

BEYOND SECURITY



Kaba Sustainability

GRI Index, 2013/2014

On the Kaba GRI Index

This Sustainability Report 2013/14, the second to be published by Kaba Holding AG, is based on version G3 of the sustainability reporting guidelines of the Global Reporting Initiative (GRI). The report fulfills GRI Application Level C, as verified and confirmed by the GRI.

GRI is the world's leading standard for corporate sustainability reporting (www.globalreporting.org). Application of GRI Level C guidelines requires information relating to:

- all points in the "G3 Profile Disclosures", covering strategy and analysis, organisational profile, reporting parameters, governance, commitments and engagement
- and at least ten performance indicators relating to economic (EC), environmental (EN), human rights (HR), labor (LA), social (SO) and product responsibility (PR) issues.

Both sets of criteria are addressed in the following GRI Index. The detailed content index below shows the location of the profile disclosures and individual performance indicators in Kaba's Sustainability Report 2013/2014. In the listing of the performance indicators, GRI content issues are referenced to the relevant chapters and page numbers of the Sustainability Report 2013/2014 or are discussed directly in this GRI Index. All the indicators discussed are reported as fully as the available data allow. Specific reference is made ("partial information") where an indicator is only partly reported.

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DETAILED INDEX OF GRI CONTENT POINTS

Unless otherwise noted, the page numbers in this detailed index refer to the Kaba Sustainability Report 2013/2014.

Strategy and Analysis

1.1

Statement from the CEO about the relevance of sustainability to the organization and its strategy.

See Kaba Sustainability Report 2013/2014, page 1-2

1.2

Description of key impacts, risks and opportunities (impacts of the organization on sustainability and stakeholders, and impacts of sustainability trends on long-term prospects and financial performance of the organization).

Not reported as not necessary for Level C.

Organizational Profile

2.1

Name of the organization.

Kaba Holding AG

2.2

Primary brands, products, and/or services.

Products:

Access + Data Systems: Access + Data Systems comprise six strategic product groups which tend to the wide range of security needs of our customers.

See also: <http://www.kaba.com/en/Products/341378/access-data-systems.html>

Key Systems: The Key Systems area comprises the products groups Keys and Key Cutting Machines

See also: <http://www.kaba.com/en/Products/341408/key-systems.html>

Brands:

Kaba makes continuous targeted investments in its brand. In the Access + Data Systems divisions Kaba follows a single-brand strategy, which has helped make it one of the best known and most valuable brands in its core markets. Silca and Ilco, the two main brands of the Key Systems divisions are kept separate due to different strategies of the divisions (Access + Data Systems = innovation leadership; Key Systems = cost leadership). Both brands are well established in their market segments.

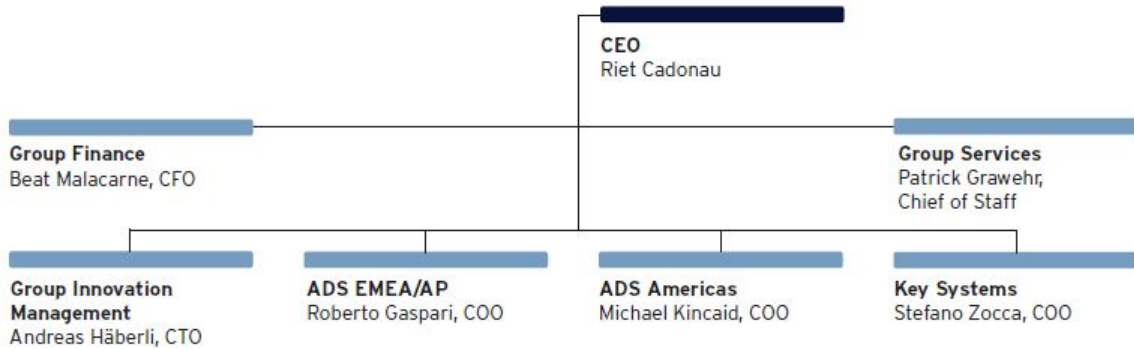
See also: <http://www.kaba.com/en/About-Kaba/317102/kaba-brands.html>

2.3

Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.

Kaba is divided into three Divisions: Access + Data Systems (ADS) EMEA/Asia Pacific, ADS Americas and Key Systems.

Executive Committee as of 30 June 2014



See also Group Structure and Management: <http://www.kaba.com/en/About-Kaba/317190/group-structure-management.html>

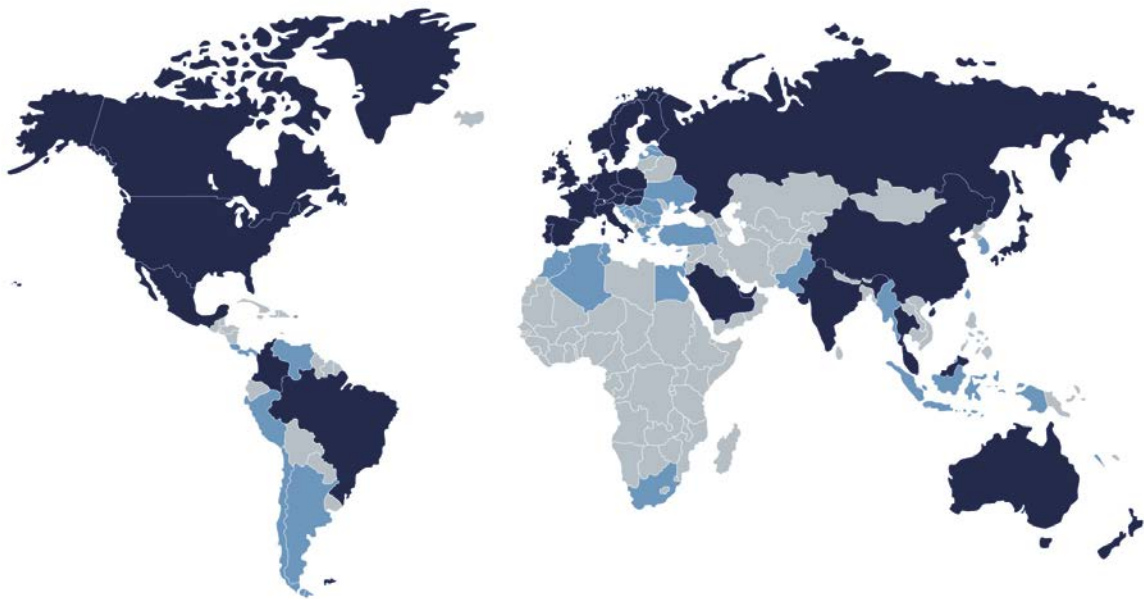
2.4

Location of the organization's headquarters.

Kaba Holding AG is the ultimate parent company of the Kaba Group, which is headquartered in Rümlang, Switzerland:

Kaba Holding AG
Hofwisenstrasse 24
8153 Rümlang
Switzerland

2.5

Countries where the organization operates.

For a list and addresses of all Kaba's country locations, see also:
<http://www.kaba.com/en/About-Kaba/104118/global-locations.html>

2.6

Nature of ownership and legal form.

Kaba Holding AG is a public company listed on the SIX Swiss Exchange in Zurich. It is incorporated and domiciled in Switzerland with its registered office in Rümlang. Kaba Holding AG is the sole company of the Kaba Group listed at the Swiss stock exchange. The following tables show the number and categories of shareholders and also the major shareholders registered as holding more than 3% of the share capital at 30 June 2014.

SHAREHOLDERS

	as at 30.06.2014		as at 30.06.2013	
	No of shares at CHF 0.10 par value	in %	No of shares at CHF 0.10 par value	in %
Heirs of Leo Bodmer				
Creed Kuenzle ¹⁾	127,452	3.3	127,452	3.3
Karin Forrer ²⁾	153,020	4.0	153,020	4.0
Other heirs of Leo Bodmer ³⁾	271,334	7.2	286,209	7.5
Total heirs of Leo Bodmer	551,806	14.5	566,681	14.8
Public shareholders				
Ulrich Bremi ⁴⁾	138,228	3.6	138,228	3.6
Gekla AG		<3 %	133,000	3.5
Harris Associates L.P.	194,543	5.1	114,812	3.0
Other public shareholders	2,911,067	76.3	2,834,849	74.3
Total public shareholders	3,243,838	85.0	3,220,889	84.4
Members of the Board and current Executives				
Members of the Board (non-executive)	50,834	1.4	58,570	1.6
Current Executives	5,026	0.1	4,730	0.1
Total members of the Board and current Executives	55,860	1.5	63,300	1.7
Less double-counting in respect of heirs of Leo Bodmer who are members of the Board ⁵⁾	-36,478	-1.0	-35,844	-0.9
Total shares	3,815,026	100.0	3,815,026	100.0

1) Creed Kuenzle, Herrliberg, was Chairman of the Board of Directors of Kaba Holding AG from 1978 to 2001.

2) Karin Forrer, Ittigen, was a member of the Board of Directors of Kaba Holding AG from 1978 to 1997.

3) As far as Kaba Holding AG knows, the individual shareholders are not subject to stock exchange disclosure laws either as individuals or as a group.

4) Ulrich Bremi, Zollikon, was employed by Kaba Holding AG from 1962 to 1992 and was Delegate of the Board of Directors from 1975 to 1992.

5) The shareholdings of heirs of Leo Bodmer who are also members of the Board of Directors are included under "Other heirs of Leo Bodmer" and "Members of the Board".

2.7

Markets served.

Kaba operates all over the world and is one of the leading providers of innovative access solutions for selected segments of the fast-growing security industry. Kaba offers its customers around the world needs-oriented security solutions that give them the optimum benefits in terms of security, organizational efficiency and convenience. Kaba Group sells its products and solutions all over the world. Its main markets are Europe, North America and, increasingly, the Asia-Pacific region.

See also: <http://www.kaba.com/en/320280/customers.html>

See also: <http://www.kaba.com/en/About-Kaba/104118/global-locations.html>

2.8

Scale of the reporting organization.

See Kaba Sustainability Report 2013/2014, page 16

Net Revenue: See EC1, p. 13 of this Index

Number of Employees: See Kaba Sustainability Report, Kaba Worldwide, front cover inside,

Market capitalization: See front cover inside Executive Report

Types and scale of products and services offered: See <http://www.kaba.com/en/108090/products.html>

2.9

Significant changes during the reporting period regarding size, structure or ownership.

In the year under review Kaba acquired two new companies, Shenzen Probuck Technologies Co. Ltd, based in Shenzen (China) in October 2013 and Task Sistemas de Computação S/A, based in Rio de Janeiro (Brazil) in February 2014.

Shenzen Probuck Technologies Co. Ltd. has around 340 employees, Task Sistemas de Computação S/A 255.

Furthermore, in June 2014 Kaba acquired the majority stake in Dorsët Kaba as well as three companies of Dorsët. However, this acquisition was only completed 31 July 2014, outside the reporting period covered by this sustainability report.

2.10

Awards received in the reporting period.

The new mechanical Kaba star key and the mechatronic Kaba elo-star are both available in a new design which has won the respected reddot design award 2013.

The multifunctional data terminal B-web 9600 has won the traditional iF product design award 2014.

Report Parameters

Report Profile

3.1

Reporting Period for information provided.

July 1st 2013 – June 30 2014

3.2

Date of most recent previous report.

Sustainability Report 2012/2013, 16.09.2013

3.3.

Reporting cycle

Annual

3.4

Contact point for questions regarding the report or its contents.

See Kaba Sustainability Report 2013/2014, back cover inside

See also page 2 of this Kaba Sustainability Report GRI Index.

Report Scope and Boundary

3.5

Process for defining report content.

To focus our sustainability reporting on the most pertinent issues, we have conducted a systematic assessment of the relevance or “materiality” of all indicators in the GRI framework for our reporting. For this we conducted a strategic workshop which included relevant key persons within Kaba. In addition, all defined report elements from this process were found to meet the expected information needs of investors/analysts, employees and potential employees, media, customers, partners, regulatory authorities and the general public. These groups cover the key stakeholders that determine our performance and on whom we have a major impact (see 4.14 and 4.15).

An external specialist supported us in assessing the importance of each topic (from external and internal stakeholder perspectives) in dedicated workshops based on the test questions laid out in the ‘defining materiality’ section of the GRI sustainability reporting guidelines. Topics that were found to be relevant both from an external and internal viewpoint form the core of our sustainability report. These topics are the ones discussed in our Sustainability Report and in this GRI Index: Environmental Information on production and products, Employee data and policies, Customer satisfaction and compliance information.

3.6

Boundary of the report.

The report is for the whole Kaba Group. For quantitative data, the following boundaries apply:

See Kaba Sustainability Report 2013/2014, page 16

For this sustainability report, data of all relevant production sites has been collected. These are: Montreal (CA); Lexington, Rocky Mount, Winston Salem, Madison Heights (USA); Bühl, Villingen-Schwenningen, Heiligenhaus (GER); Eggenburg, Herzogenburg (AUT); Wetzikon (CH), Greater Noida (IND), Taishan (CN). This scope includes 5300 of a total of 7700 employees (about 70%).

3.7

Specific limitations on the scope or boundary of the report, if any.

See point 3.6 of this Index.

3.8

Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.

This is Kaba’s second GRI Sustainability Report. Two new production sites have been added to the quantitative data collection: Madison Heights (USA) which has 142 employees as well as Heiligenhaus (GER) which has 94 employees.

3.9

Data measurement techniques and bases for calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.

The data measurements for reported GRI indicators follow GRI guidelines as far as data availability has allowed it.

3.10

Explanation of reasons for and effects of any restatements of information provided in earlier reports.

No restatements.

3.11

Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

Two new production sites have been added to the quantitative data collection. While this has enlarged the reporting scope from around 5200 to 5300 employees, the coverage has not changed significantly because of the acquisitions mentioned under point 2.9 of this index, which will only be added to the sustainability data collection for the reporting year 2014/2015 but whose employees have already been added to the workforce.

GRI Content Index

3.12

Table identifying location of Standard Disclosures in the report.

This Kaba Sustainability Report GRI Index.

Assurance

3.13

Policy and current practice with regard to seeking external assurance for the report.

We have not sought external assurance of the GRI information given.

Governance, Commitments, and Engagement

Corporate Governance

4.1

Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.

The General Meeting elects the Board of Directors of Kaba Holding AG. The Articles of Incorporation of Kaba Holding AG provide that the Board of Directors must consist of five to ten members at any time. Until 2013, each member of the Board of Directors has been elected for a term of three years. Kaba implemented the Minder initiative early, i.e. although the change to the Articles of Incorporation required by the Ordinance Against Excessive Pay at Listed Companies (*Verordnung gegen übermäßige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV*) will not be voted on until the Annual General Meeting (AGM) on 28 October 2014, the members of the Board of Directors standing for election were already elected for only a one-year term until the next AGM at the AGM of 29 October 2013. The members of the Board of Directors may be re-elected.

The Board of Directors is ultimately responsible for business strategy and exercises overall guidance over the Kaba Group. The Board of Directors is the highest decision-making body and establishes the strategic, organizational, accounting and financial planning policies to be followed by the Kaba Group. The Board of Directors has delegated the management of day-to-day business operations to the Executive Committee, which is headed by the Chief Executive Officer.

The Board of Directors has established an Audit Committee, a Compensation Committee and a Nomination Committee. A description of the mandates of these committees can be found in the Corporate Governance Report 2013/2014, p. 72-73

4.2

Indicate whether the Chair of the highest governance body is also an executive officer.

This is not the case.

4.3

For organizations that have a unitary board structure state the number of members of the highest governance body that are independent and/or non-executive members.

All members of the Board of Directors are non-executive members.

4.4

Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.

Convocation of the General Meeting is in accordance with the legal requirements. The Board of Directors shall be obliged to add to the agenda any motions by shareholders who represent at least 0.5% of the share capital, provided the Board receives these motions in writing at least four weeks before the General Meeting of Shareholders. The provisions of Article 699 para. 3 CO regarding motion rights shall apply.

4.5

Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).

Not reported as not necessary for Level C.

4.6

Processes in place for the highest governance body to ensure conflicts of interest are avoided.

Not reported as not necessary for Level C.

4.7

Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.

Not reported as not necessary for Level C.

4.8

Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.

Not reported as not necessary for Level C.

4.9

Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.

Not reported as not necessary for Level C.

4.10

Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.

Not reported as not necessary for Level C.

Commitments to External Initiatives

4.11

Explanation of whether and how the precautionary approach or principle is addressed by the organization.

Not reported as not necessary for Level C.

4.12

Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.

Not reported as not necessary for Level C.

4.13

Memberships in associations (such as industry associations) and/or national/international advocacy organizations.

Not reported as not necessary for Level C.

Stakeholder engagement

4.14

List of stakeholder groups engaged by the organization.

Open and continuous dialogue with our stakeholders, particularly employees, customers, distribution partners, suppliers, communities, media, local authorities and general investors as well as shareholders that place particular value on environmental issues is an important part of responsible corporate behavior at Kaba.

4.15

Basis for identification and selection of stakeholders with whom to engage.

Employees, customers, distribution partners, suppliers, communities, local authorities as well as shareholders and investors that place particular value on environmental issues have been identified as particularly relevant stakeholders for Kaba, as these are the groups that determine our performance and that we have a major impact on.

4.16

Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.

Not reported as not necessary for Level C.

4.17

Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.

Not reported as not necessary for Level C.

Economic Performance Indicators

Economic Performance

EC1

Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

Partial information:

EC 1 2013/2014		
Revenue		1003.5
Employee compensation		388.7
Retained earnings		79.0
Payments to capital providers		41.9
Payments to governments		32.7
in Mio CHF		

EC2

Financial implications and other risks and opportunities for the organization's activities due to climate change.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

EC3

Coverage of the organization's defined benefit plan obligations.

Switzerland:

- Kaba Group staff employed in Switzerland are entitled to a defined contribution arrangement provided by the "Pensionskasse Kaba" pension fund
- The "Pensionskasse Kaba" pension fund, situated in Canton Zurich, Switzerland, amounts to a foundation as defined in article 80 of the Swiss Civil Code, article 331 of the Swiss Code of Obligations, as well as article 48 of the occupational welfare legislation according to BVG (Pension Fund).
- The insured employees may opt for the contribution options "Standard" or "Plus".
- The joint contributions of employers and employees alike are essentially age-dependent – respectively between 10% and 17% (Standard) and 11% and 18% (Plus).
- The risk contributions are age-dependent: 4% (Standard and Plus).
- Employees and employers each take on 50% of the said contributions.
- The contribution margin stood at 113.1% as per 31.12.2013 (31.12.2012: 111.2%). Thus, there is currently no shortfall.
- By 31.12.2012, the value fluctuation reserve stood at 113.1% - with a target of 14.5%.

Other countries: Outside Switzerland company-specific solutions are in place for insured employees

EC4

Significant financial assistance received from government.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Market Presence

EC5

Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

EC6

Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

EC7

Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Indirect Economic Impacts

EC8

Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.

Kaba Group applies the principle of subsidiarity and proximity to target groups. Sponsorships and donations therefore are mainly organized by the local units and according to their own policies. On Group level, technology and R&D partnerships are preferred, in the operative units, it is local or community involvement. Local educational activities are usually longer term commitments and mainly ask for time, expertise and mentorship, but not direct financial involvement.

Examples of local involvement include:

Europe

In 2012, Kaba signed a four-year research and training project with ETH Zurich (Swiss Federal Institute of Technology), which aims at being a starting point for the development of new products and systems, and also to express Kaba's local commitment to Switzerland as a place of research and education. The financial contribution is CHF 250'000 per year for the four years. With CHF 8000 yearly, Kaba supports the Technorama in Winterthur (Switzerland) with its mission to offer the broad public and especially children and families accessible insights into scientific phenomena.

In Spain, the Fundacion boreada para la seguridad is supported with EUR 2000 per year, starting in 2013. In Germany, the Hubert Schwarz Stiftung and the RTL Spendenmarathon are supported in place of holiday presents and average EUR 10'000 per year. In Austria, the course Security and Safety Management at the Danube University Krems – University for continuing Education is sponsored, also with lectures on physical security. In Italy, a Euro 2'000 prize is given to the best commercial thesis of a graduate student at University of Bologna. An employee forum working group has been created in the UK, which volunteers to take and evaluate requests for sponsorships. So far, several local sports clubs could benefit of some smaller sponsoring amount, as well as employee-related charity activities.

Kaba affiliate Silca is partnering with local educational facilities on all levels for initiatives related to talents and youth promotion (i.e. Talent Campus, Silca Art Keys Contest, Cooperation with Universities and technical Schools). For related communications activities, Silca is spending around EUR 1500 to EUR 3000 per year. Otherwise, Silca supports sports activities in local schools for over 30 years now. Young children and families shall actively be supported in challenging themselves with sports activities. Silca spends EUR 76'000 per year on these activities.

Americas

Project Connect with University of Kentucky: Educational modules for postgraduate students which apply to Kaba's business (supply chain management, mergers and acquisitions, product development). Donations are among others made to the following organizations: Big Brothers, big sisters; Special Olympics; North Carolina Veteran's association and various locksmith training schools (product samples, scholarships). A donation committee in Canada is taking care of charitable causes since 2002. Supported by the Executive Management Committee and allocated with a yearly budget, various causes have been supported so far, including matching employee donations programs. In addition, employees in need are supported by collections among employees. In Winston-Salem, a yearly Christmas event supports the neighboring middle school through a Santa visit bringing each of the children a wished-for gift, donated by an employee each.

In April, Kaba CEO Riet Cadonau held a speech about "Leadership and Talent at Kaba" before 150 students at La Sabana University in Bogota (Colombia, an activity made possible during a visit of the FlexonSilca plant in Tocancipa near Bogota.

EC9

Understanding and describing significant indirect economic impacts, including the extent of impacts.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Environmental Performance Indicators

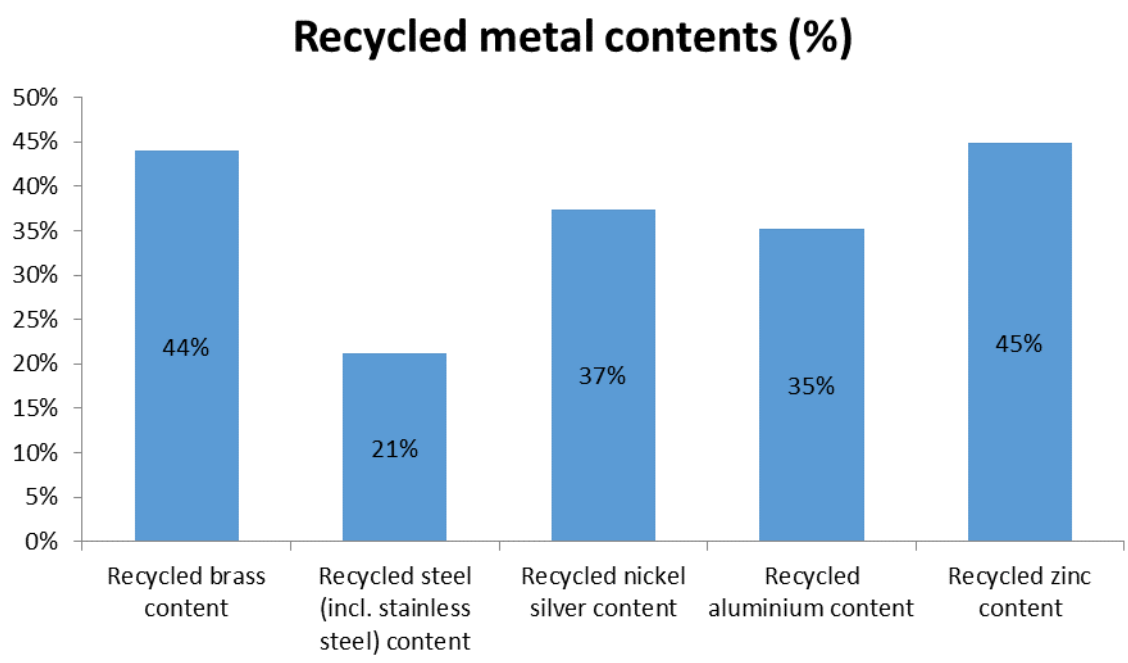
Materials

EN1
Materials used by weight or volume.

See Kaba Sustainability Report 2013/2014, page 14

EN2
Percentage of materials used that are recycled input materials.

Partial information:



Energy

EN3

Direct energy consumption by primary energy source.

	2013/2014	2012/2013
Direct non-renewable energy sources in GJ	152'336	164'258
Heating fuels	124'941	135'237
Heating oil	6'714	6'971
Natural gas	88'666	98'822
LPG/propane	7'783	6'477
Kerosene	18'552	19'007
Diesel (back-up generators)	3'226	3'960
Vehicle fuels	27'394	29'021
Diesel	24'781	25'879
Gasoline	2'613	3'142
Direct renewable energy sources in GJ	42	84
Vehicle fuels	42	84
Biodiesel	35	70
Bioethanol	7	14

EN4

Indirect energy consumption by primary source.

	2013/2014	2012/2013
Indirect energy consumption in GJ (electricity)	221'825	216'410

EN5

Energy saved due to conservation and efficiency improvements.

See Kaba Sustainability Report 2013/14, page 13

	2013/2014	2012/2013
Quantified amount of energy saved in GJ	3'160	94

EN6

Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.

Partial information:

See Kaba Sustainability Report 2013/2014, page 3

ADS EMEA/AP: Initiatives include: Use of revolving doors to reduce loss of energy in entrance situations, Energy harvesting developments for Digital Components to eliminate use of batteries, Battery lifetime optimization by sleep mode optimization and battery management, Appliance solutions to eliminate on-Top IT Server infrastructure.

The new Kaba star key and Kaba star door cylinder combine security, modularity and design. Especially the new modular concept for the cylinders gives the greatest possible flexibility: Adjustments can be made simply and quickly on site and length and type of the cylinder can be adjusted to the door size. This modular concept also reduces delivery times.

EN7

Initiatives to reduce indirect energy consumption and reductions achieved.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Water

EN8

Total water withdrawal by source.

See Kaba Sustainability Report 2013/2014, page 15

EN9

Water sources significantly affected by withdrawal of water.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

EN10

Percentage and total volume of water recycled and reused.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Biodiversity

EN11

Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

EN12

Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

EN13

Habitats protected or restored.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

EN14

Strategies, current actions, and future plans for managing impacts on biodiversity.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

EN15

Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Emissions, Effluents, and Waste

EN16

Total direct and indirect greenhouse gas emissions by weight.

See Kaba Sustainability Report 2013/2014, page 12

EN17

Other relevant indirect greenhouse gas emissions by weight.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

EN18

Initiatives to reduce greenhouse gas emissions and reductions achieved.

Partial Information:

See Kaba Sustainability Report 2013/2014, page 4, page 13

EN19

Emissions of ozone-depleting substances by weight.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

EN20

NO, SO, and other significant air emissions by type and weight.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

EN21

Total water discharge by quality and destination.

See Kaba Sustainability Report 2013/2014, page 15

EN22

Total weight of waste by type and disposal method.

See Kaba Sustainability Report 2013/2014, page 15

EN23

Total number and volume of significant spills.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

EN24

Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

EN25

Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Products and Services

EN26

Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.

Partial information:

See Kaba Sustainability Report 2013/14, page 3

ADS Americas: Keycard return programs to reduce plastic waste and keycard manufacturing processes using recycled materials are in place.

ADS EMEA/AP: Initiatives include: Use of revolving doors to reduce loss of energy in entrance situations, Energy harvesting developments for Digital Components to eliminate use of batteries, Battery lifetime optimization by sleep mode optimization and battery management, Appliance solutions to eliminate on-Top IT Server infrastructure, water based painting to reduce impact of environment pollution in manufacturing, fan free solutions for PC based terminals to eliminate noise pollution.

Key Systems: A Waste Minimalization Plan has been adopted in the Americas and commits management to provide for an annual budget for related activities such as employee training, equipment purchase, process improvements, testing and regulatory compliance. Puck machine used to reduce dross from furnaces, all skeletons, milling chips and setup scrap are returned to the furnace for repro-

cessing, regrinding skeletons from injection mold process, evaporative recovery for nickel baths.. Waste minimization is an important part of the yearly management review. Furthermore, light red, Smarty keys and Ultralite products are part of the product portfolio.

EN27

Percentage of products sold and their packaging materials that are reclaimed by category.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Compliance

EN28

Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.

There were no significant monetary fines as well as non-monetary sanctions for noncompliance with environmental laws and regulations in FY 2013/2014.

Transport

EN29

Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Overall

EN30

Total environmental protection expenditures and investments by type.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Labor Practices and Decent Work Performance Indicators

Employment

LA1

Total workforce by employment type, employment contract, and region.

Partial Information:

See Kaba Sustainability Report 2013/2014, page 10

Workforce by employment contract (headcount): Indefinite/permanent/at will (4'077), fixed term/temporary (1222).

LA2

Total number and rate of employee turnover by age group, gender, and region.

Partial information:

See Kaba Sustainability Report 2013/2014, page 10

LA3

Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Labor/Management Relations

LA4

Percentage of employees covered by collective bargaining agreements.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

LA5

Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Occupational Health and Safety

LA6

Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

LA7

Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.

Partial information:

	2013/2014	2012/2013
Injuries	147	134
on premises	87	77
off-premises	60	57
Fatalities	-	-
Lost work days resulting from injuries	751	1'117

See Kaba Sustainability Report 2013/2014, page 8-9 (“Employee Assistance and Health Management, “Health and Safety at work” program)

LA8

Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

LA9

Health and safety topics covered in formal agreements with trade unions. Aspect: Training and Education

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Training and Education

LA10

Average hours of training per year per employee by employee category.

Partial information on LA10:

See Kaba Sustainability Report 2013/2014, page 9

The “My 1st day @ Kaba” Program is an e-learning tool for new hires, new employees as the result of an acquisition and existing employees for cross-divisional assignments. It gives participants an introduction into the Kaba world, including topics such as strategy, organization and structure, Code of Conduct and other directives, divisions and products as well as an overview of the employees specific location and related handbooks and guidelines.

LA11

Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

Partial Information on LA11:

See Kaba Sustainability Report 2013/2014, pages 8 to 9 (Advanced Management Program; Talent Development Program). In Switzerland Kaba organizes workshops for employees approaching their career endings. The workshops are meant to help employees when preparing for life after work.

LA12

Percentage of employees receiving regular performance and career development reviews.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Diversity and Equal Opportunity

LA13

Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

See Kaba Sustainability Report 2013/2014, pages 6 to 7 („Mutual Enrichement”).

See Kaba Sustainability Report 2013/2014, page 10 to 11

For more details of the Board of Directors, see

<http://www.kaba.com/en/investor-relations/corporate-governance/107852/board-of-directors.html> or Corporate Governance Report 2013/2014 p. 69-72

Of the 9 members of the Board of Directors, one (11.1%) is female.

Age groups:

Age Group	Number of Members
<30	
30-50	
>50	9

LA14

Ratio of basic salary of men to women by employee category.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Human Rights Performance Indicators

Investment and Procurement Practices

HR1

Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

HR2

Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

Partial Information on HR2:

See Kaba Sustainability Report 2013/2014, pages 4 to 5

HR3

Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

Partial Information on HR3:

New hires, new employees as the result of an acquisition and 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.

Non-discrimination

HR4

Total number of incidents of discrimination and actions taken.

No cases

Freedom of Association and Collective Bargaining

HR5

Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Child Labor

HR6

Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Forced and Compulsory Labor

HR7

Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Security Practices

HR8

Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Indigenous Rights

HR9

Total number of incidents of violations involving rights of indigenous people and actions taken.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Society Performance Indicators

Community

SO1

Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Corruption

SO2

Percentage and total number of business units analyzed for risks related to corruption.

Partial Information:

For the second half of 2014, an internal compliance audit is planned and will be executed.

SO3

Percentage of employees trained in organization's anti-corruption policies and procedures.

All employees are trained and informed in this topic during Code of Conduct training. Each employee signs that he has received and understood the Code of Conduct either as part of employment package when joining Kaba or when the Code of Conduct was introduced in 2008. In 2012/2013 the Code of Conduct was updated, a chapter covering "Conflict of interest" was added and it was internally re-launched.

SO4

Actions taken in response to incidents of corruption.

No cases.

Public Policy

SO5

Public policy positions and participation in public policy development and lobbying.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

SO6

Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

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Anti-Competitive Behavior

SO7

Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Compliance

SO8

Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.

No cases.

Product Responsibility Performance Indicators

Customer Health and Safety

PR1

Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

Partial information:

We comply with all local, regional and global requirements in all life cycles of product development.

ADS divisions: These can be for instance UL product certification in the United States, VDS in Germany, the European Restriction of Hazardous Substances Directive (RoHS) and WEEE (Waste and Electrical and Electronic Equipment Directive, FCC; CSA in Canada and CE. ADS is ISO 9001 certified.

Key Systems: Mainly in place for materials used (lead in brass and nickel silver) and key cutting machines (CE and RoHS standard). Internal standards specify material lead content ranges. CSA conducts periodical audits of certified key cutting machines.

PR2

Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Product and Service Labeling

PR3

Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

ADS divisions: All products are labeled according to local, regional and global standards where appropriate. Labels include information regarding safe use of products, disposal of products and substances used in the product that might produce environmental impact, and applicable agency certifications. Also it can include the CE marking, ISO 9001:2008, Material Safety Data Sheet.

Key Systems: Material Safety Data Sheets are available for brass and nickel silver. Otherwise, no labeling for keys, only for key cutting machines.

PR4

Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

PR5

Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

There are no group-wide customer surveys, as the covered business segments are rather divers. That is why activities related to customer satisfaction are organized locally, through divisions and local companies. Examples:

Key Systems

Americas:

Since 2005, a yearly customer survey is conducted. Topics include among others questions about the quality of Kaba Ilco products, customer service quality, delivery times and pricing. Especially high scores were received for the work of the customer services representatives and product quality. As an example of a result of these surveys, packaging lists have been adapted to better meet customer needs. In the near future, Kaba Ilco plans to broaden the reach beyond distributors to end-users directly and to further improve the website content and its social media presence and activities.

Kaba Ilco also reacts to customer requests regarding their needs for supplier analysis and fills out score cards which allow us as suppliers to self-assess their performance.

Additionally, direct feedback from customers is received during trade shows, road shows, associations meetings, training classes and contacts via the website and social media.

Europe/Asia:

A new Webtraining on new products as been introduced for distributors, which are asked for feedback at the end of the session. Data collected helps to improve products and daily practices, to monitor services and improve the relationships with international distributors. The FUTURA webinar was very well received and the format will be repeated. It is expected that direct contacts with customers will be increased with this new approach. Customers can also give feedback and information via websites, open houses and road shows as well as direct Email contact.

ADS Americas:

Surveys are administered periodically throughout the year and target random customers as well as end-users. Questions asked concern brand awareness, customer service, and quality. Specific surveys are conducted for vertical market segments and aim to get information useful for product development. In the reporting year, ADS Americas has focused on improving shipping dates, better customer information in case of shipping delays, and better timeliness of invoicing and customer service staffing hours.

Customers can also give feedback via interpersonal sales visits, trade and road shows, and social media channels.

ADS EMEA/AP:

In Italy, a customer survey has taken place successfully and an action plan to implement results is being developed. A large part of the customers is very interested in the success stories which are published in a dedicated magazine. Also, the presence in social networks will be further developed in the near future.

Annual review meetings (Top Partner Club, Salesmen Day, Marktzirkel) with resellers allow to evaluate customer satisfaction in Germany, based on their reviews with end customers. Service-orientation and service-quality will be points of focus for the coming period of time. In Switzerland there is a comparable program in place.

Customer surveys in the UK are part of a larger change programme and filter ideas for improvements. This Business Improvement Programme (BIP) allows for direct discussions with customers about smaller improvements and is a reliable vehicle for turning feedback and ideas into delivered projects. Social Media and E-communication are increasingly important in today's daily business and therefore online sales, digital and direct marketing, and CRM are further developed.

Marketing Communications

PR6

Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

PR7

Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Customer Privacy

PR8

Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

This indicator is not reported as the materiality test, conducted in accordance with the GRI Guidelines, determined it to be not particularly relevant to Kaba and its Stakeholders.

Compliance

PR9

Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.

No cases.

GRI Guideline Application in the Sustainability Report 2013/2014

Kaba's Sustainability Report 2013/2014 integrates elements of sustainability reporting based on the guidelines disseminated by the Global Reporting Initiative (GRI). These guidelines suggest that certain information be provided not only on the overall profile of the company and its report, but also on management approach and performance indicators regarding economic, environmental, human rights, labor, society, and product responsibility issues (see www.globalreporting.org).

There are different application levels companies can choose for GRI reporting. These range from C-Level with only some elements of GRI sustainability reporting included to A-Level where all indicators developed by GRI are reported on.

Report Application Level	C	C+	B	B+	A	A+
G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
G3 Management Approach Disclosures OUTPUT	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.	Report Externally Assured	Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.	Report Externally Assured	Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	Report Externally Assured

*Sector supplement in final version

GRI A-Level is the highest standard for sustainability reporting and challenging even for extended, dedicated sustainability reports. While this standard was not deemed practical for Kaba's integrated Annual Report, the GRI-G3.0 guidelines were applied at C-Level in order to be as ambitious as possible in this context. GRI has checked the application of their guidelines in the Kaba Sustainability Report 2013/2014, and has confirmed that the report qualifies as Application Level C under those guidelines.

IMPRINT

Published by: Kaba Holding AG, Rümlang

Consultant on sustainability: Sustainserv, Zurich and Boston