

EXHIBIT 2



U.S. Department of Justice

Antitrust Division

Matthew R. Huppert
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February 29, 2024

Via E-Mail

Gabriel J. Lazarus
Cleary Gottlieb Steen & Hamilton LLP
2112 Pennsylvania Avenue NW
Washington, DC 20037
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Re: *ASSA ABLOY Monitorship - Vietnam Asset Transfer*

Dear Gabriel:

Pursuant to the Final Judgment in *United States v. ASSA ABLOY AB*, No. 22-cv-2791 (D.D.C), the United States writes regarding the transfer of ASSA ABLOY's Smart Lock Foreign Divestiture Assets located in Vietnam. It is at best unclear whether ASSA ABLOY has transferred these Vietnam assets to divestiture buyer Fortune Brands, and more information is required to demonstrate that ASSA ABLOY has given operational control of those assets to Fortune Brands.

Under the Final Judgment, if the Vietnam assets are not transferred to Fortune Brands by December 31, 2023, ASSA ABLOY must pay a daily fine of \$50,120 until the assets have been transferred. Final Judgment ¶ VI.C. The Final Judgment provides that ASSA ABLOY can avoid paying the fine in certain circumstance, including if it "can demonstrate to the United States" that, notwithstanding the failure to formally transfer the Vietnam assets, "operational control has otherwise been given to [Fortune Brands] such that the purposes of the divestiture have been carried out." *Id.* If ASSA ABLOY wants to demonstrate that "operational control" has been given to Fortune Brands, it must "confer with the United States in an effort to reach agreement on whether the steps taken carry out the purposes of the divestiture." *Id.*

On December 15, 2023, as required by Paragraph IX.A of the Final Judgment, ASSA ABLOY provided a sworn declaration describing its compliance with the Final Judgment. In that declaration, ASSA ABLOY averred, among other things, that it was still "working to obtain the necessary Vietnamese regulatory approvals and to make appropriate business arrangements for the Transfer of Smart Lock Foreign Divestiture Assets." Later that day, in response to ASSA ABLOY's declaration, we requested that "[i]f the Transfer of Smart Lock Foreign Divestiture Assets occurs before your next

affidavit would otherwise be due [on January 14, 2024], could you please let [the United States and Monitoring Trustee] know when that occurs?” You responded, “Will do.”

On December 28, 2023, you sent us an email providing an “update and additional detail regarding the Vietnam divestiture.” We understand several things from that email. *First*, your email stated that the purchase price Fortune Brands plans to pay for the Vietnam assets was “being held in an escrow account” and would not “be released to ASSA ABLOY” until a Vietnamese governmental agency issued “an amended enterprise registration certificate evidencing a wholly owned subsidiary of Fortune Brands as the owner of the Vietnam Entity.” *Second*, your email did not describe any “necessary Vietnamese regulatory approvals” secured since ASSA ABLOY’s December 15 declaration, and we are not aware of any such approvals being secured since December 15. *Third*, neither your December 28 email nor any other communication from ASSA ABLOY to the United States has claimed that the actions you described in your December 28 email constituted a Transfer of Smart Lock Foreign Divestiture Assets, despite our specific request that you notify us when that event occurred. At bottom, our understanding is that the purchase price remains in escrow and that the divestiture transaction has not yet closed. Accordingly, and based on the information we have received to date, it is at best unclear whether ASSA ABLOY has transferred the Vietnam assets as contemplated by the Final Judgment.

Under these circumstances, our expectation following your December 28 email was that ASSA ABLOY would rely on the “operational control” exception contemplated by the Final Judgment to avoid having to pay a fine that, unless excused under an exception set forth in the Final Judgment, would currently exceed \$3 million. We further expected prompt and substantive engagement from ASSA ABLOY to resolve this issue, but several weeks passed before we heard anything further from ASSA ABLOY.

It was not until February 2, 2024, at the recommendation of the Monitoring Trustee, that you finally contacted the United States and requested to confer with us about the operational control issue. On February 7, 2024, counsel for ASSA ABLOY, the United States, and the Monitoring Trustee met by videoconference to discuss that issue. At this meeting, counsel for ASSA ABLOY largely repeated the same information conveyed in your December 28 email and were unable to answer several questions we posed about the operation of the Vietnam smart lock manufacturing facility and the entity that owns it. Given counsel’s inability to answer these questions on February 7—answers we view as necessary to “demonstrate” transfer of operational control under the Final Judgment—ASSA ABLOY agreed to reach out to Fortune Brands to gather more information about the operation of the Vietnam entity.

On February 16, 2024, counsel for ASSA ABLOY forwarded to the United States and the Monitoring Trustee an email from counsel for Fortune Brands, dated February 14. That email stated, in conclusory fashion, that (1) Chris Demko, who we understand is a Fortune Brands employee, “directs the day-to-day operations of the business” of the company that owns the Smart Lock Foreign Divestiture Assets in Vietnam, (2) Mr. Demko “takes direction from Jason Williams,” who “directs all aspects of the business and operations of” that Vietnamese company, (3) the Vietnamese company “generate[s] sufficient cash to fund its working capital requirements,” (4) the Vietnamese company’s employees “are paid via the entity’s own payroll,” and (5) “[n]o member of the ASSA ABLOY group has any role in the oversight, management, or control of” the Vietnam entity. In short, the February 14 email forwarded to us on February 16 did not provide

any meaningful detail, repeated statements that ASSA ABLOY had already made on February 7, and did not answer any of the unanswered questions we posed to you and your colleagues on February 7. We have received no further communications from ASSA ABLOY about this issue.

As the foregoing shows, our view is that ASSA ABLOY has not satisfied its obligation under the Final Judgment to “demonstrate to the United States” that “operational control has otherwise been given to [Fortune Brands] such that the purposes of the divestiture have been carried out.” Neither the minimal amount of information ASSA ABLOY has provided us to date nor the conclusory statements that have accompanied that information is sufficient to satisfy this obligation. Nevertheless, we plan to continue to consider the operational-control issue and to consult with the Monitoring Trustee to determine whether information she has gathered or will gather might demonstrate that operational control has been given to Fortune Brands in Vietnam. As always, we welcome additional information from ASSA ABLOY about operational control, but we are disappointed by ASSA ABLOY’s lack of engagement to date on this important issue.

Sincerely,



Matthew R. Huppert

cc: Melinda R. Coolidge
Jay Owen
Miranda Isaacs
Justin W. Bernick
Logan M. Breed
Peter Cohen-Millstein