

Rümlang/Switzerland, 18 November 2016

UN Global Compact – Communication on Progress (COP) FY 2015/2016

The merger of the Kaba Group and the Dorma Group, which was announced at the end of April 2015, was completed on 1 September 2015 with its entry in the relevant Commercial Register. During financial year 2015/2016 the existing organizational structure was transitioned in a systematic integration process to the target organization. This communication on progress (COP) is the first for the new dormakaba company. The former Kaba was a participant in the UN Global Compact in the past years and published COPs in 2014 and 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"> dormakaba has set its own high standards to govern its conduct, both internally and externally. With around 16,000 employees all over the world it is critical for the company to have clear and consistent shared values. dormakaba's brand promise is trust. The ambition, mission, values, strategy, Code of Conduct as well as a number of directives and guidelines form the foundation for honoring this promise both internally and externally. The dormakaba Group's Codes of Conduct contain standards and rules on bribery and corruption, equal employment opportunities, workplace harassment, conflicts of interest, antitrust and competition law and procedures for reporting misconduct; they also refer to the company's values. Acting in alignment with the local laws and regulations remains the unquestioned basis of dormakaba's day-to-day business. As of 1 July 2016, a consolidated dormakaba Code of Conduct was newly implemented and applies to the entire Group. The dormakaba Code of Conduct is fully supported by the Board of Directors and the Executive Committee and forms an integral part of the dormakaba management system. dormakaba's products are manufactured from many different raw materials, components and intermediate products, which the company buys on the global market. A potential risk of human rights abuses is brought into the equation via the suppliers. To deal with this risk, the former Kaba had a Supplier Code of Conduct in place, with which it ensured that its standards and values were propagated along the supply chain. The Supplier Code of Conduct covered human rights, fair labor conditions and child labor, occupational health and safety, environmental responsibility, business ethics, business continuity planning and procurement by supplier. At the former Dorma acceptance of the Dorma Code of Conduct was a prerequisite for all tenders and award decisions. The Code also governed issues such as human rights, child labor, equal opportunities and environmental protection. The Supplier Code of Conduct of the former Kaba is still in place and the dormakaba Code of Conduct is a prerequisite for all tenders and award decisions. At the same time, in the current financial year, a new Supplier Code of Conduct for dormakaba is being established. 	<p>→ Code of Conduct</p> <p>→ Supplier Code of Conduct</p> <p>→ SR 2015/2016, page 12</p>

<p>Principle 2: make sure that they are not complicit in human rights abuses</p>	<ul style="list-style-type: none"> The Codes of Conduct are available to all employees of the dormakaba Group in various languages and in electronic and printed form. When employees join the company they confirm in writing that they have received and taken note of the documents. Senior managers and the general managers of local companies are responsible for implementation and enforcement of the Code of Conduct and are trained in dealing with the Code. The Compliance Officer within the Legal Department monitors these processes and, alongside line managers, is one of the defined contacts for reporting infringements of the Code of Conduct. Over the next few months, the revised Code of Conduct will be made available in various languages to all dormakaba employees around the world. Training relating to both the Code of Conduct in general, and the individual topics will be rolled out gradually over the coming months. An e-Learning platform, which is currently in the planning phase, will support these efforts. During the last financial year, over 20 audits were conducted within the Group, none of which identified human rights violations. Also, there were no reports by the local Human Resource representatives to Group Compliance of human rights violations. By the end of the financial year 2014/2015 351 suppliers had signed up to the former Kaba's Supplier Code of Conduct, which was around 67% of the total. 	<p>→ Code of Conduct</p> <p>→ SR 2015/2016, page 12 → G4-HR9</p>
<p>Labor Principles</p>		
<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"> dormakaba respects the rights of all its employees in respect of freedom of association and collective bargaining. Collective bargaining agreements are managed in accordance with the respective local regulations and differ within the various dormakaba units. In financial year 2015/2016 approximately 47% of the employees included in the data sample (35 key production sites, representing 60% (9,691) of Group employees) of the dormakaba sustainability report were unionized or covered by collective bargaining agreements. 	<p>→ SR 2015/2016, page 17 → G4-11</p>
<p>Principle 4: the elimination of all forms of forced and compulsory labor</p>	<ul style="list-style-type: none"> dormakaba's values and its Codes of Conduct work together to exclude implicitly all forms of forced and compulsory labor as well as child labor. With regard to the minimum employment age, we follow the principles of the UN Global Compact and the conventions of the International Labor Organization (ILO). In accordance with the processes established by dormakaba, no notification was received in financial year 2015/2016 of any cases involving child labor or compulsory labor. 	<p>→ Code of Conduct</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"> The diversity of dormakaba's employees is an integral part of its corporate culture and an asset that is worth protecting. It is important to the company that its employees reflect the different markets that dormakaba operates in. Personal and professional talents and cultural diversity are therefore consciously linked. This is reflected, for example, by our Senior Management, which includes people from around 20 different countries. The Group-wide Code of Conduct defines the principles of collaboration, which are binding for all employees. It is the declared aim of dormakaba to avoid discrimination for reasons of age, gender, race or color of skin, nationality, social or ethnic origin, language, sexual orientation, marital status, religion, state of health or disability or any other legally protected status under local law. 	<p>→ Code of Conduct</p>

	<ul style="list-style-type: none"> dormakaba is active worldwide and represented by a global and culturally diverse workforce. As a technology-orientated company, dormakaba is proud to have a significant percentage (36%) of female employees in this scope of data. The age distribution shows that the majority of employees (56%) in this data sample are between 30 and 50 years old. dormakaba benefits from having an experienced workforce and therefore provides its employees with long-term professional growth opportunities. All potential complaints can be addressed with the supervisor, the supervisor's manager, a member of the Executive Committee, Segment HR, Group HR or the Compliance Officer, which investigate them promptly and discreetly. Employees will not suffer adverse consequences as a result of reporting in good faith any act of discrimination or harassment. The few cases reported in financial year 2015/2016 were investigated thoroughly and resolved satisfactorily. 	<p>→ SR 2015/2016, page 17 → G4-LA12</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 dormakaba's operations due to the processes involved. Many of the components used in its end-products are manufactured in-house, in addition to further processing of bought-in parts. Some of the commodities such as nickel silver are also produced on site, which adds to energy demand. The total energy consumption was 178,000 MWh in financial year 2015/2016. More than 90% of this consumption was attributed to electricity and fuels. In financial year 2015/2016, greenhouse gas emissions amounted to approximately 61,000 tons of CO2 equivalent (tCO2e). dormakaba's largest source of emissions is electricity consumption followed by heating and vehicle fuels. In addition to the implemented energy savings measures, the sourcing of green electricity contributed to the reduction of CO2 emissions. This resulted in total savings of 7,200 tCO2e (12% of total emissions) in financial year 2015/2016. Most of the water consumed by dormakaba's operations is drawn from municipal water supplies and is primarily used for cooling, processes (e.g. electroplating) and sanitation. Waste water is discharged in compliance with the local requirements and is treated by specialized third party companies where necessary. 	<p>→ SR 2015/2016, page 10-11 → G4-EN3</p> <p>→ SR 2015/2016, page 10-11 → G4-EN15-16</p> <p>→ SR 2015/2016, page 11 → G4-EN8/22</p>
<p>Principle 8: undertake initiatives to promote greater environmental responsibility</p>	<ul style="list-style-type: none"> Our energy saving initiatives on in the last financial year were implemented at various production sites and included adjustments to building technology (climate control and lighting), in addition to the optimization of production ("Lean Production"), and technical processes (air compressors and compressed-air supply). Roughly a third of our production sites have established environmental management systems which are mostly certified in accordance with the internationally-recognized ISO 14001 standard. The introduction of energy management systems (e.g. ISO 50001) is also increasingly gaining importance for dormakaba. In this context, efficiency measures are identified and implemented and the continuous improvement of environmental performance is addressed. Total quantifiable energy savings in the amount of 285 MWh were achieved in financial year 2015/2016. This was mainly attributed to lower electricity consumption which lead to a reduction of GHG emissions by 171 tCO2e. An inherent aspect of dormakaba's production processes is the generation of different wastes. For each waste type, a specific treatment method is applied. Approximately 78% of the waste stream is recycled, reused or recovered (including raw materials and energy recovery). Monetary and non-monetary fines for non-compliance with environmental laws and regulations: There were no such fines in financial year 2015/2016. 	<p>→ SR 2015/2016, page 10-11 → G4-EN6</p> <p>→ SR 2015/2016, page 11 → G4-EN23</p> <p>→ SR 2015/2016, page 28 → G4-EN29</p>

<p>Principle 9: encourage the development and diffusion of environmentally friendly technologies</p>	<ul style="list-style-type: none"> dormakaba proactively strives to mitigate impacts of its products, solutions and services: <ul style="list-style-type: none"> Product Cluster Electronic Access & Data: Special attention on durability and low energy consumption of the products Product Cluster Entrance Systems: Use of low-energy 24-volts motors and LED lights to reduce energy consumption. 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. Reduction of energy consumption of a building through good thermal insulation. Key blanks: Light red, Smart keys and Ultralite products are part of the product portfolio. 	<p>→ SR 2015/2016, pages 22 to 23</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"> dormakaba 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 dormakaba specific ethical standards with respect to corruption and bribery. Due to the relevance of corruption and bribery, a directive that governs these issues will be introduced in addition to the Code of Conduct in financial year 2016/2017. Further to minimum standards such as the four eyes principle, training sessions were held during the last financial year to sharpen employee awareness about corruption and bribery. 50 employees were sensitized as part of an introduction day, and other 20 during a special training session. In financial year 2015/2016 no legal actions have been taken, or required, for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. 	<p>→ Code of Conduct</p> <p>→ SR 2015/2016, page 29 →G4-SO4</p> <p>→ SR 2015/2016, page 29 →G4-SO7</p>

SR = dormakaba Sustainability Report 2015/2016. All GRI indicators mentioned refer to the dormakaba Sustainability Report 2015/2016, GRI Index table. The dormakaba Sustainability Report covers the period from 1 July 2015 to 30 June 2016, in line with the financial year 2015/2016.