



RELATED PERSON TRANSACTION POLICY

Updated and adopted on: February 6, 2020

The Code of Conduct of Allegion plc (the “**Company**”) provides that all employees and directors must disclose all potential conflicts of interest and promptly take actions to eliminate a conflict when the Company so requests. The rules of the Securities and Exchange Commission (“**SEC**”) further require disclosure of certain transactions between the Company or any of its subsidiaries and one or more Related Persons (as defined below), and disclosure of the Company’s policies and procedures for review of such transactions.

Purpose

The Board of Directors of the Company has adopted this written policy (the “**Policy**”) in order to establish a procedure for the review and approval or ratification of any Related Person Transactions (as defined below).

Definitions

- “**Related Person**” means:
 - 1) any person who is, or was at any time since the beginning of the Company’s last fiscal year, an Executive Officer, director, or director nominee of the Company;
 - 2) any person who, at the time of the occurrence or existence of the transaction at issue, is the beneficial owner of more than 5% of any class of the Company’s voting securities (a “**5% Shareholder**”); or
 - 3) any person who is, or was, at any time since the beginning of the Company’s last fiscal year, an Immediate Family Member of any individual covered by 1) or 2) above.
- “**Executive Officer**” means any individual who has been appointed an officer of the Company for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”).
- “**Immediate Family Member**” of any person means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of such person, or any other person (other than a tenant or an employee) sharing the household of such person.
- “**Related Person Transaction**” means any transaction, arrangement or relationship (or series of similar transactions, arrangements or relationships) that would be required to be disclosed pursuant to Item 404(a) of Regulation S-K under the Securities Act of 1933, as amended (the “**Securities Act**”), in which the Company, or any of its subsidiaries or affiliates was, is, or will be a participant, the amount involved exceeds \$120,000 and in which any Related Person had, has, or will have a direct or indirect material interest, other than an employment relationship or transaction involving an Executive Officer and any related compensation. A “**transaction**” includes, but is not limited to, any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangement or relationships.

Policy

All Related Person Transactions, and any material amendments or modifications to a Related Person Transaction, are prohibited unless approved or ratified by the disinterested members of the Corporate Governance and Nominating Committee (the “**Committee**”) in accordance with this Policy. A Related Person Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, as long as the transaction is brought to the Committee as promptly as reasonably practicable after it is entered into. Every Related Party Transaction to which the Company or any of its subsidiaries or affiliates is a party shall be deemed to include as a condition that it be approved in accordance with this Policy. Notwithstanding the foregoing, any employment relationship or transaction involving an Executive Officer and any related compensation must be approved by the Compensation Committee of the Board or recommended by the Compensation Committee to the Board for its approval.

Upon disclosure of a Related Person Transaction to management at any time by a director (including director nominee) or Executive Officer, management shall prepare a summary of such Related Person Transaction for approval or ratification at the next scheduled meeting of the Committee. In connection with the review and approval or ratification of a Related Person Transaction, management must disclose to the Committee:

- the material terms of the Related Person Transaction, including the approximate dollar value of the amount involved in the transaction, the Related Person’s relationship to the Company and interest in the transaction;
- the identity of the other parties to the transaction;
- the material facts of the transaction;
- the benefits to the Company and to the Related Person;
- whether the value and the terms of the transaction are substantially similar as compared to those of similar transactions previously entered into by the Company with non-Related Persons, if any
- the impact on a director’s independence (for both service on the Board or any of its committees) in the event the Related Person is a director or director nominee and, if applicable, the availability of other sources of comparable products or services;
- whether the Related Person Transaction will be required to be disclosed in the Company’s applicable filings under the Securities Act or Exchange Act, and related rules; and
- any other matters that management or the Committee, as applicable, deem appropriate.

In approving or ratifying a transaction, the Committee shall consider all of the relevant facts and circumstances and shall approve only those transactions that are in, or not inconsistent with, the best interests of the Company.

If the transaction involves a Related Person who is a director or an Immediate Family Member of a director, such director may not participate in the deliberation or vote respecting such approval or ratification.

In the event that Company management determines that it is impractical or undesirable to wait until a Committee meeting to consummate a transaction with a Related Person, the Chair of the Committee may review and approve the transaction in accordance with the criteria set forth herein and shall report any such approval to the Committee at its next meeting.

No approval or ratification of a transaction under this policy shall be deemed to supersede the requirements of the Company's Code of Conduct as applied to any Related Person.

Review

The Committee shall review this Policy from time to time and recommend changes to the Board as appropriate.