

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

*The shareholders of ASSA ABLOY AB (Reg. No. 556059-3575) are hereby invited to attend the Annual General Meeting to be held on Thursday 25 April 2019 at 3.30 p.m., at Moderna Museet (Museum of Modern Art), Skeppsholmen, Stockholm, Sweden. Registration for the Annual General Meeting starts at 2.30 p.m.*

### **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 Wednesday 17 April 2019, and
- notify ASSA ABLOY AB of their intent to attend no later than Wednesday 17 April 2019. 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 2019", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 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. 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 Wednesday 17 April 2019, 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 form is available on the company's website [www.assaabloy.com](http://www.assaabloy.com).

### **Processing of personal data**

For information on how your personal data is processed, see:

<https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

### **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.
4. Approval of the agenda.
5. Election of two persons to approve the Annual General Meeting minutes.
6. Determination of whether the Annual General Meeting has been duly convened.
7. Report by the President and CEO, Mr. Nico Delvaux.
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 statement regarding whether the guidelines for remuneration to senior management adopted on the previous Annual General Meeting have been complied with, 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:
  - a) fees to the Board of Directors,
  - b) fees to the Auditor.
12. Election of:
  - a) the Board of Directors, Chairman of the Board of Directors and Vice Chairman of the Board of Directors,
  - b) the Auditor.
13. Resolution regarding guidelines for remuneration to senior management.
14. Resolution regarding authorization to repurchase and transfer Series B shares in the company.
15. Resolution regarding long-term incentive program.
16. Closing of the Annual General Meeting.

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

The Nomination Committee, appointed in accordance with the instructions for the Nomination Committee resolved by the Annual General Meeting 2018 and consisting of 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), 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 3.50 per share. As record date for the dividend, the Board of Directors proposes Monday 29 April 2019. 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 3 May 2019.

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

- The number of members of the Board of Directors shall be seven.
- Fees to the Board of Directors shall amount to a total of SEK 6,675,000 (remuneration for committee work not included) to be distributed among the members of the Board of Directors as follows; SEK 2,350,000 to the Chairman, SEK 900,000 to the Vice Chairman and SEK 685,000 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 member of the Remuneration Committee (the Chairman excluded) SEK 75,000.
- Fees to the Auditor according to contract.

- Re-election of Lars Renström, Carl Douglas, Eva Karlsson, Birgitta Klasén, Lena Olving, Sofia Schörling Högberg and Jan Svensson as members of the Board of Directors. Ulf Ewaldsson has declined re-election.
- 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 2020 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.

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).

### **Item 13 – 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 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.

**Item 14 – 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 may as a 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 15.

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).

The proposal in this Item 14 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 15 – Resolution regarding proposal of 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 2019). LTI 2019 is based on the same principles as LTI 2018.

LTI 2019 is proposed to include a maximum of 115 senior executives and key employees within the ASSA ABLOY Group. In order to participate in LTI 2019 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 2019, 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 2019 is to strengthen the ASSA ABLOY 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 2019 will have a positive effect on the long-term value growth of the Group and consequently that LTI 2019 is beneficial to both the shareholders and the company.

#### *Personal investment*

In order to participate in LTI 2019, the participants will have to invest in Series B shares in ASSA ABLOY at market price. The personal investment shall amount to a value corresponding to a minimum of 5 per cent (all participants) and a maximum of 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 2019, 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 2019 is in addition subject to renunciation of customary salary review for the year 2019.

#### *Participants in LTI 2019 and allocation*

LTI 2019 is proposed to include a maximum of 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 2019, the company will grant six performance awards. For each Series B share that other senior executives (currently nine individuals) purchase under LTI 2019, each such individual will be awarded five performance awards. For each Series B share that other participants (approximately

105 individuals) purchase under LTI 2019, 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 share<sup>1</sup> based on the 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 performance awards 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 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 2021.

#### *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 2019 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 2022 still is employed by the ASSA ABLOY Group and has maintained the personal investment purchased under LTI 2019.
- 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.

#### *Preparation and administration*

The Board of Directors shall be responsible for preparing the detailed terms and conditions of LTI 2019, 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 2019 no longer are appropriate.

In the event that the Board of Directors considers that the delivery of shares under LTI 2019 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 2019 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 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

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

shares in the company for 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, that the performance based condition has been fully achieved and that the participant, with some exceptions, still is employed during the vesting period.

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 2019. 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 194 at the time of allotment of performance awards under LTI 2019, LTI 2019 will, in accordance with the principles and assumptions set out above, comprise maximum 720,000 Series B shares in total, which corresponds to approximately 0.1 per cent of the total outstanding shares and votes in the company.

LTI 2019 shall be expensed as personnel costs over the vesting period. Provided that the performance based condition is fully achieved, the cost for LTI 2019 before tax is, in accordance with the principles and assumptions set out above, estimated to approximately SEK 130 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 2019, outweighs the costs related to LTI 2019.

Information about LTI 2016, LTI 2017 and LTI 2018 can be found in the Annual Report 2018, Note 33.

#### *Delivery of shares under LTI 2019*

To ensure the delivery of Series B shares under LTI 2019, 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 2019.

#### *Preparation of the proposal*

LTI 2019 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. LTI 2019 has been prepared by the Remuneration Committee and reviewed at meetings of the Board of Directors.

### **Shares and votes**

The total number of shares in the company at the time for the notice to the Annual General Meeting amount to 1,112,576,334 shares, of which 57,525,969 are Series A shares and 1,055,050,365 Series B shares, which is equivalent to a total of 1,630,310,055 votes. ASSA ABLOY AB is holding at the time of the notice to the Annual General Meeting, 1,800,000 own Series B shares, corresponding to 1,800,000 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 the company's financial position.

**Additional information**

The Annual Report and the Audit Report and the other documents concerning Items 8-15 above will be available at the company and on the company's website *www.assaabloy.com* at the latest on 4 April 2019. The Board of Directors' complete proposals according to Items 13-15 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 2019  
The Board of Directors  
ASSA ABLOY AB (publ)