

Allegion Canada Inc.

Canada Minimum Advertised Price Policy

Effective: February 4th, 2019

Allegion Canada Inc. (“Allegion”) has determined that certain advertising practices undermine Allegion’s trade reputation, brands, and premium image within the target consumer population and discourage Allegion Resellers (as hereinafter defined) from investing in the Allegion product lines and providing the best possible service and support to consumers. Accordingly, to protect the integrity of the Allegion brands, Allegion has adopted this unilateral Minimum Advertised Price Policy (“MAP Policy”), which applies to all distributors, wholesalers, retailers, and other resellers who are recognized as Authorized Sellers, Authorized Resellers or Authorized Retailers by Allegion (collectively, “Resellers”) of Allegion products in Canada.

The MAP Policy applies to all products listed on the Allegion MAP Schedule (“Covered Products”). Allegion is solely responsible for establishing the minimum advertised price (“MAP”) for each Covered Product and will communicate the MAP for each Covered Product to all Resellers through the Allegion MAP Schedule.

This MAP Policy is not intended as, nor is it to be construed as, an attempt by Allegion to set advertised or resale prices or an agreement between Allegion and any Reseller or other party. In addition, Allegion will not accept any assurances of compliance with the MAP Policy from any Reseller. Each Reseller must independently choose whether to comply with the terms of this MAP Policy. This MAP Policy is not negotiable and will not be altered for any individual Reseller. This MAP policy is strictly limited to advertised prices and does not affect the prices that Reseller may charge for Covered Products.

Guidelines

Although all Resellers are free to advertise and sell all Allegion products at any price they deem appropriate, it is a violation of the MAP Policy for a Reseller to advertise any Covered Product at a price lower than the MAP. Such advertisements include, but are not limited to:

- I. Offering coupons, discounts, reseller rebates, credits, or other inducements that, when applied, result in a net advertised price lower than the MAP, including through use of a storewide sale, promotional code, or other similar provision that can be applied to Covered Products.
- II. Bundling Covered Products with other products or services (whether made by or provided by Allegion or another entity) in a manner that implies below-MAP pricing for the bundled Covered Product.
- III. Strikeouts or strikethroughs of pricing information, “see price in cart,” or other statements that suggest that a lower price for a Covered Product may be found at the final online checkout stage.

Direct or indirect attempts to circumvent this MAP Policy also violate this MAP Policy; however, it is not a violation to advertise that a customer may “call for price,” “text for price,” or “email for price” as long as no price is listed and no automated call, text message, or “bounce-back” email is used in response. Additionally, offering free shipping, 0% holiday tax promotion, or free financing is not a violation of this MAP Policy.

For purposes of this MAP Policy, the terms “advertise” and “advertisement” include all promotional or pricing information displayed via any type of media, including, but not limited to, newspapers, catalogs, magazines, flyers, brochures, television, radio ads, billboards, signage (except signs displayed within a brick-and-mortar selling location), websites, blogs, social media, affiliate marketing networks/comparison shopping engines, Reseller-initiated text messages or emails to customers or prospective customers, mobile/smart phone applications, banner ads, online product ads, paid search ads, pay-per-click ads, display ads, mobile ads, product listing ads, sponsored links, ads in any other media in a digital format that is communicated or conveyed via the Internet, and any other marketing or promotional materials, whether displayed online or through broadcast or other media.

Notwithstanding the foregoing, pricing information displayed at the final online checkout stage of a transaction is not considered “advertising” under this MAP Policy. The “final online checkout stage” is the stage when the Covered Product is put into a shopping cart that contains the customer’s name, shipping address, email address, and payment information. Pricing information in the “shopping cart” or “checkout” stages must be obscured technically so that it is not retrievable by shopping and pricing engines, and not displayed on search page results within the Reseller’s own website.

From time to time, Allegion may announce MAP holidays or other authorized promotions that are applicable to all Resellers, during which periods a Reseller that advertises a Covered Product in accordance with the terms of the authorized promotion will not be deemed to have violated the MAP Policy. Allegion will notify all Resellers of any such authorized promotions through direct communication or through the Allegion MAP Schedule.

Enforcement

Allegion will take the following actions against any Reseller that fails to comply with this MAP Policy with respect to the advertisement of any Covered Product:

First Offense: Reseller will receive notice of the violation.

Second Offense (within the preceding 12 months): Reseller will be placed on a DO NOT SHIP list for Covered Products for a period of thirty (30) days.

Third Offense (within the preceding 12 months): Reseller will be placed on a DO NOT SHIP list for all Allegion Products for a period of thirty (30) days.

Fourth Offense (within the preceding 12 months): Reseller will be terminated by Allegion or placed on a DO NOT SHIP list.

Although Allegion is not directing any Reseller to require that its customers comply with the MAP Policy, a violation of the MAP Policy by any such third party will constitute a violation by the Reseller.

General terms

1. The MAP Policy will be enforced by Allegion in its sole discretion and without notice. Resellers have no right to enforce the MAP Policy.
2. No Allegion employee, vendor, supplier, or sales representative is authorized to, nor shall they, modify, interpret, or grant exceptions to this MAP Policy; solicit or obtain the agreement of any person to this MAP Policy; or otherwise discuss any aspect of this MAP Policy with any Reseller, including that Reseller's or any other Reseller's compliance with the terms of the MAP Policy.
3. Any questions concerning the MAP Policy must be submitted in writing and directed to Allegion Canada Inc.'s Administrator at online.seller@allegion.com.
4. Allegion reserves the right to unilaterally modify, change, suspend, terminate, reinstate, or update the MAP Policy at any time with advance notice in its sole discretion. Allegion shall make any such modifications available to all Resellers.

Allegion Canada Inc. Map Schedule (“Covered Products”)

- The MAP for all Schlage® Commercial Products, LCN®, Von Duprin®, Glynn Johnson® Isonas® and Zero® products offered by Allegion Canada Inc. for resale in Canada shall be 50% off the list price identified in the most current price book issued by Allegion Canada Inc. for use in Canada.
- The MAP for all Schlage Residential products (except as stated below) and Falcon® products offered by Allegion Canada Inc. for resale in Canada shall be 55% off the list price identified in the most current price book issued by Allegion Canada Inc. for use in Canada.
 - Exception: The MAP for all Schlage Encode products offered by Allegion Canada Inc. for resale in Canada shall be 36% off the list price identified in the most current price book issued by Allegion Canada Inc. for use in Canada.