

# Press Release

March 30, 2015  
no 5/15

## **Annual General Meeting in ASSA ABLOY AB**

*The shareholders of ASSA ABLOY AB are hereby invited to attend the Annual General Meeting to be held on Thursday 7 May 2015 at 3.00 p.m., at Moderna Museet, Skeppsholmen, Stockholm.*

### **Notice of Attendance**

Shareholders who wish to attend the Annual General Meeting must:

- be recorded in the share register kept by Euroclear Sweden AB on Thursday 30 April 2015, and
- notify the company of their intent to attend no later than Thursday 30 April 2015. Notice of attendance can be given on the company's website [www.assaabloy.com](http://www.assaabloy.com), by telephone +46 8 506 485 14 or in writing by mail to ASSA ABLOY AB, Annual General Meeting, P.O. Box 7842, SE-103 98 Stockholm, Sweden.

When giving notice of attendance, please state name, personal or corporate identification number, address, telephone number, number of shares and names of any assistants attending. The information given in the notice of attendance will be data processed and used only in connection with the Annual General Meeting 2015. An entrance card, to be shown at the registration for the Annual General Meeting, will be sent as confirmation of the notice of attendance.

### **Nominee registered shares**

Shareholders whose shares are nominee registered must, in addition of giving notice of attendance, request that their shares be temporarily registered in their own name in the share register (so called voting right registration) in order to have the right to attend the Annual General Meeting. Such registration must be effected by Thursday 30 April 2015, and shareholders should inform their bank or other nominee well in advance of this date.

### **Proxy**

If participation is by proxy, the proxy should be submitted in connection with the notice of attendance and the proxy must be presented in original at the latest at the Annual General Meeting. Proxy forms are available on the company's website [www.assaabloy.com](http://www.assaabloy.com).

### **Agenda**

1. Opening of the Annual General Meeting.
2. Election of Chairman of the Annual General Meeting.
3. Preparation and approval of the voting list.

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4. Approval of the agenda.
5. Election of two persons to approve the minutes.
6. Determination of whether the Annual General Meeting has been duly convened.
7. Report by the President and CEO, Mr. Johan Molin.
8. Presentation of:
  - a) the Annual Report and the Audit Report as well as the Consolidated Accounts and the Audit Report for the Group,
  - b) the Auditor's Report regarding whether there has been compliance with the guidelines for remuneration to senior management adopted on the previous Annual General Meeting, and
  - c) the Board of Directors proposal regarding distribution of profits and motivated statement.
9. Resolutions regarding:
  - a) adoption of the Statement of Income and the Balance Sheet as well as the Consolidated Statement of Income and the Consolidated Balance Sheet,
  - b) dispositions of the company's profit according to the adopted Balance Sheet, and
  - c) discharge from liability of the members of the Board of Directors and the CEO.
10. Determination of the number of members of the Board of Directors.
11. Determination of fees to the Board of Directors and the Auditors.
12. Election of the Board of Directors, Chairman of the Board of Directors, Vice Chairman of the Board of Directors and the Auditors.
13. Election of members of the Nomination Committee and determination of the assignment of the Nomination Committee.
14. Resolution regarding guidelines for remuneration to senior management.
15. Resolution regarding authorization to repurchase and transfer Series B shares in the company.
16. Resolution regarding long term incentive programme.
17. Resolution regarding division of shares (stock split) and change of the Articles of Association.
18. Closing of the Annual General Meeting.

## **Item 2 – Election of Chairman of the Annual General Meeting**

The Nomination Committee, consisting of Chairman Gustaf Douglas (Investment AB Latour), Mikael Ekdahl (Melker Schörling AB), Liselott Ledin (Alecta), Marianne Nilsson (Swedbank Robur fonder) and Anders Oscarsson (AMF and AMF fonder), proposes that Lars Renström is elected Chairman of the Annual General Meeting.

## **Item 9 b) – Disposition of the company's profit according to the adopted Balance Sheet**

The Board of Directors proposes a dividend of SEK 6.50 per share. As record date for the dividend, the Board of Directors proposes Monday 11 May 2015. Subject to resolution by the Annual General Meeting in accordance with the proposal, the dividend is expected to be distributed by Euroclear Sweden AB on Friday 15 May 2015.

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The Board of Directors has presented a motivated statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act, the statement is available at the company and on the company's website [www.assaabloy.com](http://www.assaabloy.com).

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

The Nomination Committee proposes that the Annual General Meeting resolves as follows.

- 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 5,100,000 (remuneration for committee work not included) to be distributed among the members of the Board of Directors as follows; SEK 1,850,000 to the Chairman, SEK 750,000 to the Vice Chairman and SEK 500,000 to each of the other members of the Board of Directors appointed by the Annual General Meeting and not employed by the company. As remuneration for the committee work, the Chairman of the Audit Committee is to receive SEK 250,000, the Chairman of the Remuneration Committee SEK 100,000, members of the Audit Committee (the Chairman excluded) SEK 125,000 each, and members of the Remuneration Committee (the Chairman excluded) SEK 50,000 each.
- Fees to the Auditors according to contract.
- Re-election of Lars Renström, Carl Douglas, Birgitta Klasén, Eva Lindqvist, Johan Molin, Jan Svensson and Ulrik Svensson as members of the Board of Directors. Sven-Christer Nilsson has declined re-election.
- Election of Eva Karlsson 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 of the Board of Directors.
- Re-election of the registered audit firm PriceWaterhouseCoopers AB as Auditor for the time period until the end of the 2016 Annual General Meeting. PriceWaterhouseCoopers AB has informed 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.

*Eva Karlsson* has many years of experience from leading positions in the Swedish manufacturing industry and currently holds the position as President and CEO of Armatec AB. She has previously, for several years, been working in the SKF Group, including being CEO of SKF Sverige AB.

More detailed information regarding the proposed members of the Board of Directors can be found in the Nomination Committee's proposal which is available at the company's website [www.assaabloy.com](http://www.assaabloy.com).

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**Item 13 – Election of members of the Nomination Committee and determination of the assignment of the Nomination Committee**

The Nomination Committee proposes that the Annual General Meeting resolves mainly as follows.

- The Nomination Committee shall consist of five members, who, up to and including the Annual General Meeting 2016, shall be Gustaf Douglas (Investment AB Latour), Mikael Ekdahl (Melker Schörling AB), Liselott Ledin (Alecta), Marianne Nilsson (Swedbank Robur fonder) and Anders Oscarsson (AMF and AMF fonder). Gustaf Douglas shall be appointed Chairman of the Nomination Committee.
- If a shareholder represented by one of the members of the Nomination Committee ceases to be among the major shareholders of ASSA ABLOY AB, the Nomination Committee shall be entitled to appoint another representative of one of the major shareholders to replace such a member. The same applies if a member of the Nomination Committee ceases to be employed by such a shareholder or leaves the Nomination Committee before the Annual General Meeting 2016 for any other reason.
- The Nomination Committee shall, before the Annual General Meeting 2016, prepare and submit proposals for: election of Chairman of the Annual General Meeting, election of Chairman, Vice Chairman, other members of the Board of Directors and Auditor as well as fees to the Auditor and the Board of Directors (including distribution of fees among the Chairman, Vice Chairman and the other members of the Board of Directors and remuneration for committee work).

**Item 14 – Resolution regarding guidelines for remuneration to 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). The proposed guidelines below do not involve any material change, compared with the guidelines adopted by the 2014 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 basic salary, variable components in the form of annual and long term variable remuneration, other benefits and pension.

The total remuneration of the Executive Team, including previous commitments not yet due for payment is reported in the Annual Report 2014 in Note 33.

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## *Fixed and variable remuneration*

The basic 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 75 per cent of the basic 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 outcome in relation to a range determined by the Board of Directors for the performance of the company's earnings per share during 2015. This remuneration model also includes the right, when purchasing shares under certain conditions, to receive free matching shares from the company. This remuneration shall, if the share price is unchanged (considering items affecting comparability), be equivalent to maximum 75 per cent of the basic salary (excluding social security costs).

The annual cost of variable remuneration for the Executive Team as above, assuming maximum outcome, totals around SEK 57 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 allocated from the executive's total remuneration and paid by the company during the period of employment.

## *Notice and severance pay*

If the CEO is given notice, the company is liable to pay the equivalent of 24 months' basic 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 six months' basic salary and other employment benefits plus an additional 12 months' basic 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.

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**Item 15 – Resolution regarding 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 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](http://www.assaabloy.com).

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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.

## **Item 16 – Resolution regarding the Board of Directors proposal of long term incentive programme**

The Board of Directors proposes that the Annual General Meeting resolves to implement a new long term incentive programme for senior executives and key employees within the ASSA ABLOY Group (LTI 2015). LTI 2015 is proposed to include approximately 90 senior executives and key employees within the ASSA ABLOY Group. LTI 2015 entails that the participants will invest in Series B shares in ASSA ABLOY at market price. Such personal investment will thereafter be matched by the company through granting of so called matching awards and performance awards, in accordance with the terms stipulated below.

### *The rationale for the proposal*

The purpose of LTI 2015 is to retain and recruit competent employees to the Group, provide competitive remuneration and to align the interests of the senior executives and key employees with the interests of the shareholders. In light of the above, the Board of Directors believes that implementation of LTI 2015 will have a positive effect on the development of the Group and consequently that LTI 2015 is beneficial to both the shareholders and the company.

### *Preparation of the proposal*

LTI 2015 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 prior incentive programmes. LTI 2015 has been prepared by the Remuneration Committee and reviewed at meetings of the Board of Directors.

### *Personal investment*

In order to participate in LTI 2015, the employees must purchase Series B shares in ASSA ABLOY at market price, in 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 participants basic salary.

The participation in LTI 2015 of employees who have not participated in previous LTI programs is subject to renunciation of customary salary review for the year 2015.

### *Allocation*

For each Series B share the CEO purchases under LTI 2015, he will be granted one matching award and four performance awards. For each Series B share other senior executives (currently eight individuals) purchase under LTI 2015, each such individual will be awarded one matching award and three performance awards. For each Series B share other participants (approximately 80 individuals) purchase under LTI 2015, each such individual will be awarded one matching award and one performance award.

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## *Conditions for awards*

The following conditions shall apply for all awards.

- The awards shall be granted free of charge after the 2015 Annual General Meeting.
- If the Annual General Meeting resolves according to the proposal regarding stock split in Item 17, each award will entitle the holder to receive three Series B shares in the company, free of charge, three years after allotment of the award (the vesting period), provided that the holder, with some exceptions, at the time of release of ASSA ABLOY's interim report for the first quarter 2018, still is employed by the ASSA ABLOY Group and has maintained the shares purchased under LTI 2015. In the event the stock split is not performed according to Item 17 each award will instead entitle the holder to receive, free of charge, one Series B share in the company in accordance with the terms above.
- 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 award is entitled to after the vesting period.
- The awards are non-transferable and may not be pledged.
- The awards can be granted by the company and any other company within the Group.

## *Conditions for the performance awards*

The number of performance awards that entitle to receive Series B shares in the company depends on the fulfilment of determined target levels, as defined by the Board of Directors, in respect of increase of the company's earnings per share<sup>1</sup> during the financial year 2015 compared with the financial year 2014. The outcome will be measured lineally, meaning that none of the performance awards will entitle to Series B shares unless the minimum level is achieved, and that all performance awards will entitle to three Series B shares each if the maximum level is achieved (provided that the Annual General Meeting resolves in accordance with the proposal regarding stock split in Item 17). In the event the stock split is not performed according to Item 17 each performance award will instead entitle to one Series B share if the maximum level is achieved according to the terms above.

## *Preparation and administration*

The Board of Directors shall be responsible for preparing the detailed terms and conditions of LTI 2015, 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 2015 no longer are appropriate.

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<sup>1</sup> Earnings per share is defined as the company's earnings per share excluding items affecting comparability and after tax and dilution.



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## *Scope and costs of the programme*

LTI 2015 may, if the share price for the company's Series B share remains the same (taking into consideration the potential stock split according to Item 17) during the programme's term, result in a maximum amount corresponding to 75 per cent (CEO), 60 per cent (other senior executives) or 20 per cent (other participants), respectively, of the participants annual basic 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 basic 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 awards in LTI 2015, depends on the share price for the company's Series B share at the time of allotment of awards under LTI 2015. The total number of shares in the company amount to 370,858,778 shares. Provided that the share price for the company's Series B share is traded at around SEK 500 at the time of allotment of awards under LTI 2015, LTI 2015 will, in accordance with the above principles and assumptions, comprise maximum 125,000 Series B shares in total, which corresponds to approximately 0.03 per cent of the total outstanding shares and votes in the company.

LTI 2015 should be expensed as personnel costs over the vesting period. Provided that the performance based condition is fully achieved, the accounting cost for LTI 2015 before tax is, in accordance with the above principles and assumptions, estimated to approximately SEK 60 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.

Information on LTI 2012, LTI 2013 and LTI 2014 can be found in the Annual Report 2014, Note 33.

## *Delivery of shares under LTI 2015*

To ensure the delivery of Series B shares under LTI 2015, 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 2015.

## **Item 17 – Resolution regarding division of shares (stock split) and change of the Articles of Association**

With the purpose of facilitating trade of the company's listed shares on Nasdaq Stockholm, the Board of Directors proposes that the Annual General Meeting resolves as follows.

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- To increase the number of shares in the company by dividing each share, irrespective of series, in three (3) shares of the same series (stock split 3:1).
- To authorize the Board of Directors to determine the record date for the stock split, which must not, however, occur before the date on which the decision is registered at the Swedish Companies Registration Office.
- That, in order to adapt the limits for the number of shares, change § 5 first and second paragraphs of the Articles of Association as follows:

*"The number of shares issued shall be no less than six hundred million (600,000,000) and no more than two billion four hundred million (2,400,000,000).*

*The shares may be issued in two series, designated Series A and Series B. Shares of Series A may be issued in a maximum number of one hundred and fifty million (150,000,000) and shares of Series B in a maximum number of two billion two hundred and fifty million (2,250,000,000)."*

- To authorize the Board of Directors, or someone appointed by the Board of Directors, to make any adjustments in the decision which are required for registration with the Swedish Companies Registration Office or Euroclear Sweden AB's processing.

After performed stock split, the number of shares in the company will increase from 370,858,778 to 1,112,576,334, comprising 57,525,969 Series A shares and 1,055,050,365 Series B shares. The proposed stock split means that the par value of the share changes from SEK 1 to approximately SEK 0,33.

The proposal in this Item 17 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.

## **Shares and votes**

The total number of shares in the company at the time for the notification to the Annual General Meeting amount to 370,858,778 shares, of which 19,175,323 are Series A shares and 351,683,455 Series B shares, which is equivalent to a total of 543,436,685 votes. ASSA ABLOY AB is holding at the time of the notification to the Annual General Meeting, 600,000 own Series B shares, corresponding to 600,000 votes that may not be represented at the Annual General Meeting.

## **Shareholders' right to request information**

The shareholders are reminded of their right to request information from the Board of Directors and the CEO at the Annual General Meeting in respect of circumstances which may affect the assessment of a matter on the agenda or circumstances which may affect

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the company's financial position.

**Additional Information**

The Annual Report and the Audit Report and the other documents concerning Items 8-17 above will be available at the company and on the company's website [www.assaabloy.com](http://www.assaabloy.com) at the latest on 16 April 2015. The Board of Directors' complete proposals according to Items 14-16 are also included in this notice. Copies of the documents will be sent free of charge to shareholders who so request and state their address and will also be available at the Annual General Meeting.

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**Welcome!**

Stockholm in March 2015  
The Board of Directors  
ASSA ABLOY AB (publ)

**About ASSA ABLOY**

*ASSA ABLOY is the global leader in door opening solutions, dedicated to satisfying end-user needs for security, safety and convenience. Since its formation in 1994, ASSA ABLOY has grown from a regional company into an international group with about 44,000 employees, operations in more than 70 countries and sales close to SEK 57 billion. In the fast-growing electromechanical security segment, the Group has a leading position in areas such as access control, identification technology, door automation and hotel security.*

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