

UN Global Compact Communication on Progress (COP) FY 2014/2015

Human Rights Principles		
Principles	Disclosures	Source
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> Kaba has set its own high standards to govern its conduct, both internally and externally. With around 9,000 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 Code of Conduct, which was updated in 2012/2013. The Code of Conduct is a binding directive for all employees of Kaba Group and has to be complied with. Acting in alignment with the 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 handed to 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>
Principle 2: make sure that they are not complicit in human rights abuses	<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. An important risk of human rights abuses is brought into the equation via the suppliers. The overall aim is for all inputs to be made or extracted in line with the company's ethical and environmental standards, laid down in the Kaba Supplier Code of Conduct, launched in 2013/2014. 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. In future Kaba will carry out regular supplier audits and regular supplier visits to monitor compliance. By the end of the last fiscal year 351 suppliers signed up to the Code, which is around 67 % of the total. Though it wasn't possible to reach the target of all "A" suppliers by the end of the 2014/2015 financial year, Kaba is confident of achieving this soon. In 2015 Kaba has announced and closed the merger with Dorma Holding GmbH + Co. KGaA based in Ennepetal (Germany). The transaction will have impact on the future supply chain. 	<p>→ HR 2</p> <p>→ Supplier Code of Conduct</p> <p>→ SR 2014/2015, page 9</p>

Labor Principles			
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> • Kaba operates all over the world and employs around 9,000 people in more than 60 countries worldwide, covering 35 nationalities. The 16 key production sites represent 62% (5,642) of Group employees. The great majority 96 % (5,428) work on the basis of full-time contracts. • Collective bargaining agreements are managed in accordance with the respective local regulations and differ within the various Kaba Group divisions. 	<p>→ HR 5</p> <p>→ LA 4</p>	
Principle 4: the elimination of all forms of forced and compulsory labor	<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 financial year 2014/15 two cases of alleged breach of the Code of Conduct were reported and investigated. 	<p>→ HR 6, 7</p>	
Principle 5: the effective abolition of child labor			Principle 6: the elimination of discrimination in respect of employment and occupation
Principle 6: the elimination of discrimination in respect of employment and occupation	<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, nearly 40 % 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 44 % – high percentage of women working for Kaba. Of the 8 members of the Board of Directors, one (12.5%) 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 by Executive Committee members, managers and other employees, including supervisors and other members of management. All their actions and decisions 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, especially harassment, including sexual harassment 	<p>→ LA 13</p> <p>→ Code of Conduct</p> <p>→ SR 2014/2015, page 12 to 13</p> <p>→ LA 11</p> <p>→ SR 2014/2015, page 11</p>	

	<ul style="list-style-type: none"> In 2014/2015 no cases of discrimination have been registered, nor actions taken. 	<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 fuel usage play a crucial role in Kaba's operations. Many of the components used in its end-products are manufactured in-house, in addition to onsite production of commodities such as nickel silver. Further processing may also be required for other bought-in parts. This has significant impacts on the resulting energy demands of its manufacturing processes: Electricity and fuels account for over 90% of Kaba's total energy requirements. Compared to 2013/2014, the total energy consumption increased by nearly 6% to 112,000 MWh in 2014/2015. This was mainly attributed to a significant increase in brass key sales at the Rocky Mount site in the U.S. In addition, Kaba reintroduced in-house nickel silver production at this site, which was previously outsourced. While process efficiency improved, this increased production led to greater consumption of electricity and natural gas. However, at the same site, energy savings in the amount of approximately 1,200 MWh were achieved in 2014/2015. With regard to the 16 production sites covered by Kaba's Sustainability Report 2014/2015 more than 1,400 MWh were saved in 2014/2015 in terms of electricity and heating fuel thanks to energy savings measures, which were defined for a majority of the production sites and which were partly already implemented in FY 2014/2015. Electricity consumption at Kaba's production sites remains the largest source of greenhouse gas emissions, followed by heating and motor fuel consumption. Compared to 2013/2014, these emissions increased by almost 4% to around 46,000 metric tons of CO2 equivalents (tCO2e). As a result of business growth and changing production conditions in the U.S., there was no reduction of greenhouse gas emissions in absolute terms. However, the energy-saving measures implemented since 2014/2015 led to a reduction of CO2 emissions by approximately 700 tCO2e—nearly 2% of total emissions. The total annual savings potential of all energy savings measures is around 2,800 MWh (1200 tCO2e). This corresponds to about 2.5% of the current total energy consumption or greenhouse gas emission. There were no significant monetary fines as well as non-monetary sanctions for noncompliance with environmental laws and regulations in FY 2014/2015. 	<p>→ EN 3 → EN 4 → EN 16 → SR 2014/2015, page 12 → EN 18 → SR 2014/2015, page 14 to 15 → EN 28</p>
<p>Principle 8: undertake initiatives to promote greater environmental responsibility</p>	<ul style="list-style-type: none"> Energy reduction measures have been defined for a majority of the production sites. Several of these initiatives were undertaken during the last financial year. In 2014/2015, more than 1,400 MWh were saved in terms of electricity and heating fuel, and 700 tCO2e of greenhouse gas emissions were avoided. The following activities had the greatest impact on reducing electricity consumption as well as fuel requirements: <ul style="list-style-type: none"> - Reduction of hydraulic oil pumps in brass processing - Closure of leaks in the compressed air system - Switching to LED lighting - Optimization of heating and ventilation systems - Heat recovery (e.g., in compressors or ovens) The water consumption slightly declined in the year under review. 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 24 % of the resultant waste was recycled in 2014/2015. Here too Kaba aims to reduce the environmental impact further by way of company-wide improvement measures. 	<p>→ EN 5, 18 → SR 2014/2015, pages 5 to 7, 14 to 15 → EN 8, 21 → EN 22</p>

Principle 9: encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none">• Kaba proactively strives to mitigate impacts of products and services. All respective initiatives are carried out along product categories and/or organizational structure of Kaba Group. Along the product groups Electronic Access Control (EAC) products, Physical Access Systems (PAS), hospitality products, push button locks, and key blanks form part of an environmentally friendly technology development.	→ EN 6, 26 → SR 2014/2015, pages 5 to 7,
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SR = Kaba Sustainability Report 2014/2015. All GRI indicators mentioned refer to the Kaba Sustainability Report 2014/2015, GRI Index table. The Kaba Sustainability Report covers the period from 1 July 2014 to 30 June 2015, in line with the financial year 2014/2015.

Merger of Dorma and Kaba

In April 2015, the Kaba Group and Dorma Group, based in Ennepetal (Germany), have announced that they intend to merge their businesses. The responsible competition authorities have unconditionally approved the planned merger of Dorma and Kaba, and the merger was completed on 1 September 2015. As the period covered by the Kaba Group GRI Sustainability Report is 1 July 2014 to 30 June 2015, the Dorma sustainability activities are not covered in this reporting. The same applies to this Communication on Progress which also covers the period of 1 July 2014 to 30 June 2015. Together, dorma+kaba will be one of the top 3 global companies in the market for security and access solutions, with pro-forma sales of over CHF 2 billion, and around 16,000 employees. The dorma+kaba Group will continue to be committed to a sustainable development of its business.