

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

The Board of ASSA ABLOY proposes that the 2011 Annual General Meeting adopts the following guidelines for the remuneration and other employment conditions of the President and CEO and the other members of the Executive Team up until the Annual General Meeting 2012. Apart from the changes resulting from the boards proposal for a long term incentive program (LTI 2011), the proposed guidelines below do not involve any material change, compared with the guidelines adopted by the 2010 Annual General Meeting.

The basic principle is that the remuneration and other employment conditions should be in line with market conditions and 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 2010, Note 32.

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 expenses).

In addition, the Executive Team should, within the framework of the Board's proposal for a long term incentive program, in Item 16, have the opportunity to receive variable remuneration in the form of shares based on an interval defined by the Board regarding the development of earnings per share during 2011. This remuneration model also includes the right, when purchasing a share under certain conditions, to receive a free matching share from the company. This remuneration shall, if the share price is unchanged, be equivalent to maximum 75 per cent of the basic salary (excluding costs for social security expenses).

The cost of variable remuneration for the Executive Team as above, assuming maximum outcome, amounts to a total of SEK 55 M (excluding social security expenses). 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.

Termination and severance pay

If the CEO is given notice, the company is liable to pay the equivalent of 24 months' 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 6 months' basic salary and other employment benefits plus an additional 12 months' basic salary.

Deviation from the guidelines

The Board shall have the right to deviate from these guidelines if there are particular reasons for doing so in an individual case.

Stockholm in March 2011
The Board of Directors
ASSA ABLOY AB