

# Modern Slavery Statement 2019 / 2020

**Classification: Public**

5 October 2021

## 1. INTRODUCTION

This joint statement is made pursuant to the *Modern Slavery Act 2018* (Cth) (**Act**). Dorma Door Controls Pty Ltd (ACN 005 869 447) (**Dorma Door Controls**) and dormakaba Australia Pty Ltd (ACN 067 969 466) (**dormakaba Australia**) are Reporting Entities as defined by the Act.

The purpose of this statement is to outline the steps taken by Dorma Door Controls and dormakaba Australia in the 2019 / 2020 financial year (the relevant reporting period) to minimise the risk that modern slavery is occurring in its supply chains or any part of its businesses.

Dorma Door Controls and dormakaba Australia acknowledge the importance of the Act and appreciate the Act's valuable contribution to eradicating modern slavery. Dorma Door Controls and dormakaba Australia also acknowledge their responsibility for respecting human rights in their operations and supply chains as outlined in the United Nations Guiding Principles on Business and Human Rights (**UNGP**). Dorma Door Controls and dormakaba Australia are fully committed to adhering to the policies of the dormakaba Group that cover human rights, modern slavery and business ethics.

## 2. STRUCTURE, OPERATIONS & SUPPLY CHAIN

### Structure

dormakaba Holding AG (**dormakaba Group**) is a global security group headquartered in Rümlang, Switzerland. The dormakaba Group employs approximately 15,000 people in over 50 countries and is publicly traded on the SIX Swiss Exchange.

Dorma Door Controls is part of and wholly owned by the dormakaba Group. Dorma Door Controls has four related entities that operate in each Australian State and Territory. The controlled entities have approximately 600 employees. dormakaba Australia is one of the entities owned and controlled by Dorma Door Controls. Dorma Door Controls' and dormakaba Australia's head office is located in Hallam, Victoria.

For the avoidance of doubt, references to the dormakaba Group in this Statement are relevant to Dorma Door Controls and dormakaba Australia as they are both members of the broader dormakaba Group.

### Operations

The dormakaba Group makes access in life smart and secure. The dormakaba Group is a leader in the global access solutions market. With our comprehensive portfolio and strong brands, the dormakaba Group offers its customers products, solutions and services for anything related to access to buildings and rooms from a single source.

The dormakaba Group is divided into five global segments. Dorma Door Controls operates in two of these segments, specifically Access Solutions APAC (Asia-Pacific) (through dormakaba Australia) and Key & Wall Solutions (globally focused). The Access Solutions segment includes all hardware and software components and products for access solutions as well as relevant services. This portfolio ranges from door technology solutions, automatic door systems to fittings, closers, stoppers and locking systems. The range also includes access systems, locks, glass fittings and the services for these applications. In Australia, the Key & Wall Solutions segment specialises in partitioning systems with two product groups: Acoustic Movable Partitions (both vertical and horizontal) and Glass Horizontal Sliding

Walls.

Dorma Doors Controls' operations includes the provision of goods and services within the Access Solutions and Key & Wall Solutions segments. Specifically, the entities controlled by Dorma Door Controls (including dormakaba Australia) research, develop, manufacture, purchase, warehouse, market, sell and distribute goods (such as doors, automatic door operators, door handles, door seals, and the like) for the purposes of fulfilling its business objectives within the Access Solutions and Key & Wall Solutions business units. Further, companies controlled by Dorma Door Controls provide services such as the quoting, installation and maintenance of products within its Access Solutions and Key & Wall Solutions segments. Companies controlled by Dorma Door Controls directly employ persons for the purposes of delivering these goods and services as well as engaging independent contractors from time to time. Independent contractors are engaged for reasons such as providing services to customers.

#### Supply chain

The supply chains for companies controlled by Dorma Door Controls (such as dormakaba Australia) include both internal and external suppliers. The dormakaba Group has its own manufacturing facilities across all continents with a significant footprint in Asia, Europe and America. Internal suppliers, and their supply chain, are bound by dormakaba Group policies and procedures outlined below. External suppliers provide the dormakaba Group with a variety of finished goods and components used in assembly and manufacturing processes. Finished goods include items such as electric latches, electronic sensors and door hardware items. Components used in assembly and manufacturing processes include extruded aluminium, stainless steel tube, motors and electronic controllers. The extended supply chains of companies controlled by Dorma Door Controls therefore include parts used to repair and service automatic doors, such as door sensors; parts used to assemble automatic door operators (such as extruded aluminium and motors/gearboxes); and items distributed to wholesale distributor companies such as door closers, hinges and other door hardware. Supply chains of companies controlled by Dorma Door Controls also include services that contribute indirectly to its operations, such as the cleaning and security companies that service office locations across Australia. Separately, companies controlled by Dorma Door Controls engage independent contractors who provide services such as the quoting, installation and maintenance of products within its Access Solutions and Key & Wall Solutions segments.

### **3. RISKS OF MODERN SLAVERY PRACTICES**

The dormakaba Group controls many of the relevant processes and policies for the purposes of assessing and addressing modern slavery risks. Consequently, the dormakaba Group has identified some of the risks that exist within the operation and supply chains of the Group as a whole. Through the development of the dormakaba Group's Statement of Commitment on Human Rights in 2019, the Group noted that migrant workers were known to be a particularly vulnerable group, for example with respect to forced labour in today's value chains.

As per the dormakaba Statement of Commitment on Human Rights, the dormakaba Group is also committed to assessing and addressing the risks associated with modern slavery such as child labour, and the risks that arise from outsourced labour services.

### **4. ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS**

The dormakaba Group has undertaken a number of proactive actions to assess and address the risks of modern slavery in its operations and supply chains. Actions taken to assess modern slavery risks include the commissioning of research which assesses key risk factors with concurrent dormakaba Group data. These actions also include the implementation of various policies and procedures which must be adhered to by employees, executive management and suppliers.

We outline these key endeavours below.

#### Direct migrant workers

As noted above, the dormakaba Group identified migrant workers as a particularly vulnerable group of people. Consequently, the Group carried out a survey to gain a better understanding of migrant workers' risks and vulnerability, which examined:

- where we employ migrant workers;
- what type of work are they doing;
- which countries do they come from; and
- whether agencies were used in the recruitment process.

The results of this survey were then compared to a country-based migrant workers risk index.

The survey found that more than 600 foreign workers were employed by companies within the dormakaba Group in 12 countries that were categorised as high or extreme risk for migrant workers by the index. In nine of these countries, migrants were employed for low-skilled jobs in production. This worker profile is considered more vulnerable to exploitation than office workers. The countries of origin of the foreign workers were also examined. In only three countries – Malaysia, Russia and Taiwan – where third-party recruitment agencies used, which was another indicator of potential risk.

This risk assessment showed low risk for the dormakaba Group's operations in Australia. Importantly, all migrant workers employed in Australia are paid the same rates as Australian citizens who perform the same work.

## Policies

### *dormakaba Code of Conduct*

The dormakaba Group's core values and principles are defined in the dormakaba [Code of Conduct](#). This Code of Conduct contains guidelines and requirements specifically relating to human rights, modern slavery / forced labour and compliance with all applicable laws and regulations in the following sections of the code:

- Section C1: Compliance with the law and internal regulations
- Section C2: Human rights
- Section C3: Trust, respect and tolerance
- Section C12: Supplier Code of Conduct.

### *dormakaba Statement of Commitment on Human Rights*

The dormakaba Group has outlined in its Statement of Commitment on Human Rights that it recognises its important role in respecting human rights, in accordance with the "Protect, Respect, Remedy" framework provided by the UNGP. The Statement of Commitment on Human Rights came into effect in August 2019. It specifies the dormakaba Group's commitment to supporting and respecting human rights, as outlined in the dormakaba Code of Conduct. The objective of the Statement of Commitment is to provide a common framework for the dormakaba Group's responsibility to respect human rights that is globally observed and underlies all its business activities and partnerships. It also introduced a more effective and proactive management approach on human rights for the Group.

The Statement of Commitment clarifies:

- the relevant international human rights frameworks that the dormakaba Group subscribes to;
- the dormakaba Group's salient human rights issues; and
- the dormakaba Group's human rights due diligence framework describing the appropriate policies and processes to implement its human rights commitment.

### *dormakaba Supplier Code of Conduct*

The dormakaba Group is committed to leveraging its purchasing power to the benefit of those partners and suppliers which align most closely to its values and sustainability objectives. The dormakaba Supplier Code of Conduct (**SCoC**) came into effect in the 2016 / 2017 financial year. It outlines the minimum requirements with regards to human rights, fair working conditions, environmental responsibility and business ethics. The SCoC includes three main sections of specific bearing to the topic of forced or compulsory labour – specifically, human rights, fair labour conditions and stipulations on the suppliers' own procurement practices. The latter relates to the expectation that suppliers

guarantee that their own suppliers adhere to the dormakaba SCoC.

The SCoC is integrated in the dormakaba Group's online procurement system. It is further included as part of new standard contracts for suppliers. In addition, the dormakaba Group has developed a user-friendly explanatory document of the SCoC which is used to raise awareness.

### Supplier assessments

The dormakaba Group applies a comprehensive self-assessment for all potential new suppliers as part of the supplier qualification process. This general self-assessment includes basic sustainability elements, such as management practices relating to social benefits, employee suggestion programs and environmental management systems.

Separately, the dormakaba Group has categorised its existing supply chain based on sustainability risk factors on a country-level, procurement spend and material content of the goods purchased. Based on this categorisation, suppliers are invited to participate in an off-site assessment covering 21 sustainability criteria across four themes (environment, labour and human rights, ethics and sustainable procurement) conducted by a leading provider for monitoring sustainability in global supply chains called EcoVadis. In the 2019 / 2020 financial year, dormakaba Australia invited 15 Australian based suppliers to participate. Three of the 15 invited suppliers participated, and all three were rated as having moderate performance for labour and human rights (i.e. low risk).

To examine our suppliers' situation on-site, the dormakaba Group has also developed a standard audit questionnaire that contains topics related to quality system management. Among these, sustainability topics such as compliance with the dormakaba SCoC and labour, health and safety and environmental standards are checked. Auditors are asked to check documentation on-site related to:

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

In the 2019 / 2020 financial year, the dormakaba Group conducted on-site audits for 65 suppliers in China, Malaysia and India. Regarding sustainability criteria, the main gap identified was a lack of energy use reduction strategies rather than social responsibility topics such as eradication of forced labour.

### General risk assessments and commitments

As part of the dormakaba Group's process for defining its upcoming sustainability strategy, dormakaba sought a study-based impact assessment of sustainability in its value chain. This analysis included dormakaba data from procurement, sales, production and human resources. This data was then overlaid with more than 50 risk indicators from social hotspot databases, the World Bank and the Organisation for Economic Co-operation and Development.

The impact assessment evaluated the potential impacts of forced labour within the dormakaba Group to be below average, with a balanced impact distribution along the value chain. Geographically, the general risk is seen as high in China, India, Taiwan and Hong Kong. However, the industry exposure along the value chain was rated as lower than the average risk.

In the 2019 / 2020 financial year the dormakaba Group shared a policy commitment to support and respect human rights publicly on its corporate website as well as on various local websites. Internally, the document was also shared with all members of the Executive Committee and made available on the Intranet, along with an eLearning video. The animated film takes the viewer through explanations of what saliency means and why the exemplary topics of occupational health and safety, customer safety and migrant workers issues were considered salient and prioritized for action by the Group.

## Training

To raise greater awareness about sustainability and human rights issues in the supply chain, including forced labour, two sustainability training modules were developed in the 2019 / 2020 financial year. One training module was developed to raise general sustainability awareness (sustainability context, sustainability at dormakaba and sustainability in procurement), and another module was specifically focused on the supplier sustainability assessments (sustainability procurement targets, risk categorization of suppliers and EcoVadis assessment process).

## **5. ASSESSMENT OF ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS**

The dormakaba Group has also taken steps to evaluate the effectiveness of some of its actions to assess and address modern slavery risks.

Firstly, the dormakaba Group has assessed the low participation rates of its suppliers who are voluntarily participating in auditing / assessment such as off-site auditing through EcoVadis. To address this concern, dormakaba developed a corrective action plan to address the sustainability performance of suppliers, which is being rolled out in the 2020 / 2021 financial year. At its core is the integration of a sustainable development clause in contracts for new suppliers and for existing suppliers in the course of contract renewals. The sustainable development clause establishes and describes the suppliers' obligation to participate in off-site assessments and / or on-site audits, and to commit to and implement an improvement plan if performance is below defined benchmarks. The dormakaba Group expects to see a significant improvement in participation rates upon implementing this action plan.

Separately, with respect to training, the dormakaba Group assesses the participation rates of employees who are completing training modules including their country of employment and work group. For example, with respect to the two sustainability training modules that were developed in the 2019 / 2020 financial year, over 400 employees had participated in the general sustainability training as at 30 June 2020, including 65% of the procurement team. In addition, 53% of the procurement team took part in the supplier assessment module. Of those giving feedback, 48% felt the training was extremely useful in preparing to face any objections from suppliers who refuse to participate in the sustainability assessments.

## **6. CONSULTATION WITH ENTITIES OWNED OR CONTROLLED**

When policies and procedures are being developed by entities related to Dorma Door Controls, others entities are consulted during the drafting process and when a policy is then introduced (including dormakaba Group policies) it is communicated to and discussed with the related entities. Training packages are also developed for some policies where completion is tracked using dormakaba Group systems and software.

## **7. OTHER RELEVANT INFORMATION**

In addition to the matters outlined above, during the 2019 / 2020 financial year the dormakaba Group also strengthened its sustainability governance by developing and bringing into force a Sustainability Charter, which clearly outlines the responsibilities and contributions expected from all levels of the business. For example, accountabilities are now also attributed at Board of Directors' level, with the Chairman being mandated to monitor and evaluate the implementation of the sustainability strategy and the sustainability risks and opportunities.

## **8. CONCLUSION**

As outlined above, the dormakaba Group is dedicated to continuous improvement which includes continuing to assess and address the risks of modern slavery within its business. The dormakaba Group has taken proactive steps to understand and benchmark its eradication of modern slavery within its business which will continue to support the organisation in its future ethical endeavours. The dormakaba Group is also dedicated to ensuring that the framework and policies created by the Group are appropriately communicated to and observed by the entities it controls.

The dormakaba Group is committed to building on this approach in the coming years in view of its

responsibilities as a good corporate citizen.

This Statement is made pursuant to section 14(1) of the Act and constitutes a mandatory joint modern slavery statement on behalf of Dorma Door Controls Pty Ltd and dormakaba Australia Pty Ltd for the reporting period of the 2019 / 2020 financial year. This Statement has been approved by the principal governing body of each of Dorma Door Controls Pty Ltd and dormakaba Australia Pty Ltd on 5 October 2021. This Statement is signed by Andy Jones as Director and Andrew Seen as Company Secretary of Dorma Door Controls Pty Ltd and dormakaba Australia Pty Ltd:



*Andy Jones*  
*Director, Dorma Door Controls Pty Ltd*  
*Director, dormakaba Australia Pty Ltd*  
Date: 5 October 2021



*Andrew Seen*  
*Company Secretary, Dorma Door Controls Pty Ltd*  
*Company Secretary, dormakaba Australia Pty Ltd*  
Date: 5 October 2021