

Minutes of the Annual General Meeting in **ASSA
ABLOY AB** held on 26 April 2018 in Stockholm

§ 1

The Meeting was opened by Lars Renström, Chairman of the Board, who welcomed the shareholders.

§ 2

The Meeting resolved, in accordance with the Nomination Committee's proposal, to elect Lars Renström as Chairman of the Meeting.

It was noted that lawyer Mikael Ekdahl was assigned to keep the minutes at the Meeting.

The Meeting resolved that certain persons present who were not shareholders were entitled to attend the Meeting as guests.

§ 3

The Meeting resolved to adopt the list of registered shareholders, adjusted with respect to those shareholders who had registered but did not attend the Meeting, as the voting register for the Meeting in accordance with Appendix 1.

§ 4

The Meeting resolved to adopt the proposed agenda which had been included in the notice of the Meeting.

§ 5

The Meeting resolved to appoint Carl Saxon (Tredje AP-fonden) and Yvonne Sörberg (Handelsbanken fonder) to approve the minutes of the Meeting together with the Chairman.

§ 6

The Chairman concluded that the notice of the Meeting had been in accordance with applicable law and the Articles of Association.

The Meeting resolved to declare the Meeting duly convened.

§ 7

The President and CEO Nico Delvaux held a speech regarding the financial year 2017.

§ 8

The Chairman concluded that following documents were presented:

the annual report, the auditor's report, the consolidated financial statements and the auditor's report on the consolidated financial statements for the financial year 2017, the auditor's statement regarding whether the guidelines for remuneration to senior management adopted at the previous Annual General Meeting have been complied with, and the Board's and the CEO's proposal and motivated statement regarding the dividend.

The authorised auditor Bo Karlsson described the work with the audit and the content of the auditor's report and the auditor's report on the consolidated financial statements.

The Chairman and Nico Delvaux hereafter answered questions from a number of shareholders.

§ 9

The Meeting resolved:

- (a) to adopt the income statement and balance sheet and the consolidated income statement and consolidated balance sheet for the financial year 2017
- (b) to in accordance with the proposal of the Board and the CEO to appropriate the profits at the disposal of the Meeting as follows:
- | | |
|----------------------------------|------------|
| a dividend of SEK 3.30 per share | |
| be declared to the shareholders | 3,666 MSEK |
| and to be carried forward | 9,139 MSEK |
- to establish 30 April 2018 as record day for the dividend
- (c) to discharge the Board members and the CEO from liability for the financial year 2017.

It was noted that those Board members and the CEO who own shares in the company did not participate in the resolution under item (c) in respect of their own part.

§ 10

The Meeting resolved, in accordance with the Nomination Committee's proposal, that the number of Board members elected by the Meeting should be eight without deputy members.

§ 11

The Meeting resolved, in accordance with the Nomination Committee's proposals:

- (a) that fees to Board members appointed by the Meeting should amount to a total of SEK 6,780,000 (remuneration for committee work not included) to be distributed among the Board members as follows: SEK 2,100,000 to the Chairman of the Board, SEK 900,000 to the Vice Chairman of the Board and SEK 630,000 to each of the other Board members appointed by the Meeting. As remuneration for committee work, the Chairman of the Audit Committee is to receive SEK 275,000, the Chairman of the Remuneration Committee SEK 150,000, members of the Audit Committee (the Chairman excluded) SEK 200,000 each, and members of the Remuneration Committee (the Chairman excluded) SEK 75,000 each,
- (b) that the auditors fees shall be paid according to contract.

§ 12

- (a) The Chairman informed about the Nomination Committee's proposal of Board members. Lena Olving presented herself to the Meeting.

It was noted that the Meeting was informed about the proposed Board members and their positions held in other companies.

The Meeting re-elected, in accordance with the Nomination Committee's proposal, Lars Renström, Carl Douglas, Ulf Ewaldsson, Eva Karlsson, Birgitta Klasén, Sofia Schörling Högberg and Jan Svensson as Board members, and elected Lena Olving as new member of the Board. The Meeting re-elected, in accordance with the Nomination Committee's proposal, Lars Renström as Chairman of the Board and Carl Douglas as Vice Chairman of the Board.

It was noted that the labour organisations had appointed Mats Persson and Rune Hjälms as Board members and Bjarne Johansson and Nadja Vikström as deputy employee representatives.

- (b) The Chairman informed about the Nomination Committee's proposal of auditor.

The Meeting re-elected, in accordance with Nomination Committee's proposal, the audit company PricewaterhouseCoopers AB as auditor until the end of the Annual General Meeting 2019.

The Chairman informed that PricewaterhouseCoopers AB had notified the company that the authorised auditor Bo Karlsson will continue to be the auditor in charge.

§ 13

The Chairman informed about the Nomination Committee's proposal regarding instructions for appointment of Nomination Committee and the Nomination Committee's assignment.

The Meeting resolved, in accordance with the Nomination Committee's proposal, to adopt the instructions for appointment of Nomination Committee and the Nomination Committee's assignment in accordance with Appendix 2.

§ 14

The Chairman concluded that the proposal by the Board for guidelines for remuneration to senior management had been available for the shareholders before the Meeting.

The Meeting resolved, in accordance with the Board's proposal, to approve the guidelines for remuneration to senior management in accordance with Appendix 3.

§ 15

The Chairman concluded that the proposal by the Board for authorization to repurchase and transfer Series B shares in the company had been available for the shareholders before the Meeting.

The Meeting resolved, in accordance with the proposal by the Board, to authorize the Board to repurchase and transfer Series B shares in the company, in accordance with Appendix 4.

It was noted that the resolution was supported by more than two-thirds of both represented votes and shares present at the Meeting.

§ 16

The Chairman concluded that the proposal by the Board for a long-term incentive program had been available for the shareholders before the Meeting.

The Meeting resolved, in accordance with the proposal by the Board, on implementation of a long-term incentive program in accordance with Appendix 5.

§ 17

On behalf of the shareholders, the Chairman expressed gratitude towards both Johan Molin for his valuable contribution during his twelve years as President and CEO as well as Board member, and Eva Lindqvist for her valuable contribution as Board member for ten years. The speech was followed by a long applause from the present shareholders. Thereafter, the Chairman declared the Meeting closed.

At the Minutes:

Mikael Ekdahl

Approved:

Lars Renström

Carl Saxon

Yvonne Sörberg

The Nomination Committee's proposal for decisions, motivated statement and information on proposed members of the Board of Directors

The Nomination Committee prior to the 2018 Annual General Meeting comprises Chairman Carl Douglas (Investment AB Latour), Mikael Ekdahl (Melker Schörling AB), Liselott Ledin (Alecta), Marianne Nilsson (Swedbank Robur fonder) and Anders Oscarsson (AMF and AMF fonder). The five owner-representatives represent approximately 45 per cent of the votes of all shares in ASSA ABLOY AB. The Nomination Committee proposes the 2018 Annual General Meeting resolves as follows.

Items 10-12 – Determination of the number of members of the Board of Directors, determination of fees to the Board of Directors and the Auditor as well as election of the Board of Directors, Chairman of the Board of Directors, Vice Chairman of the Board of Directors and the Auditor

- The number of members of the Board of Directors shall be eight.
- Fees to the Board of Directors shall amount to a total of SEK 6,780,000 (remuneration for committee work not included) to be distributed among the members of the Board of Directors as follows; SEK 2,100,000 to the Chairman, SEK 900,000 to the Vice Chairman and SEK 630,000 to each of the other members of the Board of Directors elected by the Annual General Meeting. As remuneration for the committee work, the Chairman of the Audit Committee is to receive SEK 275,000, the Chairman of the Remuneration Committee SEK 150,000, members of the Audit Committee (the Chairman excluded) SEK 200,000 each, and members of the Remuneration Committee (the Chairman excluded) SEK 75,000 each.
- Fees to the Auditor according to contract.
- Re-election of Lars Renström, Carl Douglas, Ulf Ewaldsson, Eva Karlsson, Birgitta Klasén, Sofia Schörling Högberg and Jan Svensson as members of the Board of Directors.
- Election of Lena Olving as new member of the Board of Directors.
- Re-election of Lars Renström as Chairman of the Board of Directors and Carl Douglas as Vice Chairman.
- Re-election of the registered audit firm PriceWaterhouseCoopers AB, in accordance with the Audit Committee's recommendation, as Auditor for the time period until the end of the 2019 Annual General Meeting. PriceWaterhouseCoopers AB has notified that, provided that the Nomination Committee's proposal is adopted by the Annual General Meeting, authorized public accountant Bo Karlsson will remain appointed as auditor in charge.

Motivated statement regarding the proposal of the Nomination Committee for the Board of Directors

Prior to the 2018 Annual General Meeting the Nomination Committee has held three meetings. As foundation for its proposal for the composition of the Board of Directors, the Nomination Committee has taken part of the full results of the evaluation of the Board of Directors and its work. The Nomination Committee has thoroughly discussed the requirements for qualification, experience and background that can be imposed on the Board of Directors of ASSA ABLOY AB, considering, among other things, the strategic development of the company, governance and control. Issues of independence have been highlighted, as well as the requirement of versatility and breadth of the Board of Directors and the issue of gender equality. In preparing its proposal for the composition of the Board of Directors, the Nomination Committee has applied the company's diversity policy, as constituted by Rule 4.1 of the Swedish Corporate Governance Code.

The Nomination Committee makes the assessment that the proposed Board of Directors with respect to the company's operations, phase of development and other circumstances would have an appropriate composition. As replacement for Eva Lindqvist and Johan Molin, who both have declined re-election, the Nomination Committee proposes new election of Lena Olving. Lena Olving is President and CEO of Mycronic AB since 2013 and has many years of experience from various management positions within SAAB AB and Volvo Car Corporation, as well as CEO of Samhall Högland AB. She is also a board member of Investment AB Latour and Munters Group AB. The Nomination Committee makes the assessment that Lena Olving with her experience and qualifications would be a valuable asset to the Board of Directors of ASSA ABLOY AB. At the proposed composition of the Board of Directors, the proportion of women amount to 50 per cent, which is above the recommended level of 40 per cent which the Swedish Corporate Governance Board has stated as the level of ambition for all Swedish listed companies by the year of 2020.

Information on all the members proposed for the Board of Directors of ASSA ABLOY AB

For presentation of the proposed members of the Board of Directors, please see [Appendix 1](#).

The proposed Board of Directors independence

Name	Independent of the company and its management	Independent of the company's major shareholders
Lars Renström	Yes	Yes
Carl Douglas	Yes	No
Ulf Ewaldsson	Yes	Yes
Eva Karlsson	Yes	Yes
Birgitta Klasén	Yes	Yes
Lena Olving	Yes	No
Sofia Schörling Högberg	Yes	No
Jan Svensson	Yes	No

The proposed Board of Directors of ASSA ABLOY AB fulfils the requirements of independence in accordance with the Swedish Corporate Governance Code.

Item 13 – Resolution regarding instructions for appointment of Nomination Committee and the Nomination Committee's assignment

The Nomination Committee proposes that the following instructions for appointment of Nomination Committee and the Nomination Committee's assignment are resolved by the Annual General Meeting.

The Nomination Committee shall be composed of representatives of the five largest shareholders in terms of voting rights registered in the shareholders' register maintained

by Euroclear Sweden AB as of August 31 the year before the Annual General Meeting¹. The Chairman of the Board shall convene the Nomination Committee to its first meeting and shall also be co-opted to the Nomination Committee. Should a shareholder decline to participate in the Nomination Committee, a representative from the largest shareholder in turn shall be appointed. The composition of the Nomination Committee for the Annual General Meeting shall be publicly announced no later than six months prior to each Annual General Meeting.

In the event one or more shareholders who appointed members of the Nomination Committee, earlier than three months prior to the Annual General Meeting, no longer are among the five largest shareholders in terms of voting rights, the members appointed by such shareholders shall resign and the shareholder or shareholders who has become one of the five largest shareholders in terms of voting rights shall be entitled to appoint their representatives. If there are only marginal changes in the number of votes held or if the change occurs later than three months prior to the Annual General Meeting, no changes shall be made in the composition of the Nomination Committee unless there are special circumstances. If a member resigns from the Nomination Committee before the work is completed and the Nomination Committee finds it suitable, a substitute shall be appointed. Such a substitute shall be appointed from the same shareholder or, if that shareholder no longer is among the largest shareholders in terms of voting rights, from the largest shareholder next in turn. A change in the composition of the Nomination Committee shall immediately be publicly announced.

The term of office for the Nomination Committee runs until the next composition of the Nomination Committee has been announced. No remuneration shall be paid out to the members of the Nomination Committee. Potential necessary expenses for the work of the Nomination Committee shall be paid by the company.

The Nomination Committee shall prepare proposals regarding the election of Chairman of the General Meeting, members of the Board of Directors, Chairman of the Board, Vice Chairman of the Board, Auditor, fees for the members of the Board including division between the Chairman, the Vice Chairman, and the other Board members, as well as fees for committee work, fees to the company's Auditor and changes of the instructions for the Nomination Committee.

This instruction shall apply until further notice.

March 2018
The Nomination Committee of
ASSA ABLOY AB (publ)

¹ The shareholding statistics to be used shall be sorted by voting power (grouped by owners) and include the 25 largest direct registered shareholders in Sweden, i.e. shareholders with an account with Euroclear Sweden AB in their own name or shareholders holding a custody account with a nominee that have reported the identity of the shareholder to Euroclear Sweden AB.

Appendix 1**Presentation of the proposed Board of Directors****Lars Renström**

Chairman.

Board member since 2008.

Born 1951.

Master of Science in Engineering and Master of Science in Business and Economics.

President and CEO of Alfa Laval AB 2004-2016. President and

CEO of Seco Tools AB 2000-2004. President and Head of Division of Atlas Copco Rock Drilling Tools 1997-2000. Previously a number of senior positions at ABB and Ericsson.

Other appointments: Chairman of Tetra Laval Group.

Shareholdings (including through companies and related natural parties): 30,000 Series B shares.

Carl Douglas

Vice Chairman.

Board member since 2004.

Born 1965.

BA (Bachelor of Arts) and D. Litt (h.c.) (Doctor of Letters).

Self-employed.

Other appointments: Vice Chairman of Securitas AB. Board member of Investment AB Latour.

Shareholdings (including through companies and related natural parties):

41,595,729 Series A shares and 63,900,000 Series B shares through Investment AB Latour.

Ulf Ewaldsson

Board member since 2016.

Born 1965.

Master of Science in Engineering and Business Management.

Advisor to President and CEO of Ericsson since 1 February, 2018. Senior Vice President and Head of Business Area Digital Services at Ericsson (April 2017-January

2018). Various managerial positions within the Ericsson Group since 1990,

including Chief Technology Officer, Head of Strategy and Head of Group Function

Strategy and Technology (September 2016-March 2017), Chief Technology Officer and

Head of Group Function Technology (2012-September 2016), and Head of Product Area

Radio within Business Unit Networks (2007-2012). Ulf has worked internationally for over

11 years (China, Japan and Eastern Europe).

Other appointments: Chairman of KTH Royal Institute of Technology. Member of the Royal Swedish Academy of Engineering Sciences (IVA).

Shareholdings (including through companies and related natural parties): -

Eva Karlsson

Board member since 2015.

Born 1966.

Master of Science in Engineering.

President and CEO of Armatec AB since 2014. CEO of SKF Sverige AB and Global

Manufacturing Manager 2011-2013, Director of Industrial Marketing & Product

Development Industrial Market AB SKF 2005-2010, various positions in the SKF Group mainly in Manufacturing Management.

Other appointments: Board member of Bräcke diakoni.

Shareholdings (including through companies and related natural parties): -

Birgitta Klasén

Board member since 2008.

Born 1949.

Master of Science in Engineering and degree in Business Economics.

Independent IT consultant (Senior IT Advisor). CIO and Head of Information

Management at EADS (European Aeronautics Defence and Space Company) 2004–2005.

CIO and Senior Vice President at Pharmacia 1996–2001 and previously CIO at Telia.

Various positions at IBM 1976–1994.

Other appointments: Board member of Avanza.

Shareholdings (including through companies and related natural parties):

21,000 Series B shares.

Lena Olving

Proposed member of the Board of Directors of ASSA ABLOY AB.

Born 1956.

Master of Science in Mechanical Engineering.

President and CEO of Mycronic AB since 2013. COO and Deputy CEO of SAAB AB (2008-

2013). Various positions within Volvo Car Corporation (1980-1991)(1995-2008) of which

five years as President of Volvo Cars Asia Pacific and seven years in the Executive

Management Team. CEO of Samhall Högländ AB (1991-1995).

Other appointments: Board member of Investment AB Latour, Munters Group AB, the

Association of Swedish Engineering Industries (Teknikföretagen) and the Swedish

Corporate Governance Board (Kollegiet för svensk bolagsstyrning). Member of the Royal

Swedish Academy of Engineering Sciences (IVA) and board member of IVA's Business

Executives Council (IVA:s Näringslivsråd).

Shareholdings (including through companies and related natural parties): -

Sofia Schörling Högberg

Board member since 2017.

Born 1978.

BSc (Bachelor of Science) in Business Administration.

Other appointments: Board member of Melker Schörling AB, Securitas AB and Hexagon AB.

Shareholdings (including through companies and related natural parties):

15,930,240 Series A shares and 21,654,104 Series B shares through Melker Schörling AB

as well as 463,800 Series B shares through Edeby-Ripsa Skogsförvaltning Aktiebolag.

Jan Svensson

Board member since 2012.

Born 1956.

Degree in Mechanical Engineering and Master of Science in Business and Economics.

President and CEO of Investment AB Latour since 2003. Previously CEO of AB Sigfrid

Stenberg 1986–2002.

Other appointments: Chairman of AB Fagerhult, Nederman Holding AB, Troax Group

AB and Tomra Systems ASA. Board member of Loomis AB, Oxeon AB, Alimak Group AB

and Investment AB Latour.

Shareholdings (including through companies and related natural parties): 6,000 Series B shares.

The Board of Directors' proposal of guidelines for remuneration to the senior management

The Board of Directors proposes that the Annual General Meeting adopts the following guidelines for the remuneration and other employment conditions of the President and CEO and other members of the ASSA ABLOY Executive Team (the Executive Team). Except for certain adjustments to the long-term incentive program for 2018, the proposed guidelines below do not involve any material change, compared with the guidelines adopted by the 2017 Annual General Meeting.

The basic principle is that the remuneration and other employment conditions should be in line with market conditions and be competitive. ASSA ABLOY takes into account both global remuneration practice and practice in the home country of each member of the Executive Team.

The total remuneration of the Executive Team should consist of base salary, variable components in the form of annual and long term variable remuneration, other benefits and pension.

The total expensed remuneration of the Executive Team, including previous commitments not yet due for payment is reported in the Annual Report 2017 in Note 33.

Fixed and variable remuneration

The base salary should be competitive and reflect responsibility and performance. The variable part consists of remuneration paid partly in cash, and partly in the form of shares.

The Executive Team should have the opportunity to receive variable cash remuneration based on the outcome in relation to financial targets and, when applicable, individual targets. This remuneration should be equivalent to a maximum of 75 per cent of the base salary (excluding social security costs).

In addition, the Executive Team should, within the framework of the Board of Directors' proposal for a long-term incentive program, in Item 16, be able to receive variable remuneration in the form of shares, based on the annual development of ASSA ABLOY's earnings per share in relation to target levels, as defined by the Board of Directors, during the measurement period 1 January 2018 – 31 December 2020, where each year during the measurement period is compared to the previous year. The outcome is calculated yearly, whereby one third of the maximum outcome is measured against the outcome for 2018, one third is measured against the outcome for 2019 and one third is measured against the outcome for 2020. The remuneration shall, if the share price is unchanged, be equivalent to a maximum of 90 per cent of the base salary (excluding social security costs).

The company's annual cost of variable remuneration for the Executive Team as above, assuming maximum outcome, can total around SEK 63 million (excluding social security costs and financing cost). This calculation is made on the basis of the current members of the Executive Team.

Other benefits and pension

Other benefits, such as company car, extra health insurance or occupational healthcare, should be payable to the extent this is considered to be in line with market conditions in the market concerned. All members of the Executive Team should be covered by defined contribution pension plans, for which pension premiums are based on the executive's base salary and paid by the company during the period of employment. In addition, the Swedish participants may be given the possibility to use the outcomes from the company's long-term incentive program for pension savings according to a pension obligation. The obligation will be secured by depositing a gross amount in an endowment insurance owned

by ASSA ABLOY. The pension amount must be invested in shares in ASSA ABLOY during the time the participant is employed by the Group.

Notice and severance pay

If the CEO is given notice, the company is liable to pay the equivalent of 24 months' base salary and other employment benefits. If one of the other members of the Executive Team is given notice, the company is liable to pay a maximum of six months' base salary and other employment benefits plus an additional twelve months' base salary.

Deviation from the guidelines

The Board of Directors shall have the right to deviate from the guidelines for remuneration to senior management adopted by the Annual General Meeting if there are particular reasons for doing so in an individual case.

Stockholm in February 2018
The Board of Directors
ASSA ABLOY AB (publ)

The Board of Directors' proposal for authorization to repurchase and transfer Series B shares in the company

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to pass a resolution, on one or more occasions for the period up until the next Annual General Meeting, on repurchasing Series B shares in the company in accordance with the following.

- The repurchase shall maximum comprise so many Series B shares that the company after each repurchase holds a maximum of 10 per cent of the total number of shares in the company.
- The repurchase of Series B shares shall take place on Nasdaq Stockholm.
- The repurchase of Series B shares on Nasdaq Stockholm may only occur at a price within the share price interval registered at that time, where share price interval means the difference between the highest buying price and the lowest selling price.
- Payment of the Series B shares shall be made in cash.

Furthermore, the Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to pass a resolution, on one or more occasions for the period up until the next Annual General Meeting, on transferring Series B shares in the company in accordance with the following.

- The maximum number of Series B shares to be transferred may not exceed the number of shares held by the company at the time of the Board of Directors resolution.
- Transfers of Series B shares shall take place:
 - (i) on Nasdaq Stockholm, or
 - (ii) in connection with acquisition of companies or businesses, on market terms.
- Transfers of Series B shares on Nasdaq Stockholm may only occur at a price within the share price interval registered at that time, where share price interval means the difference between the highest buying price and the lowest selling price.
- The authorization includes the right to resolve on deviation of the preferential rights of shareholders and that payment may be made in other forms than cash.

The purpose of the authorizations is to make possible the ability for the Board of Directors to continuously adapt the company's capital structure and thereby contribute to increased shareholder value, to be able to exploit attractive acquisition opportunities by fully or partly financing future acquisitions with the company's own shares, and to ensure the company's undertakings, including social security costs, in accordance with the Board of Directors' proposal for a long-term incentive program under Item 16.

The Board of Directors has presented a motivated statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act, the statement is available at the company and on the company's website www.assaabloy.com.

The proposal in this Item 15 requires an approval of shareholders representing at least two-thirds of both the shares and number of votes represented at the Annual General Meeting to be valid.

Stockholm in March 2018
The Board of Directors
ASSA ABLOY AB (publ)

The Board of Directors' proposal for long-term incentive program

Summary of the program

The Board of Directors proposes that the Annual General Meeting resolves to implement a new long-term incentive program for senior executives and key employees within the ASSA ABLOY Group (LTI 2018). LTI 2018 is based on similar principles as LTI 2010-LTI 2017, but with an extended measurement period of three years for the performance condition and the removal of matching shares.

LTI 2018 is proposed to include approximately 115 senior executives and key employees within the ASSA ABLOY Group, which entails an increase of 25 participants compared to previous years. The Board of Directors considers the broadening of the participant base to be motivated since the ASSA ABLOY Group has grown and the number of employees increased since 2010. In order to participate in LTI 2018 the participants will have to invest in Series B shares in ASSA ABLOY at market price. For every Series B share purchased within the scope of LTI 2018, the company will grant so called performance awards free of charge in accordance with the terms stipulated below.

The rationale for the proposal

The purpose of LTI 2018 is to strengthen the Group's ability to retain and recruit competent employees, provide competitive remuneration, and to align the interests of the shareholders with the interests of the employees concerned. Through a share based incentive program, the employees' remuneration is tied to the company's future earnings and value growth. In light of the above, the Board of Directors believes that the implementation of LTI 2018 will have a positive effect on the long term value growth of the Group and consequently that LTI 2018 is beneficial to both the shareholders and the company.

Personal investment

In order to participate in LTI 2018, the participants will have to invest in Series B shares in ASSA ABLOY at market price. The personal investment shall amount to an amount corresponding to minimum 5 per cent (all participants) and maximum 15 per cent (CEO and other senior executives) or 10 per cent (other participants), respectively, of the participant's base salary. If the participant has access to inside information and is therefore prevented from making the personal investment in connection with the application to participate in LTI 2018, the personal investment shall be made as soon as possible, but no later than the next Annual General Meeting.

For employees who have not participated in previous LTI programs, the participation in LTI 2018 is in addition subject to renunciation of customary salary review for the year 2018.

Participants in LTI 2018 and allocation

LTI 2018 is proposed to include approximately 115 senior executives and key employees within the ASSA ABLOY Group, divided in three categories.

For each Series B share the CEO of the Group purchases under LTI 2018, the company will grant six performance awards. For each Series B share that other senior executives (currently eight individuals) purchase under LTI 2018, each such individual will be awarded five performance awards. For each Series B share that other participants (approximately 106 individuals) purchase under LTI 2018, each such individual will be awarded four performance awards.

Performance condition

The number of performance awards that gives right to receive Series B shares in the company depends on the annual development of ASSA ABLOY's earnings per share¹ based on the target levels, as defined by the Board of Directors, during the measurement period 1 January 2018 – 31 December 2020, where each year during the measurement period is compared to the previous year. The outcome is calculated yearly, whereby one third of the performance awards is measured against the outcome for 2018, one third is measured against the outcome for 2019 and one third is measured against the outcome for 2020.

The outcome for each year is measured linearly. Unless the minimum level is achieved for the year, none of the relevant performance awards will give right to Series B shares, and if the maximum level is achieved each performance award linked to the relevant year will give right to one Series B share. The Board of Directors intends to present the fulfilment of the performance based condition in the Annual Report for the financial year 2020.

Other conditions

In addition to the above conditions, the following shall apply for the performance awards.

- The performance awards shall be granted free of charge after the 2018 Annual General Meeting.
- Each performance award entitles the holder to receive one Series B share free of charge three years after allotment of the award (vesting period), provided that the holder, with some exceptions, at the time of the release of the interim report for the first quarter 2021 still is employed by the ASSA ABLOY Group and has maintained the personal investment purchased under LTI 2018.
- To make the participants' interest equal with the shareholders' the company will compensate the participants for distributed dividend during the vesting period by increasing the number of Series B shares that each performance award gives right to after the vesting period.
- The performance awards are non-transferable and may not be pledged.
- The performance awards can be granted by the company or any other company within the Group.

The Swedish participants may be given the possibility to use the outcomes from LTI 2018 for pension savings according to a pension obligation. The obligation will be secured by depositing a gross amount in an endowment insurance owned by ASSA ABLOY. The pension amount must be invested in Series B shares in ASSA ABLOY during the time the participant is employed by the Group.

Preparation and administration

The Board of Directors shall be responsible for preparing the detailed terms and conditions of LTI 2018, in accordance with the mentioned terms and guidelines. To this end, the Board of Directors shall be entitled to make adjustments to meet foreign regulations or market conditions. The Board of Directors may also make other adjustments if significant changes in the ASSA ABLOY Group, or its operating environment, would result in a situation where the decided terms and conditions for LTI 2018 no longer are appropriate.

In the event that the Board of Directors considers that the delivery of shares under LTI 2018 cannot be achieved at reasonable cost, with reasonable administrative efforts or due to specific market conditions, participants may instead be offered a cash settlement.

Scope and cost of the program

LTI 2018 may, if the share price for the company's Series B share remains the same during the program's term, result in a maximum amount corresponding to 90 per cent (CEO), 75

¹ Earnings per share is defined as the company's earnings per share after tax and dilution, excluding items affecting comparability and currency effects.

per cent (other senior executives) or 40 per cent (other participants), respectively, of the participants annual base salary (excluding social security costs). Such outcome is subject to a maximum personal investment, meaning that the participant must purchase Series B shares in the company in an amount corresponding to 15 per cent (CEO and other senior executives) or 10 per cent (other participants), respectively, of the participants annual base salary, maintain the initially purchased shares and that the participant, with some exceptions, still is employed during the vesting period, and that the performance based condition has been fully achieved.

The total amount of shares, which corresponds to the participant's total maximum personal investment, and thus the total amount of performance awards being allotted, depends on the share price for the company's Series B share at the time of allotment of performance awards under LTI 2018. The total number of outstanding shares in the company amount to 1,112,576,334 shares.

Provided that the share price for the company's Series B share is traded at around SEK 185 at the time of allotment of performance awards under LTI 2018, LTI 2018 will, in accordance with the principles and assumptions set out above, comprise maximum 710,000 Series B shares in total, which corresponds to approximately 0.1 per cent of the total outstanding shares and votes in the company.

LTI 2018 should be expensed as personnel costs over the vesting period. Provided that the performance based condition is fully achieved, the cost for LTI 2018 before tax is, in accordance with the principles and assumptions set out above, estimated to approximately SEK 122 million, allocated over the vesting period. Estimated social security costs and financing cost are included in such amount.

The costs are expected to have marginal effect on key ratios of the ASSA ABLOY Group.

The Board of Directors deems that the positive effects on earnings that are expected to result from increased share ownership among senior management and persons in senior managerial positions, which may be further increased through LTI 2018, outweighs the costs related to LTI 2018.

Information on LTI 2015, LTI 2016 and LTI 2017 can be found in the Annual Report 2017, Note 33.

Delivery of shares under LTI 2018

To ensure the delivery of Series B shares under LTI 2018, the company intends to enter into an agreement with a third party, under which the third party shall, in its own name, buy and transfer Series B shares in the company to the participants in accordance with LTI 2018.

Preparation of the proposal

LTI 2018 has been initiated by the Board of Directors of ASSA ABLOY, and has been structured in consultation with external advisers based on an evaluation of previous incentive programs. The suggested adjustments to LTI 2018, compared to LTI 2010-LTI 2017, have taken into account the evaluation carried out and feedback from institutional investors. LTI 2018 has been prepared by the Remuneration Committee and reviewed at meetings of the Board of Directors.

Stockholm in March 2018
The Board of Directors
ASSA ABLOY AB (publ)