
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102–53 Contact point for questions regarding the report	About this report
102–54 Claims of reporting in accordance with the GRI Standards	About this report
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102–56 External assurance	About this report

GRI 200 Economic

GRI Standard	Disclosure	
Anti-corruption	**GRI 103: Management Approach 2016**	
	103–1 Explanation of the material topic and its Boundary	Materiality Matrix
		Fair competition and anti-corruption
	103–2 The management approach and its components	Fair competition and anti-corruption
	103–3 Evaluation of the management approach	Fair competition and anti-corruption
	GRI 205: Anti-corruption 2016	
	205–3 Confirmed incidents of corruption and actions taken	Fair competition and anti-corruption
Anti-competitive Behavior	**GRI 103: Management Approach 2016**	
	103–1 Explanation of the material topic and its Boundary	Materiality Matrix
		Fair competition and anti-corruption
	103–2 The management approach and its components	Fair competition and anti-corruption
	103–3 Evaluation of the management approach	Fair competition and anti-corruption
	GRI 206: Anti-competitive Behavior 2016	
	206–1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Fair competition and anti-corruption

GRI 300 Environment

GRI Standard	Disclosure	
Materials	**GRI 103: Management Approach 2016**	
	103–1 Explanation of the material topic and its Boundary	Materiality Matrix
		Materials
	103–2 The management approach and its components	Materials
	103–3 Evaluation of the management approach	Materials
	GRI 301: Materials 2016	
	301–1 Materials used by weight or volume	Materials
Energy	**GRI 103: Management Approach 2016**	
	103–1 Explanation of the material topic and its Boundary	Materiality Matrix
		Environmental Management
	103–2 The management approach and its components	Environmental Management
	103–3 Evaluation of the management approach	Environmental Management
	GRI 302: Energy 2016	
	302–1 Energy consumption within the organization	Environmental Management
Water	**GRI 103: Management Approach 2016**	
	103–1 Explanation of the material topic and its Boundary	Materiality Matrix
		Environmental Management
	103–2 The management approach and its components	Environmental Management
	103–3 Evaluation of the management approach	Environmental Management
	GRI 303: Water 2016	
	303–1 Water withdrawal by source	Environmental Management
Emissions	**GRI 103: Management Approach 2016**	
	103–1 Explanation of the material topic and its Boundary	Materiality Matrix
		Environmental Management
	103–2 The management approach and its components	Environmental Management
	103–3 Evaluation of the management approach	Environmental Management
	GRI 305: Emissions 2016	
	305–1 Direct (Scope 1) GHG emissions	Environmental Management
	305–2 Energy indirect (Scope 2) GHG emissions	Environmental Management
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		Environmental Management
	103–2 The management approach and its components	Environmental Management
	103–3 Evaluation of the management approach	Environmental Management
	GRI 306: Effluents and Waste 2016	
	306–2 Waste by type and disposal method	Environmental Management

Environmental Compliance	**GRI 103: Management Approach 2016**	
	103–1 Explanation of the material topic and its Boundary	Materiality Matrix
		Environmental Management
	103–2 The management approach and its components	Environmental Management
	103–3 Evaluation of the management approach	Environmental Management
	GRI 307: Environmental Compliance 2016	
	307–1 Non-compliance with environmental laws and regulations	Environmental Management

Supplier Environmental Assessment	**GRI 103: Management Approach 2016**	
	103–1 Explanation of the material topic and its Boundary	Materiality Matrix
		Supplier Sustainability Assessment
	103–2 The management approach and its components	Supplier Sustainability Assessment
	103–3 Evaluation of the management approach	Supplier Sustainability Assessment
	GRI 308: Supplier Environmental Assessment 2016	
	308–2 Negative environmental impacts in the supply chain and actions taken	Supplier Sustainability Assessment

GRI 400 Social

GRI Standard	**Disclosure**	

Employment	**GRI 103: Management Approach 2016**	
	103–1 Explanation of the material topic and its Boundary	Materiality Matrix
		Employment
	103–2 The management approach and its components	Employment
	103–3 Evaluation of the management approach	Employment
	GRI 401: Employment 2016	
	401–1 New employee hires and employee turnover	Employment

Occupational Health and Safety	**GRI 103: Management Approach 2016**	
	103–1 Explanation of the material topic and its Boundary	Materiality Matrix
		Occupational Health and Safety
	103–2 The management approach and its components	Occupational Health and Safety
	103–3 Evaluation of the management approach	Occupational Health and Safety
	GRI 403: Occupational Health and Safety 2016	
	403–2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety

Training and Education	**GRI 103: Management Approach 2016**	
	103–1 Explanation of the material topic and its Boundary	Materiality Matrix
		Training and Education
	103–2 The management approach and its components	Training and Education
	103–3 Evaluation of the management approach	Training and Education

GRI 404: Training and Education 2016

404–1 Average hours of training per year per employee	Training and Education

Freedom of Association and Collective Bargaining

GRI 103: Management Approach 2016

103–1 Explanation of the material topic and its Boundary	Materiality Matrix
	Freedom of Association and Collective Bargaining
103–2 The management approach and its components	Freedom of Association and Collective Bargaining
103–3 Evaluation of the management approach	Freedom of Association and Collective Bargaining

GRI 407: Freedom of Association and Collective Bargaining 2016

407–1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Freedom of Association and Collective Bargaining

Human Rights Assessment

GRI 103: Management Approach 2016

103–1 Explanation of the material topic and its Boundary	Materiality Matrix
	Human Rights Assessment
103–2 The management approach and its components	Human Rights Assessment
103–3 Evaluation of the management approach	Human Rights Assessment

GRI 412: Human Rights Assessment 2016

412–1 Operations that have been subject to human rights reviews or impact assessments	Human Rights Assessment

Supplier Social Assessment

GRI 103: Management Approach 2016

103–1 Explanation of the material topic and its Boundary	Materiality Matrix
	Supplier Sustainability Assessment
103–2 The management approach and its components	Supplier Sustainability Assessment
103–3 Evaluation of the management approach	Supplier Sustainability Assessment

GRI 414: Supplier Social Assessment 2016

414–2 Negative social impacts in the supply chain and actions taken	Supplier Sustainability Assessment

Customer Health and Safety

GRI 103: Management Approach 2016

103–1 Explanation of the material topic and its Boundary	Materiality Matrix
	Customer Health and Safety
103–2 The management approach and its components	Customer Health and Safety
103–3 Evaluation of the management approach	Customer Health and Safety

GRI 416: Customer Health and Safety 2016

416–2 Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety

Customer Privacy

GRI 103: Management Approach 2016

103–1 Explanation of the material topic and its Boundary	Materiality Matrix
	Customer Privacy
103–2 The management approach and its components	Customer Privacy
103–3 Evaluation of the management approach	Customer Privacy

GRI 418: Customer Privacy 2016

418–1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy

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