

Sustainability Report 2015

ASSA ABLOY

The global leader in
door opening solutions



The Cheasepeake Bay Foundations's Brock Environmental Center is one of the first buildings designed to meet the standards of the Living Building Challenge (LBC). ASSA ABLOY's products were chosen for their adherence to the stringent LBC guidelines, most notably because of the transparency surrounding how they are sourced and manufactured.

Sustainability Report 2015



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External recognition

ASSA ABLOY's initiatives and results have gained recognition – ASSA ABLOY is included in FTSE4Good, the OMX GES Sustainability Sweden PI Index, and in the Kempen SNS SRI Universe. ASSA ABLOY has participated in the Carbon Disclosure Project (CDP) since 2007. For 2015, the Group received a score of 93/100 (81/100) the CDP climate change program, and submitted data to the CDP water program for the first time.



This icon means more information at assaabloy.com/sustainability

About the report

This report, along with additional information available online, describes the Group's sustainability initiatives and performance in 2015, and addresses issues that ASSA ABLOY has identified as the most important to its stakeholders.

As signatory to the UN Global Compact, ASSA ABLOY will submit this report to the UN Global Compact as its Communication on Progress report 2015. The report has been prepared in accordance with the Global Reporting Initiative's (GRI's) guidelines, G4 Core (see pages 26–27 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 28.

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ASSA ABLOY is the innovative global leader in door opening solutions

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

ASSA ABLOY offers a complete range of door opening solutions.

Since its formation in 1994, ASSA ABLOY has grown from a regional company into an international Group with around 46,000 employees and sales of SEK 68 billion.

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

ASSA ABLOY is dedicated to satisfying end-user needs for security, safety and convenience.



Customers in the institutional, commercial, and residential market.



ASSA ABLOY has a complete offering of products, solutions and services for door opening solutions.

Share of Group sales by region 2015

EUROPE	37%
AFRICA	1%
NORTH AMERICA	39%
SOUTH AMERICA	2%
ASIA	17%
OCEANIA	4%

Number of reporting units 338



Value creation strategy

Vision

- To be the true world leader, the most successful and innovative provider of total door opening solutions.
- To lead in innovation and provide well-designed, convenient, safe and secure solutions that give true added value to our customers.
- To offer an attractive company to our employees.

Strategy and targets

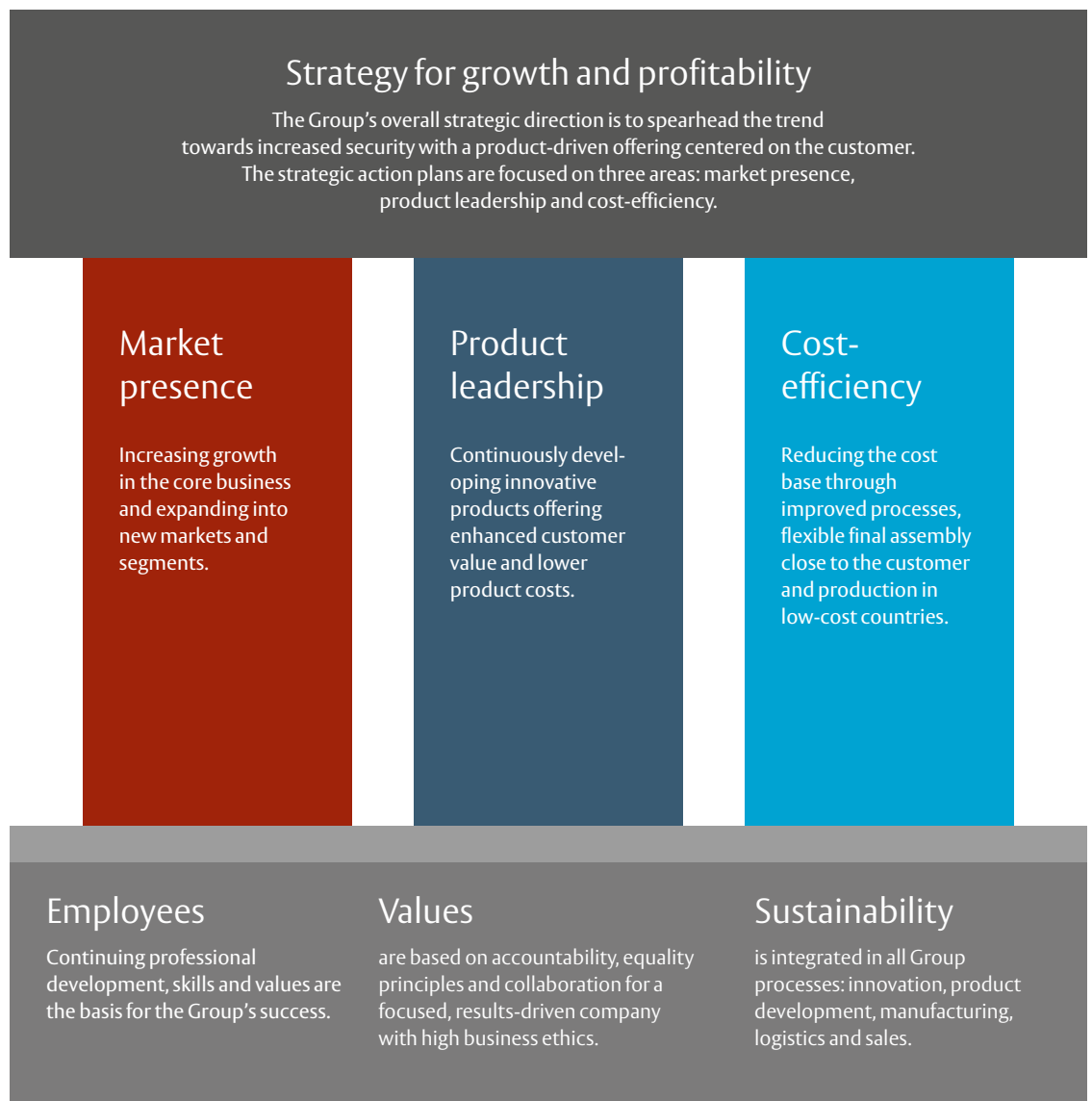
Long-term and as an average over a business cycle

10%

annual growth through a combination of organic and acquired growth

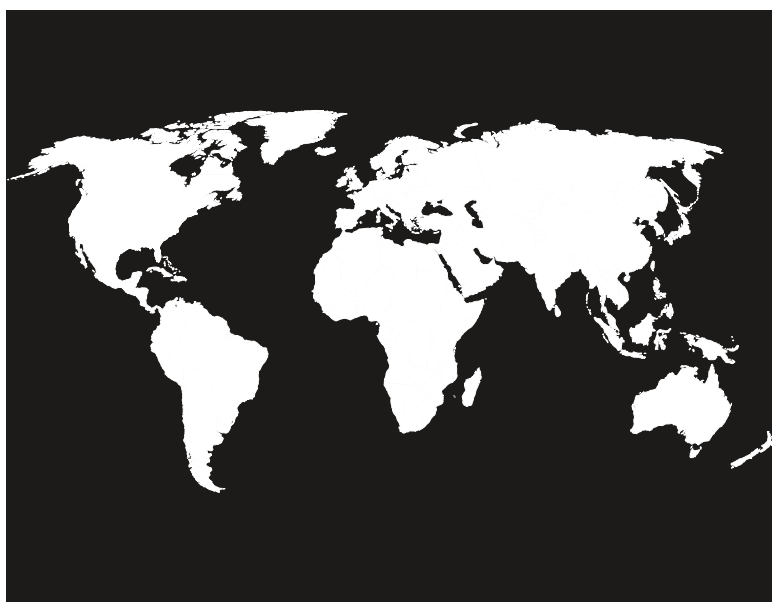
16–17%

operating margin



Highlights 2015

- The targets set for 2010–2015 have been successfully fulfilled.
- Targets for 2020 with expanded and increased ambitions have been set.
- During 2015, ASSA ABLOY significantly increased the number of certified Environmental Product Declarations to 250.
- The Group's total greenhouse gas emissions decreased by 13 percent during 2015, primarily driven by new production technology in China.
- The number of entities covered by ISO 14001 or other certifiable environmental management systems increased from 111 to 119.
- Independent social compliance audits were performed in Brazil and Poland.
- 890 sustainability audits were performed in low-cost countries; at the year-end, 1,362 active suppliers had satisfied the minimum sustainability and quality requirements and were classified reliable.



Sustainability creates business value for ASSA ABLOY and its customers

2015 was once again a record year for ASSA ABLOY's sales and earnings. Products with declared and improved sustainability performance are increasingly in demand on the market. Our customers are quickly turning toward sustainable solutions, particularly in terms of energy savings. The door opening solution, our specialty, plays an important role here in making buildings more energy efficient. We have a global leading position with our strategies that drive products and solutions with increased customer value, and reduced resource consumption and environmental impact. During the year, we successfully completed our five-year sustainability program. We are now launching a new program extending to 2020, with increased ambitions.



Sustainability is a win-win situation. The drivers of resource efficiency and taking responsibility are a fully integrated part of ASSA ABLOY's processes and make us a better and more profitable business. We create more customer value at lower cost on the basis of our three fundamental strategies: increased market presence, product leadership and cost-efficiency.

For several years, we have had a very high annual product development rate, with new products (less than three years) accounting for over 30 percent of sales. Sustainability aspects are evaluated for each new product and solution before they reach the market. At year-end 2015, the Group had developed 250 Environmental Product Declarations. The Group's cost-efficiency program is strongly linked to sustainability initiatives. This applies to the physical consumption of materials, water and energy, and to environmental impact in the form of emissions and waste across the whole value chain.

I am pleased to report that we successfully completed our five-year sustainability program during the year. We exceeded all our environmental targets by a margin, including targets for energy consumption, greenhouse gas emissions, and chlorinated organic solvents. However, as an acquiring company, we have to allow for undesirable materials and outdated production methods being acquired by the Group, which we then gradually phase out. Partly for this reason, we also have some way to go in achieving our accident rate targets and will increase our activities to create a good safety culture across our companies.

On the strength of the performance improvement since 2010, ASSA ABLOY has decided to launch a new five-year sustainability program extending to year-end 2020. Preparatory work has been in progress at many levels in the Group. There is a major agreement that we can raise our ambitions, indicating a broad and deep commitment to these issues.

During the year, we also further improved our reporting systems to ensure faster information procurement, monitoring, control and knowledge transfer. We continue to follow the Global Reporting Initiative's (GRI's) guidelines for sustainability reporting, and from 2015, we have adopted the latest version, GRI G4. Furthermore, the supplier audit program was upgraded and is to be validated by third-party audits. The number of sustainability audits remains high and is on a level with our targets. New sustainability audits are prioritized on the basis of a risk assessment.

I therefore wish to present the Group's Sustainability Report for 2015 to our stakeholders, and give my warm thanks to all our employees whose daily commitment makes ASSA ABLOY a constantly better business.

Stockholm, 5 March 2016

Johan Molin
President and CEO



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

Our business context

ASSA ABLOY is the global leader in total door-opening solutions. Engaging with stakeholders and managing ASSA ABLOY's material sustainability aspects throughout the company's value chain are vital to our success.

ASSA ABLOY's stable, value-creating capacity is rooted in a handful of long-term, global development trends. The world's population is continuing to increase, and the global economy is growing. More and more people are better off financially and have a greater need for safety and security to protect their homes and families. An increasing number of people are moving to cities to find work, where new homes and workplaces with large security requirements are being built. At least 1 billion people are expected to make this journey in the next 10 years. Rising prosperity is leading to increasingly high demand, resulting in greater investments in advanced doors and door-opening solutions in homes, workplaces, and shopping centers.

At the same time, rising environmental concern and resource consumption are placing a focus on energy savings. Locks, doors, and door-opening solutions have a key role to play in climate-smart buildings. Digitization provides enormous potential for smarter security, connected door-opening solutions, and management and control of access and energy consumption.

These trends provide ASSA ABLOY with conditions for good underlying, long-term growth. With the Group's three main strategies of market presence, product leadership, and cost-efficiency, ASSA ABLOY has, over time, shown a good ability to identify focus areas for profitable growth. Today, emerging markets, innovation, and product development with a focus on electronics, as well as increasing sustainability performance in the use of products and solutions, provide the best opportunities. With good cost control and constant streamlining of all processes, the Group is utilizing resources efficiently to increase profitability.

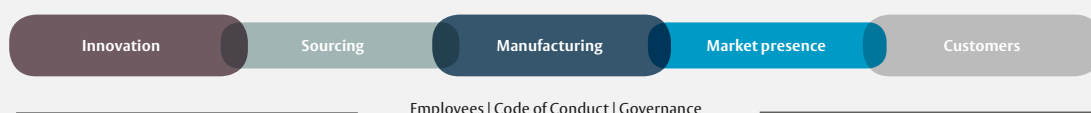
Engaging with stakeholders

ASSA ABLOY's daily business impacts, and is influenced by, many different stakeholders. Stakeholder engagement is the key to understanding society's needs and expectations on ASSA ABLOY and how they can be met, while providing valuable input to the Group's work with sustainability. Our main stakeholder groups are those with a high level of influence and interaction, and with whom we interact directly and actively in our daily business: customers, investors and shareholders, employees, suppliers, non-governmental organizations, and local communities. As stakeholder relationships differ greatly, so too does ASSA ABLOY's engagement approach to particular stakeholder groups. For example, customers are involved in the product development process through Voice of the Customer; suppliers are engaged through the sustainability audit program; employees through daily operations as well as training, the employee survey, and the work council; and the investment community through targeted sustainability dialogue together with traditional investor relations activities.

Our value chain

Sustainability is a driver throughout ASSA ABLOY's value chain; it is an important element in innovation, in sourcing, in production, in employee development, in applying ASSA ABLOY's products and solutions, and in upholding a good relation with external stakeholders.

SUSTAINABILITY IN OUR VALUE CHAIN



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. Innovation is carried out either locally, divisionally, or shared between the divisions depending on the content and scope.

Sourcing The Group purchases a considerable amount of material, components, and products from about 8,000 suppliers around the world at a value of more than SEK 20 billion. Half of this value is sourced in low-cost countries. Suppliers in risk areas are evaluated from a sustainability perspective. China is by far the dominant low-cost country.

Manufacturing Manufacture of the Group's products should be carried out safely and with the lowest possible environmental impact.

Market presence ASSA ABLOY is present in more than 70 countries, of which North America and Europe represent more than two-thirds. Wherever ASSA ABLOY does business, it follows the Code of Conduct, respects the laws and regulations governing business ethics in the countries in which it operates, and it requires all of its partners to do the same.

Customers ASSA ABLOY's ambition is to supply high-quality products that fulfill customer requirements, have a long life, are manufactured with minimal use of resources, and have a minimal environmental impact throughout their life cycle. End users are large institutional and commercial customers (within health care, education, retail, hospitality, office buildings, and industry), small and medium-sized customers (offices, stores), and the residential market (apartments, houses). Examples of distribution channels: security systems integrators, locksmiths, security installers, building and lock wholesalers, retailers, DIY, hardware and security stores, original equipment manufacturers, and door and window manufacturers.

Strategic direction

The Group's strategic direction – a world-leading market presence, product leadership, and cost-efficiency – forms the basis for ASSA ABLOY's sustainability priorities and work.

ASSA ABLOY is a world leader in door-opening solutions. The Group has achieved this by utilizing the strengths of its portfolio, by increasing growth in its core business, and by successful expansion into new markets and segments. Sustainability parameters are increasingly becoming a part of identifying and managing business opportunities and fully exploiting the brand portfolio across diverse segments. ASSA ABLOY's expansion is facilitated by a strong brand and a good reputation, which is supported by acting in a responsible way.

ASSA ABLOY can reduce production costs by considering the environmental impact of a product from its conception

phase onwards, by using resources more efficiently, and by applying the reduce-reuse-recycle principle. ASSA ABLOY can reduce its environmental impact and increase cost-efficiency by being systematic, exploring various means of reducing production materials, optimizing product components, and streamlining production as well as transport methods. Relevant sustainability factors are considered in business plans, decision-making processes, and business principles. In keeping with the Group's long-term risk-management strategy, sustainability parameters are integral parts of the value chain – from conception to recycling.

ASSA ABLOY's material sustainability aspects

- Anti-corruption
- Acquisitions*
- Diversity
- Emissions
- Energy
- Environmental compliance
- Environmental management systems
- Occupational health and safety
- Organic solvents
- Procurement practices*
- Sustainable innovation/sustainable products*
- Waste
- Water

For a description of the materiality analysis process, see page 25.

*The aspect is material also outside the organization.

Turning vision into operation

The management of prioritized aspects improved in 2015, in part as a result of successful implementation across the Group, and in part as a result of improved sustainability reporting and follow-up systems. Each division has identified its greatest environmental impact and presented an action plan. With this input, targets have been set at Group level, and an updated program running until the end of 2020 has been established. Monitoring impact and ensuring adequate management is an everyday responsibility. ASSA ABLOY's sustainability management has set the following priorities:

- Targets 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 sustainable products

- Health and safety – a refined reporting method to include types of injury
- Improved system support to automatically calculate audited spend in low-cost countries
- In order to track the sales of sustainable products, each division will initiate measurement of the sales of the portfolio of sustainable products starting in 2016

Each quarter, ASSA ABLOY reports on, follows up, and evaluates its defined KPIs. The result is distributed to management at different levels in the organization. This process has resulted in regularly updated and more ambitious targets for the majority of the follow-up areas. In recent years, the reporting process has been increased to four times per year, and some KPIs are followed up on a monthly basis.

Sustainability agenda 2020

Increasing efficiency in production as well as elevating innovation in products and processes are essential to the Group's ability to grow and be profitable. The sustainability agenda places an emphasis on the following:

Priorities:

- Reduce resource and energy consumption
- Reduce emissions with global warming potential, both related to energy consumption and chemicals used in industrial processes
- Increase the portion of renewable energy
- Improve water and waste management
- Improve health and safety performance
- Improve sustainability performance within the supply chain
- Include environmental management systems in all relevant sites
- Improve diversity in managerial positions

Priorities to manage opportunities:

- Enhance the sustainability performance in ASSA ABLOY's supply of products and solutions
- Create products that fulfill our customers' demands
- Create products that our customers want to buy
- Increase knowledge of customers' future demands
- Increase efficiency in production

Performance in 2015 and new targets

Almost all of the sustainability KPIs improved in 2015, for the Group as well as for the divisions. Several entities were certified for ISO 14001 for the first time during the year. Strong improvements were noted regarding the injury rate and the injury lost day rate, as well as for water and energy efficiency.

The target scheme that the Group is reporting on today was set in 2010 and runs until the end of 2015. The Group reports its sustainability performance (certain KPIs) every six months. With 338 (331) reporting units, it is important to ensure a high level of awareness of the Group's sustainability priorities in all parts of the organization and to share information and best practices between entities. The ASSA ABLOY sustainability database and analysis tool are key elements for tracking performance and identifying areas where improvements can be made. The Group has had a new sustainability

reporting system since 2013. This has provided an increase in the quality of data and enabled a smoother integration of new units.

In relation to the program set for 2020, the Group has identified four additional KPIs:

- Consumption of non-hazardous waste
- Portion of renewable energy
- Other types of organic solvents
- Consumption of Freons

Material KPI Area	2010	2011	2012	2013	2014	2015 ¹	Change 2010–2015	Target 2010–2015	Target 2020
Environmental KPI									
Number of entities covered by ISO 14001 certificates and other certifiable management systems	69	75	100	101	111	119	+50 ²	115 ●	125
Intensity of greenhouse gas emissions related to energy consumption (tons/SEK M) ⁷	15.4	14.8	12.9	11.9	10.3	9.6	–38%	–10% ●	–20%
Energy intensity (MWh/SEK M) ⁷	39.3	36.9	36.3	33.8	31.7	27.6	–30%	–15% ●	–20%
Water intensity (m ³ /SEK M) ⁷	148.8	138.8	148.5	129.6	119.1	98.6	–34%	–15% ●	–20%
Hazardous waste intensity (kg/SEK M)	293.8	186.0	181.4	130.9	125.7	129.6	–56%	–15% ●	–20%
Consumption of chlorinated organic solvents (PER and TRI) (tons)	32.3	21.6	20.1	14.4	1.7	0.4	–99%	–75% ●	–85%
Non-hazardous waste intensity (kg/SEK M)*	764	853	872	814	990	909	+19%	N/A	–20%
Portion of renewable energy*	12.5%	10.0%	8.7%	6.9%	7.8%	9.1%	–3.4 p.p.	N/A	20%
Consumption of other types of organic solvents (tons)*	671	804	933	949	1,033	1,068	+397	N/A	–50%
Intensity of greenhouse gas emissions related to chemicals in industrial processes (tons/SEK M)	N/A	N/A	9.4	9.0	10.5	6.8	N/A	N/A	–85%
Social KPI									
Injury rate (number of injuries per million hours worked) ⁷	7.6	9.2	9.1	7.5	6.4	6.3	–17%	–15% ●	–20%
Injury lost day rate (number of lost days related to injuries per million hours worked) ⁷	157.3	182.4	187.4	168.2	135.7	134.4	–15%	–15% ●	–25%
Portion of spend in low-cost countries represented by sustainability audited suppliers	80% ³	90% ⁴	90% ⁴	89% ⁵	90% ⁵	90% ^{5,6}	+10%	>90% ●	90% ⁵
Number of sustainability audits of suppliers in low-cost countries	376 ³	493 ⁴	795 ⁴	885 ⁵	812 ⁵	890 ⁵	+514	N/A	
Gender equality ⁸	Level 2: 0%	0%	18%	27%	27%	27%	+27%		
Portion of females in management positions	Level 3: 16%	15%	16%	12%	16%	17%	+1%		
	Level 4: 18%	19%	18%	21%	20%	16%	–2%		
	Level 5: 24%	26%	23%	24%	23%	25%	+1%		
	Level 2–5: N/A	24%	22%	23%	22%	23%	N/A	N/A	30%

¹ For comparable units in 2014.

² The development is a combination of an increased number of certified entities and recently acquired companies with ISO 14001 certification.

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.

⁶ Including newly acquired companies' suppliers the share was 85%.

⁷ The historical numbers have been adjusted with proforma data for the years 2010–2013.

⁸ The definition of management positions have been revised during 2014. 2012 and 2013 has been restated to be comparable with 2014.

* New KPIs from 2015.

Target achieved

● Yes

● No

Sustainable innovation

Customers are increasingly demanding more sustainable and resilient solutions and products. Innovation is the key to meeting this market demand through life-cycle-based Environmental Product Declarations (EPDs) and by applying sustainability-related design criteria.

Progress in 2015

- Launch of the ASSA ABLOY Sustainability Compass, which ensures that sustainability is considered at an early stage in the development and innovation process.
- Introduction of an internal list of non-desirable materials in new product process designs.
- Initiation of an internal awareness program to further build sustainability knowledge and understanding throughout the Group, including modules on building certifications and EPDs.

Growing market for more sustainable and resilient products

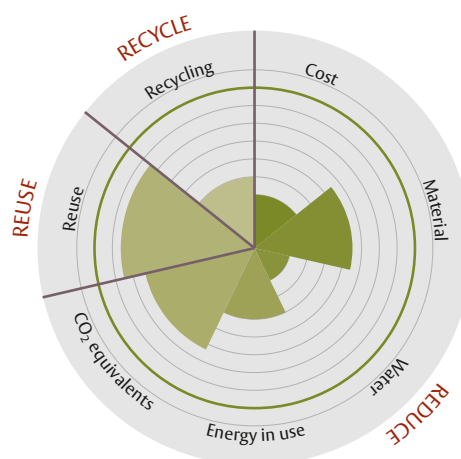
The demand for more sustainable and resilient ASSA ABLOY products is fueled by the strong growth in green buildings and more sustainable urban environments around the world, which is manifested by the growing use of certified systems and sustainability certification schemes such as LEED and BREEAM. ASSA ABLOY supports its customers in developing more sustainable buildings and by increasing the level of transparency when improving the sustainability performance of its products.

EPDs

ASSA ABLOY uses third-party verified EPDs, which are standardized methods of quantifying the environmental impact of its products in terms of raw materials, energy, emissions, chemical substances, and waste. Customers are increasingly requesting EPDs when selecting products for sustainable buildings. By the end of 2015, ASSA ABLOY had 250 products or product groups with certified EPDs. The company plans to create an EPD generator to facilitate the declaration process.

ASSA ABLOY's Sustainability Compass

The Global Innovation Council governs innovation throughout the Group. In 2015, the council launched the ASSA ABLOY Sustainability Compass to raise the profile of sustainability-related design criteria during the development of new products. The compass can be used to outline the sustainability vision for individual products and includes seven life-cycle dimensions or focus areas: raw material, water, virgin material, end-of-life reusability, in-life energy consumption, greenhouse gases, and financial cost. The compass is automatically generated from data entered into an Excel tool, and it can be used to track performance and to communicate the importance of sustainability-related design criteria among internal and external stakeholders involved in product innovation and development.



When green isn't enough: meeting the Living Building Challenge



Williams College has long turned to ASSA ABLOY as the standard for its green building products solutions. Its newest building, however, was designed to the standards of the Living Building Challenge (LBC), a certification process developed by the U.S. Green Building Council to surpass LEED qualifications. The LBC is a holistic approach to building that requires all project stakeholders to consider the real life-cycle impact of design, construction and operation of the structure.

■ **CUSTOMER:** The Class of 1966 Environmental Center is a 650-square-meter building on a site that houses the Center for Environmental Studies and the Zilkha Center for Environmental Initiatives for Williams College in Williamstown, Massachusetts. The building incorporates a historic 1790s frame structure and new construction.

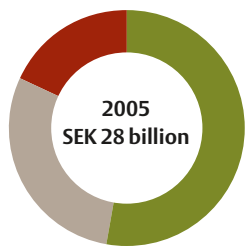
■ **CHALLENGE:** Building to LBC standards requires each product to undergo a rigorous process to ensure it conforms. And not only do products need to meet the sourcing requirements, they also have to meet performance, aesthetic and cost goals.

■ **SOLUTION:** The team ultimately decided on ASSA ABLOY's Ceco Trio-E hollow metal door with a glass panel for the openings. ASSA ABLOY's commitment to sustainability and deep understanding of its supply chain and processes meant that the company could share factual statements about the content of the doors to allow for LBC certification. Because the doors fulfilled all the requirements, they are now included in the DECLARE database, a resource of LBC-compliant products that project teams consult when looking for healthy, responsible materials.

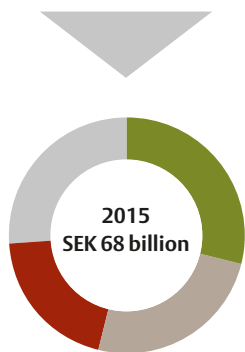
Creating customer value through product innovation

ASSA ABLOY's commitment to promoting sustainability-related design criteria in product development reduces life-cycle costs and creates value for its customers.

CHANGE IN PRODUCT MIX



■ Mechanical products, 53%
■ Electromechanical products, 29%
■ Security doors, 18%



■ Mechanical products, 29%
■ Electromechanical products, 25%
■ Security doors, 20%
■ Entrance automation, 26%

Since 2005, electro-mechanical products, including entrance automation, have increased from 29 percent to 51 percent of Group sales.

Product management and innovation

The ASSA ABLOY Innovation Management system, which is based on lean innovation principles, consists of several modules, including product management, customer insight, long-term trending, and generation planning and projects. The system ensures that new product concepts are fully evaluated against customer needs and sustainability requirements before moving into the engineering design phase.

The Global Sustainable Product Council

ASSA ABLOY's Global Sustainable Product Council represents functions within sustainability with a focus on new products and solutions. The council leads and coordinates activities in all divisions with the purpose of enhancing the sustainability performance of new products. It works with target setting and develops policies and guidelines for more sustainable product development. The council is a forum for Group-wide development and the sharing of best practices and technology, and it provides second opinions and reviews on tools and methods of working.

ASSA ABLOY products create customer value

Enhanced energy efficiency

The EcoFlex electrified mortise lock platform dramatically reduces energy consumption (by 96 percent), resulting in lower operating costs. The EcoPower power supply is highly efficient, offering 99 percent less power consumption than standard power supplies, and it is designed to work with low-power electrified locks. These GreenCircle Certified products are 99 percent more energy efficient than standard solutions.

Pan Pan water-foaming high performance security doors

ASSA ABLOY Group company Pan Pan has developed water-foaming door-filling technology. It is an industry-leading technology in China and the products have successfully achieved the local standard. Compared with previous generations, the new doors offer enhanced customer value with better heat and sound insulations, reduced energy transfer, higher pressure resistance and strength. Pan Pan Changsha has been accredited with the UL Environmental Claim Validation in January 2016.



Promoting healthy indoor environments

ASSA ABLOY's products promote healthy indoor environments for building occupants by avoiding the use of potentially hazardous substances. To this end, ASSA ABLOY introduced an internal list of non-desirable materials in 2015, and the company also has a 'red list' policy in all plants and products. Some products also have Health Product Declarations in addition to the standard Environmental Product Declarations to evaluate products from a human health impact perspective.

Improved building occupant safety

ASSA ABLOY is developing products that promote customer and end-user safety. One example is the SafeZone Intelligent Door Closer, which uses a motion sensor in conjunction with a door closer to hold the door open while people pass through the doorway safely and comfortably. SafeZone has been installed in hospitals and care facilities to significantly reduce the risk of injury among patients.

More resilient buildings

ASSA ABLOY is meeting client demands for door-opening solutions that make buildings more resilient, particularly in response to the risks posed by climate change. For example, ASSA ABLOY offers tornado and hurricane rated door-opening solutions to promote building resilience. Water-resistant door-opening solutions are also being developed.

ASSA ABLOY Group company Pan Pan Changsha has been accredited with the UL Environmental Claim Validation because of the change of production process to Freon-free water-foaming. The four remaining Pan Pan sites will achieve the ozone depletion substance-free status during 2016.

Supply chain management

The long-term objective of the Group's supply chain management is to reduce business risk by improving sustainability performance throughout the value chain. This involves supplier cooperation and systematic auditing to ensure that all suppliers comply with the ASSA ABLOY Code of Conduct.

Supplier sustainability audit program

The supplier sustainability audit program assesses suppliers from low-cost countries in South and Central America, Eastern Europe, Africa, and Asia, which are perceived to be at greatest risk of non-compliance with ASSA ABLOY's Code of Conduct. ASSA ABLOY conducts its own supplier audits and due-diligence processes, which assess and mitigate supplier risks associated with business ethics, human rights, workers' rights, health and safety, and the environment by ensuring that suppliers comply with the company's Code of Conduct. Read more on page 10.

Key audit findings in 2015

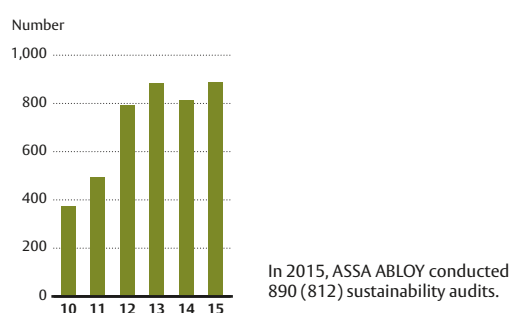
In total, ASSA ABLOY has approximately 8,000 external direct material suppliers, including 2,660 situated in low-cost countries. At the end of 2015, 1,362 active suppliers had satisfied the minimum sustainability and quality requirements and were classified as reliable. These correspond to an audited spend in excess of 90 percent in low-cost countries. At year-end, seven suppliers were blacklisted and 92 put on New Business Hold (NBH) by the Group, meaning they were not eligible for new business from any ASSA ABLOY entity.

Based on audit data reported in the new business intelligence system, the most frequent areas of non-conformities and the areas where biggest improvements were made have been analyzed. These analyses showed that most suppliers were excellent or satisfactory when it came to dealing with young workers, discrimination, and resource reduction. Emergency preparedness and use of personal protective equipment were frequent areas where suppliers were rated lower. The analyses also showed that occupational injury and illness, risk assessment, and working hours represent areas which have been improved over time.

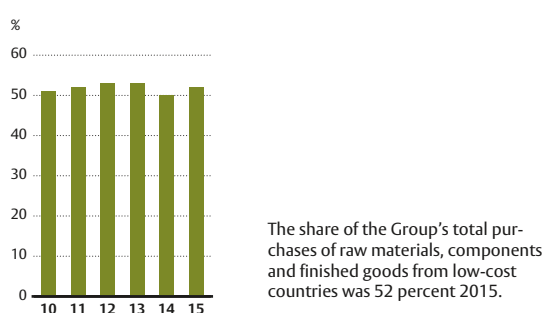
Supply chain management governance

Group Management sets supplier sustainability targets and manages the overall framework, and each division is responsible for auditing and maintaining a sustainable supplier base. Group Supply Management is led by the Sustainability Steering Council, which is made up of representatives from each division. The council coordinates activities and follows up on progress. All divisions apply the same guidelines and processes provided by Group Supply Management. The divisions report to the Sustainability Steering Council on a monthly basis.

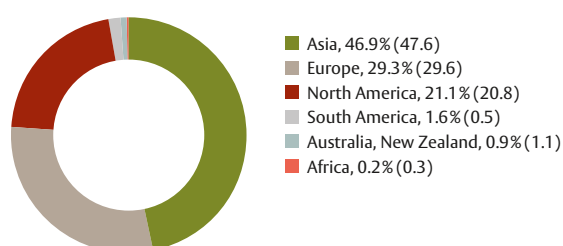
SUSTAINABILITY AUDITS OF SUPPLIERS IN LOW-COST COUNTRIES



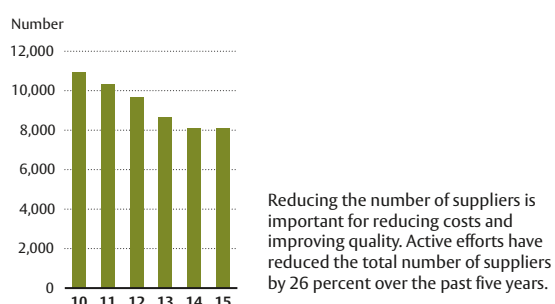
SHARE OF PURCHASES IN LOW-COST COUNTRIES



DISTRIBUTION OF SUPPLIER SPEND



NUMBER OF SUPPLIERS



Supply chain challenges and progress in 2015

Supply chain challenges

Ensuring that suppliers fulfill ASSA ABLOY's requirements is an ongoing challenge, which during the year has involved phasing out suppliers that fail to meet the company's standards. At the same time, ASSA ABLOY's pace of acquisitions is a supply chain management challenge, and integrating acquired companies' supply chains into ASSA ABLOY's value chain is always a priority. This is particularly the case as the Group expands into new markets and further develops its supplier base in low-cost countries, which makes it increasingly important to ensure a consistent approach to supply chain management.

Additional challenges include continued efforts to examine suppliers' environmental management systems and encouraging suppliers to perform Environmental Product Declarations, which are increasingly being requested by customers. Furthermore, as ASSA ABLOY phases out hazardous substances, the Group also audits its suppliers' use of these chemicals. ASSA ABLOY plans to overcome some of these challenges by increasing the use of third-party auditors to complement internal auditing capabilities.

Progress in 2015

- **New financial and sustainability business intelligence system**

A new business intelligence system that incorporates data on spend and sustainability criteria from supplier audits was launched in February 2015. The system allows ASSA ABLOY purchasing teams to make better informed procurement decisions based on both financial and sustainability information.

- **External assessment of ASSA ABLOY's internal supplier auditing systems**

In Q4, 2015, an external audit began that will verify the quality of the company's own internal auditing systems. The external assessment will consist of a sample of 60 audit reviews by ASSA ABLOY's own auditing teams and will continue into 2016. The findings will help to improve the company's internal auditing capabilities.

- **New ASSA ABLOY business partner Code of Conduct under development**

Work to create a new ASSA ABLOY external Code of Conduct for business partners including suppliers began in 2015. The business partner Code of Conduct is expected to be published in 2016.

Sustainability audit reduces risk in ASSA ABLOY Hospitality's supply chain

■ **CHALLENGE:** Through a sustainability audit, ASSA ABLOY Hospitality discovered that one of its suppliers in China was not handling its chemicals and hazardous materials correctly. Chemical and oil barrels were stored outside without proper fire safety processes or antileak catch basins, and there was no safety equipment, a potential safety hazard.

■ **SOLUTION:** In the following audit report, which was sent to the supplier, the auditors pointed out the issues with the supplier's chemical and hazardous materials storage. They also included recommendations on how to solve those problems.

■ **RESULT:** One year later, during the next scheduled follow-up audit, the supplier had taken action and greatly improved its chemical and hazardous material management. It had installed proper anti-leak catch basins, fire prevention equipment, and made available the necessary safety equipment. This represents a significant reduction in risk in ASSA ABLOY Hospitality's supply chain.



Liquid holding containers for transfer and recycling.

Supply chain auditing

Supplier audits

ASSA ABLOY's audits are designed to assess if suppliers comply with the company's Code of Conduct in terms of business ethics, human rights, workers' rights, health and safety, and environmental criteria. Some criteria in the audit checklist are of such significance that they are known as "stoppers" because if a supplier fails to comply with these important standards, they are automatically rated "red," which prevents them from doing business with ASSA ABLOY regardless of their performance in other areas. There are many reasons why suppliers are blacklisted, but the main issue encountered is an unwillingness to meet ASSA ABLOY's demands.

The ASSA ABLOY auditing process is always the same, regardless of supplier or auditor, and includes self-assessments, on-site initial audits, and on-site follow-up audits to verify that the supplier has implemented the agreed action plan.

Business intelligence supply management system

Divisions submit their audit reports to the Group's new business intelligence supply management system, which allows ASSA ABLOY to grade and analyze the performance of all of its suppliers. The system is used as a basis for procurement decisions to identify preferred suppliers, and it enables ASSA ABLOY to monitor several supply chain KPIs.

Contractual expectations regarding suppliers

ASSA ABLOY ensures that new suppliers fully understand what is contractually expected of them to help avoid risks associated with business ethics, human rights, workers' rights, health and safety, and the environment.

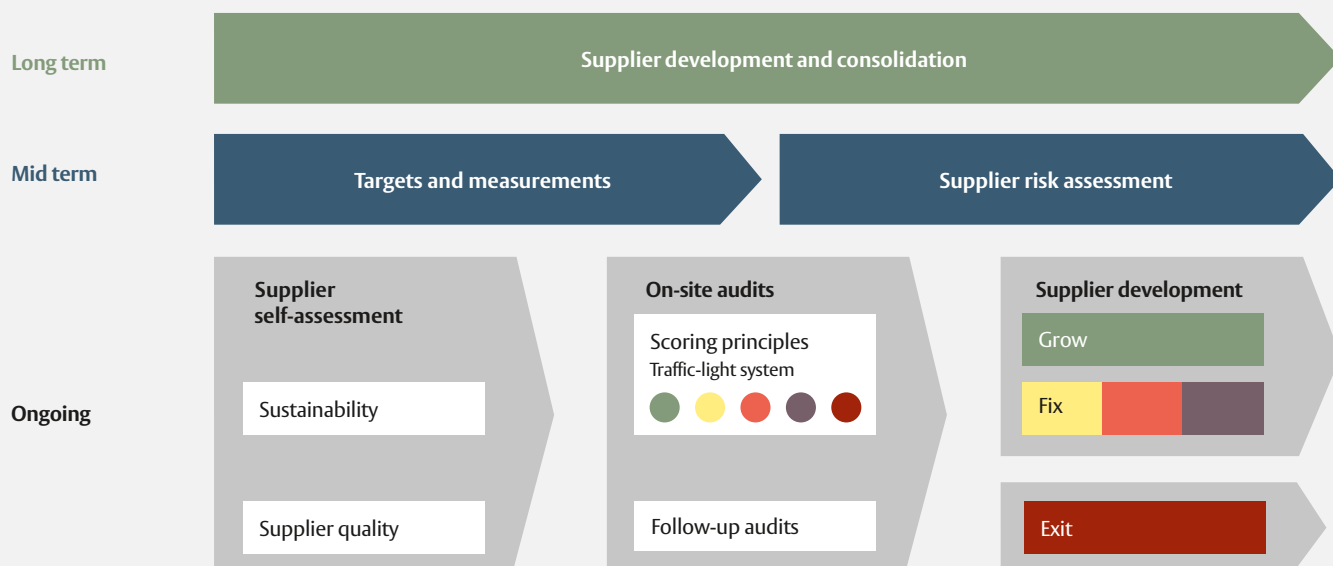
THE ASSA ABLOY CODE OF CONDUCT

All suppliers are required to comply with the ASSA ABLOY Code of Conduct. The Code of Conduct applies to all employees, business partners, suppliers, and other stakeholders, and it is based on the following international standards:

- United Nations Universal Declaration of Human Rights
- ILO Tripartite Declaration of Principles concerning Multination Enterprises and Social Policy
- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- ISO 14001

The full version of the ASSA ABLOY Code of Conduct is available in English, Spanish, and Chinese. A concise version is available in 23 languages. Read more on page 21.

AUDIT PROCESS AND TRAFFIC-LIGHT SYSTEM



The traffic-light system

ASSA ABLOY uses a traffic-light system to rate individual suppliers on how they conform to ASSA ABLOY's Code of Conduct. Suppliers are rated on the following five color-coded system:

Green – the supplier is approved. A follow-up audit is done after three years to verify compliance.

Yellow, orange, and purple – the supplier is approved on condition that it resolves outstanding issues within an agreed time frame. Yellow signifies the fewest number of non-conformities and purple the most. A follow-up audit is done after one year.

Red – the supplier is not approved. The supplier is put on NBH, and a follow-up audit must be done within a maximum of six months.

Red, yellow, orange, and purple 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 terminated in the case of a non-compliance that is not remedied within an agreed time frame. The contract is automatically terminated if a supplier is scored "red" for longer than six months.

Enhancing our environmental performance in operations

ASSA ABLOY's environmental performance improved in several respects in 2015. There is a clear ambition to continuously reduce the environmental impact and enhance performance while expanding the Group.

The commercial importance of sustainability performance has increased during recent years. Because ASSA ABLOY works to offer products and solutions that help the customer enhance its sustainability performance, it is important that the Group improves the environmental performance across the value chain. This includes the phases before the product is used by the customer: innovation, supply chain, production and logistics. ASSA ABLOY has been successful in excluding certain hazardous substances, replacing energy-intensive materials, increasing resource efficiency and improving waste management. These factors all add value to the Group's premium offer.

ASSA ABLOY faces challenges when growing its operations and doing so in regions with more fossil intensive energy mixes as well as water scarcity. Furthermore, when expanding geographically, the transportation footprint must be managed carefully. Energy consumption, carbon emissions and water consumption are the most significant contributors to ASSA ABLOY's environmental impact. Several initiatives have been taken across the Group during the year to address these issues.

Environmental priorities

ASSA ABLOY has a set of environmental priorities. These include:

- Coordinated implementation of environmental management systems
- Increased capabilities for data analysis and benchmarking
- Increased efforts in water and waste management
- Efforts to reduce energy consumption
- Efforts to phase out chlorinated organic solvents

These areas have been in focus since 2010. They are all inter-linked and closely connected to production and resource efficiency. Notable progress has been made within all areas. In 2015, there was a continued increase in the number of units covered by certified management systems (ISO 14001). In 2013, a new sustainability reporting system was implemented. Since 2014, the system has enabled ASSA ABLOY to collect more data of higher quality and more frequently. This in turn has improved the tracking and analysis of performance. As the Group is decentralized – with

strategic and operational responsibility at divisional level – a systematic approach and the ability to allocate and oversee performance are important components in driving progress at Group level. The new system also provides better tools to visualize and benchmark the development of individual entities and divisions. The belief at ASSA ABLOY is that benchmarking and best practice sharing within the Group drive progress.

Environmental performance within the supply chain is of high relevance to ASSA ABLOY's overall performance. The Group has an upgraded platform to monitor individual suppliers' risks, risk management and performance. During 2015, the Group started an initiative with the ambition that no waste should end up in a landfill. By the end of the year, Division EMEA had 15 manufacturing sites certified as zero-waste to landfill by the organization Carbon Trust. Similar initiatives are under implementation in other parts of the Group.

Environmental management systems

All entities with significant environmental risk should have an environmental management system. The system gives a systematic approach to environmental risks and how to continuously reduce environmental impact over time. The Group has developed a list containing materials and substances that should be avoided in manufacturing process and products. When it comes to development of new products, ASSA ABLOY's sustainability compass guides on seven sustainability dimensions and two aspects related to hazardous materials and whether the product contributes to the buildings energy efficiency or improved indoor health environment.

Environmental compliance

Environmental compliance is critical to maintain the reputation of ASSA ABLOY and its brands, and it gives a license to operate. Non-compliance could result in issues with the Group's stakeholders ranging from employees, customers, shareholders and authorities. No significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations occurred during 2015.

Energy consumption and carbon emissions

ASSA ABLOY has substantial energy consumption and related costs. Reducing energy consumption is important to ASSA ABLOY. In many countries where ASSA ABLOY operates, there are, or will be, regulations to decrease energy consumptions and emissions. For ASSA ABLOY, the emissions are related to energy consumption and substances used in the Group's manufacturing processes. More effective energy consumption will reduce both emissions and cost. A change toward processes with non-renewable emissions gives a competitive advantage in the marketplace.

The company has reduced its total energy consumption by, for instance, implementing improved control systems or technologies for heating, ventilation and pressure systems. This is not a revolution but rather continuous, often minor improvements of the everyday operations that bring progress. Most of the improvements can generate significant energy savings, normally without any major investments.

Performance in 2015

The Group's total energy consumption decreased by 1.1 (5.7) percent in 2015 for comparable units as a result of improvement activities. Improved energy efficiency has reduced energy intensity by 6.2 (6.2) percent for comparable units and fixed currencies in 2015. The target is to reduce energy intensity by 15 percent compared with 2010. The accumulated improvement of energy intensity since 2010 is 29.8 (23) percent. In 2015, 9.1 (7.8) percent of the energy used came from renewable sources.

The Group's total CO₂ emissions decreased by 13.3 (1.0) percent for comparable units. The CO₂ emissions related to energy consumption decreased by 1.3 (6.3) percent for comparable units. New technologies to replace chemicals with high global warming potential have been tested with promising results and a gradual phase out started in 2015. The total CO₂ emission intensity decreased by 15.4 (0.5) percent for comparable units and fixed currencies in 2015. The target is to reduce the CO₂ emission intensity related to energy consumption by 10 percent compared with 2010.

Phasing out substances that impact global warming

There are two units in particular that use substances with significant global warming impact. The main consumption of Freon takes place in China. In 2015, the first production line in China was converted to use environmentally friendly technology, and the remaining lines in China are planned to be converted in 2016. ASSA ABLOY complies with the Montreal Protocol and with country-specific legislation on ozone-depleting substances.

Cutting energy consumption at production units

As much as about 50 percent of the energy consumption in large manufacturing units is related to factors independent of production volume; for example, heating, ventilation and lighting. ASSA ABLOY takes steps to streamline and specialize production of certain products with the purpose of increase efficiency in terms of utilization of machines, equipment and floor space, as well as allocation of competence. This will allow ASSA ABLOY's production facilities to work at full capacity, while supporting efficient working practices and high standards of quality.

Intelligent logistics

ASSA ABLOY has been able to reduce the environmental impact from transportation while the Group expands. Locating assembly close to the customer has enabled a more flexible and efficient supply of goods.

The Group has a database on geographical locations of all suppliers of direct materials, as well as all ASSA ABLOY factories and sales companies. 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 can also be used for optimization and coordination of transportation within the Group, as well as from suppliers in different geographical regions.

Ozone-depleting substances	2012	2013	2014	2015
Ozone-depleting substances in tons of R11 equivalent ¹ (tons)	27.0	27.7	30.3	20.8 ²

¹ R11 equivalence measures ozone-depleting potential.

² For comparable units. Total amount of ozone depleting substances amounted to 20.8 tons, including units acquired during the year.

Energy consumption and related CO ₂ emissions	2010	2011	2012	2013	2014	2015 ¹
Direct energy – Scope 1						
– oil (MWh)	33,658	30,324	34,942	31,179	29,231	21,130
– gas (MWh)	178,561	178,069	192,733	200,393	244,785	246,101
– coal (MWh)	63,726	75,756	96,533	86,493	77,695	76,811
– biofuel/biomass (MWh)				3,480	2,201	1,921
– Total	275,945	284,149	324,208	321,545	353,912	345,963
Indirect energy – Scope 2						
– electricity (MWh)	291,357	313,966	334,331	321,824	347,306	346,920
– district heat (MWh)	35,678	29,138	32,935	47,493	30,877	30,837
– Total	327,035	343,104	367,266	369,317	378,183	377,757
TOTAL ENERGY CONSUMPTION²	602,981	627,254	691,475	690,862	732,095	723,720
KPI, Energy intensity ³ (MWh/SEK M)	39.3	36.9	36.3	33.8	31.7 ⁴	27.6
CO ₂ emissions related to direct energy consumption – Scope 1 (tons)	N/A	70,212	81,536	79,674	84,711	82,334
CO ₂ emissions related to indirect energy consumption – Scope 2 (tons)	N/A	203,922	163,600	163,199	169,297	168,327
Total greenhouse gas emission related to energy consumption CO ₂ (tons)	257,236	274,134	245,136	242,873	254,008	250,661 ⁵
KPI, Greenhouse gas emissions intensity ⁶ (tons/SEK M)	15.4	14.8	12.9	11.9	9.9	9.67
Greenhouse gas emission related to substances in industrial processes						
– Calculated CO ₂ -emissions ⁸ (tons) – Scope 1	N/A	N/A	178,288	184,552	241,783	179,336 ⁹
– Total CO ₂ emissions – Scope 1 and 2	N/A	N/A	423,424	427,425	478,852	429,997

¹ For comparable units. Total energy consumption amounted to 755,322 MWh, including units acquired during the year.

² The historical numbers have been adjusted with proforma data.

³ Total energy use/value added.

⁴ For comparable units. Total energy use/value added amounted to 28.2 MWh/SEK M, including units acquired during the year.

⁵ For comparable units. Total greenhouse gas emission related to energy consumption amounted to 259,865 tons, including units acquired during the year.

⁶ Greenhouse gas emission related to energy consumption CO₂/value added.

⁷ For comparable units. Total greenhouse gas emission related to energy consumption/valued added amounted to 9.7 tons/SEK M, including units acquired during the year.

⁸ Emission factors are based on data published by the United Nations Intergovernmental Panel on Climate Change (IPCC, 2007).

⁹ For comparable units. Total calculated CO₂-emissions related to substances in industrial processes amounted to 179,395 tons, including units acquired during the year.

Water and waste management

Efforts to reduce water consumption and improve waste management have increased in ASSA ABLOY. They are key parts of reducing environmental impact, increasing efficiency and cutting costs. ASSA ABLOY has improved tracking and management of both water and waste.

Water management

Water shortage is an increasing concern in many parts of the world, it shows no signs of abating. It is the Group's responsibility to minimize the water footprint and to implement efficient recycling systems or even closed loop systems to ensure operations in all locations.

During 2015, the water intensity decreased by 8.3 percent for comparable units and fixed currencies. The Group's water consumption primarily relates to painting, plating and

cleaning processes. Twenty such entities, located mainly in the US and China, account for more than 70 percent of the Group's total water consumption. Emissions to water are monitored in accordance with local regulations. The ASSA ABLOY units that manage chemicals are properly licensed and registered with the local authorities. The Group's efforts to increase water efficiency have provided deeper understanding of the factors that drive water consumption and how efficiency can be improved. Performance has improved over the past few years; water recirculation in wastewater treatment plants is an important tool for overall improved water efficiency. This technology is likely to be further deployed. Acquisitions in China in recent years have added processes with high water consumption. The Group is working intensively to find more efficient alternatives.

Water performance	2010	2011	2012	2013	2014	2015
Purchased water (1,000 m ³)	1,823	1,777	1,756	1,575	1,600	1,471
Water from on-site wells (1,000 m ³)	463	526	1,070	1,063	1,144	1,114
Rainwater (1,000 m ³)	NA	NA	NA	4	1	0
Surface water (1,000 m ³)	NA	NA	NA	10	6	3
Total water consumption (1,000 m³)³	2,286	2,303	2,827	2,652	2,752	2,588¹
KPI, Water/ Value added (m³/SEK M)³	149	139	149	130	119	99²

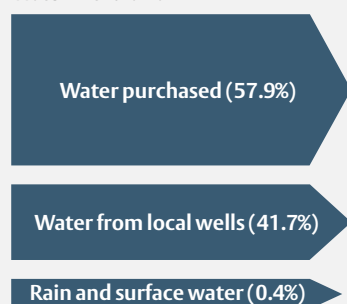
¹ For comparable units. Total water consumption was 2,700 (1,000 m³), including units acquired during the year.

² For comparable units. Total water intensity amounted to 101 m³/SEK M, including units acquired during the year.

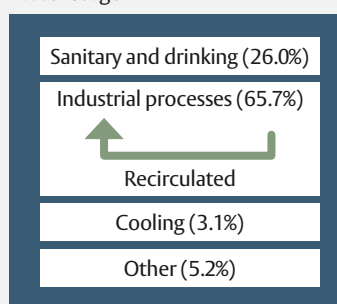
³ The historical numbers have been adjusted with proforma data.

WATER BALANCE

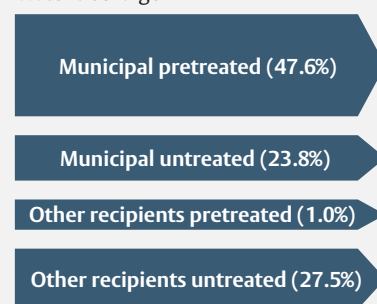
Water withdrawal



Water usage



Water discharge



Water recycling in glass production



Metalind increased product quality and reduced water consumption thanks to extra filtration that makes it possible to use the same water in up to 80 production cycles.

■ **CHALLENGE:** Previously, Metalind used ordinary tap water to rinse fire-resistant glass during the production process. An open system was used, with clean water taken from the municipal water mains network and waste water released into the sewerage system. Moreover, the water's chemical composition was a problem, as it contained unacceptably high levels of iron and chloride content. This entailed an imminent risk of customer complaints due to optical defects in the glass.

■ **SOLUTION:** The solution was to install a water recycling system. Extra clean water is now purchased in IBC containers, added to the system and used during production. The main change is that the plant now has a closed water system. When the production process is finished, the water is filtered and then reused. The same water can be used up to 80 times without a deterioration in quality.

■ **RESULT:** Water consumption has been reduced appreciably, helping Metalind to meet one of its sustainability targets for 2015. However, the main advantage is that product quality is much improved. Another important advantage is that customer complaints have fallen considerably since the new glass cleaning method was introduced. Moreover, the production plant is no longer dependent on the municipal water supply system and is not affected in case of a water shortage.

Waste management

Waste represents a substantial cost both for the resources needed to generate the waste and the cost to handle the waste in a proper way. The demand on resources is expected to increase in the future as a result of economic and population growth. To minimize resource consumption and waste generation, and to increase recirculation of used material are important for a long term sustainable business.

ASSA ABLOY works to minimize waste from its manufacturing processes as well as on the waste related to packing. Several companies within the Group generate revenue from selling paper, cardboard and plastic for recycling rather than having to pay for disposal of those materials.

In 2015, the total amount of waste for comparable units was 81,846 (79,793) tons. The intensity value for hazardous waste increased by 14.3 (4.4) percent for comparable units and fixed currencies. Since 2010, the intensity of hazardous waste has decreased by 56 percent. Several companies have

reduced the use of packaging materials, switched to less harmful packaging materials and introduced reusable/recyclable containers. By using electronic orders and integrating information flows across systems, the number of printed documents has been reduced. 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 manufacturing. Certified companies appropriately dispose of any hazardous waste that cannot be reused.

The ASSA ABLOY sustainability database and analysis tool enable best practice sharing and highlight areas for improvements.

One minor incident of spills was reported in 2015. The case did not cause ASSA ABLOY to exceed permitted levels and was managed in accordance with national legislation. ASSA ABLOY has improved its relevant internal processes to avoid future incidents.

Recycled metal

Tons	2010	2011	2012	2013	2014	2015 ¹
Waste metal for recycling (tons)	39,027	42,710	45,972	49,000	54,025	54,590

¹ For comparable units. Total amount of waste metal for recycling amounted to 57,631 tons, including units acquired during the year.

Hazardous waste	2010	2011	2012	2013	2014	2015
Metal sludge (tons)	729	661	650	537	563	767
Oil for recycling (tons)	564	490	579	295	370	333
Other types of toxic waste (tons)	3,219	1,934	2,225	1,846	1,971	2,303
Total hazardous waste (tons)	4,512	3,085	3,454	2,678	2,904	3,403¹
KPI, Hazardous waste/Value added (kg/SEK M)	294	186	181	131	126	130²

¹ For comparable units. Total amount of hazardous waste was 3,469 (tons), including units acquired during the year.

² For comparable units. Total amount of hazardous waste/value added amounted to 129kg/SEK M, including units acquired during the year.

Non-hazardous waste	2010	2011	2012	2013	2014	2015
Household incinerated/recycled (tons)	1,520	1,975	2,442	1,938	1,955	1,738
Household deposited (tons)	5,586	6,364	6,049	7,308	9,531	10,299
Paper and cardboard for recycling (tons)	NA	2,621	3,766	3,833	4,329	4,711
Plastic waste for recycling (tons)	NA	382	584	550	1,051	867
Wood waste (tons)	NA	NA	NA	NA	4,224	4,024
Other types of waste (tons)	4,634	2,811	3,758	3,013	1,774	2,213
Total (tons)	11,740	14,153	16,599	16,642	22,865	23,852¹
KPI, Non-hazardous waste/Value added (kg/SEK M)²	764	853	872	814	990	909²

¹ For comparable units. Total amount of non-hazardous waste was 25,701 (tons), including units acquired during the year.

² For comparable units. Total amount of non-hazardous waste/value added amounted to 959 kg/SEK M, including units acquired during the year.

“Zero waste” achieved at FlexiForce Abbotsford



■ **CHALLENGE:** All around the world, governments and businesses are setting goals for producing zero waste. It sounds difficult to achieve, until you discover that a 90% diversion rate from landfills is the threshold for being considered a “zero waste” facility, according to the Zero Waste International Alliance.

■ **SOLUTION:** “Recycling is a big part of the local culture,” says recently retired FlexiForce Sourcing Manager John O’Neal. John had put together a Green Team of like-minded people. The team recognized that making improvements was not enough – they also needed a way to measure the effect of those improvements. The first step was to pull all the data together to identify what to focus on and address those areas.

■ **RESULT:** By expanding existing recycling programs and adding new ones, the team has now boosted the diversion rate to nearly 97%, well over the threshold for claiming “zero waste” status.

FlexiForce Abbotsford is also sharing what it has learned with other companies within ASSA ABLOY. Following a visit to Entrematic’s Calgary plant last year, its diversion rate has increased from 35% to 72%. This year, the focus is on the Entrematic distribution facility located directly adjacent to FlexiForce Abbotsford, which is currently diverting 85% of its waste. The team estimates that a diversion rate of 97% should be possible there as well, based on an audit conducted in early April.

“Like lean, sustainability is a journey rather than a destination,” adds John O’Neal, “but we need to be leading that journey ahead of others in our industry to stay competitive.”

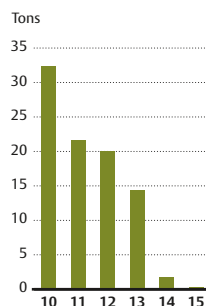
Organic solvents and surface treatment

ASSA ABLOY has reduced the consumption of chlorinated organic solvents through investments in new cleaning technologies. A gradual phase out of those chemicals is in place. ASSA ABLOY uses chlorinated organic solvents such as perchloroethylene (PER) and trichloroethylene (TRI) for surface treatment of metals, including degreasing, cleaning and pre-treatment before plating. Surface treatment is needed to meet high standards of durability, corrosion resistance, quality and finishing. The Group works systematically toward eliminating the use of PER and TRI. Most entities have already replaced PER and TRI with less harmful alternatives like ultrasonic cleaning and water- or steam-based processes.

The total consumption of chlorinated organic solvents was reduced by 79 percent compared with 2014, resulting from significant investments made in 2013.

Improved reporting practices have disclosed more types of organic solvents within the Group, primarily in recently-acquired entities. In 2015, the total consumption of other types of organic solvents amounted to 1,068 (1,033) tons for comparable units. The target is to reduce the consumption by 50 percent by 2020.

CONSUMPTION OF CHLORINATED ORGANIC SOLVENTS



Consolidation of powder-coating line cuts energy consumption by 35 percent



The curing ovens

ASSA ABLOY New Zealand relies on its ability to deliver highly customized product offerings to the OEM market within tight deadlines. Powder coating is a crucial part of the production process, requiring high flexibility in quantity and color variations, while ensuring that the highest quality standards are maintained.

■ **CHALLENGE:** To date, the plant has run three separate powder-coating lines, with each one requiring individual pre-treatment processes, which results in high waste-water charges, as well as the use of separate curing ovens, which collectively incur high energy costs. The challenge was to reduce powder-coating costs through labor and sustainability savings, without compromising throughput time or quality.

■ **SOLUTION:** Following a complete review of workflows across the factory, the floor layout has been redesigned to operate using a single powder-coating line. Advanced technology has delivered lower energy consumption due to more efficient gas burners, along with production monitoring systems, which drop the supply of gas to the line when not in use during shift change-over or employee breaks. The line is capable of running two colors simultaneously, while sharing pretreatment and drying processes in order to reduce chemical waste and minimize safety hazards.

The new pretreatment system has an in-line water replenishment system, with all discharge now filtered through the trade waste system, where it is cleaned, filtered and neutralized. Only used chemical containers and drums now need to be sent to the chemical waste supplier for disposal. The system has been running since August 2015, and a further solution will be to harness the heat from factory systems for use in on-site hot water systems from Q2, 2016.

■ **RESULT:** Energy consumption has been reduced by 35 percent and chemical waste spend from pretreatment has dropped by 70 percent since implementation of the system. There is now one instead of three separate pretreatment processes, resulting in savings in terms of waste-water disposal and therefore charges as well as significantly reduced safety hazards.

People – the foundation for success

Employees are ASSA ABLOY's most valuable asset and are the foundation for its future success. To be successful, it is essential to attract, retain and develop talented employees.

The Group's 46,000 employees, working in over 70 countries, strive to earn ASSA ABLOY the position as a true world leader in door-opening solutions. While the Group is global, there is a nurtured culture of predominantly local ownership and decentralized decision-making.

An attractive employer

The company's vision is to be an attractive employer by instilling a workplace culture that enables a high degree of employee freedom, opportunities for professional development and a sense that every individual is able to make a difference. The idea is to attract and retain the people with the right competencies needed for the company's continued success.

Employee development

ASSA ABLOY's Group-wide employee development structure is designed to maintain and nurture its internal talent pool and meet present and future company needs. It is ASSA ABLOY's responsibility to create the necessary structures and offer the right tools for continuous employee development. Employees are actively encouraged to utilize these structures and tools to seek out opportunities to develop their own career. A Group-wide intranet portal listing job vacancies keeps employees informed of career opportunities across the Group. Internal candidates are given priority consideration for positions that arise, provided that their qualifications are comparable to those of any external candidates.

During 2015, the Group's, Year of people – ASSA ABLOY's most valuable asset, several activities were undertaken, focusing on employees as the Group's most important asset. To help staff at all levels develop, two global initiatives were launched: In My Shoes, which provides the opportunity for the individual employee to shadow a colleague in a similar position; and Live My Life, which allows two employees in the same organization to swap positions for a day. Live My Life was particularly appreciated in the Americas, where divisional managers spent time with customer service representatives to gain a unique and mutually beneficial insight into different parts of the business.

Training and development initiatives

The majority of ASSA ABLOY's training and development initiatives are implemented and managed on a divisional level based on local needs. Meanwhile, on a Group level, ASSA ABLOY runs two global development programs each year for selected senior managers: the MMT-training, an internal orientation and development program; and the IMD Business School (IMD) Boosting Market Leadership Program. In 2015, 93 (91) ASSA ABLOY managers participated in one of these two programs. The idea of MMT is to create an international cross-business network of colleagues to drive best practice sharing. It also constitutes an important tool that helps with the integration of employees following new acquisitions. The IMD program involves managers in the implementation of the Group's strategy. The Group also supports several short-term initiatives and projects that enable the exchange of competence among employees and teams.

Exchanging Colombia for Mexico

The ASSA ABLOY In My Shoes program allows employees to spend time with others in a similar position, sometimes in other countries, to exchange knowledge between companies under the ASSA ABLOY umbrella. Two colleagues from Cerraduras de Colombia share their experience.

When Diego Alejandro Lopez Sepulveda, production manager, and Bernardo Delgadillo Ferrer, maintenance manager, participated in the In My Shoes program, they went from their home base in Bogotá, Colombia, to a sister company in Mexico City.

Their primary goal was to learn about Mexico's best practices in automated manufacturing and how to refine their own continuous improvement processes. But, when they completed their four-day adventure in May 2015, Diego and Bernardo were delighted to discover they had gained far more than they anticipated. Not only did they have new information and refined techniques that they could apply at Cerraduras de Colombia, they also had new ASSA ABLOY colleagues and friends at the Phillips factory in Mexico City.

They spent a lot of time on the shop floor, inside the manufacturing process, to identify ways to improve production in

Colombia. "We learned how to define, implement and develop processes of continuous improvement and the key steps to develop the implementation of automation systems in our own manufacturing processes," Diego says.

The biggest surprise, he adds, is that he and Bernardo realized "that the most important part of any continuous improvement process is the people. If you can encourage the people to see and accept your point of view, and share the same goal as the company, then good results are really possible."



Bernardo Delgadillo Ferrer and Diego Alejandro Lopez Sepulveda.

Employee survey

An employee survey is conducted at ASSA ABLOY every two years. A key finding from the 2014 survey was a need for improved employee development opportunities. In My Shoes and Live My Life (see the “Employee development” section on page 16) were two global initiatives launched to improve opportunities for employees. Another outcome of the 2014 survey was the development of a one-hour Q&A session following every management team meeting to discuss Group performance and projects. The session was developed in response to a perceived need for the more effective sharing of information about the business and the company strategy. Monthly business review meetings have also been held to keep the relevant employees informed of company progress.

ASSA ABLOY will carry out its next employee survey in 2016. The survey is an important tool to understand how employees feel about their workplace, as well as issues such as professional development, diversity and equality.

Being the world leader in door-opening solutions with a global presence, ASSA ABLOY must manage social and ethical issues and observe a high standard of integrity and fair practices. The Group-wide Code of Conduct is available in 23 languages, and is, together with our way of doing business, a key component of the ASSA ABLOY introduction program. See page 21 for more details.

HID Global’s Green Team Playbook engages employees in sustainability

To empower more employees who are enthusiastic about environmental responsibility to participate in the company’s sustainability efforts, HID Global created a “playbook” for its innovative Green Teams. The HID Green Team Playbook was developed as a practical, hands-on guide to standardize sustainability practices across the organization.

■ **CHALLENGE:** The HID Global Sustainability Program formally started three years ago with small projects and then increasingly took on bigger challenges, such as ISO 14001 certification and LEED Platinum. As this was happening, an increasing number of employees within HID Global were hearing about the company’s commitment to sustainability and had an interest in contributing to “green” efforts, but they didn’t know how to get involved. Enthusiasm among employees to support sustainability efforts was being squandered due to a lack of a structure for employee engagement.

■ **SOLUTION:** Recognizing that the company was missing an opportunity to harness the knowledge and initiative of employees outside the core centralized team, HID Global decided to broaden the possibilities to give more employees the opportunity to get involved in creating “green” business value. The Green Teams share a common purpose to build a sustainable future, and the HID Green Team Playbook provides best practices, methodologies, case studies, process worksheets and tips on how virtually any employee can help increase resource efficiency, reduce costs or drive “green” product revenue.

■ **RESULT:** The Green Teams and their playbook are energizing a broader base of employees to make a difference for both the environment and the business. Employees now come together on these teams across functions and regions to brainstorm ideas, make recommendations and collaborate on ways to add value to the business by being “green.”



Gender balance and diversity

A progressive approach to gender balance and diversity is both positive and necessary for the Group. By making the most of the entire workforce available to the company and drawing on individual dynamics, local knowledge and expertise, ensuring a gender balance and diversity strengthens ASSA ABLOY's competitiveness and performance.

Gender balance

Gender diversity is an integral part of ASSA ABLOY's Code of Conduct and business operations. Through the company's gender diversity policy, ASSA ABLOY systematically works with gender balance at all levels throughout the Group, and discrimination is not tolerated. Considering the number of women in senior positions is key, with the target of 30 percent female managers by 2020. The figure is monitored every six months. Group-wide gender diversity objectives are set, and the actions taken to achieve them are managed and implemented by the various divisions.

The frequency of ASSA ABLOY's acquisitions presents a challenge with regard to the Group's gender balance objectives, as women have been the clear minority in several of the companies that the Group has acquired in the past few years.

Employee diversity

As an organization working around the world and across cultures, ASSA ABLOY promotes diversity to draw fully on the local expertise and dynamics of individuals available to the company. With extensive experience of working with more

diverse teams at ASSA ABLOY, it has been noted that they often provide a more holistic approach and better end results – particularly in terms of product development and business processes.

Consequently, we strive to achieve an employee structure based on diversity at all levels of the organization. For example, 24 nationalities are currently represented at the highest management levels. An understanding of the local market is key to ASSA ABLOY's success, which has been proven by the geographical expansion of the Group and new market development.

The recruitment process is an important element in achieving a better diversity and gender balance. Managers are expected to examine their organizations to ensure that diversity and qualified females are considered for high-profile projects, employee development and leadership opportunities. The objective is also to have at least one candidate from the underrepresented gender on the shortlist in every recruitment situation. In addition, gender balance and diversity are considered when selecting candidates for the Group's talent management programs.

PEOPLE – FACTS AND FIGURES

Number of employees by employment contract, employment type and gender

	Number	% of total	Female, %
Permanent	43,418	94	31
Temporary	2,576	6	34
Total	45,994	100	31

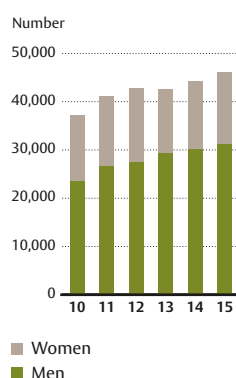
At the end of 2015, 35 percent of ASSA ABLOY employees were covered by collective bargaining.

Women at different levels of the organization

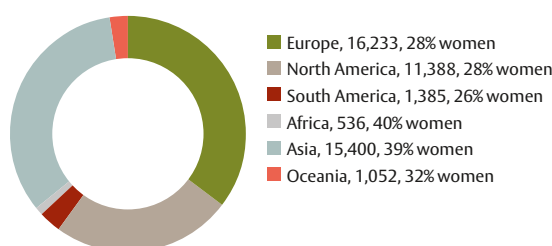
Level	Percentage of women					
	2010	2011	2012 ¹	2013 ¹	2014	2015
2 – reports to CEO	0	0	18	27	27	27
3 – reports to level 2	16	15	16	12	16	17
4 – reports to level 3	18	19	18	21	20	16
5 – reports to level 4	24	26	23	24	23	25
Level 2–5	–	24	22	23	22	23
All employees	37	35	35	31	31	31

¹ The definition of management positions was revised in 2014. 2012 and 2013 have been restated to be comparable with 2014.

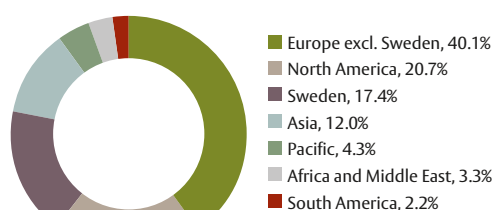
AVERAGE NUMBER OF EMPLOYEES



AVERAGE NUMBER OF EMPLOYEES BY REGION



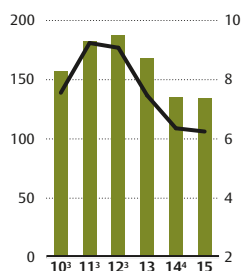
NATIONALITIES – ASSA ABLOY'S MANAGEMENT TEAMS



Occupational health and safety

Workplace health and safety is a top priority for ASSA ABLOY. Working conditions should not be detrimental to employee health, and employees should expect to return home safely at the end of their working day.

INJURIES



■ Injury lost day rate¹

■ Injury rate²

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

² Injury rate in injuries per million hours worked.

³ The historical numbers have been adjusted with proforma data.

⁴ For comparable units. The total injury lost day rate was 136, including units acquired during the year. From 2012, the reporting of injuries and days lost due to injuries includes data from ASSA ABLOY entities performing service or installation. Total injury rate was 6.7 including units acquired during the year.

Developments in 2015

- Regular Group safety meetings commenced involving the divisions with representatives from Human Resources and Operations to monitor and coordinate safety on a Group level more effectively.
- A broader perspective on health was adopted to work with wider workplace health issues beyond production health and safety.
- Tragically, one fatality occurred during the year in the form of a car accident. In response to the incident, a policy has been implemented ensuring that all company vehicles are fitted with airbags and relevant employees received highway risk awareness training.

Occupational safety at ASSA ABLOY

ASSA ABLOY employees who face the greatest safety risks are maintenance and service personnel – particularly when they are working at non-standardized workplaces such as customer sites. The main safety risks faced within the Group have been identified as:

- heavy lifting
- traffic accidents
- cutting and crushing injuries.

The high number of acquisitions is a challenge for ASSA ABLOY's safety performance as it can take time for a new unit to be fully integrated into the Group's safety procedures and reporting.

Promoting safety

ASSA ABLOY's objective is to have zero accidents in the workplace, and the company continuously seeks to improve its safety performance. Health and safety monitoring and stricter routines have been implemented in recent years. This has contributed toward an improved safety culture across the Group.

Each employee is expected to contribute to a safe workplace, and individual responsibility is the foundation of ASSA ABLOY's approach to health and safety. Each individual manager and employee is responsible for identifying risks, being proactive, taking action and facilitating the right behavior in this area. This includes:

- carrying out facility reviews
- monitoring the use of safety equipment
- ensuring that employees have adequate training.

All production units have their own health and safety committees, which operate on a divisional level and include union representatives where applicable. Committee responsibilities vary between units, but typically these include:

- reporting on health and safety performance
- taking the lead in terms of making improvements
- following up to ensure adequate training takes place.

Sharing best practice

ASSA ABLOY seeks to draw on the knowledge and expertise that exists within the Group. Best practice is systemically shared through the divisional health and safety work and safety councils for different functional areas. In addition, internal reporting carried out every six months is made available to the entire Group to encourage improvements.

Ameristar achieves 2.5 million-hour safety milestone

■ **CHALLENGE:** Ameristar Perimeter Security has continually set the industry standard for manufacturing high-quality and innovative products over the past 30 years. That standard extends to its safety-first culture, present from the production floor to the executive offices. This commitment to the safest working conditions for its approximately 600 team members is no easy feat, considering they work in a busy factory setting making fencing, guard booths and bollards. Ameristar has reached the impressive milestone of 1-million hours without a loss time injury four times – a rare accomplishment for a company of any size – and it was determined to reach the 2.5 million-hour mark.

■ **SOLUTION:** The culture of safety is embedded in people even before they're hired, during the interview tour. It is a vital part of orientation, and then the first day on the job, new employees make two com-

mitments: To come to work every day with a mindset to work safely, and to watch coworkers to make sure they work safely. Company leaders routinely seek suggestions of better ways to practice safety directly from people who are involved in the areas and processes day in and day out. Leadership is committed to encouraging the team members who are on the floor to be open with their recommendations, since they are the ones who know the environment best.

■ **RESULT:** Multiple suggestions have been implemented that contributed to the remarkable milestone of 2.5 million hours free of loss time. Among them are the addition of hard hats in an area where they have had several small head lacerations; an updated labeling system for chemical disposal; improved gloves, to help prevent hand injuries; and a different style of safety glasses to help prevent foreign bodies in the eye.



Statement from investors



Anette Andersson,
ESG Investment Specialist,
Investment Management, SEB

“ASSA ABLOY continues to make good progress on emissions, water and waste. The company is a role model when it comes to having a clear connection between sustainability and its core business. Many of the company’s sustainability targets have been met and some with good margin as well. Its use of Environmental Performance Declarations is increasingly important for customers involved in green building and is a clear differentiator from its competitors.

I perceive the greatest issues facing ASSA ABLOY to be health and safety, environmental issues concerning hazardous waste and water in production, corruption and anti-bribery. I would like to see ASSA ABLOY become more

transparent on how it works to curb corruption in its challenging markets. Gender is another area for improvement, as 30 percent of company board members are female, but women managers below board level are poorly represented with little progress being made. Finally, I see potential for ASSA ABLOY to meet the needs of people in the world that are without a lock on their door through a bottom-of-the-pyramid approach.”



Arne Lööw,
Head of Corporate
Governance at AP4

“ASSA ABLOY continues to work with resource efficiency, both in how its products are manufactured and how they are used, as part of ongoing long-term efforts that have helped to reduce the company’s environmental impacts and improve profitability. The company’s work with labor conditions, product energy efficiency and the extensive work of reducing the use of environmentally hazardous materials in its products differentiate it from its competitors. ASSA ABLOY has worked with sustainability issues for many years and, as sustainability issues become even more important in the future, the company must maintain its leading position and the strong brand it has established.

Sustainability presentations for investors are appreciated and is something that ASSA ABLOY should continue with. However, I would like to see reporting per region and/or division. Human rights is another important area which ASSA ABLOY should improve, particularly as manufacturing takes place in high-risk countries. ASSA ABLOY should also continue to improve transparency, for example by reporting on why certain objectives have not been met and how the company is working to improve.”



Anna Nilsson,
Sustainability Analyst
Manager, Swedbank Robur

“ASSA ABLOY has enhanced its approach to sustainability issues in recent years, both for its own operations and those of its suppliers, and is developing the sustainability benefits of its products. ASSA ABLOY has also improved its sustainability communication, although I would like to see more information on its work on supply chain monitoring and the company’s climate work.

As the company continues to make acquisitions, due diligence and the incorporation of ASSA ABLOY’s sustainability work continue to be important. The verification and development of supplier sustainability performance must also continue to be prioritized. In addition, I look forward to ASSA ABLOY producing a responsible tax policy and a coherent climate strategy.”

Sustainability governance

ASSA ABLOY AB is listed on the Nasdaq Stockholm, Large Cap. The Group applies the Swedish Code of Corporate Governance, which, together with the ASSA ABLOY Code of Conduct, forms the basis for the Group's actions, behavior, and external communication.

Frameworks and responsibilities

ASSA ABLOY has been a signatory to the UN Global Compact since 2008. The affiliation with the UN Global Compact means that the Group supports and commits to actively promoting and respecting the 10 principles on human rights, labor standards, environment, and anti-corruption in the Group's operations and in dealings with external 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.

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 relating to the Group's strategy, the Code of Conduct, and other sustainability policies. The divisions have the operational responsibility as well as the responsibility of integrating the principles of sustainability into the daily operations.

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

	2010	2011	2012 ¹	2013	2014	2015
ISO 14001	47	55	71	75	85	96
Certifiable systems	22	20	29	26	26	23
Total	69	75	100	101	111	119²

¹ From 2012, sales companies are included in the reporting of environmental management systems. A part of the change is related to the increased number of certified entities as well as closing of units in the restructuring program.

² The total number of entities covered by ISO 14001 and other certifiable management systems amounted to 121, including units acquired during the year.

Code of Conduct in 23 languages

The Group-wide Code of Conduct covers business ethics, workers' rights, human rights, environment and health & safety, consumer interests, and community outreach. It provides the framework for ASSA ABLOY's daily operations and dealings with external stakeholders.

The Code of Conduct sets forth principles that apply globally to employees, suppliers, and other stakeholders such as a third party acting on behalf of ASSA ABLOY. The Code of Conduct is based on the United Nations Universal Declaration of Human Rights and associated UN conventions, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the ISO 14001 environmental management standard.

The ASSA ABLOY Code of Conduct is available in its full version in English, Spanish, and Chinese, while a shortened version is available in 23 languages at: www.assaabloy.com/code.

The full version of the Code of Conduct is given to all managers, employees with exposed positions, and union representatives. A short version 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 within three months of joining the Group.

ASSA ABLOY respects the laws and regulations 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.

The compliance committee

ASSA ABLOY has a Code of Conduct compliance committee, which is chaired by the Group Senior Vice President of Human Resources. Its members include the Group Head of Environmental Sustainability and two employee representatives, who are also members of the ASSA ABLOY Board of Directors. Among other things, the committee receives information from whistle-blowers and ensures that such matters are handled in an appropriate way and come to a conclusion. The committee meets twice a year.

Growing with care

ASSA ABLOY grows organically and through acquisitions. Relocation of production is part of creating a more efficient manufacturing structure. Growing the business in new regions, often in emerging markets, will remain an important part of the strategy for the foreseeable future. It is important to understand the new context when moving into new regions and integrating new units. At the same time, the Group works to ensure that the business is run in line with ASSA ABLOY's Code of Conduct and values. The ability to grow in a responsible way impacts on ASSA ABLOY's performance.

The Code of Conduct includes a mechanism for whistle-blowing. In 2015, the Group handled 35 (24) cases reported through the whistle-blowing function.

ASSA ABLOY complements the internal Code of Conduct compliance reviews with third-party audits. These audits focus on working and social conditions, such as human rights, labor rights, health and safety, and compliance. In 2015, external audits were performed in Brazil and Poland. Since 2009, 14 sites have been audited. The Group carries out two audits per year with a focus on manufacturing sites in Africa, Asia, Eastern Europe and South America. Based on the audit results, the units will take specific actions for improvement.

Anti-corruption and other compliance programs

ASSA ABLOY has implemented specific compliance programs within the areas of anti-corruption, antitrust, and export control, which supplement and expand on the Code of Conduct in respect of these areas.

The compliance programs are built up in a similar way. The policies and requirements are set by the Group, which also provides supporting tools, while each division is responsible for implementing the programs. Each division has a compliance officer responsible for overseeing the implementation.

Suspected incidents can be reported to the nearest manager, the divisional compliance officer, Group Legal, or through the Code of Conduct whistle-blowing function. The implementation of the programs is reviewed through the Group's established process for internal control, including self-assessment in all operating companies and internal audits.

As further described under the Acquisitions section on page 23, ASSA ABLOY also has a mergers and acquisitions compliance process as part of the acquisition process, which includes the areas of anti-corruption, antitrust, and export control. The aim of this process is to put any potential issues on the agenda at the outset of the acquisition to be able to determine the level of risk at an early stage, as well as to mitigate specific areas of concern.

The implementation and further development of the programs is an ongoing process, and ASSA ABLOY is working continuously to find methods that can be used to further develop and evaluate their effectiveness.

Anti-corruption compliance program

Corruption increases inequality and the cost of doing business, and reduces efficiency. ASSA ABLOY works actively to prevent corruption in its business. As part of the anti-corruption program, the Board of Directors adopted the ASSA ABLOY anti-corruption policy in 2011. The anti-corruption compliance program adheres to the strictest international standards with the objective of preventing, detecting, and responding to potential corruption. Risk assessments, employee training, third-party compliance, and reporting are essential components of the anti-corruption compliance program. The anti-corruption policy is available on the external Group website, together with the Code of Conduct. All ASSA ABLOY employees have received information on the anti-corruption policy.

ASSA ABLOY conducts business worldwide and consequently operates in many countries where corruption risks are perceived to be high, according to the Corruption Perceptions Index published by Transparency International. A large part of ASSA ABLOY's sales are handled through third parties, such as distributors, and a great part of the Group's

anti-corruption efforts are directed to ensure that such third parties acting on behalf of ASSA ABLOY comply with ASSA ABLOY's standards. This is particularly the case where such sales are made to governments in markets that are perceived to have a higher level of corruption risk exposure, which is identified through our assessments and the Corruption Perceptions Index published by Transparency International.

Focus in 2015

The work to implement an adequate third-party due diligence process within each division is ongoing. The process is used to evaluate whether or not to engage a third party to make sales on ASSA ABLOY's behalf, based on an adequate assessment and screening. The focus of such a process is to identify and prioritize our efforts toward instances where the corruption risk exposure is perceived to be high. In 2015, a review of selected arrangements within certain business operations was conducted to evaluate existing processes and to identify improvement areas in order to further define and develop the third-party due diligence process and procedures adjusted to the business and risk. This work will continue in 2016.

Training

ASSA ABLOY's training guidelines stipulate that all relevant new employees should receive training on the compliance programs, as applicable, within three months, and receive further training every three years thereafter. Training is conducted either through e-learning programs (available for antitrust and anti-corruption), webinars, or face-to-face.

The anti-corruption e-learning program is global and available in 22 languages. ASSA ABLOY employees that receive anti-corruption training include managers as well as sales, purchasing, and sourcing personnel.

At year-end 2015, 86 percent (4 654) of relevant employees in the scope 2015 had participated in anti-corruption training.

In 2015, Korean and Australian antitrust e-learning programs were added to the already existing EU, US, and People's Republic of China antitrust e-learning programs.

To further improve the traceability, follow-up, and control of conducted e-learning training, the e-learning programs will be made available on a new training platform. This project was underway in 2015 and will be fully implemented globally in 2016.

Acquisitions – to capture opportunities

Acquisitions are important to ASSA ABLOY's growth strategy. They strengthen the Group's offerings, accelerate innovation, and take the Group to new geographic markets – enabling ASSA ABLOY to meet customer demands more rapidly.

With more than 120 acquisitions since 2006, ASSA ABLOY has established an efficient process for bringing new companies into the Group. This includes reviewing sustainability-related issues and taking steps to help newly acquired companies raise their standards where necessary. The successful integration of acquired companies is an important part of reducing risks.

ASSA ABLOY prefers to acquire sound companies that share the Group's values and business practices. Ensuring that acquired companies are smoothly integrated into the Group helps to reduce risk and contributes to development. Before an acquisition is completed, ASSA ABLOY shares its way of doing business with the new company, including introducing the Group's Code of Conduct, among other things. Both parties benefit from knowing as much as possible about each other at an early stage.

The acquisition processes: before and after

The Group-wide acquisition process is divided into four phases: strategy, assessment, implementation, and integration. Each phase has its own predefined activities, decision points, and documentation requirements. Within these phases there are three main due diligence processes: financial and tax; legal; and operational. The legal and operational phases include several sustainability elements.

The operational due diligence phase not only helps ASSA ABLOY to decide whether to pursue the acquisition, but also to understand and plan the work that needs to be conducted if the acquisition is completed. Operational due diligence includes elements such as site visits and a comprehensive review of all aspects of the operational, commercial, and administrative activities. The major findings are recorded and evaluated from a risk perspective. This evaluation will determine whether there are any issues that need to be resolved, or whether the process should be terminated altogether.

Potential issues that are identified in the pre-acquisition due diligence include the use of chemicals, applications for permissions, and compliance. ASSA ABLOY brings in external advisors when called for.

Aspects that are covered by the legal due diligence phase include employment contracts, payment processes and wages, insurance, and taxes.

The supplier base is of relevance in connection to an acquisition, and ASSA ABLOY performs a desktop analysis of the target company's supplier base before the acquisition is completed. Two supplier categories are mapped, large suppliers and critical components. This mapping involves Group Supply Management and aims to identify risks and potential synergies. Post-acquisition, associated suppliers are automatically included in the Group's supplier database, which is continuously assessed and audited on sustainability parameters.

As part of the acquisition process ASSA ABLOY is obliged in certain cases to file for antitrust approval. During 2015, the company did this in a number of cases when deemed necessary.

Typical risks

ASSA ABLOY has identified the main areas of potential risks related to acquisitions. All of these are covered by the operational and legal due diligence. ASSA ABLOY's Group-wide sustainability management program – including targets, semi-annual reporting, Group-wide policies including training, and supply chain management – captures the areas listed below and mitigates identified risks. In addition, dedicated action plans are set up when called for. The sustainability management program covers:

- Significant environmental pollution (soil, ground water, and air)
- Manufacturing processes that use hazardous substances
- Supplier base in low-cost countries
- Poor business ethics
- Proper permissions

Compliance in the merger and acquisition processes

There is increased importance, and thereby focus, on compliance issues in connection with acquisitions. This is, in part, due to increased mergers and acquisitions (M&A) activity in emerging markets. For this reason, ASSA ABLOY has implemented additional M&A compliance guidelines as part of the acquisition process.

The M&A compliance process has been designed to give an overall background and guidance, as well as being a practical toolkit for the people involved in the actual acquisition. It covers the five areas of:

- Anti-corruption
- Antitrust
- Export control
- Environmental health and safety
- Tax

The aim of the process is to supplement the due diligence already performed and to expand and include additional areas. The main objective is to get all potential issues on the agenda at the outset of the acquisition to enable a correct risk appreciation at an early stage. With this support, the due diligence process can be even more focused and tailored to specific areas of concern.

Post-completion, a thorough program for addressing any identified compliance issues, as well as any Code of Conduct related aspects such as human rights, is to be put in place and implemented. The post-completion review is especially important if insufficient information has been obtained during the acquisition phase. The M&A compliance guidelines also offer guidance on this process.

Organizational responsibility

The divisions have operational responsibility and their work is overseen by the Executive Team and ultimately the Board of Directors. The Group's strategy, sustainability objectives and the Code of Conduct form the foundation for the sustainability work.

Managing the sustainability agenda

In the ASSA ABLOY Group, sustainability issues are managed in a systematic and consistent way, mostly at divisional level. The environmental sustainability managers at the Group and divisional levels ensure that the necessary policies, processes and tools for managing environmental issues exist and are implemented. The Human Resource functions at the Group and divisional levels have the corresponding responsibility for managing social and ethical matters.

The Group intranet includes two sites that are focused on sustainability. One site offers general information for all employees, while the other supports the sustainability managers and includes tools, best practices, and access to the sustainability reporting database. Statistical reports and scorecards enable all of the ASSA ABLOY companies to monitor their performance and to benchmark themselves with the Group.

Responsibilities

Each division has the responsibility for managing the Group's sustainability agenda, identifying and addressing risks and opportunities in their context, as well as governing the Code of Conduct and related policies.

The divisional work and progress is overseen by the Executive Team. Each factory or business unit then has the operational responsibility within each division. The Group's sustainability work and responsibility includes suppliers. Each division is further responsible for ensuring that current and new suppliers understand and comply with ASSA ABLOY's requirements.

At Group level, performance is monitored via the sustainability reporting process, which includes each company's reporting of material environmental risks and actions to mitigate the same. Divisional board meetings address risks, compliance, performance and other sustainability matters.

The delegation of responsibility, implementation and follow-up is clearly communicated and the accountability

of each person and function with a particular responsibility is defined.

ASSA ABLOY's councils

The Group Sustainability Council has representatives from Operations, Research and Development and Human Resources, including the person responsible for sustainability in each division. The council meets three to four times per year to discuss various aspects of sustainability related to innovation and production, to define action plans and set targets. Each participant in the council is responsible for reporting back to their organization and for driving implementation. The council reports on performance every six months.

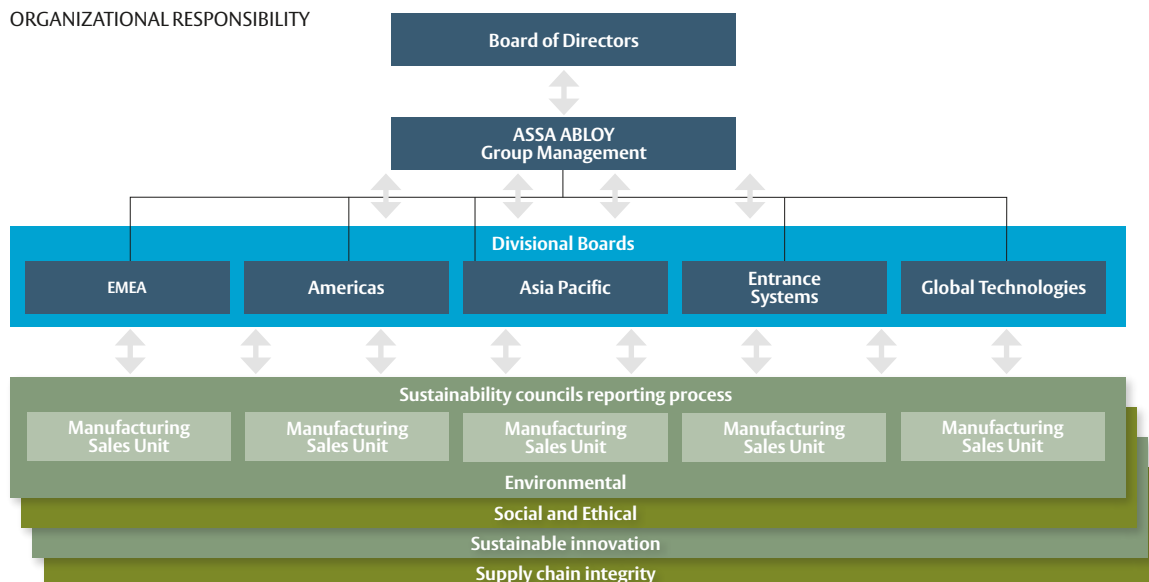
In addition to the Sustainability Council, there are councils for Innovation, Sourcing, Operations and Human Resources, whose members include representatives from the Group and all divisions managing sustainability issues related to their areas. A special council on Health & Safety is under implementation.

Monitoring progress

The procedures put in place to manage environmental and social impact and management have been successful. Sustainability targets and policies have been implemented across the Group. The units have identified material risks and taken actions to address them.

ASSA ABLOY has a Group-wide sustainability database for sustainability indicator reporting. As of the end of 2013, a new reporting system has been in place, enabling improved quality and analysis of data. The database includes best practices and tools as well as details of measures taken by the various companies to reach the Group's sustainability targets. All companies and divisions in the Group can access information from the database to compare progress and trends. In 2015, 338 (331) factories, sales units and offices reported.

ORGANIZATIONAL RESPONSIBILITY



Materiality analysis and stakeholder engagement

Materiality analysis

In 2015, ASSA ABLOY conducted a senior management review to refine the company's materiality aspects that were originally identified by a materiality analysis in 2013. The main outcome of the refinement was the addition of waste and diversity as Group materiality aspects.

The refined materiality aspects have contributed toward the company's revised sustainability agenda and objectives, which were launched in December 2015. ASSA ABLOY's refined materiality also forms the basis for defining the Sustainability Report content in the transition to Global Reporting Initiative's G4 guidelines.

Materiality analysis provides a clear understanding of which aspects are the most important to ASSA ABLOY's stakeholders and its sustainability agenda. ASSA ABLOY's materiality analysis process consists of a three-to-five-year cycle, which involves a large internal workshop in the first year and stakeholder involvement later in the process. The materiality process is reviewed internally when needed by the head of Environmental Sustainability, the head of HR, the Product Innovation Process director, and the Group Supply Management director.

Stakeholder engagement

As a key to understanding societal expectations on ASSA ABLOY, stakeholder engagement involves engaging with a wide variety of actors. ASSA ABLOY's main stakeholder groups are those with a high level of influence and interaction, and with whom the Group interacts directly and actively in its daily business.

Customers – transparency and products with improved sustainability performance are key issues in which ASSA ABLOY's customers are increasingly becoming interested. Environmental and social supply chain transparency typically relates to where and how ASSA ABLOY's products are manufactured, along with details of the materials contained in the

products, and is addressed by the company's work with its supply chain – read more on page 8. Customer interest in sustainable products has emerged from a growing interest in sustainable cities, buildings, and communities. One major focus area is energy efficiency and how ASSA ABLOY's products can make a contribution. ASSA ABLOY responds to this interest by engaging and collaborating with customers in product innovation and at relevant conferences and events, as well as through its membership of green building organizations and initiatives.

Investors and shareholders – investors and shareholders have become increasingly interested in sustainability issues in recent years. ASSA ABLOY engages with investors and shareholders in both one-to-one meetings and roundtable discussions on a variety of issues. ASSA ABLOY aims to be transparent and to reduce potential concerns through its broader work with anti-corruption, supply chain management, Code of Conduct compliance, human rights management, resource efficiency, and market demand for more sustainable products and solutions.

Employees – ASSA ABLOY engages with its employees through annual appraisals, training and development initiatives, staff meetings, the internal magazine in 17 languages, and on the intranet. ASSA ABLOY works to improve employee satisfaction across a broad range of areas, and progress is measured in the employee survey. Read more on page 16.

Suppliers – key supplier issues are managed through supply chain audits and Code of Conduct compliance. Read more on page 8.

Non-governmental organizations (NGOs) and local communities – ASSA ABLOY participates in local dialogue with the relevant NGOs and the communities in which it operates.

SUSTAINABILITY COUNCILS

	ENVIRONMENTAL	SOCIAL AND ETHICAL	SUSTAINABLE INNOVATION	SUPPLY CHAIN INTEGRITY
ASSA ABLOY Group	Stefan Tisell, Head of Environmental Sustainability	Maria Romberg Ewerth, SVP HR	Åsa Christiander, Director Product Innovation Process	Stefan Calner, Director Supply Management
EMEA	Charles Robinson, Sustainability Manager	Bill Harding, VP HR	Stefan Zintgraf, VP Product Innovation	Mauro Felice, VP Operations
Americas	Richard Hafersat, Director of Strategic Initiatives	Jack Dwyer, VP HR and Administration	Paul Dauphin, VP Development	Jody Paviglionite, VP Supply Management
Asia Pacific	Lars-Gunnar Edh, VP Operations	Lars-Gunnar Edh, VP Operations	Allen Wong, VP Innovation	Lars-Gunnar Edh, VP Operations
Entrance Systems	Tobias Svensson, Head of Process Excellence	Jessica Johansson, VP HR	Mats Nordén, CTO	Lars Hansen, VP Supply Chain
HID Global	Jeff Sasse, Director Global Sustainability	Michele DeWitt, VP HR	Darren Learmonth, SVP Global Engineering	Russel Bruce, VP Supply Management
Hospitality	Dennis Tung, Global Sustainability Coordinator	Dolores Shore, Global Director HR	Eric Michelsen, VP Engineering	Julia Zhu, VP Operations

GRI content index

ASSA ABLOY's Sustainability Report 2015 applies the Global Reporting Initiative (GRI) G4 Core guidelines. The table below indicates where information can be found; Sustainability Report (unless otherwise stated), Annual Report (AR) or on the company website www.assaabloy.com

General Standard Disclosures

	Description	Page	Comment/Omission
Strategy & Analysis			
G4-1	Statement from the CEO	2	
Organizational Profile			
G4-3	Name of the organization	21	
G4-4	Primary brands, products, and services	Flip cover inside, 7, Annual Report 15, 28	
G4-5	Location of headquarters	Back cover	
G4-6	Countries in which operations are located	Flip cover inside, 3, Annual Report 98	
G4-7	Nature of ownership and legal form	21	
G4-8	Markets served	Flip cover inside, 3, Annual Report 16, 18, 43, 45, 47, 50, 53	
G4-9	Scale of the reporting organization	Flip cover inside, Annual Report 83, 123	
G4-10	Breakdown of workforce	18 Annual Report 110	
G4-11	Coverage of collective bargaining agreements	18	
G4-12	Description of supply chain	3, 8	
G4-13	Significant changes during the reporting period	Annual Report 63, 108	
G4-14	Addressing the precautionary approach or principle	11–13	
G4-15	External charters, principles or initiatives endorsed	21	
G4-16	Memberships in associations	2 www.assaabloy.com/en/com/sustainability/sustainability-governance/guidelines-initiatives-memberships/	
Identified Material Aspects & Boundaries			
G4-17	Report coverage of the entities in the consolidated financial statements	28	
G4-18	Process for defining the report content and the aspect boundaries	4, 25, 28	
G4-19	Material aspects identified	4	
G4-20	Aspect boundary within the organization	4	
G4-21	Aspect boundary outside the organization	4	
G4-22	The effect of restatements of information provided in previous reports	28	
G4-23	Significant changes in the scope and aspect boundaries from previous report	28	
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged	3, 25	
G4-25	Identification and selection of stakeholders	3, 25	
G4-26	Approaches to stakeholder engagement	3, 25	
G4-27	Response to key topics and concerns raised	8, 16, 20, 25	
Report Profile			
G4-28	Reporting period	28	
G4-29	Date of most recent previous report	28	
G4-30	Reporting cycle	28	
G4-31	Contact point for questions	Flip cover outside	
G4-32	'In accordance' option chosen	26–27	
G4-33	Policy and current practice regarding external assurance	26–28	
Governance			
G4-34	Governance structure	21, 24, Annual Report 70–73	
Ethics & Integrity			
G4-56	Values, principles, standards, code of conduct and code of ethics	9–10, 21	

Specific Standard Disclosures

Aspects	DMA and indicator	Description	Page	Comment/Omission	Topic in ASSA ABLOY's Materiality Analysis
Environmental					
Energy	G4-DMA	Disclosures on Management Approach	4, 11–12, 21, 24–25		Energy
	G4-EN3	Energy consumption within the organization	12, 28		
	G4-EN5	Energy intensity	5, 12		
	G4-EN6	Reduction of energy consumption	12, 15, 28		
Water	G4-DMA	Disclosures on Management Approach	4, 11, 13, 21, 24–25		Water
	G4-EN8	Total water withdrawal by source	13		
	G4-EN10	Percentage and total volume of water recycled and reused	13		
Emissions	G4-DMA	Disclosures on Management Approach	4, 11–12, 21, 24–25		Emissions Organic solvents
	G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	12, 28		
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	12, 28		
	G4-EN18	Greenhouse gas (GHG) emissions intensity	5, 12		
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	12, 28		
	G4-EN20	Emissions of ozone-depleting substances (ODS)	12, 28		
	G4-EN21	Environmental organic solvents	15		
Effluents and Waste	G4-DMA	Disclosures on Management Approach	4, 11, 13, 21, 24–25		Water Waste
	G4-EN22	Total water discharge by quality and destination	13, 28		
	G4-EN23	Total weight of waste by type and disposal method	14	ASSA ABLOY reports waste in the categories that are relevant for the company.	
	G4-EN24	Total number and volume of significant spills	14		
Products and Services	G4-DMA	Disclosures on Management Approach	4, 6, 21, 24–25		Sustainable innovation/ sustainable products
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	6–7		
Compliance	G4-DMA	Disclosures on Management Approach	4, 11, 21, 24–25		Environmental compliance
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	11		
Overall	G4-DMA	Disclosures on Management Approach	4, 11, 21, 24–25		Environmental management systems
Supplier Environmental Assessment	G4-DMA	Disclosures on Management Approach	4, 8–10, 21, 24–25		Procurement practices
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	5, 8	Data presented is for total number of suppliers, not only for new suppliers. Percentage not available.	
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	8–9		
Social					
Labor Practices and Decent Work					
Occupational Health and Safety	G4-DMA	Disclosures on Management Approach	4, 19, 21, 24–25		Occupational health and safety
	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	19		
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	19	Data by type of injury, gender and region not available.	
Diversity and Equal Opportunity	G4-DMA	Disclosures on Management Approach	4, 18, 21, 24–25		Diversity
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	18	Data by gender or age group not available.	
Supplier Assessment for Labor Practices	G4-DMA	Disclosures on Management Approach	4, 8–10, 21, 24–25		Procurement practices
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	5, 8	Data presented is for total number of suppliers, not only for new suppliers. Percentage not available.	
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	8–9		
Human Rights					
Investment	G4-DMA	Disclosures on Management Approach	4, 21, 23–25		Acquisitions
	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	23		
Supplier Human Rights Assessment	G4-DMA	Disclosures on Management Approach	4, 8–10, 21, 24–25		Procurement practices
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	5, 8	Data presented is for total number of suppliers, not only for new suppliers. Percentage not available.	
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain	8–9		
Society					
Anti-Corruption	G4-DMA	Disclosures on Management Approach	4, 21–22, 24–25		Anti-corruption
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	22		
	G4-SO4	Communication and training on anti-corruption policies and procedures	22	A business partner code of conduct will be launched in 2016.	
Product Responsibility					
Product and Service Labeling	G4-DMA	Disclosures on Management Approach	4, 6–7, 21, 24–25		Sustainable innovation/ sustainable products
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	6, 8		

Reporting principles

ASSA ABLOY continually works to improve the sustainability communication in terms of transparency, scope, quality and the frequency of information. This is the Group's tenth Sustainability Report. ASSA ABLOY reports in accordance with the GRI guidelines, G4 core.

Reporting units

The number of entities reporting on sustainability in 2015 has increased from 331 to 338. The reporting units include sales units and offices. Units with fewer than 10 employees do not report on sustainability indicators. 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 2015.

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.

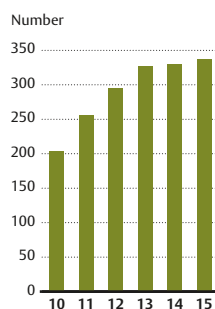
As of 2010, ASSA ABLOY uses the same principle for calculating carbon emissions as in the annual Carbon Disclosure Project-report. The selected method gives a more relevant calculation on the actual carbon emissions since it takes into account how electricity is generated in different countries. In 2012 the CO₂ emission factors were updated with respect to international standards.

- Electricity emission factors are based on data on electricity production for 2010, as published by the International Energy Agency (IEA, 2012).
- For district heat the emissions factors are calculated as a weighted average of energy sources for heat production per country, based on data from 2009 as published by the International Energy Agency (IEA, 2013).
- Emission factors for oil, coal and gas are based on data published by the United Nations Intergovernmental Panel on Climate Change (IPCC, 2006).

Changes in reporting management

ASSA ABLOY introduced a new sustainability reporting system in 2013. It has facilitated the collection of data as well as the quality of data. The reporting system has made the sustainability reporting structure more aligned with the Group financial reporting. It supports sustainability management in all areas of operations.

NUMBER OF REPORTING UNITS



The number of reporting units in the Group has increased to 338 (331).

As part of continued efforts to improve the quality of internal sustainability reporting, an analysis of certain units' reporting in 2014 has resulted in restatements of previously reported data. It concerns reporting of water consumption, energy consumption and carbon emissions.

Since 2015, all units report sustainability performance every quarter (internal reporting). Altogether ASSA ABLOY has improved analysis capabilities and consolidation of data.

Global Reporting Initiative (GRI), G4

This report covers the 2015 reporting year and 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. The 2015 report adheres to GRI G4 guidelines at core level. Accordingly, the GRI indicators have been chosen to match the material issues disclosed on page 4. Omissions or incomplete data are commented on directly in the GRI index on pages 26–27.

ASSA ABLOY reports its sustainability performance annually. This is the tenth Sustainability Report. The most recent Sustainability Report, for 2014, was issued in March 2015.

External assurance

ASSA ABLOY has not sought external assurance for the sustainability report of 2015. KPMG Sweden has performed a GRI check and confirms that ASSA ABLOY reports on GRI G4 Core.

Communication

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

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

Glossary

BIM

Building Information Modeling (BIM), is a method of drawing data-rich 3D objects that provide a wealth of information on product options and how the equipment integrates into a building.

BREEAM

BREEAM is a sustainability assessment method and rating system for buildings, measuring a building's environmental performance during building design, construction and operation.

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 interest and tax.

Environmental Product Declaration (EPD)

is a verified and registered document that communicates transparent and comparable information about the life-cycle environmental impact of products.

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.

Global-warming potential (GWP)

is a relative measure of how much heat a greenhouse gas traps in the atmosphere.

Greenhouse gas emissions

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.

SRI

Socially Responsible Investment.

TRI

Trichloroethylene.

Value added

EBIT (earnings before income and tax) plus total cost for personnel.



Production: ASSA ABLOY, Hallvarsson & Hallvarsson. Photo: ASSA ABLOY's own photographic library, among others. Print: Göteborgstryckeriet, March 2016.

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

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ASSA ABLOY lives up to Living Building Challenge for Brock Environmental Center

The Chesapeake Bay Foundation's (CBF) Brock Environmental Center in Virginia Beach, Virginia, is one of the first buildings designed to meet the standards of the Living Building Challenge (LBC), a certification that surpasses LEED qualifications. LBC is a holistic approach to building that requires all project stakeholders to consider the life cycle impact of design, construction and operation of the structure. ASSA ABLOY's products were chosen for their adherence to the stringent LBC guidelines, most notably that products offer transparency in how they are sourced and manufactured.

■ **CUSTOMER:** The 929-square-meter Brock Environmental Center will support the CBF's education, outreach, and advocacy and restoration initiatives. It is predicted to be net-zero energy, containing a wide variety of sustainable elements that include solar panels, wind turbines, geothermal wells, rain cisterns, waterless toilets and native landscaping.

■ **CHALLENGE:** Adhering to LBC standards requires building materials companies to provide product declarations, from the recycled content to where they originated, as well as complete supply chain information. The building has approximately 1,000 different products, each of which needed this documentation.

■ **SOLUTION:** Because of ASSA ABLOY's focus on sustainability, we were able to speak a common language to communicate with the team, and the architect gave preference to their products because of the company's shared commitment to the product declarations.

In addition to locks, hinges and plates, the architect selected Curries hollow metal doors and frames because of the extra insulation they provide, and Pemko weather stripping which prevents transfer of heat, a key consideration given the building's waterfront site.