

# Sustainability Report 2009

**ASSA ABLOY**

The global leader in  
door opening solutions







Sustainability

People

Stakeholders

Reporting

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Cover photo:  
The cover photo is a montage.  
The featured Besam automatic revolving door is photographed at Sofitel Hotel Heathrow, London UK.

Reader's guide

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

As signatory to the UN Global Compact, ASSA ABLOY will submit this report to the UN Global Compact as a Communication on Progress report. The sustainability report is aligned with the Global Reporting Initiative guidelines declaring level C (see page 40–41 for GRI content index). The data presented in this report has been collected over the calendar year and includes all ASSA ABLOY operations as well as suppliers. For further information regarding the sustainability report and its reporting principles, see page 39.

# Sustainability highlights 2009

ASSA ABLOY took a number of steps during the year to improve the benchmarking of data and use of information, and to increase transparency for the Group's stakeholders.

- **All suppliers do self assessments regarding the Code of Conduct.** In addition, audits are performed based on risk assessment. 178 active suppliers have surpassed the minimum standards for quality and sustainability. (Read more on pages 11–12).
- **The water and energy consumption,** use of organic solvents and hazardous waste generation decreased.
- **Divisions have increased their efforts to guide customers** to energy efficient and green security products and door opening solutions. (Read more on pages 24–25).
- **Independent social compliance audits** were performed at ASSA ABLOY's South African factory in Roodeport and at the factory in Mexico City.
- **22,000 employees** completed the web-based interactive training program Entrance to ASSA ABLOY.
- Compared to 2008, **the number of entities reporting on sustainability has increased from 80 to 180**, to include sales units and offices. (Read more on page 39).

## About this report

This report, along with additional information available online, explains the Group's sustainability performance in 2009. Unless otherwise stated, all information refers to activities undertaken between January 1, 2009 and December 31, 2009.

The 2009 data is based on 90 factories and 90 sales units and offices, compared to 80 factories in 2008.



# ASSA ABLOY in brief

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

ASSA ABLOY is represented all over the world, on both mature and emerging markets, with leading positions in much of Europe and North America and in Australia. In the fast-growing electromechanical security segment, the Group has a leading position in areas such as access con-

trol, identification technology, door automation and hotel security.

Since its founding in 1994, ASSA ABLOY has grown from a regional company to an international group with 29,000 employees and sales of around SEK 35 billion. As the world's leading lock group, ASSA ABLOY offers a more complete range of door opening solutions than any other company on the market.

## ASSA ABLOY's divisions at year-end 2009

### Division Americas

#### Share of Group total

### Americas

The division manufactures and sells locks, cylinders, electromechanical products, security doors and fittings on the American continents. Most sales take place in the USA, Canada and Mexico. South America is growing in significance, with Brazil as the most important market. Some of the division's leading brands are Ceco, Corbin Russwin, Curries, Emtek, Medeco, Phillips, SARGENT and La Fonte. The division has 6,900 employees and divisional management is based in New Haven, Connecticut, USA.



### Division EMEA

#### Share of Group total

### EMEA

The division manufactures and sells locks, cylinders, electromechanical products, security doors and fittings in Europe, the Middle East and Africa (EMEA). Most sales take place in Western Europe, but emerging markets in Eastern Europe and the Middle East are gaining in importance. Some of the division's leading brands are ABLOY, ASSA, IKON, TESA, Yale, Mul-T-Lock and Vachette. The division has 10,100 employees and divisional management is based in London, United Kingdom.

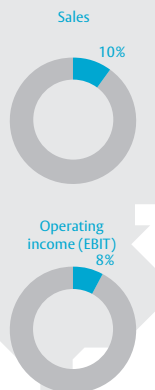


### Division Asia Pacific

#### Share of Group total

### Asia Pacific

The division manufactures and sells locks, cylinders, electromechanical products, security doors and fittings in Asia and Oceania. Australia and New Zealand account for around half of the division's sales, while China and the rest of Asia accounts for the other half. China is also an important country of production. Some of the division's leading brands are Baodean, Beijing Tianming, Guli, Interlock, iRevo, Lockwood, Shenfei and Wangli. The division has 7,600 employees and divisional management is based in Hong Kong, China.

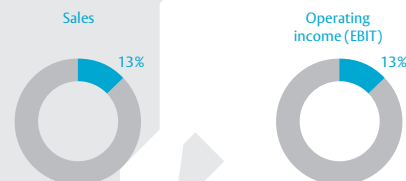


### Division Global Technologies

#### Share of Group total

### Global Technologies

This global division manufactures and sells products for electronic access management, secure card issuance, identification technology and electronic lock products for hotels. The division consists of two business units, HID Global and ASSA ABLOY Hospitality, which sell their products worldwide. Leading brands are HID, Fargo, Elsafe and VingCard. The division has 2,400 employees and divisional management is based in Stockholm, Sweden.

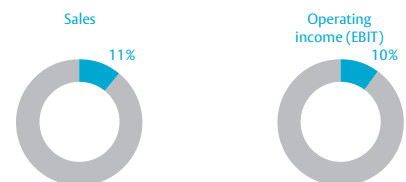


### Division Entrance Systems

#### Share of Group total

### Entrance Systems

This global division manufactures and sells automatic entrance solutions and service. The products are sold under the brand names Besam, Ditec Entrematic and EM Entrematic. The division has sales and its own service operations worldwide. Entrance Systems has 2,300 employees and divisional management is based in Landskrona, Sweden.



A selection of ASSA ABLOY products meeting the increasing demand from customers for electromechanical, digital and intelligent door opening solutions.



#### Increased demand for digital residential locks

Digital locks that combine convenience and design with high security are a new way for people to secure their homes. There is growing interest worldwide in intelligent, convenient solutions that use digital keys, a card, a pin code or a fingerprint to lock and unlock doors. The ASSA ABLOY Group company iRevo developed the market for digital locks in Korea and is the market leader. Almost half of all homes in Seoul have digital biometric locks. In the fall of 2009 digital code-locks from ASSA ABLOY were launched on the US market.

#### Increased demand for convenient security

The demand for intelligent products that communicate with a building's security systems is growing. One example is Aperio, which was developed to upgrade doors that lock with keys to ones that are wirelessly connected to an existing electronic access control system. Another trend is the increasing demand for easily accessible security, especially in private homes; consumers want door solutions that are both secure and convenient. One example is the new Code Handle electromechanical lock, which opens the lock with a digital code instead of a traditional mechanical key. Code Handle was launched in 2009 and is already a bestseller on the do-it-yourself market.



#### Highlights from our work towards sustainability

2004	2005	2006	2007	2008	2009
Code of Conduct Whistle-blowing	Internal audits Training and best practice sharing Criteria for investments if > SEK 1 M Directive due diligence	Supplier audit tool Employee survey	Sustainability program	Innovation sustainability strategy with checklists for product development Employee survey Training for marketing and sales Supplier audit training Code of conduct updated	Sales companies and offices are included in reported figures The follow-up of energy consumption and CO <sub>2</sub> is expanded A common recruitment and selection guide is launched

# CEO statement

## Sustainability integrated into the business processes

ASSA ABLOY is convinced that the best way to achieve truly sustainable development in the Group is to integrate sustainability with the main business processes, which are sales, logistics, manufacturing, product development and sourcing. Sustainability should never be a stand-alone process or something we simply add on top of what we do. The integrated approach ensures that sustainability becomes a natural part of everyday work for all our employees.

Let me give you some examples. When a new supplier agreement is finalized, sustainability forms an integral part of the agreement as one component amongst all the terms agreed upon. When a salesperson makes a deal with a customer, the Code of Conduct is one of several basic principles followed. When a manager is hiring staff or promoting people within the organization, equal treatment - regardless of gender or nationality - is an important consideration. In the product development process the environmental impact of packaging, logistics and energy consumption, to mention a few examples, are factored into quality levels and manufacturing costs. These are practical examples of how sustainability is assured as a part of our everyday processes.

Group Management sets the sustainability targets and the framework, but execution is the responsibility of the

operational divisions. This is why we have only a small corporate sustainability organization, which mainly handles guidelines, follow-up and coordination. All other staff dealing with these issues are based in the divisions where the processes are.

The activities within energy conservation, health and safety, supply chain, substitution of chemicals and equal opportunities are progressing well. In fact, in 2009 water and energy consumption, use of organic solvents and hazardous waste generation all decreased.

More than 40 percent of our sales are sourced from low-cost countries. The program with audits of quality and sustainability in these countries has continued during the year, and the number of suppliers that are audited and approved are increasing continuously. We must carry on ensuring that all our suppliers maintain the same standards, regardless of where in the world they operate.

In some specific areas, we have launched products that support energy conservation - for example sealed doors and self-powered door closers.

Within health and safety, the injury rate and the injury loss day rate have continued to decrease as a result of focused activities throughout the Group.

“The integrated approach ensures that sustainability becomes a natural part of everyday work for all our employees.”



The social and ethical performance of our sites is an important part of our approach to sustainability. One way to carry out a quality check is to arrange for an external auditor to do an independent compliance audit. Two audits were performed in 2009, one in South Africa and one in Mexico. The results were encouraging and gave us important feedback on areas in which we can improve. These audits will continue regularly, based on risk assessments of our operations.

In 2009, we held roundtable meetings with ethical investors. The meetings were well received and we thank all investors and analysts for their interest and valuable input. I also want to thank our employees for their dedication and achievements during the year.

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

Stockholm, 16 April 2010



Johan Molin  
President and CEO

Working  
to make  
sustainability  
part of  
everyday life.

Balancing economic, social and environmental considerations across our entire business.



# ASSA ABLOY's way of working

ASSA ABLOY's work on sustainability is integrated throughout the value chain. From sourcing to recycling, sustainability initiatives are based on an ongoing risk analysis as well as on the Code of Conduct, and involve both internal and external stakeholders.

## Beyond the strategy

In 2007, ASSA ABLOY launched a new sustainability program. The program was developed by the Group's Sustainability Council with representatives from all divisions.

Set to run until 2010, the program is based on the Group's risk assessment procedures, covers material sustainability issues and mandates measurable results.

The program has been successful in integrating procedures for quality and environmental management and in providing a structure that allows everyday operations to continuously improve their sustainability performance. Sustainability targets and policies have been implemented throughout the Group and the organization recognizes that the improvements need to be continuous.

## Part of everyday business

ASSA ABLOY is organized around business processes such as sourcing, operations, sales and innovation. The Group's approach to sustainability means programs, indicators and objectives are integrated directly into these processes, which also provide the foundation for defining sustainability issues through risk assessment.

Sustainability considerations are integrated into business plans, decision-making processes and business principles.

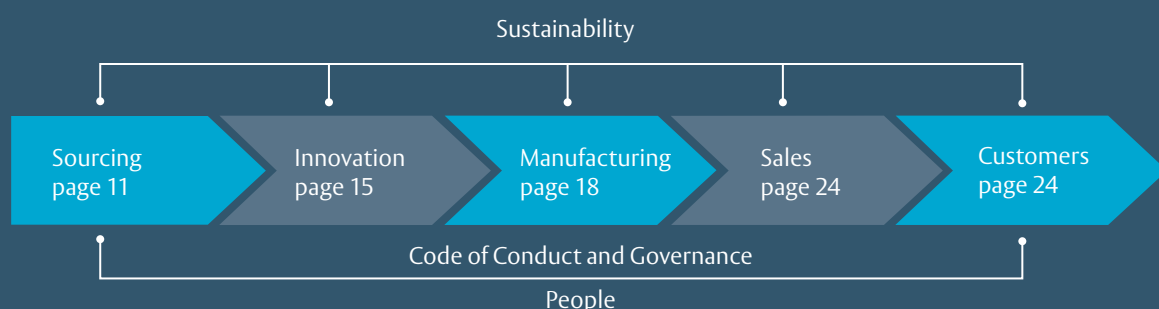
Following a long-term strategy designed to handle risks, the Group will continue to integrate sustainability into the value chain and improve performance in this area.

## Monitoring the progress

To effectively monitor progress within the sustainability program and maintain a systematic approach, ASSA ABLOY has developed a database where manufacturing companies report on sustainability indicators. Tools and examples of best practices are included.

Completed actions taken to reach Group level sustainability targets are also entered into the database. Group companies and divisions can extract scorecards from the database to monitor and compare progress and trends with other ASSA ABLOY units. In 2009, 180 factories, sales units and offices reported.

To ensure continuous monitoring and reporting of sustainability performance, the information and targets included in the database are key.



# Code of Conduct

The Code of Conduct includes ethical business practices, safe working conditions and environmental standards, and sets the framework for ASSA ABLOY's daily operations.

## Whistle-blowing mechanism

Any issues related to the Code of Conduct are dealt with at a local level whenever possible. Managers ensure compliance and a work environment in which any problem can be discussed openly and without prejudice. The Code of Conduct includes a mechanism for whistle-blowing, by which any stakeholder can report suspected violations.

During 2009, seven cases were identified via the whistle-blowing mechanism. Following thorough investigations, measures have been taken and the cases have been concluded.

The Code of Conduct is available in 17 languages on [www.assaabloy.com](http://www.assaabloy.com).

The ASSA ABLOY Code of Conduct establishes the principles that ASSA ABLOY applies in relation to its employees, suppliers and other stakeholders. The Code of Conduct is consistent globally and available in 17 languages.

The Code of Conduct is based on the United Nations Global Compact, the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises, and the ISO14001 environmental management standard.

## At the core of everything

For ASSA ABLOY the Code of Conduct represents the minimum level of action required for responsible business, and our contribution to sustainable development.

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

ASSA ABLOY monitors the implementation of the Code of Conduct. Any inconsistencies or non-conformances are handled immediately.

During 2009, increased awareness and understanding of the importance of complying with the Code of Conduct was promoted in all parts of our organization through the mandatory orientation program, which more than 22,000 employees completed in 2009. A global employee survey carried out in 2008 showed that 79 percent of the employees had been informed about the Code of Conduct.

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

## Ensuring compliance

Sustainability is a key element in supplier selection and overall supply management.

ASSA ABLOY's divisions are responsible for securing their respective suppliers' compliance with the Code of Conduct and the Environmental Requirements.

The Code of Conduct is a document that all suppliers are required to read. Quality and sustainability audits are carried out before suppliers are accepted. Though the objective is to minimize the risk of non-compliance by all suppliers, the focus is on risk-category suppliers, particularly in low-cost countries.

If a supplier fails to comply with the Code of Conduct, ASSA ABLOY first engages in a dialogue designed to bring about measurable improvements. The supplier is asked to follow the agreed improvement plan. Contracts are terminated if non-compliance continues and is not remediated within an agreed timeframe.

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

### Business ethics

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

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

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

### Environment, health and safety issues

- Environment and sustainability
- Health and safety

# Governance

ASSA ABLOY's corporate governance is based on its articles of association, the Swedish Companies Act and the rules and regulations of the NASDAQ OMX Stockholm (Stockholm Stock Exchange).

## Corporate governance

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

## Sustainability governance and organization

The Board of Directors has the overall responsibility for existing and emerging risks, and for identifying and maximizing opportunities to reduce them.

The Executive Team is responsible for sustainability risk management and decides on sustainability policy, Code of Conduct and strategy.

## Managing the sustainability agenda

At ASSA ABLOY, sustainability issues are managed systematically by a set of established standards, tools and requirements.

The environmental sustainability coordinators at Group and divisional levels check that the necessary policies, programs and tools regarding environmental issues exist and are implemented, while the Human Resource function at Group and divisional levels oversees social and ethical issues.

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

divisions – handle sustainability issues related to their business processes and functions. The divisions and their units are responsible for compliance with ASSA ABLOY policies and programs as well as for reporting back to head office.

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

The Group intranet contains a site intended to support sustainability managers. It includes tools, best practices and access to the reporting database. It presents all sustainability indicators and allows follow-up reporting of the sustainability program. Statistical reports and score cards enable companies to compare their performance with other ASSA ABLOY companies.

## Management system

All factories with significant environmental impact should be certified according to the environmental management standard ISO14001 or another certifiable environment management system.

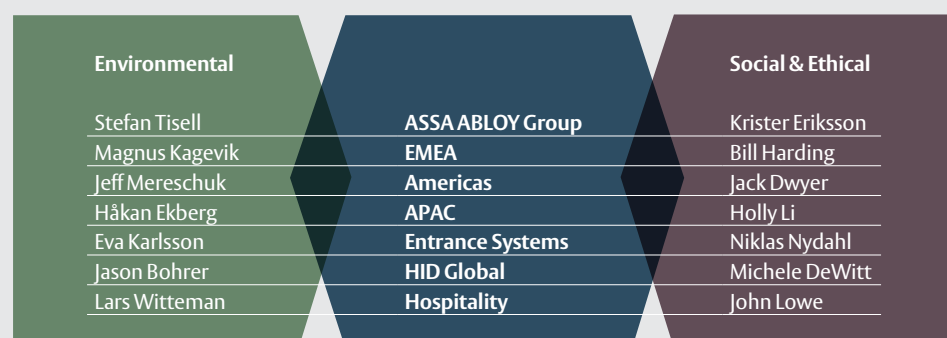
By the end of 2009, 62 of the Group's production units had implemented such a system. Units with ISO14001 have increased to 39 compared with 37 in 2008.

Number of ISO 14001 certificates and certifiable systems

	06	07	08	09 <sup>1</sup>
ISO 14001 certificates	29	39	37	39
Certifiable systems	25	29	26	23
<b>Total</b>	<b>54</b>	<b>68</b>	<b>63</b>	<b>62</b>

<sup>1</sup>The change is due in part to the closing of units in the restructuring program and in part to a number of new units with certificates.

## Sustainability organization





# Acquisitions

With its history of more than 150 acquisitions, ASSA ABLOY has a comprehensive process for bringing new companies into the Group, including bringing them up to set sustainability standards.

Through acquisitions, ASSA ABLOY expands into new geographic markets, strengthens its product offerings, accelerates innovation, meets customer demand more rapidly and expands partner opportunities. ASSA ABLOY has implemented a Group-wide process that sets out the steps for making acquisitions.

This process is divided into four phases: strategy, assessment, implementation and integration. Each phase consists of predefined activities, decisions and documentation requirements.

## **Sustainable acquisitions**

Sustainability represents one of the key areas in the acquisition process and forms part of the due diligence. Special attention is paid to environmental matters.

## **Recognized risks**

ASSA ABLOY's extensive experience in acquisitions has enabled it to identify three types of risks the Group faces when acquiring new companies:

- Manufacturing processes using hazardous substances.
- Significant environmental pollution.
- The supplier base of the acquired company.

Recognizing these risks enables ASSA ABLOY to address them early in the integration process.

# Sourcing process and supply chain integrity

Sustainability is a vital factor in our sourcing process. For ASSA ABLOY, auditing and improving its supplier base is a continuous task.

As of 2009, a sustainability screening audit process is the main tool used for an on-site audit to evaluate how well a potential supplier meets set requirements. ASSA ABLOY has carried out standardized audits on suppliers with regard to sustainability since 2006.

## Supplier quality process

The Group's sustainability approach is integrated into the ASSA ABLOY supplier quality process, which ensures that the right suppliers are selected by using standardized criteria and requirements for both quality and sustainability compliance.

There are three steps in the Group's sustainability audit process:

- Supplier self-assessment – this allows the supplier to assess its ability to maintain ASSA ABLOY's standards early in the process.
- On-site audit – the Group's sustainability screening audit process (introduced in 2008) is used to evaluate how well a potential supplier meets set requirements.
- Extended sustainability audit – this is a complement to the standard sustainability screening audit.

## Screening audit process

Using the screening audit as standard, ASSA ABLOY performed 192 quality audits and 188 sustainability audits in 2009. Each of the 220 suppliers in the Group's approved supplier database has been audited at least once. Suppliers that meet the standards are generally visited once a year, and those that need to improve are visited more frequently.

## Approved supplier base

ASSA ABLOY suppliers in low-cost countries are listed, graded and tracked in a supplier database. The database ensures transparency and access to data for the sourcing organization. Supplier audit reports – both for quality and sustainability – are included in the database.

At the end of 2009, 178 active suppliers had surpassed the minimum standards for quality and sustainability. These suppliers represent 40 percent of the Group's sourcing in low-cost countries. Another 37 suppliers were rejected and 29 were blacklisted as they did not follow recommendations for improvements. ASSA ABLOY's long-term strategy is to develop the base of active and approved suppliers so they can take on all sourcing activities. Currently the total number of suppliers in China is about 1,000.

To ensure that bad suppliers are not used again, the database not only lists approved suppliers, but also those that have not been approved yet and those that have been rejected. Sustainability audit results override quality audit results regarding non-compliance.

## Improving the supplier base

Vanguard, located in China's Jiangsu province, is an ASSA ABLOY supplier. The company mainly manufactures electronic locks and uses plastic injection molding, machining, welding, anodizing and plating processes.

Effective wastewater treatment is a key environmental protection measure for companies operating with these processes. Before ASSA ABLOY performed a sustainability audit of Vanguard only a very basic and old-fashioned wastewater treatment system was in place, although the equipment was not connected. Therefore the wastewater was being discharged directly into the drainage system without being cleaned or recycled.

After the audit, Vanguard's management decided to invest SEK 1 M in a new wastewater treatment system. Today, 100 percent of the wastewater is cleaned and recycled, a win-win result for both society and the company in terms of environmental protection and resource management.

Vanguard has also invested in a new welding machine, fire extinguishers and a ventilation system for the polishing workshop.



# Sourcing process and supply chain integrity

In 2010, the supplier database will be available on the Group intranet for access by selected purchasers. Confidentiality is ensured by assigning user rights and by limiting updating rights to accredited and trained administrators.

## **Traffic light system**

A sustainability screening audit is normally followed by awarding the supplier green, yellow or red status. Green means that the supplier is accepted. Yellow means that the supplier needs to improve within specific time frames. Red means that the supplier is not approved for sourcing.

Red or yellow status can be upgraded through a carefully outlined improvement plan, well-documented progress and firm commitments from the supplier. If the supplier does not improve, it is automatically given red status, and then only immediate action can prevent the supplier from having all purchasing stopped. No purchasing from new suppliers should be approved before they have been awarded green status. Contracts with suppliers will be terminated in case of non-compliance problems that are not remedied within an agreed time frame.

## What can you say about the work with supplier sustainability audits in 2009?



### **Peak Zhang, Supplier Quality Engineer, APAC Sourcing Office**

We carried out almost 200 supplier sustainability audits in China in 2009. There is no doubt that all the audited suppliers are now very well aware of our requirements and sustainability program. All strategic suppliers have agreed to our requirements and are taking appropriate improvement action.



### **Stella Jia, Group Supplier Quality Manager, ASSA ABLOY AB**

The global criteria of our audit process make it a fair tool for all suppliers whether they are located in China, India or elsewhere. The sustainability audit enables suppliers to meet stakeholder requirements for sustainable purchasing and to comply with the company's core values. Our audit work creates a win-win situation for society, stakeholders, ASSA ABLOY and our suppliers.



### **Owen Zhang, Supplier Quality Engineer, EMEA Sourcing Office**

As we now use the new sustainability screening process audit checklist, the audit covers all important human rights, environmental and health and safety issues. I find it a very effective tool that shortens the audit time while maintaining accuracy. Its detailed scoring system makes it easy for us as auditors to mark and give an objective result.



“The divisions must make sure that there are educated auditors on their team and that their audit reports are submitted to the Group’s common supplier database.”

Håkan Ekberg, Vice President Operations, Asia Pacific

### Challenges

The number of active suppliers in low-cost countries, such as China, exceeds the 220 listed in the supplier database (see pages 11–12). Every acquisition or joint venture results in a new set of suppliers. ASSA ABLOY’s strategy is to build the approved supplier database so it will cover all of its sourcing needs. This means finding the right suppliers with the potential to take on increased sourcing rather than adding a large number of new suppliers.

As the Group increases sourcing from India, it is natural to expand the auditing of existing and potential suppliers there and improve their standards. In 2009, all major suppliers in India were audited and added to the supplier database.

### Focus for 2010

The screening audits will continue. Additional focus will be placed on helping approved and potential suppliers improve their sustainability standards further. Yearly follow-ups on previously proven suppliers will be performed. Random, unannounced inspections will be performed.

### Risk

To follow the Code of Conduct is a requirement in all supplier contracts. Sustainability audits are carried out on suppliers in risk categories. The objective is to minimize risks of non-compliance among suppliers, primarily in low-cost countries.



## New organization for sourcing and auditing

A new sourcing organization that came into effect in December 2009, makes the Group’s divisions (see page 2) responsible for auditing their respective suppliers to ensure they meet quality and sustainability standards. “Now the divisions must make sure that there are educated auditors on their team and that their audit reports are submitted to the Group’s common supplier database,” says Håkan Ekberg, Vice President Operations Asia Pacific. “Auditing will be closer to the purchasing process, which is positive.”

A Group audit function will follow up on reports in the database and carry out random inspections to ensure that correct procedures are followed. The function will ensure that all tools and processes used follow local legal standards, and that auditors on a global level are educated. “It is critical that we have the co-ordination and calibration of audits within the Group”, says Lars-Gunnar Edh, Supply Management Director ASSA ABLOY.

Working on  
innovative,  
sustainable,  
door opening  
solutions  
for greener  
buildings.

# Sustainable product innovation

Delivering world-class innovation requires a process that takes into account customer needs, and that can meet them with value-adding solutions in an efficient and sustainable way.

Customer research shows that customers are more inclined to buy green or energy efficient security and safety products if these are offered as part of a complete green door opening solution.

The environmental impact of ASSA ABLOY's products and the processes in which they are produced, are decided mainly in the development phase. Material choice and quantity, manufacturing process, energy savings and other sustainability aspects are all decided on during the product development. Group companies use the Group's Product Innovation Process and environmental checklist for all new product development.

## The Product Innovation Process

The Product Innovation Process has three major elements:

- Product Management – addressing the strategic aspects of the process.
- Voice of the Customer – ensuring development of what the customers want.
- The Gateway process – ensuring development projects are carried out in a structured and efficient way.

Listening to customers ensures consideration of their sustainability expectations when developing new products. This applies to both development and manufacturing of the products and how the products perform in serving the customers.

The Gateway process provides a mechanism to ensure that all relevant sustainability issues are addressed and documented. For example, all environmental, health and safety issues should have been identified, checked and dealt with before continuing from the product and process design step in the Product Innovation Process.

Reduced use of chemicals, energy consumed and material needed to fulfill security, safety and convenience requirements, are all steps in the implementation of the Group's sustainability strategy. The Group has reused and recycled its products and manufacturing for many years already and intend to keep improving in this area.

“We can help our customers make green choices by identifying those of our products that qualify for rating systems, such as LEED.”

Ulf Södergren, Executive Vice President and Chief Technology Officer, ASSA ABLOY



## Energy-saving door solutions

When ASSA ABLOY Americas division started to create its green door openings they already had a number of energy-efficient products in their product portfolio that could be LEED certified (the Leadership in Energy and Environmental Design Green Building Rating System, developed by the US Green Building Council). Some were originally developed for cold weather in Alaska and have a high level of thermal resistance.

Stacey Callahan, Director of Marketing and Innovation for the Door Group in the Americas Division in the US says: “Using these products saves energy in any building; they are just as useful in a warm climate where you want to keep the heat out and the cool air-conditioning in.”

Callahan says the division is continuing to develop green and energy-efficient products. Maiman's Thermal Fused Flush doors are made from 75 percent recycled material. Ceco's metal doors are constructed using a high percentage of scrap steel and other recycled material. The steel stiffened hollow metal door Trio from Ceco Door and Curries is filled with polyurethane foam, which expands to fill the core, eliminating air pockets that could allow thermal leakage. The Trinity door closer from Norton Door Control needs no batteries or power wiring. Any movement of the door of 10 percent or more is enough to generate the necessary power for closing.



### Environmental checklist

As a part of the global Product Innovation Process, an environmental checklist has been designed to help ensure that no unimportant functions are being developed, no unnecessary or hazardous materials are being used, and processes are sustainable and efficient.

By designing products and processes correctly from the start, the cost-benefit ratio is optimized and the need for subsequent corrections is minimized. The aim is to follow the principle of reduce-reuse-recycle: for example, reducing the amount of material in our products; designing products that can be upgraded rather than exchanged; and enabling the recycling of material from process scrap and at the end of the product life cycle.

### Risk

One business risk is the inability to deliver on the Group's vision to be a leader in innovation. It is therefore important that the demand for increased sustainability is successfully translated into creative and innovative product solutions.



## Self-powered door closer

The Trinity door closer from Norton Door Controls needs no batteries or power wiring to operate. It has an extremely efficient energy harvesting system that is transparent to users. Any movement of the door of 10 percent or more is enough to generate power. Even if the door is untouched for months and powers down fully, a single attempt to open it will immediately bring it to life. With intelligent self-adjusting technology and no need for external power, the Trinity system is gaining attention from customers seeking a green solution as well as one that requires almost no routine maintenance checks.

## High-capacity 3-wing revolving door

Automatic revolving doors help save energy for heating or cooling wherever they are installed. They stop air moving freely because they are never open – seals remain in contact with the walls at all times, and only the air in the chamber with the person going through is exchanged. Swing doors allow eight times more air exchange than revolving doors.

ASSA ABLOY Entrance Systems' large 3-wing Besam RD3L revolving door is designed to meet European market demands for automatic revolving door entrances that can handle high traffic volumes efficiently and conveniently. Available in two sizes (5.4m and 6.2m in diameter), the RD3L creates an impressive entrance that is "always open" owing to its 3-wing configuration.



## Readers with intelligent power management

Taking sustainability into account as early as possible in the design phase can ensure that new products are environmentally friendly, as HID Global is demonstrating with its new readers.

HID Global is now incorporating intelligent power management (IPM) into targeted reader designs. IPM is a combination of hardware and software that optimizes the distribution and use of electrical power in computer systems. It allows the readers to automatically use the lowest possible power setting for each operating mode, as opposed to one setting for all modes. This reduces the energy consumption of the product by 90 percent.

In addition, the readers are matched with more efficient transponder designs, which require less energy from the reader for activation.

“Our customers will see that HID Global is environmentally responsible and we believe that they will have a more favorable opinion of our products as a result,” says Selva Selvaratnam, Chief Technology Officer, HID Global.

Selvaratnam says that the sustainability factor will also make the company's products attractive to government agencies, as they usually have to meet specific environmental requirements.



## Reduced environmental impact in hospitality

The environmental impact of electronic locks and in-room safes for hotels comes from the batteries that power them and the plastic keycards used to open them. ASSA ABLOY Hospitality has optimized electronics in these products to reduce the energy consumption and expand the lifespan of the batteries.

VingCard's Signature RFID lock provides the customer with sustainable options. RFID carriers, such as key fobs

or bracelets – which are returned to the hotel as the guest checks out – and low-cost paper RFID keycards are two examples. Using NFC (Near Field Communication) technology allows the locks to communicate with compatible cell phones. Therefore, once NFC is extensively deployed by mobile phone suppliers and operators, hotels may further reduce – or even eliminate – the need for keycards.

“If we continue to follow the principle of reduce-reuse-recycle in our product development we, will not only implement our sustainability strategy, but also lower our costs.”

Ulf Södergren, Executive Vice President and Chief Technology Officer, ASSA ABLOY



# Manufacturing Climate change

ASSA ABLOY has a three-step approach to energy optimization with a focus on efficiency and smart solutions in our production processes and in facility management.

ASSA ABLOY has been conducting assessments of its products for several years. Results show it is energy consumption in the production phase that has the most significant impact on the environment.

Up till now ASSA ABLOY has worked with sales as a reference for its energy efficiency analysis effect the energy consumption. The aim is to identify ways to better assess how changes in operations effect the energy consumption. Therefore the figures for 2009 are reported in relation to value added.

## Three-step approach

During 2009, ASSA ABLOY continued to focus its efforts on those aspects of production that were having the greatest

environmental impact caused by energy consumption. The aim was to reduce CO<sub>2</sub> emissions through energy optimization. A three-step approach was taken.

First, manufacturing processes have been streamlined to involve as few production sites as possible, while maintaining full capacity, efficient working practices and high standards of quality at the remaining sites.

Second, smart solutions such as low-energy lamps and lights, sensors in heating and cooling systems, and timers have been implemented.

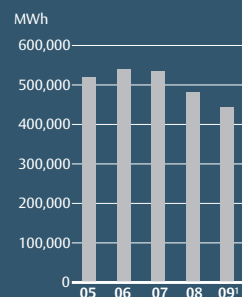
Third, use of alternative energy sources is explored, which together with innovative product design, can create further energy efficiencies.

## Energy consumption

MWh	2005	2006	2007	2008	2009
Direct energy					
– oil	59,000	45,000	35,000	9,000	23,000
– gas	173,000	194,000	190,000	191,000	174,000
– <b>Total</b>	<b>232,000</b>	<b>239,000</b>	<b>225,000</b>	<b>200,000</b>	<b>197,000</b>
Indirect energy					
– electricity	251,000	280,000	283,000	260,000	261,000
– district heat	37,000	22,000	28,000	22,000	33,000
– <b>Total</b>	<b>288,000</b>	<b>302,000</b>	<b>311,000</b>	<b>282,000</b>	<b>294,000</b>
<b>TOTAL ENERGY USE</b>	<b>520,000</b>	<b>541,000</b>	<b>536,000</b>	<b>482,000</b>	<b>444,000<sup>1</sup></b>

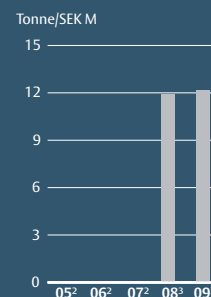
<sup>1</sup>For comparable units. Total energy consumption amounted to 491,000 MWh, including units acquired during the year and increased reporting.

## Total energy use (MWh)



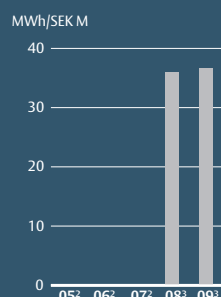
<sup>1</sup>For comparable units. Total energy consumption amounted to 491,000 MWh, including units acquired during the year and increased reporting.

## KPI, Greenhouse gas emission CO<sub>2</sub>/value added (tonne/SEK M)



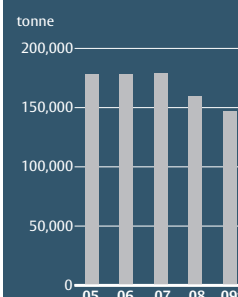
<sup>2</sup>Due to implemented changes in reporting and calculation principles (see page 39), KPI-reference values are not available for 2005 to 2007.  
<sup>3</sup>For comparable units.

## KPI, Total energy/value added (MWh/SEK M)



<sup>2</sup>Due to implemented changes in reporting and calculation principles (see page 39), KPI-reference values are not available for 2005 to 2007.  
<sup>3</sup>For comparable units.

## Greenhouse gas emission CO<sub>2</sub> total (tonne)



<sup>4</sup>For comparable units. Total greenhouse gas emissions amounted to 166,000 tonne, including units acquired during the year and increased reporting.



### Transport

Efforts to reduce the internal CO<sub>2</sub> footprint will continue, particularly in distribution and transport of goods, by monitoring energy consumption and CO<sub>2</sub> emissions. Rail and surface transportation will be evaluated as well as any methods emphasizing use of renewable energy sources. Video and telephone conferencing will be encouraged further to minimize travelling, particularly in Europe.

### Risk

Climate change risks for ASSA ABLOY are mainly related to energy consumption in manufacturing and transport.

### Performance

The total energy consumption for comparable units was reduced by 38,000 MWh. A reduction of 8 percent compared to 2008. The normalized result, i.e. energy intensity, was basically flat in 2009. The objective to reduce the normalized energy consumption by 15 percent from 2006 to 2012 has been passed and we expect it to be further improved.

CO<sub>2</sub> emissions have been reduced by 12,800 tonne for comparable units. A reduction of 8 percent compared to 2008.

In 2009, 13 percent of the total energy consumption came from renewable energy sources. This was the first year this was reported on, and results from an extended follow up on energy consumption and CO<sub>2</sub>.



## Energy consumption down, savings up

Reducing environmental impact can also have a positive effect on the bottom line, as energy-saving measures at ASSA in Eskilstuna, Sweden are proving.

The building size is about 60,000 sq m and hosts ASSA, ASSA OEM and other companies renting from ASSA ABLOY. Compared with 2006, the building's total power consumption has been reduced by 1.2 GWh. The total savings made since implementing energy measures in this building alone add up to SEK 1.1 M.

The energy-saving measures implemented included a complete review of the lighting. In the offices LED low-energy lights are now used, motion detectors have been installed, and the amount of fluorescent lighting has been reduced. Light is also used more efficiently in other areas such as locker rooms, stores, production facilities and stairwells. Controlled use of the 107 block heater in the parking lot also contributed the reduced energy consumption.

# Manufacturing Water and waste

Efficient water consumption not only reduces water and sewerage costs, it also leads to significant savings in energy, chemical and maintenance expenses.

## Water

Steps to improve water efficiency have focused on the plating operation as this consumes the most water of all the manufacturing processes. The aims are to reduce operating costs and environmental impact.

Technology innovation in the circulation and reuse of water resulted during 2009 in a decrease in water discharge of 12.7 percent compared to 2008 (for comparable units). The lower consumption reduces the energy needed to heat water, which in turn decreases energy consumption.

### Water

	2005	2006	2007	2008	2009
Purchased water (1,000 m <sup>3</sup> )	1,947	1,878	1,997	1,763	1,548
Water from on site wells (1,000 m <sup>3</sup> )	185	146	141	104	91
<b>Total water consumption (1,000 m<sup>3</sup>)</b>	<b>2,132</b>	<b>2,024</b>	<b>2,138</b>	<b>1,866</b>	<b>1,639<sup>1</sup></b>
KPI, Water/ Value added (m <sup>3</sup> /SEK M)	NA <sup>2</sup>	NA <sup>2</sup>	NA <sup>2</sup>	139 <sup>3</sup>	135 <sup>3</sup>

<sup>1</sup> For comparable units. Total water consumption was 1,856 (1,000 m<sup>3</sup>) including units acquired during the year and increased reporting.

<sup>2</sup> Due to implemented changes in reporting and calculation principles (see page 39), KPI-reference values are not available for 2005 to 2007.

## Waste

ASSA ABLOY works towards minimizing the waste created by its manufacturing processes. For example, during 2009 new ways of treating metal sludge and oil (two types of hazardous waste related to the plating processes) were introduced.

Various metals are now sorted to assist in the recycling of their content. Oil is now extensively filtered so that it can be reused in manufacturing.

Certified companies appropriately dispose of any hazardous waste that cannot be reused.

### Hazardous waste

	2005	2006	2007	2008	2009
Metal sludge (tonne)	1,634	1,898	1,443	895	680
Oil for recycling (tonne)	1,435	1,451	741	878	618
Other types of toxic waste (tonne)	2,190	2,080	1,991	2,688	2,596
<b>Total hazardous waste (tonne)</b>	<b>5,259</b>	<b>5,429</b>	<b>4,175</b>	<b>4,460</b>	<b>3,894<sup>4</sup></b>
KPI, Hazardous waste/ Value added (kg/SEK M)	NA <sup>2</sup>	NA <sup>2</sup>	NA <sup>2</sup>	333 <sup>3</sup>	322 <sup>3</sup>

<sup>3</sup> For comparable units.

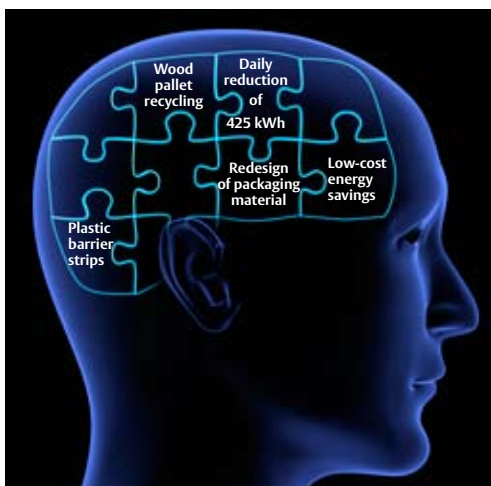
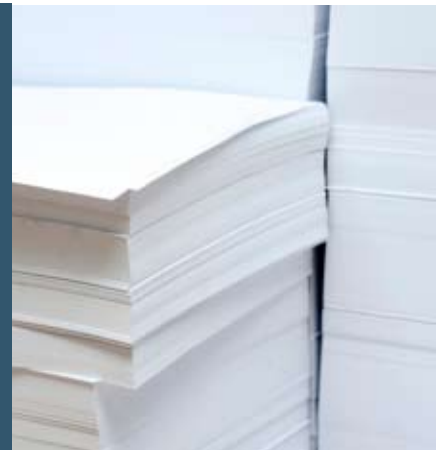
<sup>4</sup> For comparable units. Total amount of hazardous waste was 4,214 (tonne) including units acquired during the year and increased reporting.

## One million sheets of paper saved

Thanks to an in-house document reduction project within their European supply chain, ASSA ABLOY's Entrance Systems division has saved 1 million sheets of paper over a one-year period.

In Czechia, the division reduced its paper used on the production floor by more than 75 percent, with total yearly savings of 150,000 sheets of paper. In addition, more than 360,000 sheets of paper will be saved as the digital archive has reduced the use of paper in the ordering process between sales and production in Europe by 80 percent.

In Sweden, the internal workflow for electronic billing has increased, thereby reducing the amount of documents to be printed, which saves three sheets of paper per invoice. Electronic Data Interchange (the order system between sales and production) usage in Europe has also increased from 75 to 80 percent with an average of six sheets of paper per order now being saved when the orders are sent electronically.



## Smart thinking at ASSA ABLOY Entrance Systems Production

ASSA ABLOY ES Production's Monroe plant in North Carolina, USA found that a low-cost way of reducing energy use was to install clear plastic barrier strips on all dock door openings, reducing the loss of cool air, meaning that the air-conditioning system has to work less. Installing gating on the dock doors enabled cooling of the plant in the early hours of operation by opening the dock doors without compromising the facility's security. Comparing energy usage figures for the third quarters of 2009 and 2008 shows an average daily reduction of 425 kWh.

The redesign of packaging material for the Besam PowerSwing resulted in 100 percent recyclable material being used for the operator part of the product, and a 50 percent reduction in the amount of foam in the header part. The company is also participating in a wood pallet recycling program.

# Manufacturing

## Organic solvents and surface treatment

ASSA ABLOY is continuously working to reduce hazardous substances in its production processes and find replacements. Most production units have phased out chlorinated solvents altogether.

### Organic solvents

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

These solvents are hazardous, and ASSA ABLOY has been testing alternatives. Most of the Group's entities are already using alternatives, such as ultrasonic cleaning processes and water-based chemicals.

### Performance

During 2009, the phase-out processes continued, with a reduction in the number of sites using PER and TRI. Investment in alternative processes increased towards the middle of the year, resulting in a reduction of 45 percent compared to the 2008 figures.

Commitment to reducing the use of chlorinated organic solvents will continue and it is ASSA ABLOY's aim is for all of its facilities to cease using them.

### Surface treatment

Metal is a frequently used material in ASSA ABLOY's products. Products and their components need surface treatments to meet high standards of quality, including corrosion resistance and finishing.

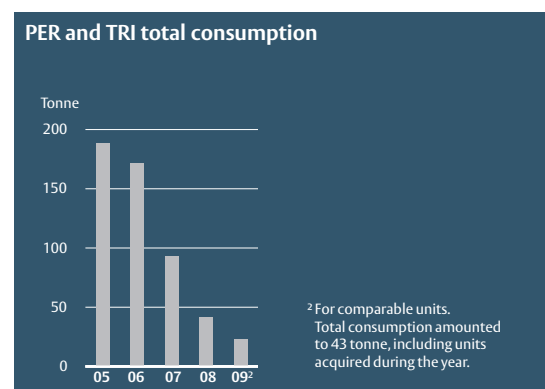
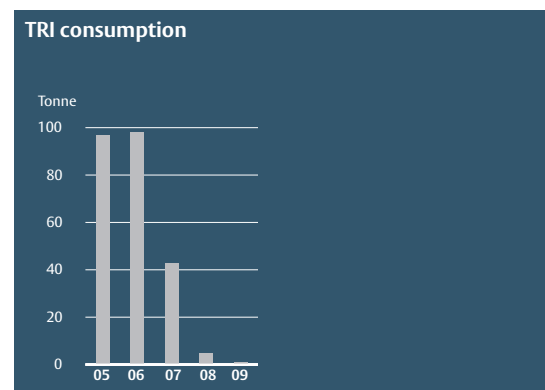
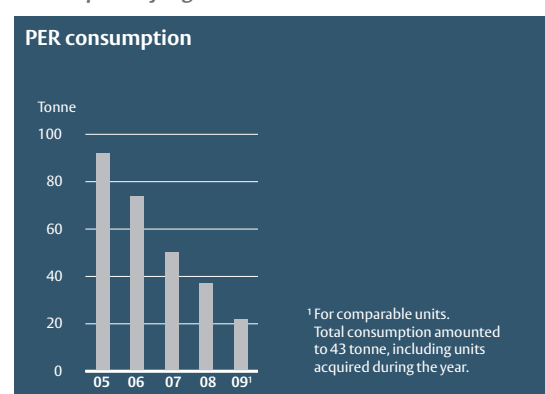
The surface treatment processes are highly complex and require a balance between energy, water and chemicals, as well as automatic or semi-automatic controls. ASSA ABLOY has a long-established level of expertise in the surface treatment field, including with processes such as passivation, anodization and plating.

### Performance

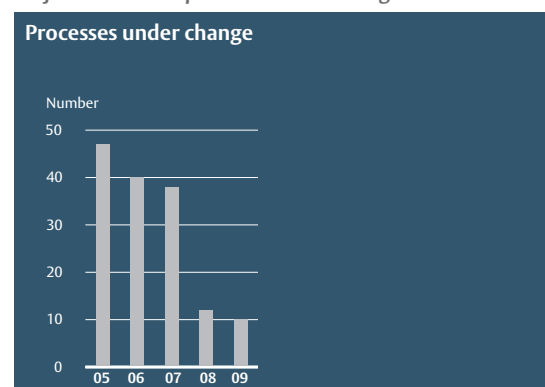
ASSA ABLOY is working towards changing its surface treatment processes in order to have zero remaining processes under change by the end of 2011.

Acquired companies added to the number of processes in 2009, the number of processes decreased by 2.

### Consumption of organic solvents



### Surface treatment processes under change



# Manufacturing

## Health and safety

A local focus, a continuous monitoring and improvement process, and a culture where everyone takes responsibility form the basis of ASSA ABLOY's health and safety strategy.

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

Managers are ultimately responsible for implementing and maintaining compliance with ASSA ABLOY health and safety procedures, and regulatory requirements in their work areas.

However, the Group has also established health and safety committees in each of its production units, with union representation where applicable. It is to these committees that incidents are reported, and this is where performance is monitored and opportunities for improvements are discussed. In addition, the committees establish training programs address to specific risks.

### **The journey to zero**

A number of objectives have been established to allow for continuous improvement. These objectives are based on a zero vision for accidents and injuries.

In order to achieve this, ASSA ABLOY has measured the injury rates and the injury lost day rates since 2005. Health and safety audits are included in the internal audit, and risk assessment is routine. Incident reporting and analysis are used to identify preventive measures.

### **Learning from each other**

All entities are benchmarked against each other and special attention is given to those with the most need for improvement.

The best performing sites are used to help drive higher standards elsewhere in the Group.

### **Performance**

ASSA ABLOY's workplace health and safety performance continues to improve. During 2009, the injury rate decreased by more than 3 percent. The injury lost day rate decreased by nearly 7 percent.

### **Recognized risks**

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

## Initiatives for health and welfare

A number of Americas division companies periodically offer voluntary on-site health fairs for employees during work hours. Registered nurses and other clinical professionals are on hand to conduct basic screenings such as blood pressure, bone density, blood sugar, cholesterol and body fat measurements and to provide on-the-spot education, literature and gifts to promote awareness of available programs.

In fact, employee Julian Perez, who works in PEMKO Ventura's packaging department, credits a blood pressure and cholesterol screening at one such health fair with saving his life. He was immediately admitted to hospital and underwent emergency triple bypass surgery.

Offering and partially subsidizing Weight Watchers programs on site and providing healthier options in vending machines and on cafeteria menus all help boost the motivation to lose weight.

Smoking cessation programs are also part of the division's overall wellness programs.



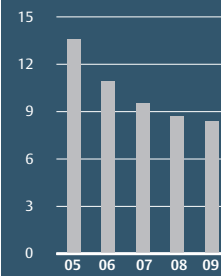


## Celebrating a milestone

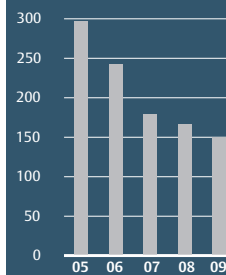
Medeco's employees reached a milestone in May 2009, having worked 1,000,000 hours without losing a work day due to injuries. The achievement was celebrated with a pizza lunch. According to Director of Operations Paul Taylor, the five 'S' principles eliminated unnecessary materials in the area, and reduced safety hazards. A fresh coat of paint on the floor also instilled a desire to keep areas clean and in order. "This is an accomplishment and we congratulate all employees for a job well done," Taylor says.



Injury rate, total



Injury lost day rate, total



Division	Injury rate	Injury lost day rate
Americas	8.1	241
APAC	6.7	63
EMEA	10.7	189
ESD	11.6	63
Global	5.8	46
<b>Group</b>	<b>8.4</b>	<b>150</b>

# Sales and customer

As environmental issues gain in importance for end users, ASSA ABLOY's customers increasingly want to do business with a sustainable company.

The main connection between ASSA ABLOY and its customers is the sales force. Customers' knowledge about – and perception of – ASSA ABLOY as a sustainable company is therefore often based on their relationship with one of the Group's sales people. Sustainability in the sales process and in customer relations relates both to company standards and the responsibility of the salesperson to obtain these standards.

## **Training and communication**

The Sales Academy training program covers the Group's Code of Conduct – with a focus on business ethics. (Read more about the Code of Conduct on pages 8–9).

From a wider perspective, employees are kept up to date on sustainability developments via the Group intranet and the staff magazine, and are encouraged to contribute to reducing ASSA ABLOY's environmental impact.

## **New business opportunities**

There is great potential in sustainability for new business opportunities. Security products generally constitute about 2 percent of a total building budget. Research shows that 10 percent of all commercial construction in the western world may be green in 2010. For the US alone, the estimated value of related security elements is USD 1.2 billion for 2010 and double that for 2013.

“The fact that Besam could produce conclusive evidence that there was energy savings with their 2-wing automatic revolving door product, made it fairly easy for the client to make a decision. The long- term savings will pay for the investment.”

James Dunlavy, Senior Associate, Perkins Eastman Architects, USA

## The market demand



**Sandy Matheny, Architectural Development Manager,  
ASSA ABLOY Door Security Solutions, USA**

Our door openings can add to a building's energy efficiency. Every week I meet architects who immediately ask what products we have that are green or energy efficient. The design of any door opening should be green by routine, and I definitely think we are getting there.



**Neil Mitchelhill, Business Manager Sales & Marketing,  
ASSA ABLOY Australia**

Though we are not experiencing a noticeable demand from our business-to-business customers, there are certainly more inquiries from the consumer market and architects in particular. We are working to reduce our carbon footprint in all areas: water and energy consumption, waste and recycling, materials and processes. We also educate internally.



**Barry Chia, Director Door Business Development,  
ASSA ABLOY Asia Pacific**

Opportunities will expand in two or three years as the Chinese authorities pay increasing attention to this area. One example is that authorities will only buy products that have been certified sustainable. Chinese people are becoming increasingly aware of sustainability issues and many want to buy green products even if they are a little more expensive.

“ASSA ABLOY respects the laws and regulations related to business ethics of the countries in which it operates, and requires that suppliers and partners do the same.”

ASSA ABLOY's Code of Conduct on Business Ethics

## Talking about sustainability

ASSA ABLOY France received feedback from channel partners asking what the Group was doing about sustainable development, as their customers were increasingly demanding information relating to this issue. The electronic brochure 'A Turnkey Approach to Sustainable Development' was the answer.

From the brochure, customers can find out that the Troyes site has made significant progress in REMI (reduce waste; economize energy; manage risks and nuisances; and integrate the environment). Troyes is also implementing the ASSA ABLOY Group environmental checklist for new developments. The Moulins site cut its waste by two-thirds and reduced dust emissions by 81 percent between 2003 and 2008. At Oust-Marest the water consumption has been reduced by 60 percent in four years, and waste recovery shot up from 25 percent in 2007 to 47 percent in 2008. And at Longué the carbon monoxide emissions and wastewater discharge has been reduced.



### **Fabrice Galland, Marketing and Communications Director, ASSA ABLOY France**

It's not yet essential that our current offer contains green products; it's not a tool to leverage sales. However, we must be able to give information on our products, as questions about sustainable development and green products have increased sevenfold in the past three years. And it is important to plan for probable changes to the situation.



### **Karen Maslow, Vice President Marketing, Entrance Systems, USA**

Architects and developers appeal to design and product specialists to come up with materials that are energy efficient and more environmentally friendly. Our automatic revolving door products lead the way for their proven ability to pay for themselves through energy reductions and savings. End users, customers and architects are demanding and expecting green and energy-efficient solutions for door products.



### **Holly Sacks, Senior Vice President Market and Corporate Strategy, HID Global**

One key area of opportunity for HID Global is the use of our RFID transponders and readers in waste management systems. These systems ensure efficient collection, disposal and recycling of residential, commercial and hazardous waste materials. We also have well-established partnerships with industry-leading system integrators who are making significant strides in enabling energy-efficient building operation.



### **Anne Lokkeberg, Quality Manager, ASSA ABLOY Hospitality**

Hotels are asking us to help them reduce their environmental impact as part of their general strategy. We have optimized our electronics in order to reduce energy consumption and expand the lifespan of batteries. The Signature RFID by VingCard contactless electronic lock can be operated by a wide range of RFID carriers, helping reduce plastic keycard consumption.

People,  
the most  
important  
aspect of  
ASSA ABLOY's  
business.



# People make it all happen

ASSA ABLOY strives to be an attractive company to work for. Therefore a lot of effort is put into providing good development opportunities and a positive, engaging and safe working environment.

## Know your company

Employees can learn about ASSA ABLOY's history, products, strategy, Code of Conduct and how their jobs contribute to the Group's goals through the web-based interactive training program Entrance to ASSA ABLOY. The program is available in 15 languages. In 2009, more than 22,000 employees completed the program, which is available on the Group intranet. The program is a mandatory part of employee induction across the Group.

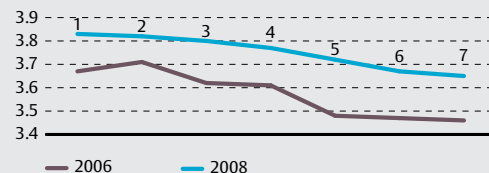
## Sustainability on the intranet

The Group intranet contains two sustainability sites. One is open to all employees and one is intended to support sustainability managers and includes tools, best practices and access to the reporting data base.

## Employee survey

An employee survey is carried out globally every 18–24 months to give employees the opportunity to express their views about their jobs, their workplace and the company. The next survey, the third to date, takes place in April 2010. Benchmarking and comparison of the results with previous surveys shows the effects of action taken and provides input for improvements where needed. Results are broken down for more than 150 units and communicated to all employees.

## Employee survey results from 2008



1: strongly disagree, 5: strongly agree.

## How well do the following statements correspond to your opinion?

1. My unit values diversity among its employees.
2. My unit is a good place to work.
3. My unit shows environmental responsibility.
4. I am treated with fairness and respect at my unit.
5. My unit shows responsibility regarding the health, wellbeing and work environment of its employees.
6. I can openly and with respect express my views and opinions within my unit.
7. My unit has high ethical and moral standards.

## Employee survey results from 2008

79%

All employees shall be aware of the contents of the Code of Conduct. In 2008, 79 percent of the respondents answered yes to the question: "Have you been informed about ASSA ABLOY's Code of Conduct?"

## Change communication

In recent years, ASSA ABLOY has reduced its work force by 25 percent, a difficult yet necessary process to survive and grow as a company. A communication survey, carried out globally in 2009, showed that employees want to know more about future plans for their workplace, job security in the current economic conditions, and how to stop their jobs from going elsewhere.

### Communication survey 2009:

- 2,700 employees received the survey;
- 87 percent answered of which:
  - 36 percent work in manufacturing
  - 40 percent are women
  - Just over 20 percent hold managerial positions.



**John Lowe,**  
Head of Human Resources,  
ASSA ABLOY Hospitality

Change is inevitable in a company that is striving to maintain its competitiveness. People would like us to say, "Relax, it's all over!" But we can never say that since the industry continues to evolve. People may also need different skills than before to meet the future.



**Gerd Hacker,**  
Director of Human Resources, HID Global

If you want people to trust you, your company and especially the leaders of your company, you need open and fair communication. If you want to help people and prepare them for change, then help them to develop their skills so that they can react and adapt to changes.

# Career in ASSA ABLOY

ASSA ABLOY believes that people make it all happen. Depending on the employee's ambition and initiative, career development is achieved through challenging tasks, learning, feedback and teamwork.

## Management training boosts opportunities

In the ASSA ABLOY Management Training program, the participants learn about all aspects of ASSA ABLOY's business and operations, network with colleagues from different locations and business areas, share best practices and identify new business opportunities.

Since the launch of the program, 333 managers from 33 countries have participated.

## Training and development

Two Group-wide development programs, ASSA ABLOY Management Training and the ASSA ABLOY-IMD Business Leadership Program, are offered to a number of senior managers each year. In 2009, 84 managers participated in the programs.

The ASSA ABLOY Scholarship Program allows employees to work at a Group company other than their own for a period of time. They share knowledge and experiences, and learn about the culture and ways of working at the host company. All employees can apply for the program.

## Talent management

ASSA ABLOY's Group-wide Talent Management process aims to further opportunities for career development. The

process involves all levels of the organization and includes a structured approach to succession planning as well as to the development of employees in general.

## Job posting and recruitment

In accordance with ASSA ABLOY's policy, all vacant positions are posted on the Group intranet, giving employees information about job openings and the opportunity to apply. It is ASSA ABLOY's policy to give priority to internal applicants provided their qualifications match those of external candidates.

In 2009, a common guide for recruitment and selection was developed and implemented with the purpose of ensuring the transparency and quality of the recruitment process.



## Facebook and Twitter now reaching job seekers

Social networking has become part of our daily lives. It has also changed the way applicants look for jobs and form impressions of prospective employers.

The Americas division turned to existing partner Monster.com to tap into the potential of social recruiting. "Because it is a new frontier, there is no road map. Monster's turn-key solution has allowed us to establish a presence on Facebook and Twitter, bringing jobs that we already post on Monster into our customized public profile – ASSA ABLOY Americas Jobs," says Margaret Wirtes, Director of Strategic Human Resources Initiatives at ASSA ABLOY Americas.

"This has enabled us to extend our recruitment brand to potentially millions of active and passive job seekers 'friending' and 'tweeting' daily." In addition, Wirtes says, it gives applicants who would not otherwise visit the company website the opportunity to learn more about ASSA ABLOY Americas: "Included in our profile are a variety of videos, links, photos and live news feeds in addition to the latest job postings."

Become a fan of and follow ASSA ABLOY Americas on [www.facebook.com/assaabloyamericasjobs](http://www.facebook.com/assaabloyamericasjobs) and [www.twitter.com/assaabloyameric](http://www.twitter.com/assaabloyameric).

You can also become a fan of and follow the ASSA ABLOY Group on [www.facebook.com/assaabloygroup](http://www.facebook.com/assaabloygroup) and [www.twitter.com/assaabloygroup](http://www.twitter.com/assaabloygroup).

“One of the most important aspects of working in HR in such a widespread organization, and one which involves many acquisitions, is having consistent HR policies and management practices.”

Michele Dewitt, Vice President of Human Resources at HID Global

## An unforgettable experience

Three participants in the ASSA ABLOY Scholarship program for 2009 share their experiences.



**Dean Norton,**  
**Product Development Technician, ASSA ABLOY Australia**

*Eight weeks spent at ASSA Eskilstuna, Sweden*

I helped with testing, developing test jigs and machine maintenance in the test lab. The whole experience allowed me to develop my ability to adapt to new situations and improved my communication and people skills.



**Thomas Schultz,**  
**Advertising and PR manager, ASSA ABLOY Sicherheitstechnik, Germany**

*Two months spent at Security Merchants Ltd in Auckland, New Zealand, and ASSA ABLOY Australia in Melbourne*

During my stay, we had a lot of discussions and workshops that were beneficial for both sides. Having improved my English language skills, I am now able to communicate more effectively with other PR and advertising colleagues throughout the Group.



**Roland Martin,**  
**Operations Analyst, ASSA ABLOY EMEA**

*Three months spent at ASSA ABLOY South Africa*

The benefits far outweigh the challenges if you make the most of each opportunity. I worked with a team of engineers, applying overall equipment effectiveness principles in the zinc furniture die-casting facility. We made substantial gains at the facility, improving output by 10 percent.

# A responsible employer

Ethics are central to ASSA ABLOY. Social compliance auditing is a way of measuring and reporting on social and ethical performance, making the Group transparent and accountable to its stakeholders.

Factory Compliance Audits covering areas such as labor standards, human rights, human resources, work environment, workplace culture and skills development are conducted regularly at ASSA ABLOY's factories. The audits are conducted in line with internationally accepted and applied procedures by external auditors to obtain an independent view of the current situation at the factory.

The revisions are followed by actions to implement improvements where needed. In 2009 ASSA ABLOY's South African factory in Roodeport and the factory in Mexico City were audited.

“The social compliance audit has shown us where we can improve, and that these improvements will benefit the entire organization.”

Lyna May, HR manager, ASSA ABLOY South Africa.

## Ensuring compliance by independent audits

In 2009, ASSA ABLOY's South African factory in Roodeport and the factory in Mexico City were audited on work environment and social responsibility by the external company Hifab International and local partners.

The audits were conducted in line with internationally accepted and applied procedures, and included: an opening meeting with management and key staff; factory inspection; management interviews; documentation reviews; interviews with selected number of workers at the factory; and a closing meeting with management.

The audit team at ASSA ABLOY Mexico stated that: “There have been a lot of improvements [at ASSA ABLOY Mexico] in recent years. Of course there is always room for improvement, but this factory has a committed management team and that is a fundamental and crucial point for success.”

Lyna May, HR manager, ASSA ABLOY South Africa said: “One of the things we learned from the audit was that what the management takes for granted is not necessarily what the employees are thinking. The social compliance audit has shown us where we can improve and that these improvements will benefit the entire organization.”





# Gender diversity

ASSA ABLOY values and promotes diversity. This includes ensuring a gender balance throughout the management team. The objective is to achieve a better gender balance at all levels of the organization over time.



“Despite our effort to achieve a better gender balance in managerial roles, the real breakthrough still remains to be seen.”

Krister Eriksson, Senior Vice President Human Resources, ASSA ABLOY

The percentage of female employees within the Group as a whole is around 40 percent, while the number is significantly lower for managerial roles. Activities and results are followed up in connection with the Talent Management Process.

In recruitment and promotion, the underrepresented gender gets priority, provided that qualifications are equal. The objective is to have at least one candidate from the underrepresented gender among the final candidates.

## Female managers at different levels in the organization<sup>1)</sup>

Level	Percentage of females			
	2006	2007	2008	2009
2 - reports to CEO	0	0	0	0
3 - reports to level 2	9	14	11	15
4 - reports to level 3	10	19	17	18
5 - reports to level 4	*	22	23	20
<b>All employees</b>	<b>41</b>	<b>39</b>	<b>40</b>	<b>39</b>

\* Not reported.

<sup>1)</sup> ASSA ABLOY AB head office is not included.

ASSA ABLOY's  
stakeholders  
are global.  
And they  
expect  
answers.

# Engaging with stakeholders

An open-door policy helps ASSA ABLOY to listen to our stakeholders and use their input to drive and deliver change within the organization.

ASSA ABLOY stakeholders are those who have a direct relationship with, or who are affected by, the Group's business. In the area of sustainability, they include shareholders, investors, customers, suppliers, employees, local communities, non-governmental organizations and the media.

The open-door communication policy with stakeholders results in an ongoing dialog either on an ad hoc or regular basis. Stakeholder challenges include explaining how ASSA ABLOY has developed its sustainability approach and how specific sustainability issues are prioritized. The Group works continuously to balance transparency and risk management with high levels of improvement in performance to meet stakeholder expectations.

Communication with stakeholders is a catalyst for change. The Group uses the forums to gather feedback, share ideas and identify challenges, and will continue to listen to its stakeholders and use their input to drive change.

## Moving from the West bank

In October 2008, an external report pointed out that it was inappropriate that ASSA ABLOY's subsidiary Mul-T-Lock has a factory in Barkan on the West bank. The factory has around 100 employees and has been more or less of the same size since it was acquired in 2000. Mul-T-Lock also has operations in Israel. The company was founded in 1973 and the operation on the West Bank started in 1984. After due consideration, ASSA ABLOY decided to move the operation from the West bank.

An internal group set up after the decision to move the factory has evaluated a number of existing facilities, but decided to build a new factory in Modiin, Israel. One important aspect has been that as many of the employees as possible should be able to keep their jobs after a move.

Modiin is a new industrial park with commuting distance from Barkan and also from Mul-T-Lock's main facility in Yavne, whose operations will also move to the new factory. The relocation of the factory in Barkan is expected to be fully completed during 2011.

# Memberships

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



## UN Global Compact

ASSA ABLOY supports the United Nations Global Compact and its 10 principles, which cover human rights, labor standards, business ethics and the environment. As a participant, ASSA ABLOY is committed to promoting the 10 principles in its daily operations.

To report on ASSA ABLOY's sustainability work, the Sustainability Report 2009 will be submitted to the UN Global Compact organization.

CARBON DISCLOSURE PROJECT

# Stakeholders

## Community outreach

ASSA ABLOY Group companies and employees engage in their local community, delivering practical help as well as raising money for charities.

ASSA ABLOY makes an effort to provide social benefits in places where it operates.

These include donating solutions to non-governmental organizations; donating funds to provide safety to children

and communities living in crisis; and arranging employee campaigns to support disadvantaged people. Some of the initiatives carried out during 2009 are outlined below.



### iRevo shares with community

iRevo in South Korea has been working with social responsibility projects since 2006 under the company philosophy "sharing with the community", actively working to help the underprivileged and in need. In 2009, iRevo with all of its management, staff and 10 other volunteers came together and made 1,000 servings of kimchi and delivered them to social welfare facilities when the economic turbulence caused difficulties in the social welfare facilities operation. Kimchi is one Korea's favorite foods, and is served alongside many dishes. It is traditionally prepared before winter and enjoyed with friends and family during the winter season.

iRevo also runs local programs in the Geumcheon District, Seoul, South Korea, where the company is located. In 2009 digital door locks were donated to 50 households under social support in this district.

### Food drive for community

Employees at the Americas Division company SECURITRON volunteered at the Food Bank of Northern Nevada at Thanksgiving in 2009, a popular way to show community support. Employees brought non-perishable food items to donate to local food banks and soup kitchens, and in just two hours helped pack 1,086 boxes of food, which were distributed to low-income families in the area.



### Key safe donation to Ronald McDonald House

ASSA ABLOY Netherlands is helping families with sick children stay safe by donating a LIPS key safe to the Ronald McDonald House in Maastricht as part of the company's corporate social responsibility program.

The LIPS key safe can be used to provide the fire department with access keys and passes for properties safe in case of fire. In such cases the safe can be accessed by the local fire department's key system. The safe is installed in the facade of a building, for example in the entrance door surround.

Ronald McDonald Houses around the world offer families with children undergoing hospital treatment a way to stay together, in proximity to care, so that they can be comfortable. Many families travel far from home to get treatment for their seriously ill or injured children. Read more on [www.rmhc.org](http://www.rmhc.org).





## Padlock donations for bushfire victims

Crime Prevention Officers in the Australian state of Victoria helped victims of the 2009 bushfires feel more secure by providing them with donated padlocks to lock away their remaining valuables.

The padlocks are from Lockwood, an ASSA ABLOY company, which has supported the Victoria Police's Neighborhood Watch program for 25 years.

The Crime Prevention Officers delivered the padlocks to bushfire relief sites so they could be distributed to victims who want to secure trailers, sheds or other storage facilities, as well as larger carry-away items.

One of the officers, Leading Senior Constable Peter Stefaniw, approached Lockwood for help after hearing that those affected by the fires were concerned about their remaining valuables.

"While we've had no reports of theft in fire-affected areas, a lot of victims are worried that they are vulnerable," Stefaniw says. "These victims have already suffered enough and should not have to worry about the security of their belongings. While police are manning roadblocks and patrolling fire-affected areas, I thought we had to help increase the perception of public safety. This seemed to make sense – people want some way of feeling secure so they can focus on rebuilding."

## New Zealand team raises money for cancer research

ASSA ABLOY New Zealand entered a team of 17 into the 2009 Relay for Life event, in Auckland, to help raise money for cancer research.

Relay for Life events, which take place in 21 countries, involve a 24-hour relay where participants walk or run around a 400 m track to raise money. As well as research, the funds go to raising awareness of cancer prevention and supporting those living with cancer.

The event takes place in over 22 locations around New Zealand each year, with teams ranging from community to corporate groups. The ASSA ABLOY team, aptly named "Hardcore Hardware," raised SEK 11,800 for the New Zealand Cancer Society by arranging sponsorship from family and friends, a sausage sizzle, a bake sale and a raffle.

Stormy weather delayed the start of the event but the team still managed 613 laps (245 km) with an average of 15km per team member.

"Although cut short by the weather, the event was great and the people participating were fantastic," says Dominie Ackroyd, Quality and Environmental Administrator. "Everyone got into the spirit of the day and proudly represented ASSA ABLOY New Zealand for a great cause. We look forward to doing it again next year."



## Americas relay for life

The American Cancer Society's Relay for Life is an event that gives communities across the globe a chance to celebrate the lives of people who have battled cancer, remember loved ones lost, and fight back against the disease.

US-based MEDECO employees regularly support the cause by sponsoring

a local event. Employees camp out at a local school and take turns walking or running around a track. The team has a representative on the track at all times during the 24-hour event because, as the event's theme says, cancer never sleeps.

# Judging ASSA ABLOY

ASSA ABLOY has received global recognition by governments, non-governmental organizations and investors for our social and environmental performance. Several have evaluated the Group's performance during 2009.



## FTSE

ASSA ABLOY is included in the FTSE4Good Index. The company meets the stringent social, ethical and environmental criteria of the global index company FTSE Group, and is positioned to capitalize on the benefits of responsible business practice.

## Kempen

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

## Folksam

The Swedish insurance company Folksam, conducts annual studies of how companies carry out their social and environmental responsibilities.

## Corporate Responsibility Index

The Corporate Responsibility Index 2009 analyzes the work of 251 Swedish listed companies from an environmental and human rights perspective. ASSA ABLOY retained its score for its human rights performance, and improved its score and rank for environment compared to the 2008 index. In human rights, ASSA ABLOY was ranked number 36 (34) with a score of 3.43 (3.43) out of 7. In environment, ASSA ABLOY was ranked number 38 (46) with a score of 4.08 (3.69) out of 7.

## Gender Diversity Index

The Gender Diversity Index 2009 measures the percentage of women at different levels within a company. In 2009, ASSA ABLOY strengthened its score compared to 2008. ASSA ABLOY received a score of 2.07 (1.64) and was ranked number 15 (18) out of the 24 Swedish listed companies included in the report.

## Carbon disclosure project

ASSA ABLOY has participated in the Carbon Disclosure Project (CDP) for the third consecutive year. The CDP is an international initiative to assess companies' preparedness with regard to risks and opportunities related to climate change, and is backed by 475 investors representing assets under management of about \$55 trillion. In the Nordic report for 2009, ASSA ABLOY receives a score of 42/100 (44/100).

## Dialog with ethical investors and analysts



# Dialog with ethical investors and analysts

## ASSA ABLOY benefits from regular and open dialog on sustainability with investors and analysts.

During 2009, ASSA ABLOY held roundtable discussions and separate meetings with a number of investors, many of which are pension funds with long-term commitments to ASSA ABLOY. These roundtable meetings have proven essential in gathering feedback on areas of particular concern such as supplier base; progress on our sustainability agenda; and new business opportunities for more energy-efficient products.

Requests from investors have generally concerned more externally available information about low-cost regions, such as measures when establishing new operations; due diligence procedures; supplier networks; sourcing volumes; indicators for supplier audits; detailed reports about a specific outcome of a supplier audit; and information about rejected suppliers.

**Church of Sweden:**  
Gunnela Hahn,  
Head of Responsible  
Investment

ASSA ABLOY has developed positively in terms of sustainability. This is clear from the strong commitment of the CEO and management to work intensively with the issues and integrate them into the business operations.

However, there are areas for improvement, such as the risks that stem from the broad supplier base. To reduce these, we recommend carrying out a due diligence audit on suppliers prior to a new acquisition.

Although the energy consumption of the products is small, production is energy-intensive and we would like to see a bigger focus on energy efficiency also within the supply chain. This could improve productivity and lower costs for both parties.

Positive steps have been taken towards developing a good system of control and compliance. Still, we would like to see a move away from control and towards closer collaboration with suppliers.

**Third Swedish National Pension Fund (AP3):**  
Christina Kusoffsky Hillesøy,  
Head of Communication and  
Sustainable Investments

The company has a systematic approach to risk analysis and to reducing environmental, social and ethical risks. ASSA ABLOY has focused on key suppliers but still has many suppliers that it has little control of. We welcome the disclosure on supplier scoring, but suggest doing more to improve supplier compliance.

Training employees to conduct environmental and social risk audits on suppliers is a good step. However, few employ-

ees have been trained to an advanced level, and we would like to see progress here. Currently the company is focusing on suppliers in China, but we would like to see further work in other low-cost, high-risk countries.

Developing energy-efficient sustainable products, a particular focus for ASSA ABLOY, represents an interesting opportunity for the future and we hope to see more of this.

**Second Swedish National Pension Fund, (AP2):**  
Ulrika Danielson,  
Head of Communications and  
Human Resources

There have been positive developments in ASSA ABLOY's sustainability work, despite some uncertainty following the departure of the previous sustainability director. There is a good strategy for incorporating sustainability into the different business and innovation processes.

ASSA ABLOY is well aware of the challenges with suppliers in China and we appreciate how the company is addressing these issues as they are important for many stakeholders. It is important to be transparent in reporting the results of sup-

plier audits, and ASSA ABLOY could also benefit from joining forces with other companies to share audit information and experience.

We welcome ASSA ABLOY's life cycle approach, both in the innovation process, and when selling and marketing its products. Looking ahead, we would welcome more detailed descriptions of the processes involved in implementing and ensuring compliance with the Code of Conduct.

**Swedbank Robur:**  
Anna Nilsson,  
Head Responsible  
Investments

Over the past decade we have seen a substantial change and improvement in ASSA ABLOY's commitment to its sustainability responsibilities – from a small-scale commitment to today's more extensive and systematic approach. We see that sustainability work is now incorporated into a large part of ASSA ABLOY's operations.

However, the extensive number of suppliers, employees and company plants in low-cost countries still represents a

major challenge for the company if it wants to ensure compliance to its Code of Conduct. We believe that the roundtable discussions combined with field trips are constructive ways for ASSA ABLOY to engage with its stakeholders and provide opportunities to raise these types of concerns.

**Folksam:**  
Carina Lundberg Markow,  
Head of Corporate  
Governance

Folksam is prioritizing ASSA ABLOY's sector due to its high risk so we are interested in how the company prepares for handles risks. Our findings show the company has good policies and management systems in place. We think that ASSA ABLOY could improve internal information flow and the integration of new companies into the sustainability reporting system.

The adoption of Environmental Management Systems

based on ISO 14001 is positive; the programs are detailed and in accordance with our audit of the company. Major environmental parameters are described.

We are positive about the future as tremendous development has taken place. However, there are still areas for improvement, such as continuing to follow up on the sustainability compliance and control by suppliers. This is particularly important in the current financial climate.

Reporting  
ASSA ABLOY's  
progress.  
Reporting  
principles.

# Reporting the Group's progress

## Reporting principles

ASSA ABLOY is dedicated to improve the quality of reported data as well as the communication on sustainability, in terms of transparency, scope, quality and the frequency of information. The Sustainability Report 2009 was published in April 2010.

### In retrospect

When ASSA ABLOY began operational work with sustainability, it prioritized manufacturing with its environmental, and health and safety impacts.

In 2005, ASSA ABLOY implemented its first formal internal reporting system. The system encompassed several quantitative and qualitative indicators. The system covered the more significant operations from an environmental, health and safety perspective.

During 2005 and 2006, a report module linked to the financial reporting system was used.

In 2007, a separate reporting database was developed and the reporting scope expanded. The expansion is mainly related to the sustainability program from 2007–2010.

In 2009, the number of units reporting on sustainability increased from 80 to 180, compared to 2008, to include sales units and offices.

### Communication

Internally, the Group intranet and sustainability reporting database are important tools for communication. Externally, the Group web site [www.assaabloy.com](http://www.assaabloy.com) and the annual Sustainability report communicates to a wider public.

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

### Changes in reporting management

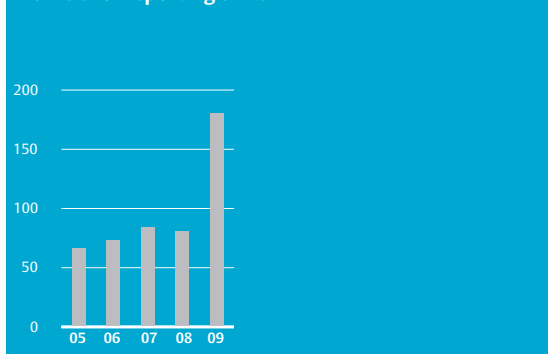
In 2009, the Group moved from a reporting structure that focused on geographical sites to one based on operational units – also called base units. This means that the reporting structure and data are similar to those used for Group level financial reporting and therefore support the integration of sustainability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

Compared to 2008, the number of entities reporting on sustainability has increased from 80 to 180, to include sales units and offices. More entities have reported during the year, while the manufacturing footprint has been affected by the reduction in the number of factories and increased outsourcing.

### Changes in calculation principles

Reported normalized KPIs are based on currency neutral monetary values and value added rather than sales, in order to minimize the effect of currency fluctuations and the ongoing restructuring of the Group. By using value added the normalized values are not effected by outsourcing of manufacturing. We believe this gives a more true and fair presentation of the development.

Number of reporting units



### Global Reporting Initiative (GRI)

This report covers the reporting year of 2009. All ASSA ABLOY operations as well as suppliers are included in the scope. For reporting of indicators, the scope of 180 units has been defined. Joint ventures are included if ASSA ABLOY has 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 2009. Units with less than 10 employees do not report on sustainability indicators.

The report has been developed with guidance from a number of standards and with substantial input from investors and available rating schemes, in particular the GRI Guidelines. ASSA ABLOY reports against level C of the GRI and this by self-declaration. (See cross reference to the GRI on pages 40–41).

### GRI audit

To improve the validation of data and the reporting of GRI, an independent audit of ASSA ABLOY's GRI application level has been performed by Deloitte AB, Sweden.





# GRI content index table

ASSA ABLOY's Sustainability Report 2008 follows the Global Reporting Initiative (GRI) guidelines, level C.

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

additional indicators that are applicable to ASSA ABLOY's operations. Symbols show if the respective indicators are partly or fully reported on.

	Page reference	Degree
<b>Profile</b>		
<b>1. Strategy &amp; analysis</b>		
1.1 CEO's comments	4-5	
1.2 Description of key impacts, risks and opportunities	7, 19-21	
<b>2. Organizational profile</b>		
2.1 Name of the organization	Cover	
2.2 Primary brands, products, and services	2	
2.3 Operational structure of the org.	2	
2.4 Location of organization's headquarters	Back cover	
2.5 Countries where the organization operates	2, 91 in AR	
2.6 Nature of ownership and legal form	116-120 in AR	
2.7 Markets	2	
2.8 Size of the organization	2	
2.9 Significant changes during the reporting period	89-90 in AR	
2.10 Awards received during the reporting period	36	
<b>3. Report parameters</b>		
<b>Report profile</b>		
3.1 Reporting period	Cover, 39	
3.2 Date of most recent previous report	39	
3.3 Reporting cycle (12 months, 24 months, etc.)	39	
3.4 Contact details	44	
<b>Report scope &amp; boundaries</b>		
3.5 Process for defining report content	39	
3.6 Boundary of the report	39	
3.7 Specific limitations on the scope or boundary of the report	39	
3.8 Basis for reporting on joint ventures, subsidiaries, etc	39	
3.10 Comparability with previous reports	39	
3.11 Significant changes from previous reporting periods regarding scope, boundaries, etc.	39	
<b>GRI content index</b>		
3.12 Table identifying the location of the Standard Disclosures in the report	40-41	
<b>4. Governance, commitments &amp; engagement</b>		
<b>Governance</b>		
4.1 Governance structure for the organization	106-108 in AR	
4.2 The Chairman of the Board role in the organization	107 in AR	
4.3 Independent and/or non-executive board members	108 in AR	
4.4 Methods for shareholders and employees to propose recommendations, etc. to the board	8, 107-108 in AR	
4.5 Remuneration to senior executives	108-109 in AR	
4.6 Processes for avoiding conflicts of interests in the board	109 in AR	
4.7 Processes for determining the competence of board members	107 in AR	
4.8 Mission, values, Code of Conduct, etc.	8, 2-3 in AR	
4.9 The board's monitoring of the sustainability work	9	

	Page reference	Degree
<b>Commitments to external initiatives</b>		
4.12 Association to external voluntary codes, principles or other initiatives	33, 39	
4.13 Membership in organizations	33	
<b>Stakeholder engagement</b>		
4.14 List of stakeholder groups	33, 36-37	
4.15 Basis for identification and selection of important stakeholders	33	
4.16 Approach to stakeholder relations	33, 36-37	
4.17 Key topics and concerns that have been raised through dialogues with stakeholders	37	
<b>5. Economic indicators</b>		
EC1 Direct economic value and distribution		■
EC2 Risks and opportunities for the organization due to climate changes	19	■
EC3 Coverage of the organization's defined benefit plan obligations	86-87 in AR	■
EC4 Financial assistance received from government		■
<b>Market presence</b>		
EC5 Range of ratios for standard entry level wage compared to local minimum wage		■
EC6 Purchases from local suppliers		■
EC7 Local hiring and proportion of senior management hired from the local community		■
<b>Indirect economic impact</b>		
EC8 Infrastructure investments and services provided for public purposes	34-35	■
EC9 Significant indirect economic impacts, including the extent of impacts		■
<b>6. Environmental performance indicators</b>		
<b>Materials</b>		
EN1 Materials used by weight or volume		■
EN2 Recycled input materials		■
<b>Energy</b>		
EN3 Direct energy consumption	18-19	■
EN4 Indirect energy consumption	18-19	■
EN5 Energy saved due to conservation and efficiency improvement	19-20	■
EN6 Initiatives to provide energy-efficient or renewable energy based products and services	15, 16, 20	■
EN7 Initiatives to reduce indirect energy consumption and reductions achieved	19-20	■
<b>Water</b>		
EN8 Total water withdrawal	20	■
<b>Biodiversity</b>		
EN11 Location/scope of land owned near protected areas/ areas of biodiversity value		■
EN12 Factors that affect biodiversity		■

Fully reported ■  
Partly reported ■  
Not reported ■

	Page reference	Degree
<b>Emissions, effluents &amp; waste</b>		
EN16 Direct and indirect greenhouse gas emissions	18–19	■
EN17 Other relevant indirect greenhouse gas emissions		■
EN18 Initiatives to reduce greenhouse gas emissions	19	■
EN19 Emissions of ozone-depleting compounds		■
EN20 NO, SO, and other significant air emissions		■
EN21 Emissions to water		■
EN22 Waste	20	■
EN23 Significant spills		■
<b>Products &amp; services</b>		
EN26 Actions to reduce environmental impacts of products and services	15	■
EN27 Products sold and their packaging materials that are reused		■
<b>Compliance</b>		
EN28 Fines non-monetary sanctions for non-compliance with applicable laws		■
<b>Transport</b>		
EN29 Environmental impact from transport	19	■
<b>7. Social performance indicators</b>		
<b>Employment/ Employees</b>		
LA1 Total workforce by function, employment type and region	2, 92 in AR	■
LA2 Rate of employee turnover		■
LA3 Benefits provided to full-time employees		■
<b>Labor/management relations</b>		
LA4 Percentage of employees covered collective bargaining agreements		■
LA5 Minimum notice period(s) regarding operational changes		■
<b>Health &amp; safety</b>		
LA7 Rates of injury, occupational diseases, lost days, work related fatalities	22–23	■
LA8 Programs to assist workforce regarding serious diseases		■
LA9 Health and safety topics covered in formal agreements with trade unions		■
<b>Training &amp; education</b>		
LA10 Average hours of training per year per employee		■
LA11 Programs for skills management and lifelong learning that support employees' career development	28	■
LA12 Employees receiving regular performance and career development reviews		■
<b>Diversity &amp; equal opportunity</b>		
LA13 Composition of governance bodies and workforce	31	■
LA14 Ratio of basic salary of men to women		■
<b>Human rights</b>		
<b>Investment &amp; procurement practices</b>		
HR1 Consideration for human rights in regard to investments		■
HR2 Human rights in the supplier chain	11–12	■

	Page reference	Degree
HR3 Training and education in human rights	8	■
<b>Non-discrimination</b>		
HR4 Total number of incidents of discrimination and actions taken		■
<b>Freedom of association &amp; collective bargaining</b>		
HR5 Operations where freedom of association and collective bargaining may be at significant risk and actions taken		■
<b>Child labor</b>		
HR6 Operations where there is a risk for incidents of child labor and actions taken		■
<b>Forced &amp; compulsory labor</b>		
HR7 Operations identified as having significant risk for incidents of forced or compulsory labor and actions taken	4	■
<b>Indigenous rights</b>		
HR9 Incidents of violations involving rights of indigenous people and actions taken		■
<b>Society</b>		
<b>Community</b>		
SO1 Programs for evaluating the operation's impacts on communities		■
<b>Corruption</b>		
SO2 Business units analyzed for risks related to corruption		■
SO3 Employees trained in the organization's anti-corruption policies and procedures		■
SO4 Actions taken in response to incidents of corruption		■
<b>Public policy</b>		
SO5 Participation in public policy development and lobbying		■
SO6 Financial and in-kind contributions to political parties, politicians and related institutions		■
<b>Anti-competitive behavior</b>		
SO7 Legal actions for anti-competitive behavior		■
<b>Compliance</b>		
SO8 Monetary value of fines for non-compliance with applicable laws		■
<b>Product responsibility</b>		
<b>Customer health &amp; safety</b>		
PR1 Life cycle stages in which health and safety impacts of products and services are assessed	15	■
<b>Product &amp; service labelling</b>		
PR3 Product labelling and information		■
<b>Marketing communications</b>		
PR6 Programs for adherence to laws, standards and voluntary codes for marketing communications		■
<b>Customer privacy</b>		
PR8 Substantiated complaints regarding breaches of customer privacy		■
<b>Compliance</b>		
PR9 Monetary value of fines for non-compliance with regulations concerning the use of products and services		■

# Glossary

**5S principles**

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

**Carbon footprint**

A CO<sub>2</sub> measurement of the impact of human activities on the environment, in terms of the amount of greenhouse gases produced.

**CO<sub>2</sub>**

Carbon dioxide.

**Direct energy**

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

**EBIT**

Earnings before income and tax.

**Energy conservation**

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

**Global Compact**

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

**Global Reporting Initiative, GRI**

Global guidelines for sustainability reporting.

**Greenhouse gas missions**

Gases from the atmosphere that contribute to the greenhouse effect, for example CO<sub>2</sub> and methane.

**Indirect energy**

Electricity and heating.

**Injury rate**

Measure injuries per million hours worked.

**Injury lost day rate**

Measure in lost days 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.

**LEED**

Leadership in Energy and Environmental Design.

**NGO**

Non-governmental organization.

**Organic solvents**

Perchloroethylene and trichloroethylene.

**PER**

Perchloroethylene.

**RoHS**

European Union Restriction of Hazardous Substances Directive.

**SRI**

Socially Responsible Investment.

**TRI**

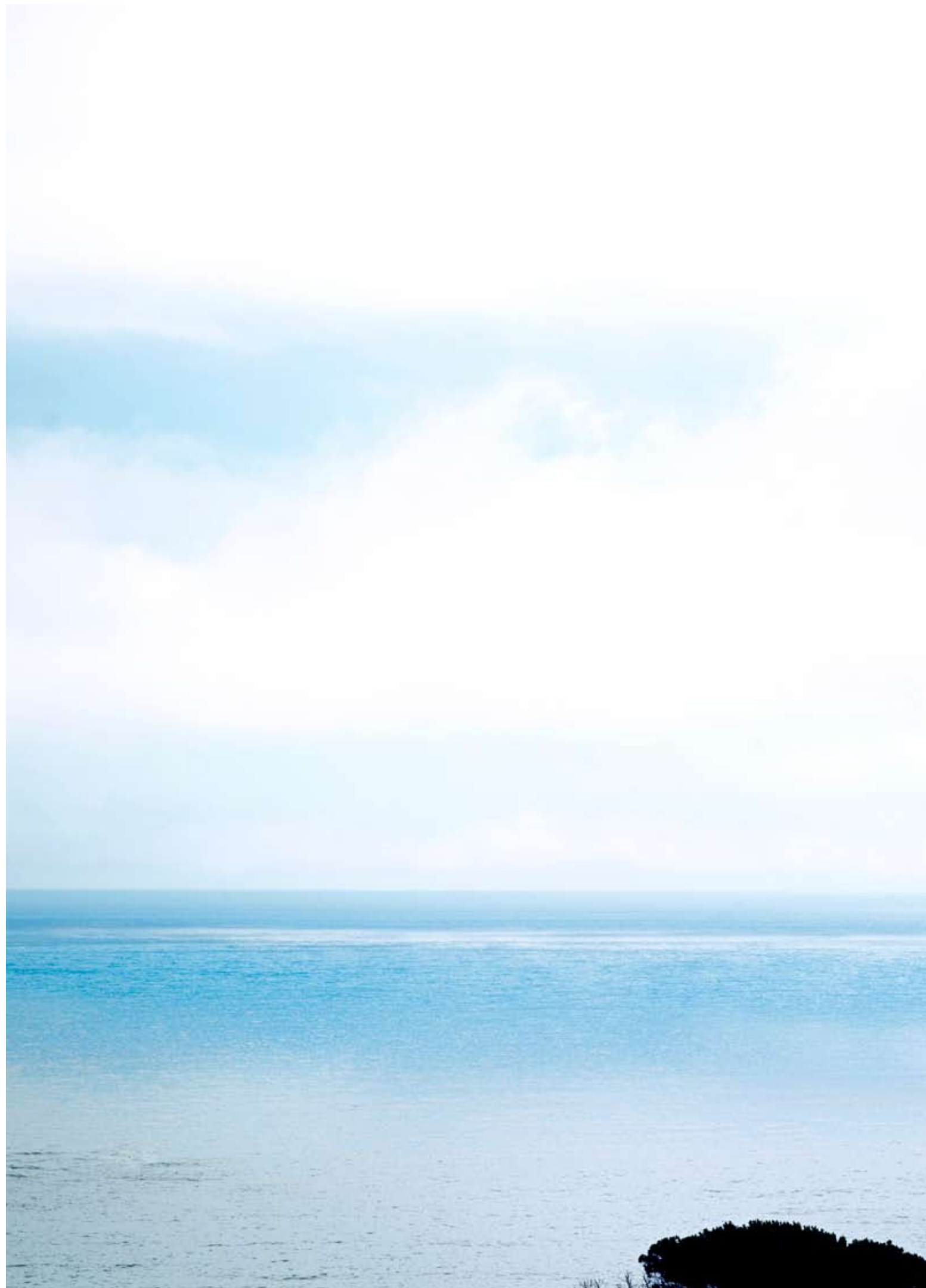
Trichloroethylene.

**Value added**

EBIT plus total cost for personnel.

Sustainability  
is a natural part  
of what we do.

It is never a  
stand-alone  
process or  
something we  
simply add to  
what we do.





# Contacts

**Environmental sustainability:**

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

**Social and ethical matters:**

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

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**ASSA ABLOY**

ASSA ABLOY AB  
P.O. Box 70 340  
SE-107 23 Stockholm  
Klarabergsviadukten 90  
SE-111 64 Stockholm  
Sweden  
Telephone +46 (0) 8 506 485 00  
Fax +46 (0) 8 506 485 85