

# 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 first annual modern slavery statement made under the *Modern Slavery Act 2018 (Cth)* for the fiscal year ended 31 December 2020. This statement is based on our earlier global *Anti-Slavery and Human Trafficking Statement* made for 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 3004.

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

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.

Globally, Allegion had \$2.7 billion of revenue in 2020 and its security products are sold around the world.

Our global headquarters is located in Dublin, Ireland.

As of January 1, 2021, we have two operating segments, Allegion Americas and Allegion International (note: On January 1, 2021, we combined the EMEA and Asia-Pacific operating segments to form the newly created Allegion International segment). 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 among 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. 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.

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.

In response to the US *Uyghur Human Rights Policy Act of 2020*, we reviewed our supply base and did not identify any suppliers based in the Xinjiang region of China. However, during our supplier campaign process, our third-party compliance partner, Assent Compliance, identified potential indirect links. We are researching those suppliers to determine necessary next steps and will focus on additional evaluation during our next supplier campaigns.

## **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 standards. 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 C-TPAT (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.

#### **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/csr>

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

## Verification and Due Diligence

- Verification and Risk Assessment:

Allegion has partnered with a third-party provider, Assent Compliance, to assist with the identification and risk mitigation of any modern slavery and human trafficking practices throughout our global supply chain. 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. Our suppliers are surveyed and assessed for risk of slavery and human trafficking using an industry standard open-source template, the Slavery & Trafficking Risk Template (STRT) available at [www.sraglobal.org](http://www.sraglobal.org). In 2020, we campaigned on version 2.1 of the STRT.

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 labor 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.

The COVID-19 pandemic has resulted in widespread disruptions in business continuity around the world and has included quarantines, business closures and supply chain disruptions, straining both our suppliers and our internal bandwidth.

- 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 get to know 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.

- Grievance Mechanism:

Allegion has an established **Helpline** to help ensure concerns regarding lawful and ethical behavior 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: United States and Canada: 800 461 9330

For all other countries, please visit: <https://www.allegion.com/suppliers> and select the **Business Partner Code of Conduct**, which is available in 11 languages.

### **Capacity building/training**

Training on slavery and human trafficking and related regulations is provided through our third-party provider Assent University. In 2020, we continue to request supply chain personnel to complete HTS1001: Introduction to Human Trafficking & Related Regulations, which is a course offered through Assent University. With this training platform, stakeholders build their capacity to identify and respond to slavery and human trafficking risks. Due to staff turnover, retirements or internal transfers, additional efforts to maintain continual training throughout the year are essential to help ensure new hires understand these important regulations.

In addition to the training, continuing education conferences and webinars for our supply chain risk management team are made available through Assent Compliance to help us better understand identification of, and risk mitigation of, these violations.

## 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. We are working to integrate suppliers to our Australia facilities into the anti-human trafficking risk assessment process thru Assent Compliance.

## 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. This reporting entity doesn't own or control other entities.

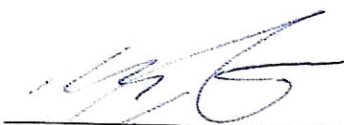
## Approval of this Statement

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 July 28th, 2021.

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



Director: Sergio Zappone



Director: Matthew John Kerfoot

July 28th, 2021