

UN Global Compact Communication on Progress (COP) FY 2013/2014

Human Rights Principles		
Principles	Disclosures	Source
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights</p>	<ul style="list-style-type: none"> Kaba has set its own high standards to govern its conduct, both internally and externally. With around 7,700 employees all over the world it is critical for the company to have clear and consistent shared values. At Kaba these values are enshrined in the corporate vision, the Kaba principles, policies, guidelines, directives, and the new version of Code of Conduct, which was launched in 2012/2013. Acting in alignment with local laws and regulations remains the unquestioned basis of Kaba's day-to-day business. The Kaba Code of Conduct is fully supported by the Board of Directors and the Executive Committee and forms an integral part of the Kaba management system. The Code of Conduct is published on the intranet and on Kaba's website. It is signed by each new employee upon joining Kaba. New hires and new employees as the result of an acquisition, as well as existing employees for cross-divisional assignments participate in the "My 1st day @ Kaba" Program, an introductory learning tool to better understand the Kaba world. The Code of Conduct is an integral part of this training program. 	<p>→ Code of Conduct</p> <p>→ HR 3</p> <p>→ HR 3</p>
<p>Principle 2: make sure that they are not complicit in human rights abuses</p>	<ul style="list-style-type: none"> Kaba's products are manufactured from many different raw materials, components and intermediate products, which the company buys on the global market. So the main risk of human rights abuses may be brought into the equation via our suppliers. The aim is for all of these inputs to be made or extracted in line with the company's own ethical and environmental standards, so in 2013/2014 Kaba formulated a Supplier Code of Conduct. This ensures that Kaba's standards and values are propagated along the supply chain. The Supplier Code of Conduct covers human rights, fair labor conditions and child labor, occupational health and safety, environmental responsibility, business ethics, business continuity planning and procurement by supplier. The Supplier Code of Conduct takes the form of a binding self-declaration, i.e., the supplier's signature compels adherence to the Code. If a supplier declines to sign, Kaba will terminate the business relationship. Targeted audits of key suppliers are used to ensure they are indeed complying with the Kaba Supplier Code of Conduct. The Kaba Supplier Code of Conduct has been developed in FY 2013/14. Its roll-out was initiated in the second half of FY 2013/2014, but will mainly take place in FY 2014/2015. So far about 20 suppliers have signed up. The goal is that by the end of FY 2014/2015 all "A"-suppliers will have signed up, which are around 250 suppliers. Kaba desires its ethical values to be spread along the entire supply chain. 	<p>→ HR 2</p> <p>→ Supplier Code of Conduct</p>
Labor Principles		
<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p>	<ul style="list-style-type: none"> Kaba operates all over the world and employs around 7,700 people in more than 60 countries and 33 nationalities; the 14 most important production sites cover about 70 % (5,300) of Group employees, the majority (5,085) of whom work on the basis of full-time contracts. Collective agreements are handled differently in the various countries where Kaba is operating. 	<p>→ HR 5</p>
<p>Principle 4: the elimination of all forms of forced and compulsory labor</p>	<ul style="list-style-type: none"> Kaba's seven principles, the Kaba Code of Conduct and the Kaba Supplier Code of Conduct all work together excluding implicitly all forms of forced and compulsory labor, and child labor as well. In FY 2013/2014 no cases of violation have been registered, nor actions taken. 	<p>→ HR 6, 7</p>

<p>Principle 5: the effective abolition of child labor</p>		
<p>Principle 6: the elimination of discrimination in respect of employment and occupation</p>	<ul style="list-style-type: none"> • Kaba is committed to providing equal opportunities to all qualified individuals. Kaba wants a workforce that reflects the diverse population of the communities in which it operates. In all its operations and employment practices, Kaba complies with equal opportunities legislation to ensure there is no unlawful discrimination against any employee or applicant. • Kaba offers its employees long-term prospects: Indeed, just over 41 % of the Kaba staff have been employed with the company for over 10 years. As a technology orientated company we are particularly delighted by the – at 45 % – high percentage of women working for Kaba. Of the 9 members of the Board of Directors, one (11.1%) is female. The age structure adheres to the classical bell curve: around 60 % of all employees are between 30 and 50 years old. • Furthermore Kaba does everything it can to ensure that its employees work in an environment free of all forms of discrimination, harassment, intimidation or coercion relating directly or indirectly to race, color, religion, disability, sex, sexual orientation, age or national origin. Harassment is considered a serious act of misconduct and may lead to disciplinary action up to and including immediate dismissal. The term “harassment” includes sexual, racial, ethnic and other forms of harassment, including harassment based upon disability. • Kaba prohibits all forms of harassment of its employees. All actions and decisions of management and employees must comply with this policy. It is thus the responsibility of every employee, manager and Executive Committee member to help reach this goal. • All complaints will be investigated promptly and discreetly. Employees will not suffer adverse consequences as a result of reporting in good faith any act of discrimination or harassment . • In 2013/2014 three cases of alleged breaches of the Kaba Code of Conduct were reported and investigated. All of the cases were dealt with and resolved satisfactory without legal proceedings. 	<p>→ LA 13</p> <p>→ Code of Conduct</p> <p>→ HR 4</p>
<p>Environmental Principles</p>		
<p>Principle 7: Businesses should support a precautionary approach to environmental challenges</p>	<ul style="list-style-type: none"> • Electricity and fuels play an important role for Kaba. The company manufactures a large proportion of the parts from which its end-products are made, as well as further processing various bought-in components. More than 90 % of Kaba’s energy requirements are covered by way of electricity and fuels. The total energy consumption of 104,000 MWh decreased, compared to 2012/2013, by just under 2 %. While a slight increase of 2.5 % was recorded for electricity consumption, both heating as well as vehicle fuel consumption were reduced by over 7 %. • The greenhouse gas emissions remain constant compared to 2012/2013, amounting to nearly 43,000 metric tons of CO₂ equivalents (tCO₂e). The electricity consumption levels, followed by direct combustion and motor fuel consumption, amount to the largest emission sources. Due to the increase in electricity consumption in the United States particularly, the CO₂ footprint was not diminished in absolute terms. However, the measures adopted to reduce total energy requirements as of 2014/2015 should enable a continuous reduction of Kaba’s CO₂ emissions. • There were no significant monetary fines as well as non-monetary sanctions for noncompliance with environmental laws and regulations in FY 2013/2014. 	<p>→ EN 16</p> <p>→ EN 18</p> <p>→ EN 28</p>
<p>Principle 8: undertake initiatives to promote greater environmental responsi-</p>	<ul style="list-style-type: none"> • Kaba would like to realize more of its savings potential in energy consumption. The quantifiable energy savings measured amount to nearly 1 % of the total energy consumption for 2013/2014. These may be attributed to efficiency measures performed at various locations: <ul style="list-style-type: none"> - Software optimization for brass processing 	<p>→ EN 5</p>

<p>bility</p>	<ul style="list-style-type: none"> - Air conditioning system replacement - Cooling system simplification in the area of air drying - Hot air recovery - Isolation of molding machines components <p>Further potential energy consumption savings may be realized in the manufacturing process. Kaba has therefore stipulated energy conservation measures for a large contingent of its production facilities that will be implemented as from the financial year 2014/2015.</p> <ul style="list-style-type: none"> • The majority of water consumed comes from municipal water supplies and is primarily used for cooling and sanitary purposes before being discharged, mainly via the respective municipal sewerage systems. About 30 % of the resultant waste was recycled in 2013/2014. Here too Kaba aims to reduce the environmental impact further by way of company-wide improvement measures. 	<p>→ EN 8, 26</p> <p>→ EN 5</p>
<p>Principle 9: encourage the development and diffusion of environmentally friendly technologies</p>	<ul style="list-style-type: none"> • Physical Access Systems (PAS) form an important part of Kaba's product portfolio, providing solutions wherever access needs to be restricted or controlled. Sustainability and efficiency are very important here. Kaba has always sought ways to improve its products for example by introducing low-energy 24-volt motors. These are simpler to control and can be made much smaller and lighter, since working with 24 volts is much safer than with mains voltage. Manufacture and installation are also much less dangerous. If the default setting for PAS equipment is "unlocked," there is no need to power e.g. holding brakes, which would require a constant supply of electricity. Patented solutions such as threshold and safety catch locking mechanisms make it possible to have such systems unlocked by default, so they need either no power at all, or a minimal supply for solenoids. Continuous improvements in lighting technology also provide savings opportunities: since 1 July 2014, all PAS equipment are fitted with LED technology. LEDs emit much more light than traditional bulbs (50—110 instead of 10—20 lumens/watt for halogen lamps). They use around 80—85 % less power to produce the same brightness as a halogen lamp and they last much longer. • Kaba's Talos revolving doors ensure thermal separation when in use, because no draughts are created when people go through the unit. Additional plastic profiles in the facade provide extra thermal insulation for Talos revolving doors, preventing thermal bridges and thus ensuring greater energy efficiency in day-to-day use than would be possible with sliding or swing doors. • In addition Kaba launched several initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. 	<p>→ SR 2013/14</p> <p>→ SR 2013/14</p> <p>→ EN 26</p>
<p>Anti-Corruption Principles</p>		
<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery</p>	<ul style="list-style-type: none"> • Kaba believes in a system of competitive free enterprise. The company is committed to conducting itself in accordance with all applicable antitrust and competition laws, and with the Kaba specific ethical standards with respect to bribery. All Kaba employees must comply with this policy, with Kaba's company rules and with all applicable laws. • In 2012/2013 the Code of Conduct was updated and internally re-launched, with an additional chapter covering "Conflict of interest". Each employee signs that he or she has received and understood the Code of Conduct either as part of one's employment package when joining Kaba or when the Code of Conduct was introduced in 2008. • No legal actions have been taken, or required, for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. • There were no cases registered of monetary or non-monetary sanctions for non-compliance with laws and regulations. 	<p>→ Code of Conduct</p> <p>→ SO 3</p> <p>→ SO 7</p> <p>→ SO 8</p>

All GRI indicators mentioned refer to the Kaba Sustainability Report 2013/2014 and its GRI Index table. Kaba's sustainability reporting is in line with its FY, which goes from 1 July to 30 June. The above mentioned figures refer to this period, unless otherwise stated.