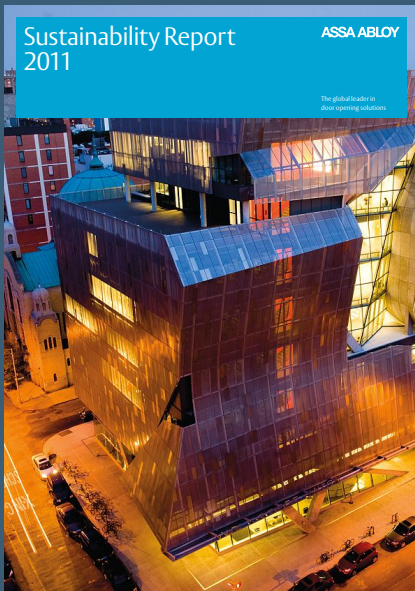


Sustainability Report 2011

ASSA ABLOY

The global leader in
door opening solutions





Sustainable door opening solutions from ASSA ABLOY are used throughout 41 Cooper Square, New York City's first LEED Platinum-certified academic building at The Cooper Union for the Advancement of Science and Art.

The first LEED Platinum-certified education facility in New York City achieved a blend of security, life-safety, aesthetics and sustainability with a mix of door and hardware products from ASSA ABLOY Group brands.

From a sustainability perspective, all of the doorway products are constructed with percentages of recycled material that exceed LEED Materials and Resources guidelines, and when used together as a complete assembly, the openings can help improve building envelope thermal performance.

The 175,000-square-foot building, located on the east side of Third Avenue between 6th and 7th Streets, features laboratories, studios, classrooms, lounges, offices and several public spaces. The facility is 40 percent more energy efficient than a standard building of its type and is built with renewable, recycled and low-emission materials.

Sustainability	Sustainability highlights 2011	1
	ASSA ABLOY in brief	2
	CEO statement	4
	Challenges and opportunities	7
	Goals and performance	8
	ASSA ABLOY's way of working	9
	Customers value and innovation process	11
	A process towards more sustainable products	12
	Sourcing process and supply chain integrity	17
	Manufacturing	21
	Energy consumption and CO ₂ emissions	21
	Water and waste	23
	Organic solvents and surface treatment	27
People	People make it all happen	29
	Career at ASSA ABLOY	30
	Health and safety	32
	A responsible employer	33
	Gender diversity	34
Stakeholders	Engaging with stakeholders	36
	Dialog with SRI investors and analysts	36
	External recognition	38
	Memberships	39
	Community outreach	40
Governance	Governance	43
	Organizational responsibility	44
	Code of Conduct	45
	Acquisitions	46
Reporting	Reporting the Group's progress	49
	Reporting principles	49
	GRI content index table	50
	Glossary	52
	Contacts	

Reader's guide

ASSA ABLOY has published a sustainability report each year since 2006. The report describes the Group's sustainability initiatives and addresses issues that ASSA ABLOY has identified as the most important to its stakeholders. The report is aimed at experts with an interest in ASSA ABLOY's sustainability performance, including analysts, investors and nongovernmental organizations.

As signatory to the UN Global Compact, ASSA ABLOY will submit this report to the UN Global Compact as a Communication on Progress report. The sustainability report is aligned with the Global Reporting Initiative guidelines declaring level C (see page 50–51 for GRI content index). The data presented in this report has been collected over the calendar year and includes all ASSA ABLOY operations. For further information regarding the sustainability report and its reporting principles, see page 49.



The emission of greenhouse gases from the production of this printed product – including paper, other materials, and transport – has been offset by investment in the corresponding amount of certified reduction units from the Sri Kalyani CDM project, a biomass-fired power plant in India.



Sustainability highlights 2011

- **Number of reporting units increased to 256 from 204.**
- **493 sustainability audits were performed in low-cost countries, compared to 376 in 2010.** At the year-end, 461 active suppliers had satisfied the minimum standards for quality and sustainability and were classed as reliable.
- **Two independent social compliance audits** were performed in China.
- **The ASSA ABLOY Code of Conduct was updated.**
- **ASSA ABLOY has adopted an Anti-Bribery policy** that applies to the whole Group. The policy is being implemented through face to face trainings, webinars and an online e-learning tool available at ASSA ABLOY's intranet (keyPoint).
- **A gender-diversity target was established;** 30 percent of management positions filled by women in 2020.

About this report

This report, along with additional information available online, explains the Group's sustainability performance in 2011. Unless otherwise stated, all information refers to activities undertaken between January 1, 2011 and December 31, 2011.

The 2011 data is based on 130 factories and 126 sales units and offices, compared to 105 factories and 99 sales units and offices in 2010.

Locks and locking systems



Mobile keys



Access control

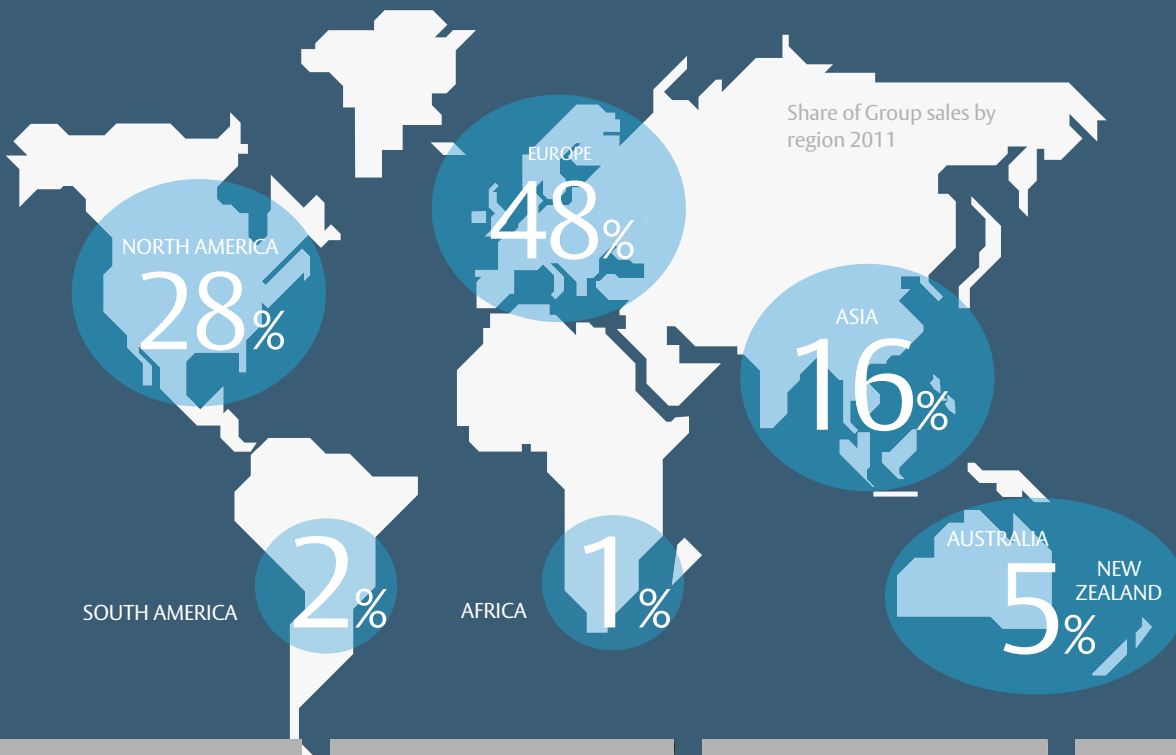


Door closers



ASSA ABLOY is the global leader in door-opening solutions, dedicated to satisfying end-user needs for security, safety and convenience.

ASSA ABLOY is represented in both mature and emerging markets worldwide, with leading positions in much of Europe, North America, Asia, Australia and New Zealand.



Schools and offices



Museums



Homes



Hospitals



Electromechanical locks



Entrance automation



Industrial doors



Digital locks



As the world's leading lock group, ASSA ABLOY offers a more complete range of door opening solutions than any other company on the market.

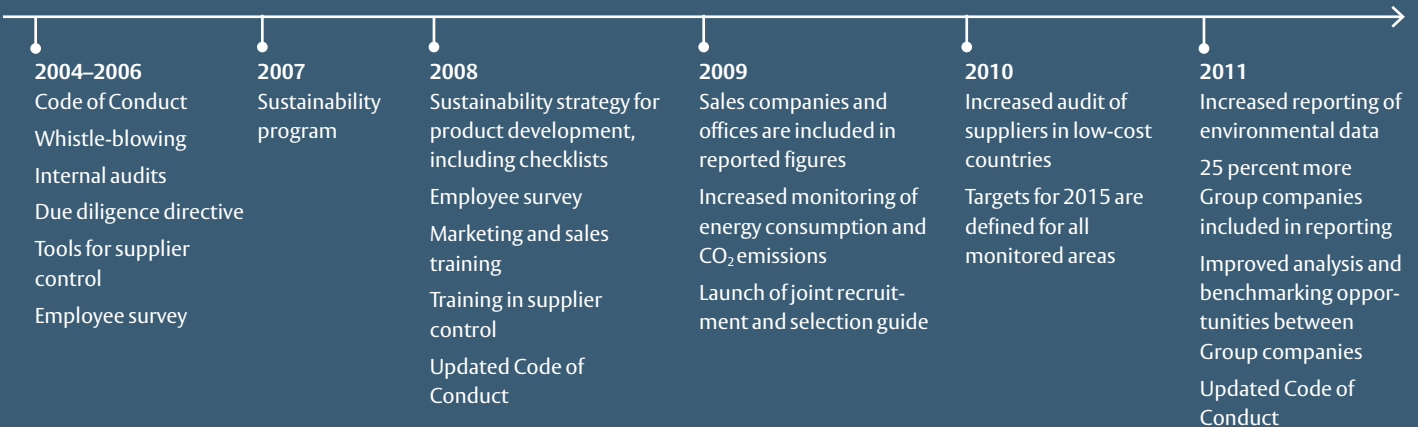
42

Sales of SEK 42 billion

Since its formation in 1994, ASSA ABLOY has grown from a regional company into an international group with around 41,000 employees and sales of around SEK 42 billion.

In the fast-growing electromechanical security segment, the Group has a leading position in areas such as access control, identification technology, entrance automation and hotel security.

SUSTAINABLE DEVELOPMENT PROGRAM IN BRIEF



Industry



Arenas



Airports



Hotels



CEO statement

Increased focus on sustainable products

Handled correctly, sustainability is an asset. ASSA ABLOY develops sustainable products that assure best value and less waste at minimum cost. This is the reason why ASSA ABLOY embraces sustainability in all of its processes.

During the past six years, we have successfully integrated the sustainability methodology into the main business processes – sales, logistics, manufacturing, product development and sourcing. This is fundamental as sustainability is not a stand-alone process that we simply add on top of everything else we do. As we now have very good traction with sustainability in our business processes, it is time to take the next step.

Our next step is to bring sustainability into our products on a broader scale and make it an even stronger competitive advantage. There is no contradiction between a sustainable product and our competitive strengths. It is actually the other way round: a more sustainable product is more competitive and also more cost-efficient, generating value for all of the company's stakeholders.

Going forward, this means that our product development organization – through our ongoing voice of the customer process – will put even more emphasis on our customers' sustainability needs. One example already in place is a life cycle environmental declaration of some products according to the ISO 14025 standard. Other examples include products with high percentages of recycled content, more energy-efficient electromechanical solutions, healthy in-house materials and climate-smart door-opening solutions. That last area, climate-smart door-opening solutions, is becoming more and more important all over the world as demands for climate smart buildings increase. In cold climates or seasons, you want to reduce heating costs, and vice versa in warm climates or seasons.

Group Management sets the sustainability targets and the framework, but execution is the responsibility of the operational divisions. This is why we have only a small

corporate sustainability organization, which mainly handles guidelines, follow-up and coordination. All other staff dealing with these issues are based in the divisions close to the business processes.

We are well under way toward our 2015 sustainability targets and have made strong progress in most areas. Areas in which we made especially good progress during 2011 included reduction of chlorinated organic solvents, reduction of water consumption, reduction of hazardous waste and increase of the total waste recycling ratio to 80 percent. It should also be mentioned that there are challenges going forward. The most important of these is the geographical shift, whereby our growth is very strong in countries in the emerging markets, where energy systems are less environmentally efficient. This will of course change over time, and I am confident that we will deliver on our targets by 2015.

Nearly 50 percent of our direct materials, components and products is sourced from low-cost countries and we have continued to expand the program for audits of quality and sustainability in these countries.

During 2011 we have also continued our program of social audits through an independent audit company. The social and ethical performance of our sites is an important part of our approach to sustainability.

We have also conducted a roundtable meeting with ethical investors. The meeting went well and we thank all investors and analysts for their interest and valuable input.

I also want to thank our employees for their dedication and achievements during the year.

I hope that this report will be valuable to you, and give a fair and in-depth picture of the sustainability activities within ASSA ABLOY.

Stockholm, 20 April 2012



Johan Molin
President and CEO



“ASSA ABLOY remains committed to the principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption. This report contains our annual communication on progress.”



“Handled correctly, sustainability is an asset. ASSA ABLOY develops sustainable products that assure best value and less waste at minimum cost. This is the reason why ASSA ABLOY embraces sustainability in all of its processes.”

Advancing
our business
through
sustainability

Challenges and opportunities

ASSA ABLOY's most important sustainability challenges are related to resource consumption, dependence on certain input materials, expansion of manufacturing in low-cost countries and health and safety in manufacturing.

To mitigate challenges, the Group will:

- Continue to reduce resource and energy consumption
- Continue to improve water and waste management
- Continue to improve health and safety performance in manufacturing
- Continue to improve suppliers' compliance with the ASSA ABLOY Code of Conduct

The Group's most important sustainability opportunities are related to ASSA ABLOY product offerings that are sustainable; either inherently or because of what they can do for our customers or to create a safer environment.

To manage opportunities, ASSA ABLOY will:

- Create products that fulfill our customers' demands
- Create products that our customers buy
- Increase our knowledge of customers' future demands

Eduardo de Jesus,
director of quality
Asia Pacific region
for HID Global.



Goals and performance

Most of the sustainability KPIs improved during 2011 – for the Group as well as for each individual division. In 2010, ASSA ABLOY updated its sustainability program with goals and targets set to run until 2015. The program is based on the Group’s risk assessment procedures, covers material sustainability issues and mandates measurable results.

The overall goal for 2011 was for ASSA ABLOY to ensure a strong implementation of the updated sustainability program throughout the Group in order to achieve the defined short and long-term targets.

With 256 reporting units, it is important to ensure a high level of knowledge of the Group’s sustainability in all parts of the organization and to share information and best practices between entities. The ASSA ABLOY Sustainability

database and analysis tool is a key element for tracking performance and identifying areas where improvements can be made.

Since 2010, the divisions are obliged to identify and report the most material environmental risks for each individual entity, and also to explain how these risks are managed.

PERFORMANCE REPORTING FLOW



Using the 2010 data as a baseline, the 2011 data was collected and analyzed in order to understand the status quo and to set long- and short-term targets.

Each company is obliged to set targets for the coming year for all of the main KPIs and will report on progress at least every six months to ASSA ABLOY Group.

Each division is fully responsible for the implementation of the sustainability program within its entities and, in several cases, a monthly follow-up of the prioritized KPIs and defined actions is conducted.

Material KPI

Area	2010	2011 ¹	Target ¹ 2015
Environmental KPI			
Number of manufacturing entities covered by ISO 14001 certificates and other certifiable management systems	69	75	85 ²
KPI, Greenhouse gas emission CO ₂ /Value added (Tonne/SEK M)	15.4	14.8	-10%
KPI, Energy consumption/Value added (MWh/SEK M)	39.4	37.2	-15%
KPI, Water/Value added (m ³ /SEK M)	135.2	124.6	-15%
KPI, Hazardous waste/Value added (kg/SEK M)	293	191	-15%
Consumption of chlorinated organic solvents (PER and TRI) (tonne)	32	22	-75%
Social KPI			
KPI, Percentage of spend in low-cost countries represented by sustainability audited suppliers	80% ³	90% ⁴	>90% ⁵
Injury rate	7.8	8.0	-15%
Injury lost day rate	141	144	-15%
Suppliers – Sustainability appraisals – Code of Conduct requirement for all suppliers	376 sustainability audits ³	493 sustainability audits ⁴	
Sustainability audits of suppliers in risk category			
Gender diversity	See page 34	See page 34	

¹ For comparable units.

² Number of entities with significant environmental impact. The remaining factories are mainly assembly and customization operations.

³ Countries covered: China, Macau, Hong Kong and Taiwan.

⁴ Countries covered: China, Macau, Hong Kong, Taiwan, India, Malaysia, Vietnam, Thailand and Philippines.

⁵ Countries covered: All low-cost countries.

ASSA ABLOY's way of working

Sustainability is one of the drivers in the ASSA ABLOY value chain. By placing ASSA ABLOY in a broader context, the Group can better understand the sustainability risks and opportunities in the business. Managing these risks and opportunities in a good way will help ASSA ABLOY grow and remain profitable.

Sustainability in line with our vision

Managing sustainability risks and opportunities is essential to fulfill ASSA ABLOY's vision. By offering products that are more sustainable, the Group will strengthen its position as a world-leading, successful and innovative provider of door-opening solutions. It is important for ASSA ABLOY to understand the customers' needs, the context in which the products are used and how the Group can develop its offering to create added value. If ASSA ABLOY acts responsibly, maintains its market-leading position and offers a diverse and constantly developing environment to our employees, it will also be an attractive employer.

ASSA ABLOY's approach to sustainability is organized around the customer offering. This means that sustainability programs, indicators and objectives are all integral to the business process. Sustainability is factored into business plans, decision-making processes and business principles. In keeping with the Group's long-term risk-management strategy, sustainability is an integral part of the approach to value-chain management – from sourcing to recycling.

Supporting Group strategy

ASSA ABLOY is a world leader in its market and a premium brand. The Group has achieved this by utilizing the strengths of the brand portfolio, by increasing growth in our core business and by being successful in expanding into new markets and segments. To fully exploit the brand portfolio across diverse segments, it is necessary to identify and manage business opportunities related to sustainability performance and to understand the market. The Group's expansion into new markets is facilitated by a strong brand and a good reputation, which is earned in part by acting in a responsible way.

By considering the environmental impact from the design phase onward, using resources efficiently and applying the reduce-reuse-recycle principle, ASSA ABLOY can cut production costs while also acting in a more sustainable manner. By being systematic, exploring various means of

reducing production materials, optimizing product components and streamlining production as well as transport methods, ASSA ABLOY minimizes its environmental impact while remaining cost-efficient.

ASSA ABLOY has set up a Sustainability Council that is responsible for developing the Group's sustainability program. A new program was launched at the beginning of 2011 and will run until 2015.

Sustainability program for 2011–2015

- Targets set for all sustainability KPIs, covering all entities and the Group
- Coordinated implementation of environmental management systems
- Increased capabilities for data analysis and benchmarking
- Increased focus on minimizing waste
- Increased focus on sustainable products

The procedures put in place to maintain quality and manage environmental impact have been successful. Sustainability targets and policies have been implemented throughout the Group, and each division is responsible for identifying its greatest impact on the environment and presenting an action plan to address the problem.

Monitoring progress

To effectively monitor progress and maintain a systematic approach, ASSA ABLOY has developed a database of all manufacturing companies' sustainability indicator reports. In addition to the actual KPIs, the database also includes best practices and tools. Details of measures taken by the various companies to reach the Group sustainability targets have been entered into the database. ASSA ABLOY companies and divisions can access information from the database to compare progress and trends. In 2011, 256 factories, sales units and offices reported.

SUSTAINABILITY Integrated in each part of the value chain

CUSTOMERS: ASSA ABLOY's ambition is to supply high-quality products that fulfill customer requirements, have a long life and are manufactured with minimal use of resources and environmental impact during their life cycle.

INNOVATION: New products are evaluated from a life cycle perspective. Many recently developed products save energy as a result of improved insulation and intelligent control of various door-opening solutions.

SOURCING: The Group's suppliers in risk areas are evaluated from a sustainability perspective. Suppliers failing to comply with the Group's requirements are encouraged to make improvements or will otherwise be phased out.

MANUFACTURING: Manufacture of the Group's products should be carried out safely and with the least possible environmental impact. Hazardous processes are gradually being phased out and replaced by eco-friendly alternatives.

SALES: ASSA ABLOY respects laws and regulations concerning business ethics in the countries in which it operates and requires all partners to act in the same way.



Sustainability – increasing customer value



Customer value and innovation process

Increased focus on sustainable new products

Customer demand for sustainable products is increasing. It is in ASSA ABLOY's long- and short-term interest to ensure that the Group run a sustainable business and offer the customers sustainable solutions.

With buildings generally accounting for around 40 percent of energy consumption in society, the focus on sustainability in the construction industry has increased over the past couple of years. This is expressed in an increased number of sustainability-certified buildings, sustainability-profiled architects, and so on. At the same time, security-related regulation is increasing and financial investments are increasingly being based on sustainability criteria – in companies as well as in building projects.

ASSA ABLOY has focused on improving its sustainability profile for several years. The Group monitors performance in the manufacturing plants and have implemented improvement targets in many important areas. To improve the performance further, the Group has increased the focus on sustainability in new product innovation.

ASSA ABLOY's ambition is to develop new product concepts that are truly innovative in the way they solve customer problems or create customer value, while being based on more sustainable solutions and processes.

To maximize the sustainability of new products and solutions, ASSA ABLOY considers the whole life cycle of

products and focus the engineering efforts on areas where the greatest impact can be achieved. The Group place each product in a broader context than that of its own development and production processes as its environmental impact can increase significantly when it is part of a larger system, such as a hotel, hospital or university.

ASSA ABLOY believe that by being sustainable the Group create value for its customers cutting costs at the same time, as sustainable products and processes are inherently more efficient in their use of materials, energy, transport and other costs.

A process toward more sustainable products

Keeping up to date with sustainability development throughout the ASSA ABLOY value chain is important in order to create and maintain awareness. We do that by training programs that covers governance, innovation, sourcing, manufacturing and sales etc. The Group intranet and the staff magazine are other important channels to engage with the employees on this matter.

Replacing brass with stainless steel results in increased durability and reduced environmental impact

Challenge

For durability and esthetic reasons, many lock components have traditionally been made out of brass. However, when using brass an additional surface treatment process is required to protect the metal and accomplish a decorative finish. This process not only involves the use of hazardous substances, but also the consumption of a significant amount of energy. The additional surface treatment process also contributes to longer lead times, a more complicated production process and limited flexibility toward customers.

Solution

For these reasons, ASSA ABLOY Hospitality has substituted stainless steel for brass – a change that has had several positive repercussions. The use of stainless steel has eliminated the need for a surface treatment process for five out of nine decorative components in ASSA ABLOY's electronic hotel lock products. Ninety percent of the total lock volume is now made of stainless steel, of which 75 percent is untreated. Only 15 percent is electroplated to match other components still made out of brass.

The switch to stainless steel has reduced the use of materials, cut electricity consumption by 70 percent and lowered carbon emissions by 70 percent, while boosting quality and durability. In terms of raw materials, producing stainless steel generates 80 percent less carbon emissions than producing brass.

Result

From a customer perspective, the use of stainless steel shortens the delivery process, allows for more flexibility and ultimately results in a more sustainable and durable product.

From an ASSA ABLOY perspective, the new approach eliminates a production process, reduces resource consumption, shortens lead times and it results in more secure and high-quality deliveries from a smaller number of suppliers. In summary, it creates a more attractive product.

A process toward more sustainable products

Being a premium brand and a preferred supplier that creates customer value demands high levels of innovation, as well as the highest possible levels of quality and design. Sustainability is at the heart of it all.

The ASSA ABLOY Product Innovation Process is based on lean innovation principles and consists of several modules, including product management, voice of the customer and efficient delivery of innovation projects.

The product management module addresses long-term trends and generation planning of products and technologies. With voice of the customer methods, information about customer needs is collected and forms the foundation for the development of relevant, value-creating offerings. Efficient delivery of innovation projects ensures elimination of waste related to products and processes, as well as delivery of high-quality products.

Understanding long-term trends and planning for the future

In the product management process, ASSA ABLOY looks at long-term social, political, technological and customer trends, market development, standards and regulatory development. With this knowledge as a starting point, generation plans are laid out for new products and for the development of entirely new technologies. Long-term trends indicate a steadily increasing focus on sustainability driven by, for example, the depletion of important raw materials and the increasing concentration of greenhouse gases in the atmosphere. These factors result in stricter regulations and increased demand for more sustainable solutions – all of which ASSA ABLOY must take into account in the long-term planning of products and technologies.

The reduce-reuse-recycle principle that guides us in product innovation also comes into play in our long-term planning, as we need to consider service, upgradability, exchangeability and new business models in our generation planning.

Delivering what customers want

For several reasons, it is important to understand the customers' needs in relation to sustainability. Most obviously, ASSA ABLOY needs to deliver sustainable products that customers understand and want to buy. If the Group develops world-class sustainable solutions that no one buys, nothing has been improved. If a new smart door seal is developed and the door is not closed properly, the target has also been missed.

Understanding our customers is therefore essential. This includes understanding their needs, their business models and challenges, as well as their knowledge levels. ASSA ABLOY must also understand their ability to comprehend, accept and embrace various concepts, as well as what they are prepared and able to pay for.

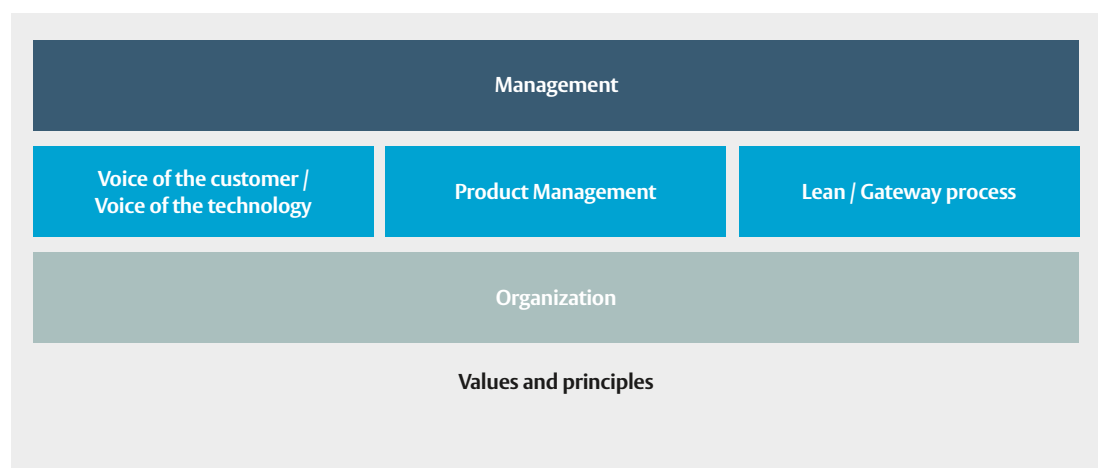
The ASSA ABLOY voice of the customer process looks at everything from longer-term customer needs and trends to highly detailed choices related to specific products or components.

Lean principles and methods reduces inefficiencies and waste

New innovation projects are developed in a similar way across the Group and based on the reduce-reuse-recycle principle. The way projects are run is documented in the gateway process and communicated in the lean innovation instructions.

The process encourages "up front loading" to ensure development of "the right things" before focusing on efficient project execution. In practice, this means that concepts must be carefully evaluated and tested against customer needs and sustainability should be considered before moving into the engineering design phase.

PRODUCT INNOVATION PROCESS



The ASSA ABLOY Product Innovation Process is based on lean innovation principles and consists of several modules, including product management, voice of the customer and efficient delivery of innovation projects.



Trio E combines beauty, durability, health and energy efficiency

Underwriters Laboratories (UL) recently released UL 102, Standard for Sustainability for Door Leafs. The new standard helps gauge the environmental and human health impacts of various products. Trio-E is the first door to be certified to these strict sustainability requirements.

UL 102 provides detailed requirements to evaluate the environmental impacts related to producing a variety of door types. The life cycle impact of doors is measured throughout the materials management, energy use, water use, manufacturing and operations, health and environment, product performance, product stewardship and innovative practices of production.

Steel stiffeners are thermally broken within the door interior and reduces energy transfer. The core of the door is filled with a highly insulating polyurethane foam resulting in a product that has achieved an operable U Factor of 0.29 and is 39 percent better than previous versions of steel stiffened doors.

The product also takes into account the human health impact and is certified to UL's GREENGUARD Children & Schools testing to insure the product meets the emissions standards for indoor air quality for California's 01350 test, Leadership in Energy and Environmental Design (LEED) as well as the International Green Construction Code (IGCC).



Crawford UK outfits sustainable logistics warehouse

Customer	Gazeley Ltd's distribution center in Chatterley Valley, Staffordshire, called Blue Planet, is the first building to achieve an "Outstanding" design rating from BRE Environmental Assessment Method (BREEAM).
Challenge	Gazeley Ltd had stringent specification requirements; the majority of materials used in the building are A or A+ rated in BRE Global's Green Guide to Specification.
Solution	<p>McLaren Construction involved Crawford UK at an early stage of this development as Crawford had demonstrated its ability to meet Gazeley's requirements.</p> <p>Thirty-eight dock levelers were required for the 34,000 square meter warehouse and this also involved supplying and installing dock doors, dock levelers, bay shelters, traffic lights, dock lights and level access doors.</p>

When a concept is validated and approved, it is further developed during the specification and design phase. To ensure all sustainability aspects are taken into consideration in the development of the product and the manufacturing process, the gateway process requires all project leaders to apply the environmental checklist before they are given the go-ahead to proceed beyond the process and design stage. The checklist is a reminder of all areas that should be taken into account in relation to sustainability when developing a new product, such as packaging, the use of process chemicals, logistics concepts, and so on.

Improving the innovation process

To further strengthen the innovation process in regard to sustainability, a global council has been assigned that represents various functions within innovation and design,

as well as the various divisions in the Group. This council develops and shares best practices within the ASSA ABLOY Group, reviews methods and tools that can further support ASSA ABLOY in its development work and also formulates measures, targets and communication policies.

The global council will also coordinate the development of value-chain analysis related to key product groups and environmental risk areas. The results of the analyses will be made available to the developing units to support and focus their sustainable design efforts.

During 2011, webinars were held on sustainability in the innovation process to speed up the processes of awareness building and knowledge sharing.

Reduced power consumption for greater efficiency

Challenge

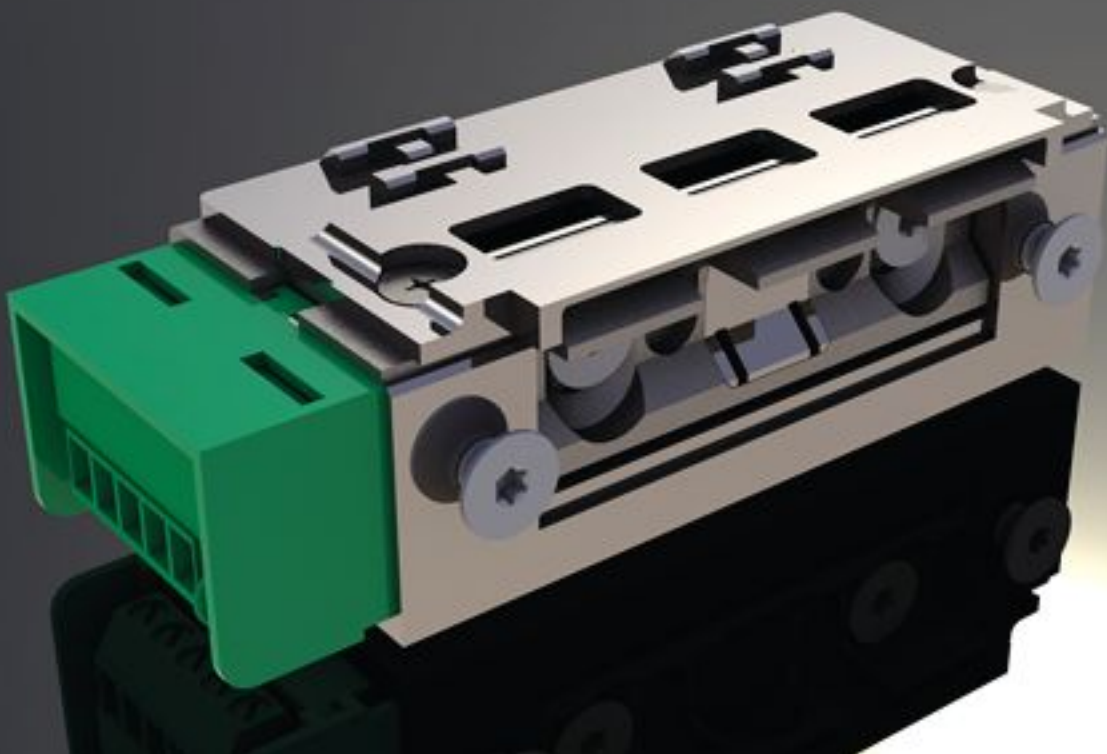
A steady amount of power was supplied to effeff's electric strike during the entire unlock phase, resulting in unnecessary power consumption.

Solution

Power supply to the strike mechanism was modulated so that it only receives power when required. Power to the solenoid is increased only until the unlock state is reached, instead of using full power during the entire unlock phase.

Result

Less power is now needed to hold the strike in the unlock state, thereby reducing power consumption. For ASSA ABLOY's customers, this modification has resulted in a product that works better, is more reliable, is easier to maintain and draws less power. For ASSA ABLOY, the use of a different material in the solenoid has resulted in less waste in the production process, reduced dissipation of energy and – ultimately – a more attractive product.





New home embraces green building principles

The new building was built using sustainable construction methods.

Sustainable construction methods included the use of FSC-certified wood, as well as low VOC-emitting paints and adhesives.

ASSA ABLOY's drive to make sustainability an integral part of its business philosophy and culture is apparent in the newly constructed Group building. The Phoenix, Arizona home of Group brands HES and SECURITRON incorporates sustainable construction methods that are expected to earn the facility LEED (Leadership in Energy and Environmental Design) Silver certification from the United States Green Building Council (USGBC). Formal certification is expected to come in summer 2012.

HES and Securitron completed the move to the 94,000-square-foot Phoenix facility in August 2011. When designing the facility, one main priority was to make it as eco-friendly as possible. The building incorporates a wide variety of building design features to help improve energy efficiency, air quality and sustainability.

New mechanical and electrical systems include a highly efficient air-conditioning system, plus energy star appliances and equipment. The building features skylights, automatic controls and sensors that conserve energy, as well as lights on motion sensors and timers for climate control. Upgraded insulation and reduced water consumption for plumbing fixtures reduce energy and water usage. Employees in the new building benefit from improved interior air ventilation.

Sustainable practices used in the construction process include recycling and minimizing construction waste, and using FSC-certified wood, as well as low VOC-emitting paints, adhesives, and other surfaces throughout the building. Air was also filtered during construction to reduce the spread of dust.



Tight-sealing sliding doors improve energy savings for Besam customers

Besam has launched greener configurations for their existing sliding door profile packages. The TightSeal features extra brushes and rubber bumpers for a more energy-saving seal and the configuration is available for existing as well as new sliding door systems. Benefits include less air leakage and water infiltration, which is especially optimal during non-business hours but also beneficial whenever the door is closed during opening hours.

Studies show that reducing air leakage can lead to energy savings of up to 60 percent compared to standard sliding door systems. Depending on the configuration, the very attractive payback time for the customer is between 12 and 24 months. When fitted to the Besam Frame and Slim Thermo, these automatic door systems meet BS EN 12207 (Air Permeability) Class 1 standards for thermal efficiency, an official European regulation that will come into force in 2013.

+ Quality

+ Trust

+ Targets

+ Audits

= Integrity in
supply chain

Sourcing process and supply chain integrity

Sustainability is a vital factor in our sourcing process. For ASSA ABLOY, auditing and improving sustainability performance among our suppliers is a continuous task.

Process and organization for sustainable supply management

Group Management sets the sustainability targets and framework whereas each division is responsible for the operations and maintaining a good supplier base.

Group Supply Management leads a Sustainability Council with representatives from each division. The Council coordinates activities and follows up progress on targets. All divisions have the same guidelines, processes and IT system, which are all provided by Group Supply Management.

The sustainability audit process

It is a requirement that the Code of Conduct is followed in all supplier contracts. Sustainability audits are carried out on suppliers in risk categories. The objective is to minimize risks of non-compliance among suppliers, primarily in low-cost countries. The sustainability audit process is the main tool used to evaluate how well a potential supplier meets the requirements.

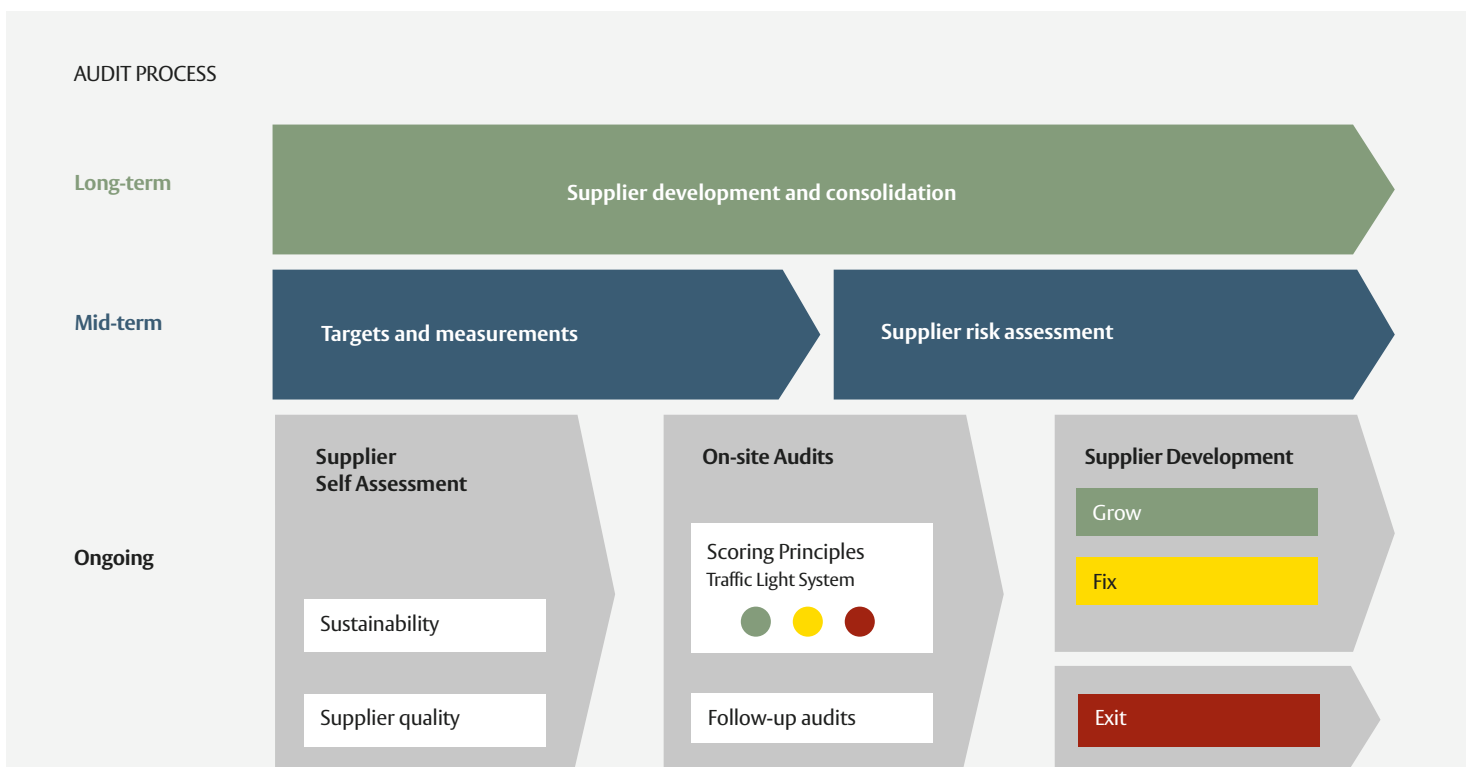
Based on a risk assessment, high-risk suppliers in low-cost countries are required to perform a supplier self-assessment in the sustainability areas that correspond with the areas covered in ASSA ABLOY's Code of Conduct. Following the self-assessment, on-site sustainability audits may be agreed with the supplier.

Both the self-assessment and the on-site audit checklist are designed to verify whether the supplier is compliant with the ASSA ABLOY Code of Conduct, covering business ethics, labor rights and human rights, environment, health and safety.

Each division is responsible for performing audits when required, and their audit reports are submitted to the Group's supplier database.

Scoring Principles – The Traffic Light System

Audit scores are linked to a color-coded system in which green means that the supplier is accepted, yellow that



The audit is carried out using a sustainability audit checklist, which lists a number of criteria and questions that the auditor uses to calculate a score according to ASSA ABLOY's Scoring Principles – The Traffic Light System. The Traffic Light System links the scores to three colors: green, yellow and red. Green means that the supplier is accepted, yellow that improvements need to be made within a certain time frame and red that the supplier has been blacklisted and will not be given any new

business until the problems have been resolved and this has been verified by a follow-up audit. If the supplier fails to improve its performance, ASSA ABLOY will end the professional relationship. Some criteria in the audit checklist are of such significance that they are called "stoppers". If a supplier fails to comply with these ASSA ABLOY standards, it is automatically rated red – regardless of its performance in other areas.

Sourcing process and supply chain integrity

improvements need to be made within a specific time frame and red that the supplier is rejected.

Both red and yellow statuses can be revised based on evidence of a corrective action plan, well-documented progress and firm commitment from the supplier. Contracts with suppliers may be subject to termination in case of non-compliance that is not remedied within an agreed time frame.

Suppliers in low-cost countries

ASSA ABLOY suppliers in selected low-cost countries are listed, graded and tracked in a supplier database. The database ensures transparency and that the purchase organization has access to consistent information about the suppliers' performance. The supplier database is available on the Group intranet for access by selected purchasers. Confidentiality is ensured by assigning user rights and by limiting updating rights to accredited and trained administrators.

The database enables several key performance indicators to be followed up and is an important means of identifying and developing preferred suppliers.

Calibration audits

Calibration audits play an important role in ensuring suppliers are scored in the same way by ASSA ABLOY auditors. A calibration audit involves a team of senior ASSA ABLOY employees who are responsible for auditors in various divisions, together with managers from Group Supply Management, auditing a number of suppliers during a weeklong process and then comparing their scores. The need for calibration audits will grow as both the number of audits and the number of internally trained auditors increases.

Audits and results in 2011

In 2011, the scope of the supplier sustainability audit program was expanded to cover not only China, Hong Kong, Macau and Taiwan, but also suppliers with production facilities in other low-cost Asian countries. In total, the Group has 1,300 direct material suppliers based in low-cost Asian countries.

During the year, 479 suppliers were audited. Including follow-up audits, the number of total audits increased to 493, compared to 376 in 2010. At year-end, 461 active suppliers had satisfied the minimum standards for quality



Auditing for a safe and sustainable ASSA ABLOY

As ASSA ABLOY acquires more companies and therefore expands its supplier base, the need for supplier audits increases. The Group insists that suppliers measure up in the key areas of environment, health, safety, business ethics and human rights.

It's essential that all existing and new suppliers meet the Group's high standards.

Peak Chang, senior supplier management engineer at division Asia Pacific's Asia Sourcing office, emphasizes the importance of audits, especially when moving production to low-cost countries.

"Moving production to low-cost countries increases the need to secure the quality level of our suppliers," Peak says. "ASSA ABLOY has a unique opportunity to strengthen our brand, products and market position when we manage our risks properly in enhancing our sustainability management."

Audits are designed to assess risks within five main areas: environment, health, safety, business ethics and human rights. The ASSA ABLOY process is always the same, regardless of the type of supplier or auditor.

Peak has conducted more than 200 audits since he joined ASSA ABLOY four years ago. "Safety, health and human rights are parts of the operation that we mark most often," he says. "Some companies only focus on business ethics. In their eyes, health and safety don't affect the customer. But ASSA ABLOY disagrees – all five parts of the audit are equally important."

Every audit combines interviews with management and randomly selected individuals in the organization, on-site inspections and document reviews. Every supplier needs to be in compliance with ASSA ABLOY's Code of Conduct and understand the Group's core values.

ASSA ABLOY has been conducting audits on high-risk suppliers in low-cost countries since 2006, focusing on China, Hong Kong and Taiwan. As the number of suppliers in Asia increased, so did the need for audits. More countries in



and sustainability and were classed as being reliable. These supplier represent 90 percent of the Group's spend for direct materials in low-cost Asian countries. At the end of 2011, 19 suppliers were blacklisted by the ASSA ABLOY Group – meaning they are not allowed to be given any new business by any ASSA ABLOY entity.

In 2011, 15 internal auditors received training in the ASSA ABLOY audit method and scoring principles. Part of the training process involved performing actual audits in order to harmonize the scoring of individual areas of the ASSA ABLOY standard review list.

Challenges and focus going forward

ASSA ABLOY Supply Management will continue to work with and develop suppliers in order to improve their ratings in the supplier assessments. This will reduce risks associated with non-compliance and, at the same time, contribute to improving the quality of our suppliers.

In 2012, the scope for suppliers to be audited will increase further to cover all low-cost countries in the Group. This will mean that suppliers in Eastern Europe, Africa, and South and Central America will be included in the program. Furthermore, calibration audits will be performed on a regular basis and our systems will be improved to better support the processes.

The main challenge going forward is sustainable management and ensuring that standards are met at the growing number of suppliers, including a large number of low-volume suppliers.

One reason for the increase of suppliers in China is acquisitions. To manage this, ASSA ABLOY is continuously identifying strategically important and preferred suppliers and phasing out the non-preferred ones.



Asia have been added to the audit list, and the internal organization within ASSA ABLOY changed to better meet the needs.

In 2010 the responsibility for audits was laid on the Group's five divisions. They are now responsible for targets, follow-ups and budgets.

"We needed an organization that reflected the requirements and that could bring us closer to the operations," says Anders Wirsenius, group supplier quality and sustainability manager at ASSA ABLOY. "All five divisions have their own auditors, educated by ASSA ABLOY in our standardized audit process."

The auditors need to understand the extensive procedures that go into manufacturing ASSA ABLOY's advanced products, as well as laws pertaining to the environment, health, safety, business ethics and human rights.

"What our suppliers believe is important to the business relationship is not necessarily what ASSA ABLOY think is important. A supplier can get a high score in four of the five areas we measure, but leaving out that fifth one can mean the end of our business relationship."

Minor complaints in an audit are often easily addressed – it might be that the workers don't use protective glasses or gloves. The suppliers are then happy to make improvements quickly. It is harder to improve

major issues that require process changes or reconstruction of the site. The time given to make improvements depends on the extent of the issue – it can be anything from a few weeks to a year. ASSA ABLOY then carries out a follow-up audit.

ASSA ABLOY must offer the incentives to change and it is our duty to tell the supplier what is correct or not. Certain issues are more sensitive than others, which make it important to know how to communicate in the right way.

The audits are not only about controlling suppliers, but a tool to help ASSA ABLOY develop as a company. "Through our audits we can create new business opportunities, learn from our suppliers' experiences and pick up new knowledge concerning product trends, technology and the external environment," he says. "By listening to their expertise, we can collect information that will benefit us in the future."

+ Streamlining

+ Smart
solutions

+ Alternative
energy
sources

= Resource
efficiency

Manufacturing

Energy consumption and CO₂ emissions

Reduced energy consumption is a top priority for all factories and sales companies within the Group. The reported data forms the basis for performance evaluation and benchmarking. New metrics such as energy consumption per square meter and energy consumption in relation to number of worked hours have been introduced to be able to compare similar entities with each other.

ASSA ABLOY has been conducting assessment of its products and production processes for several years. The results show that it is energy consumption in the production phase that has the most significant impact on the environment.

Energy consumption in factories and sales companies

Analysis of the energy consumption in large manufacturing units show that 40–60 percent of the energy consumption in those units is related to heating, ventilation, lighting, office equipment and other non-production volume

dependant consuming devices. This means that the ongoing manufacturing footprint consolidation will contribute to further energy reduction savings. Each remaining facility will be streamlined and specialized on production of certain products, meaning high utilization of machines, equipment and floor space. It is important to stress that the streamlining enables full capacity, efficient working practices and high standards of quality at the remaining sites.

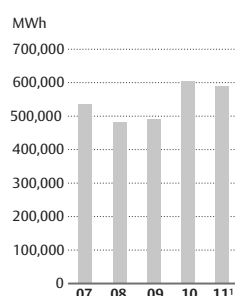
Understanding the main drivers for the base consumption is important to achieve further reductions in energy

Energy consumption

MWh	2007	2008	2009	2010	2011 ¹
Direct energy					
– oil	35,000	9,000	23,000	34,400	26,600
– gas	190,000	191,000	174,000	176,600	171,100
– coal				67,200	75,500
– Total	225,000	200,000	197,000	278,200	273,200
Indirect energy					
– electricity	283,000	260,000	261,000	291,200	291,900
– district heat	28,000	22,000	33,000	35,700	24,600
– Total	311,000	282,000	294,000	326,900	316,500
TOTAL ENERGY USE	536,000	482,000	491,000	605,100	589,700

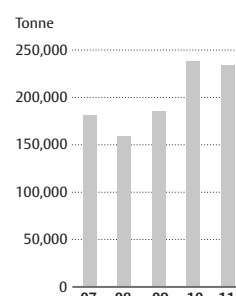
¹For comparable units. Total energy consumption amounted to 632,000 MWh, including units acquired during the year and increased reporting.

TOTAL ENERGY USE (MWH)



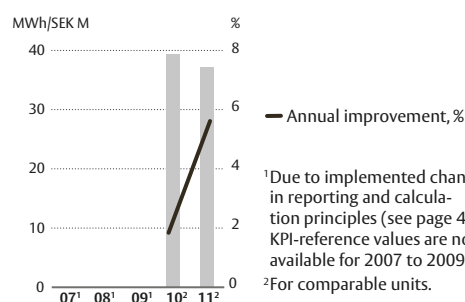
¹For comparable units. Total energy consumption amounted to 632,000 MWh, including units acquired during the year and increased reporting.

GREENHOUSE GAS EMISSION CO₂ TOTAL (TONNE)



¹For comparable units. Total greenhouse gas emissions amounted to 248,600 tonne, including units acquired during the year and increased reporting.

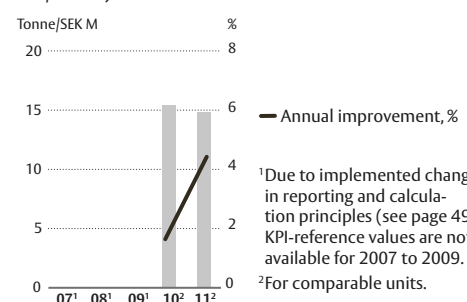
KPI, TOTAL ENERGY/VALUE ADDED (MWH/SEK M)



¹Due to implemented changes in reporting and calculation principles (see page 49), KPI-reference values are not available for 2007 to 2009.

²For comparable units.

KPI, GREENHOUSE GAS EMISSION CO₂/VALUE ADDED (TONNE/SEK M)



¹Due to implemented changes in reporting and calculation principles (see page 49), KPI-reference values are not available for 2007 to 2009.

²For comparable units.

consumption. Each entity has defined a target for energy consumption for the coming year and a detailed mapping of the energy consumption has been made in several units. Ongoing consumption is measured continuously. Performance metrics and targets are being displayed visually and employees are encouraged to come up with ideas for improvements. Many entities have invested in equipment for more intelligent control of energy consumption, such as:

- Timers for control of heating/cooling, ventilation, lighting and compressors
- Sensors for lighting and ventilation

The ASSA ABLOY Sustainability database and analysis tool contains current and historical data per entity as well as a set of standardized measures of energy performance – for example, energy consumption per square meter and energy consumption per worked hour. In order to identify areas for further improvements, entities producing similar types of products can be compared. The analysis capabilities will be further developed in 2012 and will, for instance, include climate data per geographical site as heating and cooling are important drivers of total energy consumption in certain areas.

Transport

Efforts to reduce our carbon footprint continued in 2011, including the improved monitoring of transportation of goods and employees. A database has been established to store the geographical locations of all suppliers of direct materials, as well as all ASSA ABLOY factories and sales companies. At the end of 2011, the GPS coordinates of 4,000 suppliers had been entered into the database. The database is connected to ASSA ABLOY's central purchasing database, which enables transportation impact estimations based on purchased value, weight of purchased goods and mode of transportation. The system will also be used for optimization and coordination of transportation within the Group, as well as from suppliers in different geographical regions. The implementation of the system will continue in 2012.

ASSA ABLOY has increased its demands for information from its travel agents in relation to business travel. This information allows ASSA ABLOY to better understand its employees' current travel behavior and to promote more environmentally efficient behavior. On the Divisional level, there are guidelines for business travel and routines for approval of such travel.

Environmental impact

ASSA ABLOY is dependent on energy in its production processes and the company is vulnerable to the effects of energy retrieved from exhaustible resources. Examples of such effects are an increase in price and reduction in supply of certain energy sources. Further, the company affects the environment in the consumption of energy and fossil fuels and through emissions. There are trends toward taxes on emissions and increasing oil prices – emphasizing the fact that ASSA ABLOY's ability to run its business in an effective, environmentally sensible way is closely linked to the supply and cost of resources.

Performance

Total energy consumption for comparable units decreased by 14,000 MWh or 2.3 percent compared to 2010. The normalized result – i.e. energy intensity – improved by 5.5 percent in 2011. The target for 2015 is to reduce energy intensity by 15 percent compared to 2010 (see page 8).

Total carbon dioxide emissions for comparable units decreased by 2,600 tonnes or 1.1 percent compared to 2010. Emissions intensity for comparable units improved by 4.3 percent compared to 2010. In 2011, 10 percent of the energy used came from renewable sources. The reduction in energy consumption did not translate into a comparable reduction in emissions due to the varied energy mix across the ASSA ABLOY Group. ASSA ABLOY is looking for ways to make its energy supply more efficient and cleaner.

ASSA ABLOY Australia reduces electricity consumption



Challenge

As the buildings at the Melbourne site are now quite old, most of the translucent panels had become dirty and were not allowing a great deal of sunlight through. As a result, it was decided to repair, clean or replace these existing panels as required, in addition to installing additional translucent panels elsewhere throughout the facility.

Solution

In an effort to reduce its electricity consumption, ASSA ABLOY Australia has replaced some of the roof at its Melbourne facility with translucent panels and installed daylight sensors so that the lights can be turned off automatically when there is sufficient natural light.

To maximize energy savings, sensors were also installed to ensure that the artificial lights only turn on when there is not enough natural light.

Result

This and other projects have reduced electricity consumption at the Melbourne facility by approximately 5 percent, while maintaining safe light levels, for an annual saving of around AUD 35,000 (about SEK 245,000).

ASSA ABLOY Australia has also tested the use of motion sensors for lights in some parts of the Melbourne factory, which will one day ensure that – even when there is insufficient natural light – the artificial lights will only turn on if there is someone in the area.

Manufacturing

Water and waste

Improving the waste management process and reducing water consumption are important elements of ASSA ABLOY's efforts to minimize its environmental impact and cut costs.

Water

Efforts to improve water efficiency have focused on facilities with painting or plating operations as these consume the most water. The 20 largest entities in terms of water consumption account for more than 70 percent of the Group's total water consumption. The ASSA ABLOY Sustainability database and analysis tool contains current and historical data per entity as well as a set of standardized measures for water performance evaluation. In order to identify areas for further improvement, entities producing similar types of products can be compared. The analysis capabilities will be further developed in 2012 with respect to process types and volumes of products painted or plated in particular production lines. The aim is to reduce operating costs and environmental impact.

Technological innovation in the recirculation and reuse of water resulted during 2011 in a decrease in water discharge compared to 2010. Using less water also means that we have less water to heat, which in turn decreases our energy consumption.

Emissions to water are monitored in accordance with local regulations. The ASSA ABLOY units that manage chemicals must have proper licenses and be registered with the local authorities.

Water

	2007	2008	2009	2010	2011 ¹
Purchased water (1,000 m ³)	1,997	1,763	1,765	1,819	1,737
Water from on-site wells (1,000 m ³)	141	104	91	256	237
Total water consumption (1,000 m³)	2,138	1,866	1,856	2,075	1,974¹
KPI, Water/ Value added (m ³ /SEK M) ²	NA	NA	NA	135.2	124.6

¹ For comparable units. Total water consumption was 2,075 (1,000 m³) including units acquired during the year and increased reporting.

² Intensity values are calculated for comparable units between 2010 and 2011, (see page 49), reference values are not available for 2007 to 2009.

Rockwood Manufacturing is committed to safety and sustainability

Challenge

Rockwood Manufacturing, a US-market leader in the production of door pulls and trim hardware for doors in non-residential buildings, recently implemented a major sustainability program.

Solution

Joseph Morocco, the company's environmental/safety supervisor says that, as a result of increasing environmental awareness, sustainability is not just the right thing to do, but also something that customers have come to expect.

He adds that his responsibilities are twofold; reducing Rockwood's environmental impact and developing a safer and healthier working environment for the company's employees. "At the same time, we are reducing costs and meeting customer demands that we become more 'green'," Morocco says.

Result

In an effort to reduce the environmental impact, Morocco and his team encouraged Rockwood's employees to take a number of steps, such as recycling cardboard, paper, plastic and alkaline batteries. "We have installed energy-efficient lighting throughout the facility, reducing electricity usage while indirectly reducing our carbon dioxide emissions," he adds. "Also, we have installed coolant-recycling units on lathes, thereby reducing the amount of waste coolant generated."

Looking ahead, Morocco says Rockwood will continue to improve its health and safety standards, while also reducing its environmental impact.



Waste

ASSA ABLOY works to minimize waste related to packing and waste created directly and indirectly by its manufacturing processes. In 2011 the total amount of waste in the manufacturing companies was 59,600 tonnes, of which 80.3 percent was recycled. A number of companies have reduced their amounts of packaging material, switched to more environmentally friendly packaging materials and in some cases also introduced returnable/recyclable containers. The increased use of electronic orders and integrated information flows between systems has also reduced the number of printed documents.

Hazardous waste

	2007	2008	2009	2010	2011
Metal sludge (tonnes)	1,443	895	751	728	659
Oil for recycling (tonnes)	741	878	769	564	487
Other types of toxic waste (tonnes)	1,991	2,688	2,694	3,211	1,884
Total hazardous waste (tonnes)	4,175	4,460	4,214	4,502	3,030¹
KPI, Hazardous waste/ Value added (kg/SEK M) ²	NA	NA	NA	293	191

¹ For comparable units. Total amount of hazardous waste was 3,082 (tonne) including units acquired during the year and increased reporting.

² Intensity values are calculated for comparable units between 2010 and 2011, reference values are not available for 2007 to 2009.

Recycled metal

Tonne	2007	2008	2009	2010	2011
Waste metal for recycling	59,300	38,700	35,800	39,000	36,900 ¹

¹ For comparable units. Total amount of waste metal for recycling amounted to 42,300 tonnes, including units acquired during the year and increased reporting.

Various metals are sorted by type to assist in the recycling of their content. Cutting oil is extensively filtered and cleaned so that it can be reused in the manufacturing. Certified companies appropriately dispose of any hazardous waste that cannot be reused. The total amount of hazardous waste was reduced by 32.6 percent for comparable units.

The ASSA ABLOY Sustainability database and analysis tool contains current and historical data per entity as well as a set of standardized analysis for waste performance evaluation, e.g. generated waste per worked hour. Companies producing similar types of products can be compared in order to find best practices and areas for improvements.

Non hazardous waste

	2007	2008	2009	2010	2011
Household incinerated	1,192	1,001	1,778	1,515	1,563
Household deposited	7,140	5,339	5,340	5,593	5,267
Paper and cardboard for recycling	NA	NA	NA	NA	2,520
Plastic waste for recycling	NA	NA	NA	NA	263
Other types of waste	3,179	2,993	3,530	4,633	2,352
Total	11,511	9,333	10,649	11,740	11,965¹
KPI, Non hazardous waste/ Value added (kg/SEK M) ²	NA	NA	NA	757	755

¹ For comparable units. Total amount of non hazardous waste was 14,207 (tonne) including units acquired during the year and increased reporting.

² Intensity values are calculated for comparable units between 2010 and 2011, reference values are not available for 2007 to 2009.

ASSA reduces energy consumption by about 50 percent compared with 2006

Challenge

In 2007, the ASSA ABLOY Group set a target of reducing energy consumption by 15 percent over five years, and began efforts to identify equipment that might be using unnecessarily large amounts of energy.

Solution

One of the first steps taken at ASSA was to purchase four clamp meters and software that could be used to measure energy consumption. ASSA staff used these tools to measure the consumption of most equipment at the Eskilstuna facility.

After performing an inventory of all light fixtures at the plant, it was decided that it would be more profitable to install motion detectors, photoelectric lighting controllers and, where possible, to reduce the number of light fixtures and fluorescent bulbs.

LED bulbs have replaced halogen and fluorescent bulbs in certain light fixtures and installing motion detectors in production facilities, storage areas and facilities in the basement has saved an average of 4 kilowatt-hours (kWh) of electricity per weekday. Other areas that have been updated include changing rooms, stairways and corridors.

Result

Through these measures, energy consumption decreased by about 50 percent compared with 2006. This is in addition to savings made in previous years, such as when the decision was made to reuse water that had been heated in the process of cooling compressors, saving about SEK 250,000 per year.



Sainte-Savine factory sorts waste, benefits community

Challenge

In the interest of the environment, ASSA ABLOY France decided in July 2010 to start using a small train to collect waste generated by the factory in Sainte-Savine.

Solution

The train now makes five circuits of the factory each day, collecting the waste from each work station. The driver ensures that the waste he collects has been properly sorted into separate bins, according to the agreed categories: domestic waste; paper and cardboard; materials soiled with grease and oil; electronic waste; ink cartridges; and PVC.

In May 2011, it was decided to go one step further and sort plastic wrapping materials. Previously, these materials had been mixed in with the domestic waste and ended up in a landfill. Several collection points were set up around the factory and a campaign was launched to inform factory personnel about the need to sort plastic wrapping materials.

When he goes on his rounds, the driver of the train collects plastic wrapping materials in biodegradable bags, which are then put into our cardboard box compactor and sent to the town's sorting center. There, the plastic wrapping materials are pressed into bales before being sent to recycling plants and processed so that they can ultimately be used to make bottles, pens or even computers.

Result

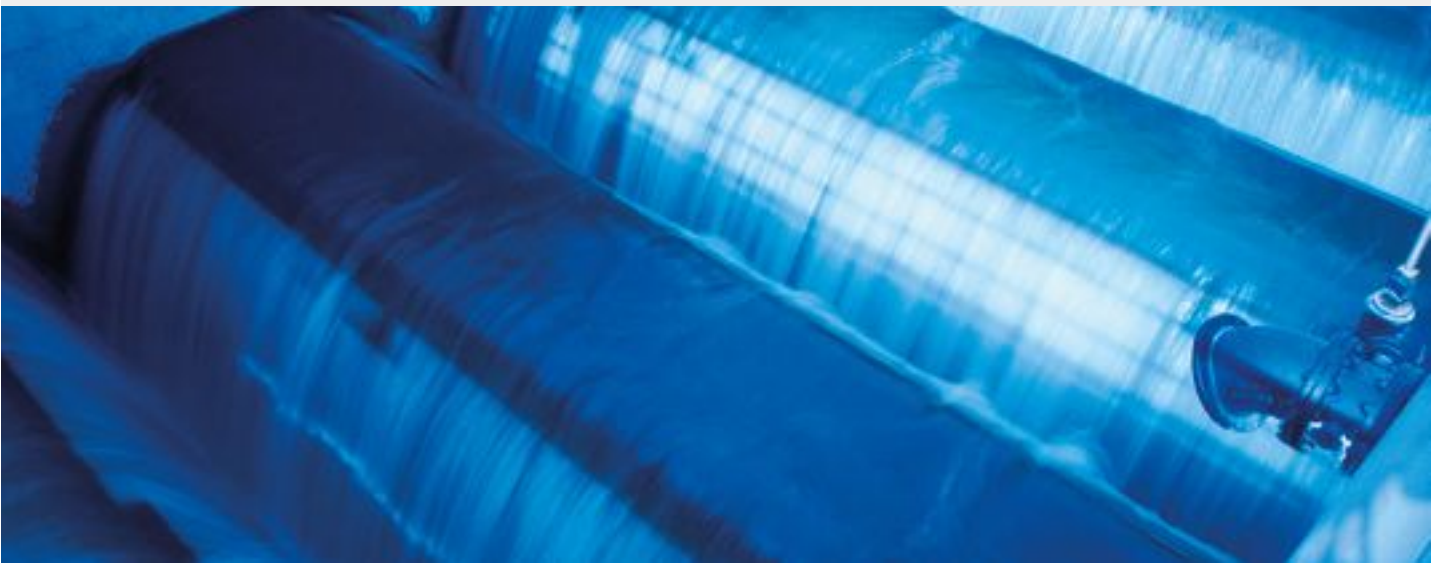
In 2011, no less than 13.84 metric tons of plastic materials were collected and recycled.

In addition to benefitting the environment, the introduction of the recycling train has had a beneficial social impact. The train driver, Stéphane Bauland, was hired from a local municipal department that helps to find jobs for disabled people.



Mul-T-Lock introduces advanced and environmentally efficient wastewater treatment

Challenge	When Mul-T-Lock moved its main manufacturing facility from Barkan, east of Tel Aviv, to Yavne, in Israel's Central District, it took the opportunity to upgrade its industrial wastewater treatment system.
Solution	<p>The new system, installed by Israeli developer Elgressy Ltd, and combining the technologies of electrocoagulation and electroflotation, benefits both the planet and the company's bottom line.</p> <p>Unlike the traditional waste-removal system used formerly by Mul-T-Lock, the new facility uses no hazardous and aggressive chemicals that require special storage and great care.</p> <p>Based solely on electrical processes, the new method is exceptionally safe and clean.</p>
Result	Thus, the new system generates some important advantages, both financial and environmental: the cost of the entire new process is no more than 30 cents per hour, and the amount of sludge to be transported to distant landfills – another heavy expense – has been reduced by as much as 80 percent. Moreover, the technology removes about 95 percent of the metals, compared with about 60 percent with traditional chemical processes, which means that the water is clean enough to recycle back to the plant – for a better environment and considerably diminished water bills.



Reduction of hazardous waste

Abloy Finland recently made the decision to use vegetable-based oil rather than cutting emulsion in its Door Control business unit's IMAS machining center. Previously, the cutting emulsion had to be changed two or three times a year, resulting in a total of 8,000 liters of hazardous waste being produced per annum.

The vegetable-based oil used now is biodegradable and very seldom needs to be replaced – just topped up from time to time. As a result, the total amount of toxic waste produced by the Abloy factory in Joensuu, Eastern Finland, has been reduced by 3 percent. The vegetable oil is also gentler on the cutting machine, helping to reduce maintenance costs.

Manufacturing

Organic solvents and surface treatment

Chlorinated organic solvents such as perchloroethylene (PER) and trichloroethylene (TRI) are often used for surface treatment of metals, including degreasing, cleaning and pretreatment before plating.

While ASSA ABLOY measures its use of several different organic solvents, perchloroethylene (PER) and trichloroethylene (TRI) are mentioned in the sustainability report because they are the most environmentally hazardous organic solvents. ASSA ABLOY has been working systematically for many years to reduce and, in the long run, completely eliminate its use of these two solvents. They are now used primarily in a small number of entities acquired in recent years. Most of the Group's entities use environmentally friendly alternatives such as ultrasonic cleaning processes and water- or steam-based processes.

Performance

During 2010 the phase-out of TRI was completed. The phase out of PER within the Group continued in 2011 and a further reduction of the number of sites using PER was achieved. Total consumption of chlorinated organic solvents was reduced by 35 percent compared to 2010. Commitment to reducing the use of chlorinated organic solvents will continue and it is ASSA ABLOY's aim for all of its facilities to cease using them.

Surface treatment

Metals are widely used in ASSA ABLOY products. Products and their components need surface treatments to meet high standards of durability, corrosion resistance, quality and finishing.

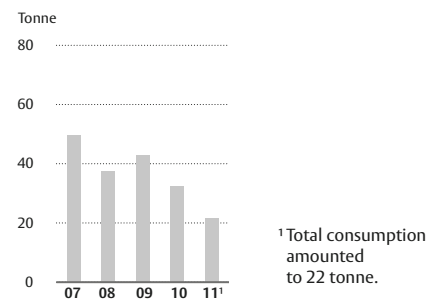
In most cases, the surface treatment processes are highly complex and require accurate process controls. Care must also be taken to ensure the correct concentrations of active chemicals are used in order to achieve the desired results. Parts are treated in sequential baths and cleaned in water tanks before each new sub process commences. Using modern cleaning technologies, the waste water can be recirculated back into the process multiple times, thereby minimizing water consumption, saving energy and reducing costs. ASSA ABLOY has long-established expertise in the surface treatment field, including processes such as passivation, anodization and plating.

Performance

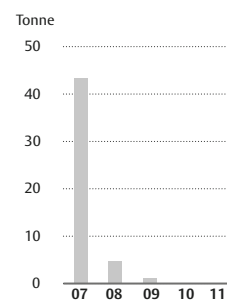
During 2011, the conversion of two surface treatment processes was completed. The conversion of another two processes was initiated and will be completed in 2012.

Consumption of organic solvents

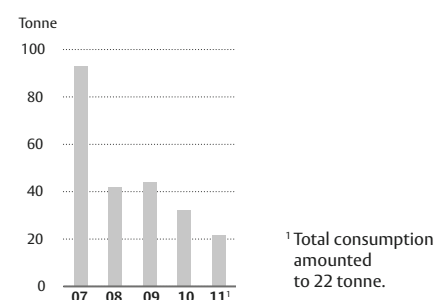
PER CONSUMPTION



TRI CONSUMPTION

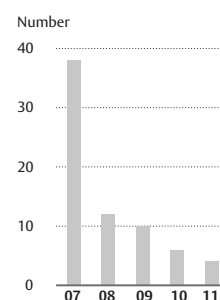


PER AND TRI TOTAL CONSUMPTION



Surface treatment processes under change

PROCESSES UNDER CHANGE



+ Knowledge
+ Creativity
+ Hearts
+ Brains

= Employees

Employee survey improved communication



“The employee survey helped us realize the opportunity we had to improve our internal communication, and it has been a high priority ever since then. I believe that employees are more aware of what is going on within our organization with the help of our monthly companywide meetings, informative e-mails, communication boards and posted bulletins.”

Heather Goldman
Manager of continuous improvement
ASSA ABLOY EMS & OEM Group, USA



People make it all happen

It is ASSA ABLOY's vision to be an attractive company to work for. The company wants to fulfill this vision by offering challenging tasks, good development opportunities, a safe and sound work environment and delegation of responsibility.

Company knowledge

For employees to be motivated and engaged, they need to know the company and how their jobs contribute to overall goals and objectives. ASSA ABLOY employees learn about the company's history, products, strategy, Code of Conduct and goals and objectives through the web-based interactive training program "Entrance to ASSA ABLOY". The program is available in 15 languages on the Group intranet and is a mandatory part of the introduction of employees across the Group.

A new version of the program was launched in 2011. All employees are expected to take this program.

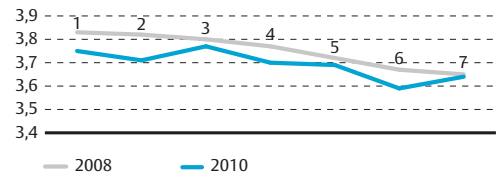
Employee survey

An employee survey is carried out globally every 18–24 months. The objective is to give all employees the opportunity to express their views about their jobs, their workplace and the company, and thereby stimulate involvement and engagement. Depending on the result, the survey is followed by activities that address areas in need of change and improvement.

All employees should have annual performance reviews. The employee survey addresses this matter and employees are asked whether their reviews have taken place or not. Other survey questions that are directly related to sustainability are: "My unit provides equal opportunities to both women and men", "My unit shows environmental responsibility" and "My unit has high ethical and moral standards".

The next survey will take place in March 2012. Comparison with earlier surveys will show the impact of actions taken. The results will be broken down for around 275 entities to make actions and communication as relevant as possible. Best practices are shared between the entities.

EMPLOYEE SURVEY RESULTS FROM 2010 RELATED TO SUSTAINABILITY



1: strongly disagree, 5: strongly agree.

How well do the following statements correspond to your opinion?

1. My unit values diversity among its employees – 3.75, 9th highest score among 36 questions.
2. My unit is a good place to work – 3.71.
3. My unit shows environmental responsibility – 3.77, 6th highest.
4. I am treated with fairness and respect at my unit – 3.70, 11th highest.
5. My unit shows responsibility regarding the health, well-being and work environment of its employees – 3.69.
6. I can openly and with respect express my views and opinions within my unit – 3.59.
7. My unit has high ethical and moral standards – 3.64.

The scores on the questions are very much in line with those from the 2008 survey.

"The employee survey helped us to address some communication gaps between different functions and to streamline processes. The survey made it possible to hear the voice of junior staff with the same level of importance as senior staff. An all-team discussion helped to identify gaps, such as the need for more training. As a result, designated employees were nominated for certain external training programs."

Ranjit Nambiar
National sales manager
HID, India



"After the previous employee survey highlighted a need for better internal communications, we encouraged all staff to be involved with the monthly newsletter, and we've had a great response to this. We introduced communication boards both in the offices and on the factory floor. We actively use the intranet site for providing company information, and we also have a new SharePoint site being launched this year."

Sara Fisher
Executive assistant
ASSA ABLOY, UK

Careers at ASSA ABLOY

ASSA ABLOY believes that employees are the key to success and should have the opportunity to perform and develop according to their potential. Challenging tasks, training, regular feedback on performance and teamwork are important elements for career development.

Training and development

Two Group-wide development programs are run yearly and offered to a number of ASSA ABLOY's senior leaders. One is the internal program "MMT", in which the participants learn more about all parts of ASSA ABLOY's business and operations, develop a network with colleagues from other countries and businesses, share best practices and identify new business opportunities. This is of particular importance to ASSA ABLOY, given the many acquisitions. "MMT" therefore also plays an important role in successful integration. Since its launch in 1996, 419 leaders from 36 countries have participated in the program.

The other initiative, the ASSA ABLOY-IMD "Boosting Market Leadership Program", has the primary objective of supporting strategy implementation. The program was launched in 2011, replacing an earlier ASSA ABLOY-IMD program.

In 2011, 57 leaders participated in one of the above programs.

Scholarship program

The ASSA ABLOY Scholarship Program provides the opportunity for employees to work at a Group company other than their own for a limited period of time. The purpose is to share knowledge and experiences, and learn from other cultures and ways of working. The program is open to all employees.

Talent Management Process

ASSA ABLOY's Group-wide Talent Management Process aims at supporting career development and ensuring availability of the resources, skills and competencies needed to meet future challenges and opportunities. The process involves all levels of the organization and includes a structured approach to succession planning and career development.

Job posting and recruitment

It is ASSA ABLOY's philosophy that the employees must take charge of their professional careers. Consequently it is the policy to post all job openings on the Group intranet, thereby informing employees about vacant positions and giving them the opportunity to apply. Internal candidates are given priority, provided their qualifications are comparable to those of external candidates.

The job posting and recruitment policies are now well established within the Group. Hiring of employees is normally done locally and the vast majority of employees, including senior management, are – with few exceptions – local.

Scholarship program contributes to development of South Korean employees

Four ASSA ABLOY employees based in South Korea participated in the ASSA ABLOY Scholarship Program in 2011 to support their career development.

One of the participants was Sean Gon Sohn, who has worked for ASSA ABLOY since April 2006, and is now inter-group product manager at iRevo. Under the scholarship program, he worked with the Yale team in the UK for seven weeks to improve his understanding of the digital door lock market in the UK, and also look for new opportunities for the business in Europe.

"The UK is the most important digital door lock market for Europe," says Sean. "It is important for both iRevo and the Yale team in the UK to improve understanding, share experiences and work more closely together. My participation in the program helped iRevo to complete the final stages of product development and also to initiate new product launches," Sean adds.

Eon Park, a product and marketing manager at iRevo, spent some time with the Electronic Access Control (EAC) team in New Haven, and Yale Commercial Locks & Hardware in Tennessee, USA. "Seeing is believing and one picture is worth a thousand words," says Eon.

"Due to the differences in the terminology used and the different cultures, iRevo sometimes runs into problems when developing products that might cause delays. The scholarship program gave me the opportunity to learn more about the US market, work on the voice-of-customer process for brand-new iRevo-developed products and develop new concepts for next-generation products," Eon adds.



Sean Sohn



Eon Park

“My role as a product marketing trainee within Yale EMEA allows me to work alongside a very dedicated and proficient team in many different markets,” says Gemma Lamont.

Sun Chao, general manager of Ruizhong Tianming Door, has participated in the MDP program.



Training for the future in EMEA

Gemma Lamont from the UK is one of 10 trainees in ASSA ABLOY's 18-month EMEA graduate trainee program. She applied for the program while completing a MA degree in business and economics in Glasgow. After spending six months with Yale EMEA in its UK offices, she transferred to Rome to work on a catalogue-generator tool. Her next move will be to Poland, where she will be part of the Yale central distribution project for a couple of months before she returns to the UK.

“It’s been very interesting so far, and I’ve definitely learned a lot,” Gemma says. She stays in close contact with the other trainees in the program, all of whom have different specializations. “We get together every couple of months and share experiences,” she says. “It’s quite a steep learning curve, but in terms of career development the program is number one. It combines hands-on project development with educational aspects so that we can put ourselves in line for managerial positions in the future.”

Bill Harding, VP of human resources in division EMEA, says the program aims to secure future talent. “As we move more into electronic- and IT-related solutions, we are clearly looking for graduates in those disciplines,” he says. “But we are also looking for people in marketing, sales, supply chain, mechanical engineering and finance. The purpose is to strengthen our talent pipeline.”

Each year about 25 people participate in the Management Development Program in ASSA ABLOY Asia Pacific

The Management Development Program (MDP) program is a platform for developing new leaders in the division, and the participants are selected based on three criteria: exceeding expectations on performance; demonstrating potential and aspiration for further development; and their potential for filling management positions in the organization.

Holly Li, HR director at ASSA ABLOY Asia Pacific, describes the program this way: “In the early stage of MDP, the program aimed to provide a platform for internal sharing, learning and site visiting, so that participants could adopt each other’s best practices and create internal synergies,” she says. “Since 2010, we have updated the program with more leadership-development training elements, and the training is designed around APAC’s new leadership-competency model: Envision, Execute, Empower and Collaborate.

We’ve also put learning activities into the program, where participants are asked to identify new business initiatives or improvement opportunities, propose an action plan and execute it, and then report on the results in a sort of graduation paper.”

Health and safety

A workplace culture where everyone takes responsibility is the foundation of ASSA ABLOY's health and safety strategy.

ASSA ABLOY is committed to providing a safe work environment and to eliminating risks that can cause accidents or impair the health and well-being of its employees.

Ultimately, managers are responsible for compliance with ASSA ABLOY's health and safety procedures and the regulatory requirements within their work areas.

The production units have their own health and safety committees, which include union representation where applicable. The committees gather incident reports, monitor health and safety performance and discuss opportunities for improvement. The committees also initiate training to address specific risks.

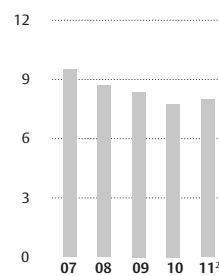
Learning from each other

All entities are benchmarked against each other and best practices are shared, thereby helping each other to attain higher standards.

Recognized risks

ASSA ABLOY's health and safety risks are mainly related to the use of chemicals for degreasing, painting and surface treatment, and to production processes such as die casting, stamping, drilling, cutting and polishing.

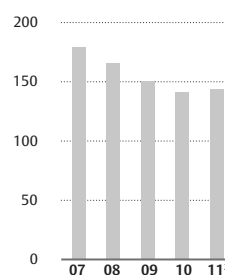
INJURY RATE, TOTAL¹



¹ Injury rate in injuries per million hours worked.

² For comparable units. The total injury rate was 8.9 including units acquired during the year and increased reporting.

INJURY LOST DAY RATE, TOTAL¹



¹ Injury lost day rate in lost days per million hours worked.

² For comparable units. The total injury lost day rate was 161 including units acquired during the year and increased reporting.



Training reduces number of accidents in Mexico

The management team at the Phillips factory in Mexico City demonstrates their commitment to employee health and safety each and every day. As part of a company-wide safety initiative launched in September of 2009 referred to as "STOP" (Safety Training Observation Program), employees meet daily to address any safety-related concerns they may have, based upon observations made by members of a department, or by members of the recently added employee safety brigade.

The STOP program began with intensive training for managers, department heads and other stakeholders on how to make observations of activities within a work area to determine where potentially unsafe actions or operations exist. Observations are documented and then become actionable.

Using the STOP program as a foundation, the Phillips team launched a permanent security campaign in April 2011, amidst much fanfare – including a formal ribbon-cutting ceremony to underscore the importance the company places on maintaining a safe working environment for employees. Aside from introducing new safety posters and bulletins, the campaign set up special security brigades, known as Guards for YOUR Safety. These brigades are comprised of union and non-union employees, and team members receive intensive training on the STOP program methodology. Members are distinguished by the red T-shirts they are issued upon successful completion of the program.

Since the inception of STOP in 2009, the number of workplace accidents at Phillips has been cut in half – clear evidence of the effectiveness of the program.

A responsible employer

Independent factory compliance audits, covering areas such as labor standards, human rights, work environment, workplace culture and skills development are conducted on a regular basis. The audits are conducted in line with internationally accepted and applied procedures by external auditors to obtain an independent view of the situation.

Depending on their findings, the audits may be followed by measures to correct and improve procedures where necessary. In 2011, two of ASSA ABLOY's factories in Shanghai, China were audited. In 2012 another two audits will take place.

Employees' voices heard through the EWC

The European Works Council (EWC) is a forum where 24 European employee representatives get information about key events and the development of the company and have the opportunity to meet representatives from Group management and ask them questions. In 2011 a new EWC agreement was signed to align ASSA ABLOY with the new EU directives on European Works Councils.



Signs of progress in low-cost countries

Interview with representative of third-party auditor

What are the challenges that ASSA ABLOY, together with other international production companies, faces in many low-cost countries?

It faces a context in which basic human rights and needs are not protected or met. There is a general trend of excessive overtime, low wages and poor health and safety conditions. As a consequence, it is not unusual for employees not to trust the management. Corruption and ethical misconduct are common and the lack of transparency in both public and private organizations is a context that must be managed with care.

How can these challenges be managed?

As ASSA ABLOY has its own factories, it can directly impact on these issues. It is important that they are addressed openly and that management demonstrates awareness. I think that ASSA ABLOY does this quite well and that the company has been successful in implementing its values and Code of Conduct.

How do you think ASSA ABLOY is faring in its efforts to manage the conditions in China?

We have visited three of ASSA ABLOY's entities in China, and they are doing quite well. I think that they outperform many comparable companies. The open dialogue and honest intentions are very positive. Implementation is always a challenge but I have experienced that ASSA ABLOY has set up systems to spread the Code of Conduct from management throughout the organization, resulting in a high level of awareness.

Which are the main challenges that still remain for ASSA ABLOY?

Excessive working hours continue to be a challenge, but not just for ASSA ABLOY. I think that the employee turnover in ASSA ABLOY's Chinese companies is lower than for many other companies, which is a positive sign. In order to secure that situation, ASSA ABLOY must continue to work actively with issues such as working conditions, working hours, wages and so on.

Gender diversity

ASSA ABLOY values and promotes diversity. This includes the ambition to achieve a better gender balance at all levels of the organization over time. The goal is to have women fill 30 percent of management positions by 2020. A gender diversity policy was introduced in 2010.

As of 2011, about 35 percent of the employees are women, while the percentage in managerial roles is significantly lower.

In order to further promote gender diversity, a workshop was held in Stockholm in June 2011 with participation from all divisions and members of Group Management to discuss goals and measures. It was agreed to set a goal that, by 2020, 30 percent of employees at levels 2-5 (see below) will be female. It was also agreed to increase the focus on gender diversity in connection with the Talent Management Process.

Other actions agreed on include to give priority to the underrepresented gender in connection with recruitment, provided their qualifications are comparable, and to try to

have at least one candidate from the underrepresented gender on the shortlist of candidates for each position.

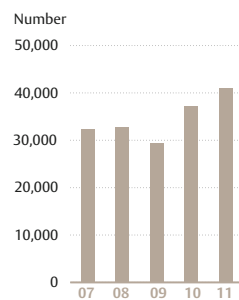
Female managers at different levels in the organization

Level	Percentage of females				
	2007	2008	2009	2010	2011
2 – reports to CEO	0	0	0	0	0
3 – reports to level 2	14	11	15	16	15
4 – reports to level 3	19	17	18	18	19
5 – reports to level 4	22	23	20	24	26
Level 2-5	-	-	-	-	24
All employees	39	40	39	37	35

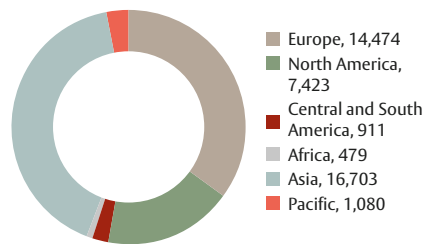
ASSA ABLOY AB head office is not included.

The decrease is due to the acquisitions of Pan Pan and Crawford.

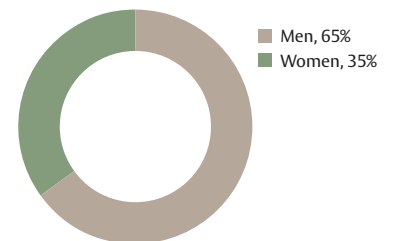
AVERAGE NUMBER OF EMPLOYEES



NUMBER OF EMPLOYEES BY REGION



GENDER DISTRIBUTION



Agnès Richter, product group manager, ASSA ABLOY France, was one of 20 participants in a June 2011 workshop in Stockholm on the topic of increasing the number of women in senior management positions.



ASSA ABLOY paves the way for women

ASSA ABLOY strives to promote more women in the Group. The overall goal is to have women in 30 percent of management positions by 2020.

ASSA ABLOY's HR Director Krister Eriksson believes a better balance between men and women at all levels in the organization will contribute to making ASSA ABLOY an even stronger company, both in terms of performance and its attractiveness as an employer.

"It will broaden our perspective on various issues, which will help us make better decisions," Krister says. "Gender diversity should be part of the Group's DNA."

Studies show that companies with women in senior management positions perform better. ASSA ABLOY's traditional business and technology has historically attracted mostly men, so it's certainly a challenge to attract and retain women in the Group.

To ensure that ASSA ABLOY reaches its goal of 30 percent of management positions being filled by women by 2020, the divisions will increase their efforts to achieve a better balance and there will be a systematic follow-up on the progress made. The ambition is also to increase the proportion of female participants in leadership programs run by IMD, the international business school ASSA ABLOY works with.

"Primarily, we want to promote the women already working for the company," says Krister. "I think perhaps women need an extra push and support to apply for jobs internally." It's a matter of changing the company culture, and we can do it.

+ Engaging
+ Sharing
+ Transparency
+ Feedback

= Stakeholder
dialogue

Engaging with stakeholders

Dialog with SRI community and analysts

To ASSA ABLOY, our stakeholders are those who have a direct relationship with us, are affected by us, or affect us. ASSA ABLOY has identified stakeholders of particular interest from a sustainability perspective. They are: customers, shareholders, investors, suppliers, employees, local communities, non-governmental organizations and media. The socially responsible investment (SRI) community is an important stakeholder in ASSA ABLOY's business and sustainability performance.



Folksam:
Emelie Westholm,
Analyst Corporate Governance



Swedbank Robur:
Anna Nilsson,
Head of Responsible Investments

Dialog with SRI investors and analysts

"Folksam has conducted an active engagement with ASSA ABLOY for several years and is pleased to see the Group's progress on sustainability management. In 2010 Folksam decided to focus its engagement with ASSA ABLOY on diversity and gender issues. This means that Folksam, to some extent, relies on its industry colleagues to challenge ASSA ABLOY on other matters, such as supply chain management, working conditions, health and safety and environmental management.

Since Folksam began its dialogue with ASSA ABLOY on these matters, ASSA ABLOY has communicated a policy on gender diversity as well as gender diversity targets (30 percent women by 2020) and shares best practices within its organization. Obviously these are very positive factors. Folksam expects that ASSA ABLOY will continue to advance, that the Group will offer more information on priorities, milestones, specific actions, more results and information on its future plans and direction. Folksam appreciates that ASSA ABLOY addresses gender from a strategic perspective, which gives the sense that the Group considers this issue to be of importance to its business performance.

ASSA ABLOY is open, interested in and responsive to external feedback, and transparent about the challenges it faces – all of which are important characteristics that will help the company make further progress."

"ASSA ABLOY is a truly international company and is therefore exposed to all of the positive aspects of globalization, but also to the challenges. ASSA ABLOY has made significant improvements in its sustainability management, and has been responsive to external input regarding risks and opportunities. From our perspective, the most material issue is ASSA ABLOY's supply chain management. Given its sizeable and decentralized organization, shaped by acquisitions, and a growing number of suppliers in low-cost countries, of which some perform manual labor, it is fair to say that the company's supply chain has inherent risks.

ASSA ABLOY takes a systematic approach to assessment, audits and actions. This is very much in line with what we expect from ASSA ABLOY and we appreciate the information provided to us on this matter. However, we do see potential for further improvement. For example, a wider scope of suppliers could be audited, and more detailed communication on various parts of that entire process would be helpful.

ASSA ABLOY's large number of acquisitions offers opportunities; knowledge, synergies and access to new products, but also challenges; potential breaches of the ASSA ABLOY Code of Conduct, difficulties in implementing the Code, the risk of inheriting suppliers that abide by standards other than those of ASSA ABLOY, and so on. It is therefore positive that ASSA ABLOY conducts third-party audits and communicates its Code throughout the organization. These measures contribute to raising awareness, which is a prerequisite before addressing local suppliers on the matter of sustainability management. It would be very useful for external stakeholders to learn more about the scope and results of those audits.

ASSA ABLOY is accessible and responsive, which is something we regard as being very positive. This builds trust and will also contribute to the continued development of the company's business. ASSA ABLOY is included in Swedbank Robur's sustainability funds (Hållbarhetsfonder)."

The investment community is an important stakeholder group that offers input on their expectations, including best practice and risk management. Engaging in dialogue provides an important opportunity for ASSA ABLOY to communicate our way of working. In 2011, ASSA ABLOY carried out the annual round table discussions and several one on one meetings with this group. The dialogue process which has been ongoing for several years, has resulted in important input to ASSA ABLOY's strategies and daily work as well as to how we communicate on these matters. Example of topics raised in 2011 are: Risks and risk management in sourcing; Management of risk of non-compliance with the

ASSA ABLOY code of conduct within acquired companies; Need for in-depth information on third party audits in the supply chain and within the Group's units as well as further information on the standard of suppliers; Resource efficiency and the constant work to reduce the environmental impact in sourcing and production. The opportunity perspective continues to increase of importance. The investment community wishes ASSA ABLOY to further elaborate on the opportunity side of sustainability related to our business and how we create customer value. We are committed to continue improving our communication and reporting to better meet the needs for information among our stakeholders.



Third Swedish National Pension Fund (AP3):
Christina Kusoffsky Hillesöy,
Head of Communications & Sustainable
Investments



DNB NOR:
Josefine Ekros,
Analyst – Responsible Investments



Second Swedish National
Pension Fund (AP2):
Ulrika Danielsson,
Head of Communications and HR

"We have followed ASSA ABLOY for several years and seen its sustainability performance evolve. The sustainability report clearly shows that improvements have been made over time, and we see more progress each year. Supply chain risks are still a concern for us and more extensive information on the management process is appreciated. We would also like to address the importance of linking sustainability aspects to customer value. Some of ASSA ABLOY's products can contribute to savings for customers in terms of reduced energy consumption during use, lower maintenance costs and longer product life. In addition to providing more extensive and clearer communication on this issue in the sustainability report, we believe it is important to communicate the value of sustainability to both customers and the financial community. This is an important part of the process of presenting the potential of both the products and the company as a whole.

ASSA ABLOY has integrated sustainability into its business – from product development all the way through to after-sales activities – but it seldom communicates its integrated approach to the mainstream financial market. I therefore recommend that ASSA ABLOY should talk about its sustainability performance and its business case for sustainability on capital market days.

We view this process as a common journey – the better ASSA ABLOY performs, the more we demand from it, and the higher the level of transparency we expect."

"DNB believes that ASSA ABLOY manages most issues relevant to its industry. Overall, the company makes a clear connection between its product portfolio and its sustainability strategy. Meanwhile, it would be valuable to gain more explicit information on the link between sustainability-related questions and the company's business opportunities.

ASSA ABLOY's communication of issues regarding environmental awareness and management is very thorough. We also commend the fact that ASSA ABLOY performs social compliance audits. However, we see an opportunity to communicate more social data such as targets and improvements on health and safety.

ASSA ABLOY admits to challenges in its supply chain, especially when it comes to the vast number of smaller suppliers that often come with acquisitions. We would like to know more about how the company intends to manage these challenges and how it plans to ensure that its policies are implemented throughout the supply chain.

Given ASSA ABLOY's wide range of sourcing markets, another relevant issue is how implementation efforts are adapted in different cultures and contexts with specific risks. For example, discrimination against women in the workplace has been recognized as a problem in Mexico, and other labor rights issues such as excessive working hours are common in China. We would like to gain a greater understanding of how ASSA ABLOY works with the applicable parts of its Code of Conduct in these regions."

"We believe that sustainability is a business opportunity for ASSA ABLOY, and we believe that it has managed these opportunities well. The reduced environmental impact that the company's products generate, compared with other products on the market, is obviously a very positive thing, and we see a growing demand for such products. At the same time, the greatest impact from ASSA ABLOY's products is connected to the sourcing and production phases. Therefore, it is very positive that ASSA ABLOY has replaced brass with stainless steel in several products. This switch will reduce the environmental impact of these products significantly.

Having suppliers and your own manufacturing facilities in high-risk countries holds certain risks, all of which we believe are addressed in the ASSA ABLOY Code of Conduct. Third-party audits are very important in managing these risks. We do believe that a greater number of suppliers could be included in these audits and that the number of audits could increase.

Communication about ASSA ABLOY's sustainability performance has developed very well over the years; the company has been good at setting targets and reporting its performance. Constant progress has been made and ASSA ABLOY addresses all of the issues that are relevant to its industry and market presence.

There is one aspect where we continue to ask for more action and more information – diversity. Over the coming years, we expect ASSA ABLOY to offer more information on its work to improve gender diversity throughout the Group."

Engaging with stakeholders

External recognition

To ASSA ABLOY, external stakeholders are an important source of knowledge and important partners in advancing our business. Various ratings and indices have compared ASSA ABLOY's sustainability performance to that of its peers, and we value such initiatives. Below are some examples of how we rated in 2011.



FTSE4Good Index

FTSE is an independent company jointly owned by The Financial Times and the London Stock Exchange. It produces various indices. The FTSE4Good Index aims to facilitate investments in companies that meet globally recognized corporate responsibility standards. ASSA ABLOY is included in the FTSE4Good Index. The company meets the stringent social, ethical and environmental criteria of the global index company FTSE Group, and is positioned to capitalize on the benefits of responsible business practice.



Kempen & Co

Kempen is a Dutch merchant bank that provides investment funds, among other financial services. ASSA ABLOY has been included in the Kempen SNS SRI Universe that, since 2003, invests in European companies which adhere to strict sustainability criteria such as environmental, ethical and social standards.



Folksam

The Swedish insurance company Folksam conducts annual studies of how companies manage their social and environmental responsibilities. Folksam presents various reports and indices on corporate responsibility among Swedish companies listed on NASDAQ OMX Small, Mid and Large Cap.

Corporate Responsibility Index

In 2011 Folksam presented its Corporate Responsibility Index, which presents an analysis of how 245 Swedish companies voluntarily report their management of environmental and human rights issues. In the 2011 report, ASSA ABLOY was rated 42nd and received a score of 3.43. The maximum score is 7. In the 2009 report (there was no report in 2010), ASSA ABLOY was rated 36th with a score of 3.43. Folksam comments that the general improvement in corporate responsibility reporting resulted in a stricter evaluation in 2011. In turn, some companies received a lower score in 2011 compared with 2009.

Carbon Disclosure Project

ASSA ABLOY has participated in the Carbon Disclosure Project (CDP) for five years. The CDP is an independent not-for-profit organization working to drive greenhouse gas emissions reductions and sustainable water use by businesses and cities. The CDP is backed by 655 institutional investors holding USD 78 trillion in assets. Based on the voluntary reports to the CDP, an assessment of companies' preparedness regarding risks and opportunities related to climate change is presented annually. In the Nordic CDP report for 2011, ASSA ABLOY received a score of 41/100 (36/100).



Memberships

ASSA ABLOY's long-standing commitment to sustainability work is reflected in its partnerships and memberships.



CARBON DISCLOSURE PROJECT

ASSA ABLOY and the UN Global Compact

ASSA ABLOY has been a signatory to the UN Global Compact since 2008. Our participation in the UN Global Compact means that we support and commit ourselves to actively promoting and respecting the 10 principles on human rights, labor standards, environment and business ethics in our operations and in relation to the various ASSA ABLOY stakeholders.

As a signatory, ASSA ABLOY is obligated to issue a Communication on Progress Report annually to the UN Global Compact. We fulfill this obligation by issuing an annual Sustainability Report, which is communicated to the UN Global Compact.

Green building organizations

Below are some examples of memberships that various companies in the ASSA ABLOY Group hold. The common denominator among these organizations is the objective to develop a more sustainable construction industry and bolster the supply of sustainable real estate.



Move from the West Bank completed

In 2008, ASSA ABLOY decided to relocate the Mul-T-Lock factory from Barkan in the West Bank. The decision was made due to criticism that the factory was located on occupied land. The move was completed in 2011 and the Barkan factory has been merged with the Yavne factory in Israel.



Engaging with stakeholders

Community outreach

ASSA ABLOY has the opportunity to contribute and give back to the local communities in which we operate. It is an opportunity that brings meaning and joy to a great number of people, organizations and communities.

ASSA ABLOY considers community outreach to be an important part of building trust in our organization, thereby making our employees feel proud to represent ASSA ABLOY. It is also part of being a good corporate citizen. The need for community outreach varies in the

different regions where the Group operates. Some of the initiatives carried out during 2011 are outlined below.

ASSA ABLOY is a politically neutral company that does not engage in lobbying or contribute financial support to political parties or representatives.

Besam Toronto helps local food bank

Staff at Besam Canada Inc., Toronto location, recently collected over 200 lbs of food for the Georgetown, Ontario Bread Basket Food Bank. The GBB was very low on supplies and Besam staff put their best foot forward and helped fill the shelves until the next major community food drive. There is always a need for everyday items but this fall the GBB was low on items for school children; drink boxes, peanut free snacks, cookies. With Besams efforts, GBB was able to help quite a few families get by until Thanksgiving.



Guli employees stay active while helping the community

For 14 consecutive years, Guli employees have participated in an annual 10,000-person charity run hosted by a local township government. All proceeds from this event are used to support children, education, families in need and disabled people, as well as to provide medical care. Those Guli employees who don't participate in the actual race dress up in matching white uniforms, wave ASSA ABLOY-Guli flags and cheer to show their support for their colleagues. In this way, the race is a great opportunity to both build company spirit and give back to the local community.

Employees donate blood

Donating blood is an effective means of building up blood reserves that can be used in the event of an emergency or by patients who suffer from chronic diseases. In this way, blood donors save lives. Guli has hosted blood donation events once a year for the past four years. These events are vigorously promoted and supported by senior management and the company even dispatches blood-donation vehicles to Guli factories, so that everyone can contribute. About 320 employees have donated blood over the past four years, demonstrating that the company culture of supporting the community is alive and well.



ASSA ABLOY renews pledge to Habitat for Humanity

ASSA ABLOY's involvement with Habitat for Humanity will be extended for an additional five years thanks to a renewed pledge to donate locksets from Yale Locks & Hardware worth USD 5 million.

The five-year commitment that commenced in January will result in the donation of interior and exterior locks and keys for homes built with Habitat for Humanity homeowner partners and volunteers. To date, Yale has provided more than 550,000 locks, valued at more than USD 12 million, to Habitat for Humanity affiliates – primarily in the United States, but also in Mexico and throughout the Asia Pacific region.

"Habitat for Humanity is honored to partner with Yale as we work with families to build safe, decent, affordable homes," said Larry Gluth, vice president of US and Canada for Habitat for Humanity International. "We are pleased to provide Yale's donated products to Habitat affiliates throughout the US."



ASSA ABLOY South Africa marks World AIDS Day 2011

In 2011, the focus was on preventing HIV transmission by "Getting to Zero": zero new HIV infections, zero discrimination, zero AIDS-related deaths.

On World AIDS Day, ASSA ABLOY staff in South Africa gathered to pray and enjoy music by the ASSA ABLOY choir, as well as plays put on by the AIDS committee.

One of the plays was about the importance of using female condoms and how important it is that women take the initiative to protect themselves and do not depend on their male partners to use condoms. This is because of excuses, attitudes and beliefs around the use of the male condom. The other play focused on the advantages of circumcision; while it cannot prevent HIV infection, it does reduce STIs.

The World AIDS Day activities made the staff aware of the facts about how to protect themselves and others from HIV, and addressed the stigma and discrimination faced by people living with HIV. It was an important reminder that HIV has not gone away – there is still a need to increase awareness.

+ Governance

+ Code of
conduct

+ Whistle-
blowing

= Managing
sustainability

Governance

The ASSA ABLOY Group applies the Swedish Code of Corporate Governance, which forms part of the rules of the Stockholm Stock Exchange. The Code is based upon the principle of “comply or explain”, and primarily deals with the organization and working methods of the Annual General Meeting and the Board of Directors, as well as the management of and interaction between these bodies.

Sustainability governance and organization

The Board of Directors has the overall responsibility for identifying and managing existing and emerging risks. The Executive Team is responsible for sustainability risk management and decides on sustainability policy, Code of Conduct and strategy.

Managing the sustainability agenda

In the ASSA ABLOY Group, sustainability issues are managed in a systematic and consistent way. The environmental sustainability coordinators at the Group and divisional levels ensure that the necessary policies, programs and tools for managing environmental issues exist and are implemented, while the Human Resource functions at the Group and divisional levels are responsible for managing social and ethical matters.

Councils for Operations, Human Resources, Sourcing and Innovation, with representatives from the Group and

all divisions, handle sustainability issues related to their areas. The divisions and their units are responsible for compliance with ASSA ABLOY policies and programs and for reporting to Head Office as requested.

A Code of Conduct compliance committee is chaired by the Group Senior Vice President of Human Resources, and its members include the person responsible for environmental sustainability at Group level and two employee representatives. Among other things, the committee handles whistle-blowing cases.

The Group intranet includes two sites about sustainability. One site offers general information for all employees, while the other supports the sustainability managers and includes tools, best practices, access to the reporting database and all sustainability indicators. Statistical reports and score cards enable all of the ASSA ABLOY companies to monitor their performance and to compare themselves with other companies in the Group.

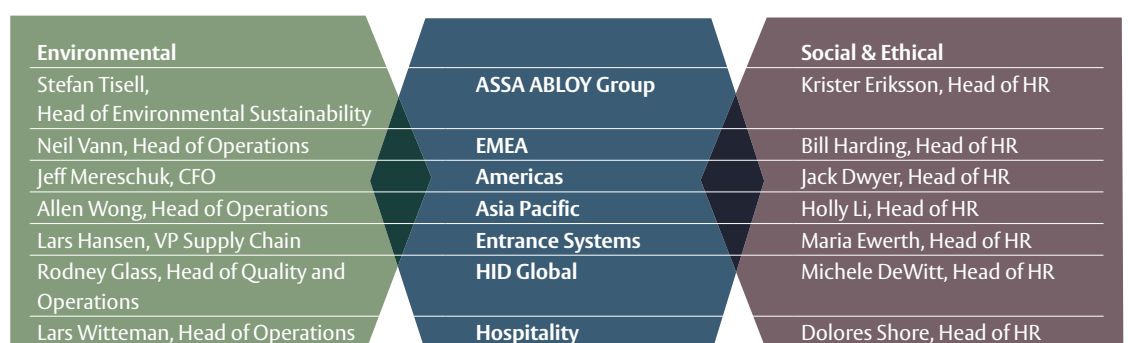
Number of entities covered by ISO 14001 certificates and other certifiable management systems

	2007	2008	2009	2010	2011 ¹
ISO 14001	39	37	39	47	55
Certifiable systems	29	26	23	22	20
Total	68	63	62	69	75²

¹ The change is due in part to the closing of units in the restructuring program, while some new units have been certified.

² There are 85 entities with significant environmental impact. The remaining factories are mainly assembly and customization operations.

SUSTAINABILITY ORGANIZATION



Organizational responsibility

In ASSA ABLOY's decentralized organization, the responsibility for implementing the Code of Conduct and other policies, such as the risk-management policy, as well as for identifying and managing sustainability risks, is delegated to each division, overseen by the Executive Team. Within the divisions, the operational responsibility is delegated to each factory or business.

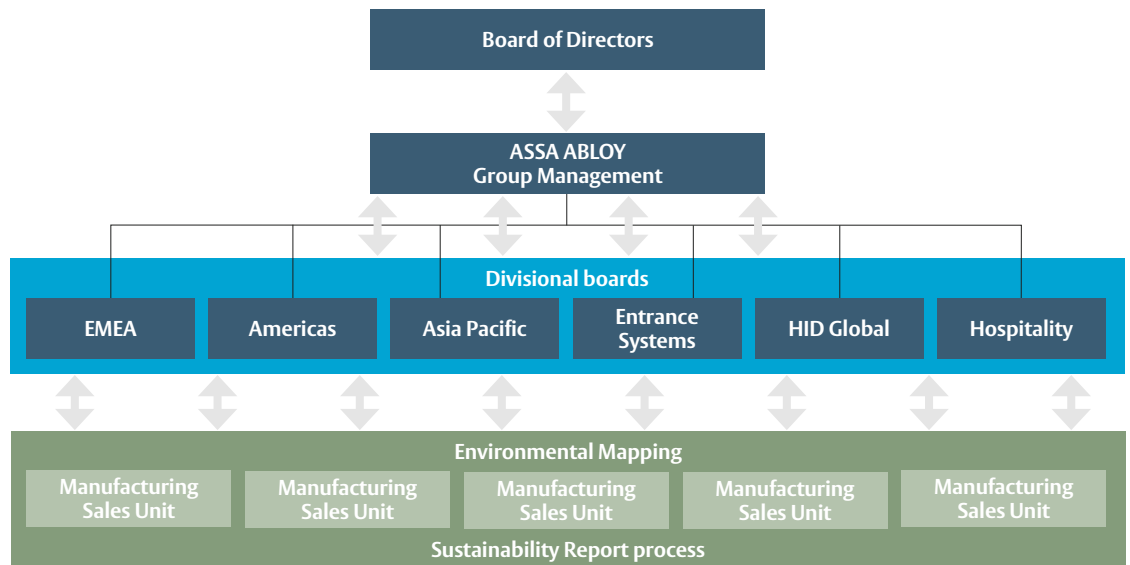
The responsibility is not limited to our own operations, but also includes the supply chain and supply chain audits. Each division is further responsible for ensuring that new suppliers meet ASSA ABLOY's requirements.

At Group level, performance is monitored via the sustainability reporting process, which includes each com-

pany's reporting of the most material environmental risks and actions to mitigate these risks.

Divisional board meetings address risks, compliance and other sustainability-related matters.

ORGANIZATIONAL RESPONSIBILITY



Code of Conduct

The Code of Conduct covers business ethics, workers' rights, human rights, consumer interests, community outreach, environment and health & safety, and provides the framework for ASSA ABLOY's daily operations.

Whistle-blowing mechanism

Any issue related to the Code of Conduct shall be dealt with at the local level whenever possible. Managers have the responsibility to ensure compliance with the Code of Conduct and to foster a workplace culture in which any problem can be discussed openly and without prejudice.

The Code of Conduct includes a mechanism for whistle-blowing, by which any stakeholder, anonymously or by name, can report suspected violations. During 2011 three cases were reported, compared to six in 2010 and seven in 2009. The three cases of non-compliance include harassment, discrimination and corruption. Following thorough investigations, appropriate measures are taken.

The Code of Conduct is available in 22 languages on www.assaabloy.com/code.

The Code of Conduct was updated in 2011. The new version further emphasizes conduct related to fair competition and anti-trust legislation.

The Code of Conduct sets forth principles that apply globally to employees, suppliers and other stakeholders. It is based on the United Nations Universal Declaration of Human Rights and connected UN Conventions such as the United Nations Global Compact, the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises, ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the ISO 14001 environmental management standard.

The Code of Conduct document is available in full in English, Spanish and Chinese, while a shortened version is available in 21 other languages at www.assaabloy.com/code.

At the core of everything

The Code of Conduct represents the minimum level of action required for responsible business practices and sustainable development.

The Code of Conduct is given to all managers and union representatives. It is communicated and made available to all employees. New employees are required to read the Code of Conduct and agree to abide by it and any related policies.

ASSA ABLOY monitors the implementation of the Code of Conduct. Any non-compliance is handled immediately.

In order to ensure that the information about the Code of Conduct is given to the employees as expected, ASSA ABLOY's global employee survey includes questions that address various aspects of the Code of Conduct. Among those, one question focuses on the process of managing information related to non-compliance.

ASSA ABLOY respects the laws of the countries in which it operates. The Code of Conduct does not replace legislation and if the two are in conflict, legislation takes precedence. If the Code of Conduct sets a higher standard than the existing legislation, the reverse applies.

ASSA ABLOY's Code of Conduct covers the following areas:

Business ethics

- Fair competition and antitrust legislation
- Bribery
- Fraud
- Entertainment, gifts, gratuities and donations
- Records and reports
- Government investigations
- Conflicts of interest

Workers' rights, human rights, consumer interests and community outreach

- Child labor
- Forced or bonded labor
- Freedom of association and collective bargaining
- Workers' contracts, working hours and compensation
- Diversity and gender balance
- Discrimination, harassment and equal opportunities
- Employee privacy
- Alcohol and drug abuse
- Human rights
- Consumer interests
- Community outreach
- Environment, health and safety issues
- Environment and sustainability
- Health and safety

Acquisitions

Acquisitions are intended to support ASSA ABLOY's expansion into new geographic markets, strengthen the product offering, accelerate innovation and enable the Group to meet customer demand more rapidly.

With a history of more than 150 acquisitions, ASSA ABLOY has developed an effective process for bringing new companies into the Group. This includes review of sustainability issues and bringing the companies up to set sustainability standards. An effective integration of the acquired companies is an important part of risk management.

The Group-wide process for acquisitions is divided into four phases: strategy, assessment, implementation and integration. Each phase consists of pre-defined activities, decision points and documentation requirements.

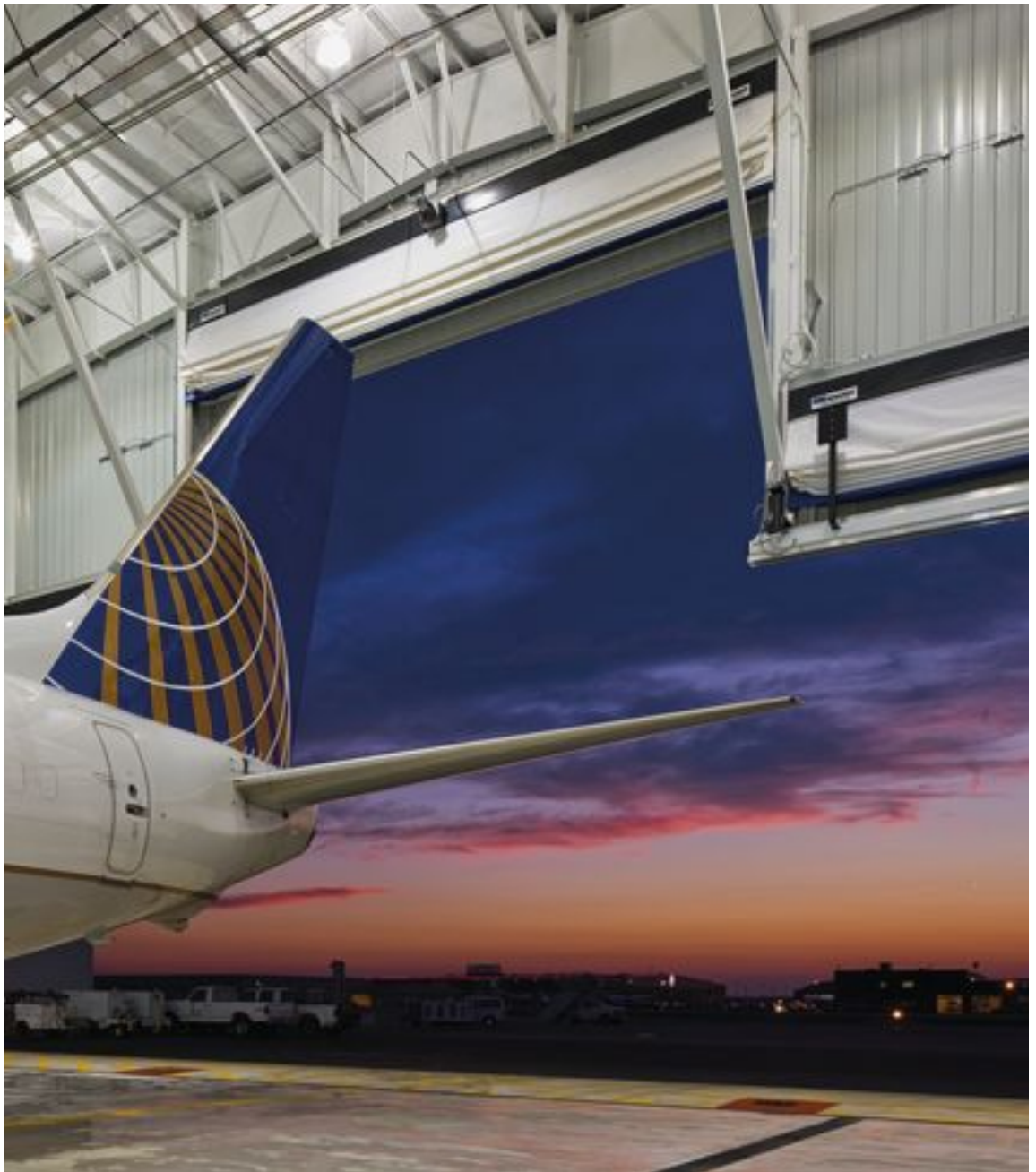
Recognized risks

ASSA ABLOY has identified three main areas of potential risk related to acquisitions:

- Significant environmental pollution of soil or ground water that may have occurred in the past;
- The supplier base in low-cost countries;
- Manufacturing processes that use hazardous substances.

Recognizing these risks enables ASSA ABLOY to address them at an early stage of an acquisition and to take the needed actions.

Megadoor, which provides solutions for customers with exceptional access needs, such as those in the aviation industry, became part of the ASSA ABLOY Entrance Systems division in 2011 when ASSA ABLOY acquired Cardo. Pictured here are the doors installed by Megadoor in one of the Continental Airlines hangars at Cleveland Hopkins International Airport.



ASSA ABLOY'S DEVELOPMENT AND ACQUISITIONS 2007–2011

2007 – Expansion in Asia

A new brand strategy is launched, with ASSA ABLOY as the master brand. The Group acquires iRevo in South Korea, a major player in digital door locks. *Other acquisitions:* Aontec (Republic of Ireland), Baodean (China), Powershield (UK), Pyropanel (Australia), Pemko Manufacturing Company and La Force Associates (USA), Alba (Israel), Esety (Italy), Integrated Engineering (Netherlands) and Portronik (Canada).

2008 – Wireless technology launched

The new Aperio wireless technology is launched, making it easy for customers to upgrade their access control systems. *Other acquisitions:* Beijing Tianming and Shenfei (China), Gardesa and Valli & Valli (Italy), Copiax (Sweden), Cheil (South Korea) and Rockwood (USA).

2009 – Strong results despite weak market

Acquisition of the Ditec Group, a leading company in automatic doors, industrial doors, high-speed doors and gate automation. *Other acquisitions:* Portsystem 2000 (Sweden), Maiman (USA) and Cerracol (Colombia).

2010 – Acquisitions strengthen customer offering in Asia

Acquisition of Pan Pan, China's largest manufacturer of high-security steel doors, King Door Closers, South Korea's leading manufacturer of door closers, Paddock, the UK's leading manufacturer of multi-point locks, Actividentity, a leader in secure identity solutions (USA), Security Metal Products (USA), LaserCard (USA), and Swesafe (Sweden). *Other acquisitions:* Interest in Agta Record (Switzerland).

2011 – Global leader in entrance automation

Acquisition of Crawford Entrance Solutions and FlexiForce, which strengthen the customer offering in industrial doors, docking solutions and garage doors. An agreement was signed to acquire Albany Door Systems, a global leader in automatic high-speed doors. *Other acquisitions:* Swesafe (Sweden), Portafeu (France), Metalind (Croatia), Electronic Security Devices (USA), and Angel Metal (South Korea).

In addition to the acquisitions listed here, ASSA ABLOY has acquired a number of smaller companies.

Code of Conduct implementation in the acquisition process

Q&A with Maria Ewerth, VP Human Resources ASSA ABLOY Entrance Systems.



Which factors do you look at in the acquisition process?

Different factors are taken into consideration and analyzed as part of the due diligence process. Examples of Code of Conduct-related factors that are taken into account are bribery, child or forced labor, working conditions on the production site, health and safety, and addiction problems. A formal checklist is applied and prior to acquiring a company many meetings take place, allowing us to understand the management of a company, including getting a sense of potential weaknesses and strengths. The ASSA ABLOY Code of Conduct is addressed in the due diligence process, so the acquired company is aware of it from the start.

Can you describe the process of implementing the Code of Conduct after the acquisition?

After the acquisition has been completed, ASSA ABLOY makes sure that the Code of Conduct is communicated within the new organization, as all employees are expected to follow it. A mandatory discussion on the meaning of the Code to the organization and the local context is an important tool. ASSA ABLOY initiates this discussion from Group level with the local management, but this issue is often raised by the acquired company. It is important to ask difficult questions as this leads to understanding and implementation.

From 2012, an updated version of the Code of Conduct has been implemented in the Group and all employees are required to sign to indicate that they have read and will act in accordance with the ASSA ABLOY Code of Conduct.

Are there any general challenges in implementing the Code of Conduct in a newly acquired company?

Yes, making sure that the Code is distributed to all employees and ensuring that they are all familiar with its content. ASSA ABLOY always stresses that the Code is an important aspect of the acquisition process. It can never be treated as a secondary issue, regardless of any urgent matters that might come up.

How do you manage best practices from new Group companies?

It is important that the ASSA ABLOY Code of Conduct take precedence over the rules of the previous organization. However, we have taken best practices from acquired organizations into account when updating the ASSA ABLOY Code of Conduct.

How do you put the ASSA ABLOY Code of conduct into a local context?

The discussions mentioned above are an efficient way of putting the Group Code of Conduct into the local business and cultural context. Business is done differently around the world and in order to facilitate understanding of the Code and compliance with the Code, it is important to break it down into typical local examples and discuss what the Code actually says about various situations.

Do you focus particularly on newly acquired companies when monitoring compliance with the Code of Conduct?

No, it is equally important across the entire Group. Given the intensive work that follows an acquisition, and the constant dialogue between the Group and the company, we believe that significant issues would come to our attention. Also, we believe in self-control and local discussion groups, as well as the whistle-blowing function that all companies in the Group are aware of.

+ Setting
targets

+ Identifying KPIs

+ Follow-up

= Reporting
on progress

Reporting the Group's progress

Reporting principles

ASSA ABLOY is dedicated to improving its communication on sustainability in terms of transparency, scope, quality and the frequency of information. This is the Group's sixth Sustainability Report. ASSA ABLOY reports on GRI application level C.

In retrospect

When ASSA ABLOY began focusing on sustainability, it prioritized manufacturing because of its impact on the environment, as well as health and safety.

In 2005, ASSA ABLOY implemented its first formal internal reporting system.

The system encompassed several quantitative and qualitative indicators and covered the more significant operations from an environmental/health and safety perspective.

In 2007, a separate reporting database was developed and the scope of reporting on sustainability was expanded.

Between 2008 and 2009, the number of units reporting on sustainability increased from 80 to 181 – including sales units and offices.

Between 2009 and 2010, the number of reporting units increased from 181 to 204. In 2011 the number of reporting units increased to 256. The increase since 2009 is related to acquisitions of new companies.

ASSA ABLOY has further developed its reporting system with improved analysis capabilities and consolidation of data.

Communication

Internally, the Group intranet and sustainability reporting database are important tools for communication. Externally, the Group web site www.assaabloy.com and the annual Sustainability Report communicate to a wider public.

The Group also frequently presents its sustainability approach to external audiences, such as analysts and investors.

Changes in reporting management

In 2009, the Group moved from a reporting structure that focused on geographical sites to one based on operational units – also called base units. This means that the reporting structure and data are similar to those used for Group-level financial reporting and therefore support the integration of sustainability into all areas of operations.

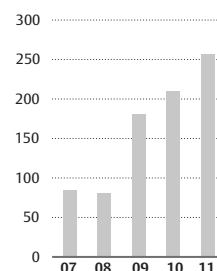
Compared to 2010, the number of entities reporting on sustainability in 2011 has increased from 204 to 256 due to acquisitions. The reporting units include sales units and offices. The number of reporting units has also been affected by the reduction in the number of factories and increased outsourcing.

Changes in calculation principles

Reported normalized KPIs are based on currency-neutral monetary values and value added rather than sales, in order to minimize the effect of currency fluctuations and the ongoing restructuring of the Group. By using value added as a measure, the normalized values are also not affected by the outsourcing of manufacturing. We believe this provides a more accurate picture of what is going on in the Group.

From 2010 ASSA ABLOY uses the same principle for calculating CO₂ emissions as in the annual Carbon Disclosure Project-report. Previous reporting has been based on the same CO₂ factor for all countries in the Group. The selected method gives a more relevant calculation on the actual CO₂ emissions since it takes into account how electricity is generated in different countries.

NUMBER OF REPORTING UNITS



Global Reporting Initiative (GRI)

This report covers the 2011 reporting year. It covers all ASSA ABLOY operations, as well as those of our suppliers. For the reporting of indicators, the scope of 256 units has been defined. Joint ventures are included if ASSA ABLOY holds a majority of the shares. Sustainability indicators are reported by companies that have been part of the Group since at least the end of the first quarter of 2011. Units with less than 10 employees do not report on sustainability indicators.

The report has been developed with guidance from a number of standards and with substantial input from investors and available rating schemes, in particular the GRI Guidelines. ASSA ABLOY reports on level C of the GRI by self-declaration. (See cross-reference to the GRI on pages 50–51).

ASSA ABLOY reports its sustainability performance annually. This is the sixth Sustainability Report. The most previous Sustainability Report, for 2010, was issued in April 2011.

GRI audit

ASSA ABLOY has not submitted the sustainability report for 2011 to a third-party audit. KPMG Sweden has performed an application check and confirms that ASSA ABLOY reports on GRI level C.

GRI content index table

ASSA ABLOY's Sustainability Report 2011 applies the Global Reporting Initiative (GRI) guidelines, application level C.

The table below indicates where information can be found; Sustainability Report (if nothing else is stated) or Annual Report (AR). The table covers all core indicators as well as

additional indicators that are applicable to ASSA ABLOY's operations. The colors of the symbols indicate if the respective indicators are fully, partially or not reported on.

	Page reference	Degree		Page reference	Degree
Profile					
1. Strategy & analysis					
1.1 CEO statement	4-5	■	4.3 Independent and/or non-executive board members	AR 69-72	■
1.2 Description of key impacts, risks and opportunities	4-5, 7-15, 17-19, 21-27, 45-46 AR 63-65	■	4.4 Mechanisms for shareholders and employees to provide recommendations to the board	29 AR 66-68	■
2. Organizational profile					
2.1 Name of the organization	Back cover AR 61	■	4.5 Principles for compensation to senior executives	AR 68, 75, 106-107	■
2.2 Primary brands, products, and services	2-3 AR 12-17, 38-39	■	4.6 Processes for avoiding conflicts of interests in the board	AR 69	■
2.3 Operational structure of the organization	43-44 AR 38-39	■	4.7 Processes for determining the qualifications of board members	AR 67-68	■
2.4 Location of organization's headquarters	Back cover	■	4.8 Mission, values, Code of Conduct, etc.	2-5, 9, 45 AR 73	■
2.5 Countries where the organization operates	2-3, 17-19, 34 AR 12-17, 38-39, 107	■	4.9 The board's monitoring of the sustainability work	43 AR 73	■
2.6 Nature of ownership and legal form	AR 66	■	4.10 Processes for evaluating the board's own performance	AR 67-68	■
2.7 Markets	2-3 AR 12-17, 38-39	■	Commitments to external initiatives		
2.8 Scale of the organization	2-3 AR Folder, 1-5	■	4.11 Explanation of whether and how the precautionary principle is applied	39	■
2.9 Significant changes during the reporting period	46-47, 49 AR 61-62, 104-105	■	4.12 Endorsement of external voluntary codes, principles or other initiatives	38-39, 43 AR 73	■
2.10 Awards received during the reporting period	38	■	4.13 Memberships in associations	38-39	■
3. Report parameters					
Report profile					
3.1 Reporting period	49	■	Stakeholder engagement		
3.2 Date of most recent previous report	49	■	4.14 List of stakeholder groups	36-41	■
3.3 Reporting cycle	49	■	4.15 Basis for identification and selection of stakeholders with whom to engage	36	■
3.4 Contact point for questions regarding the report	Inside back cover	■	4.16 Stakeholder engagement	28-29, 36-41	■
Report scope & boundaries					
3.5 Process for defining report content	49	■	4.17 Key topics and concerns that have been raised through stakeholder engagement	28-29, 36-37	■
3.6 Boundary of the report	49	■	5. Economic indicators		
3.7 Specific limitations on the scope or boundary of the report	49	■	Economic performance		
3.8 Basis for reporting on joint ventures, subsidiaries, etc	49	■	EC1 Direct economic value generated and distributed	AR 77, 81	■
3.9 Data measurement techniques and calculation principles	49	■	EC2 Risks and opportunities for the organization due to climate changes	4-5, 7, 9 11-15, 21-24, 36-37	■
3.10 Explanation of the effect of any re-statements of information provided in earlier reports	49	■	EC3 Coverage of the organization's defined benefit plan obligations	AR 65, 101-102, 106	■
3.11 Significant changes from previous reporting periods regarding scope, boundaries, etc.	49	■	EC4 Financial assistance received from government		■
GRI content index					
3.12 Table identifying the location of the Standard Disclosures in the report	50-51	■	Market presence		
3.13 Policy and current practice with regard to seeking external assurance for the report	49	■	EC5 Range of ratios of standard entry level wage compared to local minimum wage		■
4. Governance, commitments & engagement					
Governance					
4.1 Governance structure of the organization	43-44 AR 66-73	■	EC6 Policy, practices, and proportion of spending on locally-based suppliers		■
4.2 The Chairman of the Board's role in the organization	AR 67, 69	■	EC7 Local hiring and proportion of senior management hired from the local community	30	■
6. Environmental performance indicators					
Materials					
Energy					
Materials					
EN1 Materials used by weight or volume	27	■	EN3 Direct energy consumption by primary source	21-22	■
EN2 Percentage of recycled input materials		■	EN4 Indirect energy consumption by primary source	21-22	■
Energy					
EN3 Direct energy consumption by primary source	21-22	■	EN5 Energy saved due to conservation and efficiency improvement	21-25	■
EN4 Indirect energy consumption by primary source	21-22	■			
EN5 Energy saved due to conservation and efficiency improvement	21-25	■			

- Fully reported ■
 Partly reported ■
 Not reported ■

AR = Annual Report 2011

	Page reference	Degree		Page reference	Degree
EN6 Initiatives to provide energy-efficient or renewable energy based products/services	4, 11–15, 17–19, 21–25	■	LA14 Ratio of basic salary of men to women		■
EN7 Initiatives to reduce indirect energy consumption and results	11–15, 21–25	■	Human rights		
Water			Investment & procurement practices		
EN8 Total water withdrawal by source	23	■	HR1 Investment agreements that include human rights clauses	17–19, 47	■
Biodiversity			HR2 Suppliers that have undergone screening on human rights, and actions taken	1, 17–19	■
EN11 Location/scope of land owned near protected areas/areas of biodiversity value		■	HR3 Training and education of employees in human rights		■
EN12 Impacts of products or operations on biodiversity		■	Non-discrimination		
Emissions, effluents & waste			HR4 Total number of incidents of discrimination and actions taken	45	■
EN16 Direct and indirect greenhouse gas emissions	21–22	■	Freedom of association & collective bargaining		
EN17 Other relevant indirect greenhouse gas emissions		■	HR5 Operations where freedom of association and collective bargaining may be at significant risk and actions taken	17–19, 33, 43–45	■
EN18 Initiatives to reduce greenhouse gas emissions	21–25	■	Child labor		
EN19 Emissions of ozone-depleting substances		■	HR6 Operations identified as having significant risk for incidents of child labor and actions taken	17–19, 33, 43–45	■
EN20 NO, SO, and other significant air emissions		■	Forced & compulsory labor		
EN21 Total water discharge		■	HR7 Operations identified as having significant risk for incidents of forced or compulsory labor and actions taken	17–19, 33, 43–45	■
EN22 Waste by type and disposal method	23–24	■	Society		
EN23 Number and volume of significant spills		■	Community		
Products & services			SO1 Programs for evaluating the operation's impacts on communities		■
EN26 Initiatives to mitigate environmental impacts of products and services	4, 11–15, 17–19, 21–27	■	Corruption		
EN27 Products sold and their packaging materials that are reclaimed		■	SO2 Business units analyzed for risks related to corruption	33, 43–45	■
Compliance			SO3 Employees trained in the organization's anti-corruption policies and procedures	1, 45	■
Transport			SO4 Actions taken in response to incidents of corruption	45	■
EN29 Environmental impact of transports	22	■	Public policy		
7. Social performance indicators			SO5 Participation in public policy development and lobbying	40	■
Employment/ Employees			SO6 Financial and in-kind contributions to political parties, politicians and related institutions	40	■
LA1 Total workforce by employment type, contract and region	34 AR 107	■	Anti-competitive behavior		
LA2 Rate of employee turnover by age group, gender and region		■	SO7 Legal actions for anti-competitive behaviour	No such cases in 2011	■
LA3 Benefits provided to full-time employees	AR 92	■	Compliance		
Labor/management relations			SO8 Monetary value of fines for non-compliance with applicable laws	No such cases in 2011	■
LA4 Percentage of employees covered collective bargaining agreements		■	Product responsibility		
LA5 Minimum notice period(s) regarding operational changes		■	Customer health & safety		
Health & safety			PR1 Life cycle stages in which health and safety impacts of products and services are assessed	11–14, 27	■
LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees	32	■	Product & service labelling		
LA7 Rates of injury, occupational diseases, lost days, work related fatalities	32	■	PR3 Type of products and service information required by procedures, and percentage of products subject to such information requirements		■
LA8 Education, training, prevention and risk-control programs in place		■	PR5 Results related to customer satisfaction, including results of surveys	12	■
Training & education			Marketing communications		
LA10 Average hours of training per year per employee		■	PR6 Programs for adherence to laws, standards and voluntary codes for marketing communications		■
LA11 Programs for skills management and lifelong learning that support employees' career development	30–31	■	Compliance		
LA12 Employees receiving regular performance and career development reviews	29	■	PR9 Monetary value of fines for non-compliance with regulations concerning the use of products and services		■
Diversity & equal opportunity					
LA13 Composition of governance bodies and employees according to diversity indicators	34 AR 69–72, 107	■			

Glossary

5S principles

5S is a key element of Lean and stands for Sort, Set in order, Shine, Standardize and Sustain.

Carbon Disclosure Project (CDP)

The Carbon Disclosure Project, or CDP, is an independent non-profit organization compiling the world's largest database of corporate climate change information. CDP harmonizes climate change data from local organizations from around the world to assist in the development of international carbon reporting standards.

Carbon footprint

A CO₂ measurement of the impact of human activities on the environment, in terms of the amount of greenhouse gases produced.

CO₂

Carbon dioxide.

Direct energy

Energy generated and utilized on site from oil, gas, etc.

EBIT

Earnings before income and tax.

Energy conservation

The practice of decreasing the quantity of energy used, for example through efficient energy use.

Gateway process

ASSA ABLOY's product development is based on a structured Gateway process, which means all projects must pass through six different stages from concept to installed product.

Global Compact

A UN initiative that encourages companies to apply sustainable and socially responsible principles.

Global Reporting Initiative, GRI

Global guidelines for sustainability reporting, version 3.0.

Greenhouse gas missions

Gases from the atmosphere that contribute to the greenhouse effect, for example CO₂ and methane.

Indirect energy

Electricity and heating.

Injury rate

Measure of injuries per million hours worked.

Injury lost day rate

Measure of days lost due to injuries per million hours worked.

ISO 14001

A global, certifiable standard for environmental management systems created by the International Organization for Standardization.

KPI

Key Performance Indicator.

Lean

Lean production philosophy is about using as few resources as possible. The focus is on just-in-time production, which means that materials, parts and products are in the right place at the right time. Striving for continuous improvement is an integral part of the Lean philosophy.

LEED

Leadership in Energy and Environmental Design.

NGO

Non-governmental organization.

Organic solvents

Perchloroethylene and trichloroethylene.

PER

Perchloroethylene.

RoHS

European Union Restriction of Hazardous Substances Directive.

SRI

Socially Responsible Investment.

TRI

Trichloroethylene.

Value added

EBIT plus total cost for personnel.

Contacts

Environmental sustainability:

Stefan Tisell, ASSA ABLOY AB
Director Production Processes and
Environmental Sustainability
stefan.tisell@assaabloy.com
Tel: +46 (0) 8 506 485 00

Social and ethical matters:

Krister Eriksson, ASSA ABLOY AB
Senior Vice President Human Resources
krister.eriksson@assaabloy.com
Tel: +46 (0) 8 506 485 00

ASSA ABLOY is the global leader in door opening solutions, dedicated to satisfying end-user needs for security, safety and convenience

www.assaabloy.com

ASSA ABLOY

ASSA ABLOY AB
P.O. Box 70 340
SE-107 23 Stockholm
Sweden

Visiting address:
Klarabergsviadukten 90
Telephone +46 (0) 8 506 485 00
Fax +46 (0) 8 506 485 85