

The Board of Directors' proposal for 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.

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 share¹ 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.

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.

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

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.

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