

# ALLEGION (AUSTRALIA) PTY LTD

## Annual Modern Slavery Statement prepared for the Australian *Modern Slavery Act 2018 (Cth)*

### Introduction

Allegion believes businesses have a central role to play in respect for human rights, combating modern slavery and human trafficking. In staying true to one of our core values “*Do the right thing*” we prohibit and have zero tolerance for all forms of modern slavery, human trafficking and child exploitation throughout our global organization, operations and supply chains.

We are strongly committed to fair labour practices and the protection of workers against labour rights violations. Allegion will continue to maintain and improve processes while implementing systems and controls to ensure that our business and supply chains across the globe are free of such practices.

This statement constitutes our modern slavery statement made under the Australian *Modern Slavery Act 2018 (Cth)* for the fiscal year ended 31 December 2022. This statement is based on our earlier global *Anti-Slavery and Human Trafficking Statement* made pursuant to Section 54 of the UK Modern Slavery Act 2015 and the California Supply Chains Act of 2010 (SB 657). These Acts also require Allegion to disclose our efforts to combat modern slavery and human trafficking and detail the steps Allegion has taken to ensure such practices are not taking place in our business and supply chains.

### Our reporting entity

This annual modern slavery statement relates to **Allegion (Australia) Pty Ltd**, as the reporting entity. Our ACN is 077 898 161 and our registered head office is in Blackburn, Victoria 3130.

### Our organizational structure, operations, and supply chains

Allegion (Australia) Pty Ltd is an Australian based company with one wholly owned subsidiary, being API Services and Solutions Pty Ltd (A.C.N. 146 230 711) (“**API**”) Allegion (Australia) Pty Ltd Allegion (UK) Limited and Allegion Investments (UK) Limited are wholly owned subsidiaries, whether direct or indirect, of Allegion plc. Based on our consolidated approach

to addressing modern slavery in our global supply chain, we have referred to our business as “Allegion” in this statement.

Allegion (NYSE: ALLE) is a global pioneer in seamless access, with leading brands like CISA®, Interflex®, LCN®, Schlage®, SimonsVoss® and Von Duprin®. Focusing on security around the door and adjacent areas, Allegion secures people and assets with a range of solutions for homes, businesses, schools and institutions.

Allegion had \$3.3 billion of revenue in 2022, and its security products are sold around the world.

Our global headquarters is located in Dublin, Ireland. We have two operating segments, Allegion Americas and Allegion International. To learn more about our business, or to review our annual report, please visit [www.allegion.com](http://www.allegion.com).

## **Allegion’s industry and supply chain**

Allegion is in the security industry and while mechanical hardware is the foundation of our business, Allegion also provides digital, mobile and interconnected electronic solutions to global markets. Specializing in security around the door, Allegion manufactures electronic and mechanical locks, door closers, exit devices, steel doors and frames amongst other products, and creates practical safety solutions including biometrics, wireless connectivity and cloud technology.

With 30 manufacturing sites around the world and multiple distribution centres spread across five different continents, our Global Supply Management team is responsible for purchasing products and services from external partners used to manufacture products, deliver those products to our customers and run the day-to-day operations of our business.

Allegion’s supply chain includes suppliers in Americas, Europe, Middle East and Asia Pacific regions. Supplier activities involve the transformation of zinc, brass, steel and other materials into parts used to build Allegion products and include various manufacturing processes to create supplementary components and key electronic mechanisms.

Allegion’s supply chain structure supports the complexities of global supply and manages associated risks, including compliance with regulatory directives and monitoring suppliers’ performance and financial stability. The supply chain structure includes a strategic sourcing team of commodity managers responsible for managing purchased components. Commodity managers create and execute commodity playbooks, select suppliers, manage supplier relationships and performance, and lead commercial activities (agreements, pricing, payment terms, etc.).

## **Allegion's modern slavery risks in our operations and supply chains**

Allegion understands that modern slavery risks manifest domestically and internationally. Allegion annually uses the Global Slavery Index (GSI) and the U.S. Department of State Trafficking In Persons Report (TIP) to identify geographical high-risk areas where direct spend suppliers are located.

We also assess our modern slavery risks based on features of our industry and geographies in which our supply chain is based.

**Sector and industry risks:** we understand that the security electronics industry, coupled with the manufacturing of electronics and related components have been identified by the Australian Government and NGOs as an industry posing higher risks of modern slavery, including the associated extraction of raw materials and minerals.

**Geographic risks:** we acknowledge that in certain regions around the globe a higher risk of modern slavery exists, for instance in regions with emerging economies, poor governance, weak rule of law, conflict, migration flows and socio-economic factors like poverty.

In our assessment, the sourcing of minerals and raw materials used in our products from certain geographic regions is an area of our supply chain that has been identified with higher risks of armed conflict and modern slavery.

**Product and services risks:** we have identified that the following categories of electronic and other products that we manufacture or contract to manufacture may contain conflict minerals that are necessary to the functionality or production of such products:

- Locks, keys & levers – mechanical locks, master key systems, mechanical levers and handles, padlocks;
- Portable & out of home – portable and action sports locks and security, action sports lights;
- Electronic access & monitoring – electronic and connected locks, access management cards, keypads, credentials, readers, software, services;
- Doors, exits, openers, closers & accessories – doors, exit devices, door openers, latches, other door accessories;
- Other door hardware – weather stripping, threshold solutions, hinger, lites, louvers; and
- Accessibility & wellness – safety and comfort solutions, bath hardware, accessibility aids, quiet solutions.

## **Allegion’s actions taken to assess and address modern slavery risks, including due diligence and remediation processes**

Allegion has a consolidated global approach in embedding systems to address modern slavery risks.

### **Organizational policies**

Our commitment to ethical behaviour and compliance can be found throughout our policies and our **Allegion Code of Conduct**. We believe that the fundamental values set forth in these policies and our Code of Conduct should serve as our global minimum business standard. For example, Allegion has policies and procedures in place to ensure the procurement of goods and services is conducted in an honest, competitive, fair and transparent manner that delivers the best combination of quality, value and risk from our suppliers in support of Allegion’s global enterprise goals.

To ensure our policies and guidelines reflect industry best practices, Allegion is a member of Gartner Legal & Compliance, a global research and advisory firm providing information and guidance for the continued development of compliance and ethics related programs. We also actively participate in CTPAT (Customs Trade Partnership against Terrorism) and the AEO (Authorized Economic Operator) programs to help facilitate best supply chain security standards. Further, Allegion is a voting member of the Social Responsibility Alliance and participate on the Slavery & Trafficking Risk Template (STRT) Development Committee, the organization that maintains the standardized STRT used globally by companies in their supply chain transparency programs.

As defined in our **Allegion Code of Conduct for Business Partners**, Allegion also expects that our business partners, including our suppliers, vendors, consultants and contractors adopt and enforce standards similar to those defined in our policies which are included as links below. Enforcement of our Codes and policies is supported by our due diligence and verification programs described below.

#### **Allegion Code of Conduct and Corporate Governance Documents:**

<https://www.allegion.com/corp/en/about/corporate-governance.html>

#### **Allegion Code of Conduct for Business Partners:**

<https://www.allegion.com/suppliers>

#### **Corporate Social Responsibility and ESG:**

<https://www.allegion.com/corp/en/about/ESG.html>

#### **Allegion Conflict Minerals Policy:**

<https://www.allegion.com/corp/en/about/ESG/environmental/conflict-minerals.html>

#### **Global Human Rights Policy:**

<https://www.allegion.com/corp/en/about/ESG/governance/corporate-governance.html#human-rights>

## Verification and Due Diligence

- Verification and Risk Assessment:

Allegion has partnered with a third-party provider, Assent, to assist with the identification and risk mitigation of modern slavery and human trafficking practices throughout our global supply chain. Allegion uses the Global Slavery Index (GSI) and the U.S. Department of State Trafficking In Persons Report (TIP) to identify geographical high-risk areas where direct spend suppliers are located. After establishing the supplier subset, an email campaign is launched to request the suppliers complete a self-assessment. The self-assessment evaluates the risk of slavery and human trafficking using an industry standard survey, the Slavery & Trafficking Risk Template (STRT) available at [www.sraglobal.org](http://www.sraglobal.org). In 2022, we campaigned on the updated version 3.1 of the STRT. The revisions to the updated STRT were designed to assess commodity specific risks and allow flexibility to select between focusing on modern slavery and/or child labour topics, along with identifying specific locations relevant to human rights concerns.

Our approach enables us to assess the strength of the supplier's risk mitigation activities in relation to their risk exposure based on geographical location, industry, use of labour brokers and workforce characteristics, and it serves as the initial assessment of potential risk within our supply chain. Engagement of the suppliers in completing the risk assessment process and providing supporting documentation enables us to raise supplier awareness, foster constructive dialogue and engage their support in helping us maintain our commitment to combat and mitigate slavery and trafficking risk in the supply chain. Following our previous modern slavery statement, Allegion has continued to expand our survey range and repeat supplier assessments to monitor for status change.

- Internal Accountability:

Allegion's Code of Conduct reinforces our commitment to following the law in all places where we do business and it applies to all of our officers, employees and directors. Our Code guides our business relationships with customers and suppliers and it also emphasizes what's expected of Allegion by shareholders, government regulators and the communities we serve.

All Allegion employees must embrace our Code. Violation of the Code of Conduct may result in discipline, up to and including, termination and/or reporting of the misconduct to the relevant government authorities.

- Supplier accountability:

Allegion is committed to working with our suppliers to both mitigate and address any identified risk. As part of our terms and conditions of purchase, we require all suppliers to comply with applicable local law and regulations.

Additionally, our terms and conditions state that our suppliers will not utilize child, slave, prisoner or any other form of forced or involuntary labor or engage in abusive employment or corrupt business practices.

Our terms and conditions also require all suppliers to follow our Business Partner Code of Conduct, the violation of which may result in termination of the supplier relationship and/or reporting of the misconduct to the relevant authorities.

- Reporting Mechanism:

Allegion has an established **Helpline** to help ensure concerns regarding lawful and ethical behaviour are reported and to maintain compliance with Allegion's Code of Conduct and ethical sourcing policies & guidelines.

This confidential, non-retaliatory resource is available for any internal and external stakeholder to inform Allegion of concerns or report findings of non-compliance by sending an e-mail or by using our third-party hotline.

Reports can be made anonymously and will be kept confidential to the extent practicable and allowed by law.

Email: [EthicsandCompliance@allegion.com](mailto:EthicsandCompliance@allegion.com)

Phone: 1.800.763.983 (Australia)

800 461 9330 (United States and Canada)

### **Capacity building/training**

Training on modern slavery and anti-human trafficking and related regulations is available through our third-party provider, Assent. With this training platform, both internal personnel and suppliers can build their capacity to identify and respond to slavery and human trafficking risks. Annually, we review internal personnel with responsibility for supplier relationships in order to assign training and ensure awareness of relevant human rights concerns.

In addition to training, continuing education webinars for our supply chain team are provided through Assent to help us better understand identification of, and risk mitigation of, any violations.

### **Remediation**

If modern slavery is found to have occurred in our operations or supply chains, Allegion will, where appropriate, adopt a remedial approach to prevent further incidents and seek legal support in due course for the victim's safety concern.

Allegion may also exercise remediation in suspected cases of modern slavery including in the absence of a criminal conviction, or formal court finding.

Where feasible, we will work with suppliers to identify how modern slavery has occurred and to implement measures to prevent future incidents.

We may also elect to end engagements with suppliers who refuse to co-operate or comply with our relevant policies.

## **How Allegion assesses the effectiveness of our actions in addressing modern slavery risks**

The risk related to human trafficking and modern-day slavery is escalated as part of our commodity management risk process. The Allegion supplier risk management process is designed to improve the performance levels of our suppliers and reduce or eliminate risk to plant operations. The measured risks include financial, economic, legal, regulatory, geopolitical, availability, geographical and contract. A sourcing council manages the supply risk process and risk mitigation plans.

To assess the effectiveness of our actions, we engage in data analysis to identify areas for risk mitigation including policy improvement, cascading policies, recruiter screening, and education.

## **Consultation with any entities the reporting entity owns or controls**

This annual modern slavery statement relates to Allegion (Australia) Pty Ltd, as the reporting entity. API, being its wholly owned subsidiary is bound by all the same risk assessments and risk control measures as detailed above and the same international policy approach to modern slavery. While API has a separate board to Allegion (Australia) Pty Ltd, the boards of both entities are bound to follow the same modern slavery approach.

## Approval of this Statement

### MODERN SLAVERY ACT 2018 (CTH) – STATEMENT ANNEXURE

#### Principal Governing Body Approval

This modern slavery statement was approved by the *principal governing body* of Allegion (Australia) Pty Ltd, as defined by the *Modern Slavery Act 2018 (Cth)* (“the Act”) on June 30, 2023.

#### Signature of Responsible Member

This modern slavery statement is signed by a *responsible member* of Allegion (Australia) Pty Ltd, as defined by the Act:



Director: Sergio Zappone

30 JUNE 2023

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## **Mandatory criteria**

Please indicate the page number/s of your statement that addresses each of the mandatory criteria in section 16 of the Act:

<b>Mandatory criteria</b>	<b>Page number/s</b>
a) Identify the reporting entity.	1
b) Describe the reporting entity's structure, operations and supply chains.	1 and 2
c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	2 and 3
d) Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	3 – 7 incl
e) Describe how the reporting entity assesses the effectiveness of these actions.	7
f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).*	7
g) Any other information that the reporting entity, or the entity giving the statement, considers relevant.**	8