The Board of Directors’ proposal of 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 2018 Annual General Meeting.

The basic principle is that the remuneration and other employment conditions shall 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 shall 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 2018 in Note 33.

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

In addition, the Executive Team shall, within the framework of the Board of Directors’ proposal for a long-term incentive program, in Item 15, 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 2019 – 31 December 2021, 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 2019, one third is measured against the outcome for 2020 and one third is measured against the outcome for 2021. 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 amount to a total of approximately SEK 55 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 shall 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.
Notice and severance pay
If the CEO is given notice, the company is liable to pay the equivalent of maximum 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 2019
The Board of Directors
ASSA ABLOY AB (publ)