

Environmental, Social and Governance (ESG)

Our eight values are at the very heart of Allegion and the way we run our business. These values are an important guide for our ESG efforts and approach.



Allegion has mobilized a cross-functional ESG Council to support our ongoing commitment to environmental, social and corporate governance matters

What is ESG?

Environmental

How Allegion performs as a steward of nature



Climate change
Energy efficiency
Waste & hazardous materials
Sourcing
Water management

Social

How Allegion manages relationships with employees, suppliers, customers and the communities where we operate



Health & safety
Human capital
Equity, inclusion & diversity
Community engagement
Supply chain management

Governance

How Allegion is governed, our policies and processes



Corporate governance
Ethics & compliance
Enterprise risk management
Anti-corruption

Examples of ESG factors



Environmental

- Good environmental practices
- Transparency
- Energy efficiency
- Eco-friendly and energy performance technologies
- Carbon footprint
- Compliance with legal requirements
- Sustainable materials in supply chain
- Habitat protection and improvement
- Strategies to reduce risk and cost

Progress at Allegion

8% YoY reduction in **water usage**⁺¹ (2020)



2% YoY reduction in **greenhouse gas emissions**⁺² (2020)



4% YoY reduction in **waste to landfill**⁺³ (2020)



¹ Data is normalized to hours worked. To the extent actual hours worked are not available for any full-time employee, an average of 40 hours per week is used.
² Actual data is collected for manufacturing facilities, and certain warehouses, globally. For all other facilities, data is based on certain estimates as indicated below. From April 1 through December 31, 2020, a 50% reduction was applied to the below estimates for water usage and waste to landfill in office type locations to take into account the remote work environment during the COVID-19 pandemic.
³ Assumes an average of 15 gallons (or 57 liters) of water used per employee per work day.
⁴ Assumes an average of 2000 BTU of gas usage and 0.6 kWh of electricity usage per square footage per month for warehouse locations and 2700 BTU of gas usage and 1.5 kWh of electricity usage per square footage per month for office type locations.
⁵ Assumes an average of 40 lbs (18 kilograms) of non-hazardous waste per employee per month.



Social

- Safety and security at work
- Improved health and occupational health
- Human capital
- Organizational structure, leadership and compensation
- Community service, involvement and development
- Stakeholder identification and engagement
- Human rights, labor practices, consumer issues and protection
- Employee benefits, hiring and retention
- Equity, inclusion and diversity

Progress at Allegion

In 2020, Allegion was 88% below the reported **U.S. industry average for incident rates**^{*^}



~ **\$2 million**
2020 charitable impact

Progressed our **equity, inclusion and diversity** framework and 4 key priorities for 2021



Material improvement on **employee engagement** for the **5th year** (2016-2020)⁴

^{*} Based on the latest available (2019) U.S. average for our general industry (NAICS 332), as reported by the U.S. Bureau of Labor Statistics, compared to Allegion's 2020 results.
[^] Measured by our global engagement census, conducted by Gallup, and with 90%+ employee participation.



Governance

- Transparency and ethics
- Good business practices
- Procurement practices
- Enterprise risk management
- Board and senior leadership diversity
- Board independence
- Ethics and compliance
- Privacy
- ESG reporting

Progress at Allegion



Cross-functional **ESG Council** formed in 2020

44% **Board of Directors** diversity⁵



200 languages supported on the **Allegion Ethics Helpline**⁶

⁵ Across gender, racial and ethnic diversity, current as of October 2021.
⁶ Accessible to all employees and any external party, including shareholders, suppliers, customers and the general public.