

# Corporate governance report

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## COMPLIANCE WITH THE SWEDISH CORPORATE GOVERNANCE CODE (THE CODE)

The corporate governance report, which has been prepared in accordance with Chapter 6, Section 6 and 8 of the Swedish Annual Accounts Act, provides key information concerning compliance with the Swedish Corporate Governance Code (the Code), shareholders, the Annual General Meeting, Nomination Committee, Board of Directors and their work, including committees, remuneration and the division of responsibilities throughout the governance structure. This section also covers Securitas' system of internal control and risk management, which is the responsibility of the Board of Directors according to the Swedish Companies Act and the Swedish Corporate Governance Code. This description does not form part of the Annual Report.

In the Internal control section pertaining to risk, we have opted to widen the scope of our description and explain how enterprise risk management works in the broader perspective regardless of the type of risk, which means that our focus is not confined to risk related to internal controls over financial reporting. Fulfilling our strategies and objectives while maintaining an appropriate risk level is imperative, which is why risk management procedures span all levels of the organization.

**Read more at [www.securitas.com/corporate-governance](http://www.securitas.com/corporate-governance)**

Securitas has published its principles for corporate governance in previous Annual Reports. A separate section on the Group website contains the Articles of Association and other key company documents.

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Securitas complies with the Code principle of "comply or explain" and has two deviations to explain for 2019.

**Code rule 2.4** Neither the company chair nor any other member of the Board may chair the Nomination Committee.

**Comment:** Investment AB Latour has appointed Carl Douglas as Chairman of the Nomination Committee. The Committee considers it important to have a representative from the major shareholders as Chairman of the Committee.

**Code Rule 9.7** For share-based incentive programs, the vesting period, or the period from the commencement of an agreement to the date on which the shares are acquired, is to be no less than three years.

**Comment:** Securitas' share-based incentive scheme was implemented in 2010 and has been renewed annually since then. It was based on the then-existing bonus structure of the Securitas Group. In simple terms, the bonus potential was increased in exchange for a one-time salary freeze and one-third of the cash bonus outcome was to be received in shares in March of the year following the year in which the cash bonus would have been paid out, provided that the person remained employed by Securitas at such time.

Since the program replaces an immediate cash bonus payout and is not granted in addition to already existing bonus rights, the Board deems that the two-year period from the commencement of the program until the release of the shares is well motivated and reasonable in order to achieve the purpose of the program.



**Securitas plays an important role in ensuring the security and safety of the society at large.**

## COMMENTS BY THE CHAIRMAN

On behalf of the Board of Directors, I would like to begin by expressing our appreciation to all Securitas employees across the world for their commitment and engagement during 2019.

Securitas has a long and proud history. It started in 1934 as a small guarding company in Sweden, and our core values of Integrity, Vigilance and Helpfulness, which were established back in the 1950s, are equally valid today. These strong values have played a key role in Securitas' successful journey, and we have now formulated a purpose that, together with our values, truly reflects Securitas' important role in society: We help make your world a safer place.

We are here to provide security and safety in a sustainable way, now and in the future. We are a compliant company with a high level of integrity, focused on building strong relationships with our clients, employees, owners, societies and other stakeholders. Securitas works for long-term sustainable growth and is very protective of its strong brand and reputation.

Just like other industries and many parts of society, the security industry is currently undergoing a transformation. The development of technology is creating new opportunities and Securitas is at the forefront when it comes to incorporating technology into our security solutions and using data-driven innovation to develop our service offering. As we enter 2020, we are continuing the implementation of significant long-term transformation programs designed to modernize, digitize and build platforms to leverage our vast footprint and make better use of data. This is important work when it comes to ensuring that we will continue to lead the industry through knowledge and innovation over the years to come. At their core, however, our operations are still based on our numerous skilled employees and competent leaders. This winning combination of people and technology will ensure that we reach our desired position as an intelligent protective services partner to our clients.

## INTERNAL CONTROL AND RISK MANAGEMENT

To keep updated and remain close to the business, the Board performs site visits in at least one country every year in addition to maintaining continuous interaction with the management team. This way, we stay informed of and engaged in Securitas' operations outside our formal Board meetings and committee work.

The Board has adopted a long-term perspective when it comes to the development of the business, which is supported by stable ownership, strong value-driven leadership and a high level of integrity. We place a great deal of emphasis on the importance of all employees understanding and complying with key policies, such as Securitas' Values and Ethics. We have increased our focus on compliance training and have shown that we will take prompt action if we get knowledge of any alleged wrongdoing. The Board members' diverse backgrounds and expertise also ensure that all topics are viewed from a variety of angles and that all decisions are well founded.

To stay on top of any potential risks that may emerge when developing security services that include technology and data-driven innovation, the Board is working closely with Group Management and relevant functions to further develop Securitas' internal control and risk management. This work will continue in 2020.

The Board of Directors would like to thank the shareholders for their support. We are looking forward to the years ahead, during which Securitas will continuously do its utmost to live up to its purpose and play an important role in society.

Stockholm, March 18, 2020

Marie Ehrling  
Chairman of the Board  
Securitas AB

# Solid system for governance and management

Securitas' structure for governance serves to protect the long-term interests of our stakeholders, ensure value creation and encourage an entrepreneurial corporate culture. A sound corporate governance model also creates the foundation for responsible and sustainable business.

Securitas has a decentralized organizational model that promotes entrepreneurship and focuses on the approximately 1 700 branch managers who run the company's daily operations in 56 countries. The company's offerings improve when decisions are made in close proximity to clients and the employees who perform the services. Local decisions are therefore encouraged but require a solid governance and management system. To facilitate this work, Securitas has systems, routines and procedures in place for monitoring targets, internal control and risk management.

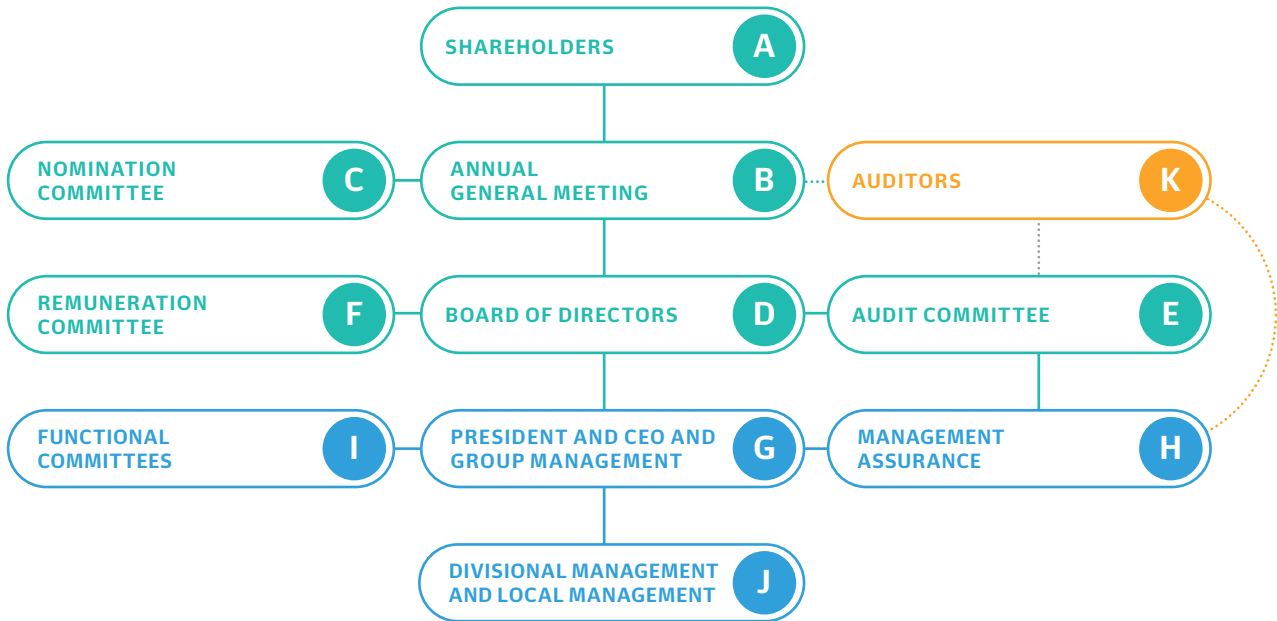
As a global company, Securitas operates in many different markets where laws, regulations, environmental requirements and social conditions may differ. Therefore, it is vital that we always act transparently and ethically. Sustainability is well integrated into Securitas' everyday work. Securitas' sustainability work is based on our fundamental values - Integrity, Vigilance and Helpfulness - and guided by our key corporate policies and principles, such as Securitas' Values and Ethics Code.

**SECURITAS VALUES ARE STRONGLY LINKED** to its management model - The Securitas Toolbox. A key function of the Toolbox is to convey our corporate culture and create a shared platform through our values. Securitas' Toolbox management model has a methodical structure that includes several well-defined areas or "tools" that serve as a framework at all levels, and is maintained through continuous training and discussion forums. The different areas of the model describe how Securitas' managers are to conduct themselves in various aspects and stages of the company's operations. The model also describes the approach we are expected to take with regard to the market,

our clients and employees. All Securitas employees are expected to assume responsibility for the clients and operations and for our shared values. Responsibility is clarified through the measurement and systematic evaluation of results.

As part of our decentralized management approach, we are required to set and follow up on strict financial targets by continuously measuring and monitoring the Group's performance. Financial control is not simply about implementing controls, it also functions as an incentive for those employees who are in a position to personally influence Securitas' financial results.

**THE FINANCIAL FRAMEWORK AND MODEL** continuously measure the Group's performance, from the branch offices through to Group level. The aim of the Group's financial reporting is to produce the most timely and accurate information possible to enable managers and employees to make the decisions necessary for achieving profitable growth in line with Securitas' strategies, and to control risks to ensure that the company's objectives are achieved. Financial reporting also forms the basis for sound internal control. The financial model makes it possible to monitor a number of key figures that can be understood by all managers. Each branch has its own statement of income, for which it is fully responsible. It also helps managers to understand the connection between risks and opportunities, and how various factors impact their areas of responsibility as well as how we can monitor and control these factors. It visualizes the direct link between income and expenses in the statement of income, capital employed in the balance sheet and the generation of free cash flow. Refer to pages 54-55 for more information.



**A SHAREHOLDERS**  
Securitas is listed on Nasdaq Stockholm in the Large Cap segment since 1991. The shareholders influence the overall direction of the company at the top of the governance structure. Strong principal shareholders provide considerable attention and interest in our business and establish commitment to the success of the business.

On December 31, 2019, the principal shareholders in Securitas were Carl and Eric Douglas who, through family and Investment AB Latour, held 10.9 percent (10.9) of the capital and 29.6 percent (29.6) of the votes, and Märta and Sofia Schörling who, through family and Melker Schörling AB, held 4.1 percent (4.5) of the capital and 10.7 percent (11.0) of the votes. For more detailed information about shareholders, see the table on page 163.

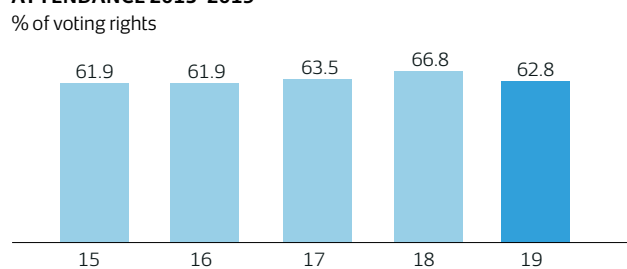
**B ANNUAL GENERAL MEETING**  
All shareholders are able to exercise their influence at the Annual General Meeting, which is the company's highest decision-making body. The Annual General Meeting decides on changes to the Articles of Association. The Articles of Association contain no limitation on the number of votes that each shareholder may exercise at a shareholders' meeting. Each shareholder may thus vote for all shares held at the shareholders' meeting.

The Annual General Meeting of Securitas AB was held on May 6, 2019, and the minutes are available on [www.securitas.com](http://www.securitas.com), where all resolutions passed can be found. One of the resolutions passed in 2019 was the authorization for the Board to resolve upon acquisition of the company's own shares. Shareholders representing 62.8 percent (66.8) of the votes attended either personally or by proxy. For information about election and remuneration of Board members, see the Board of Directors section (D).

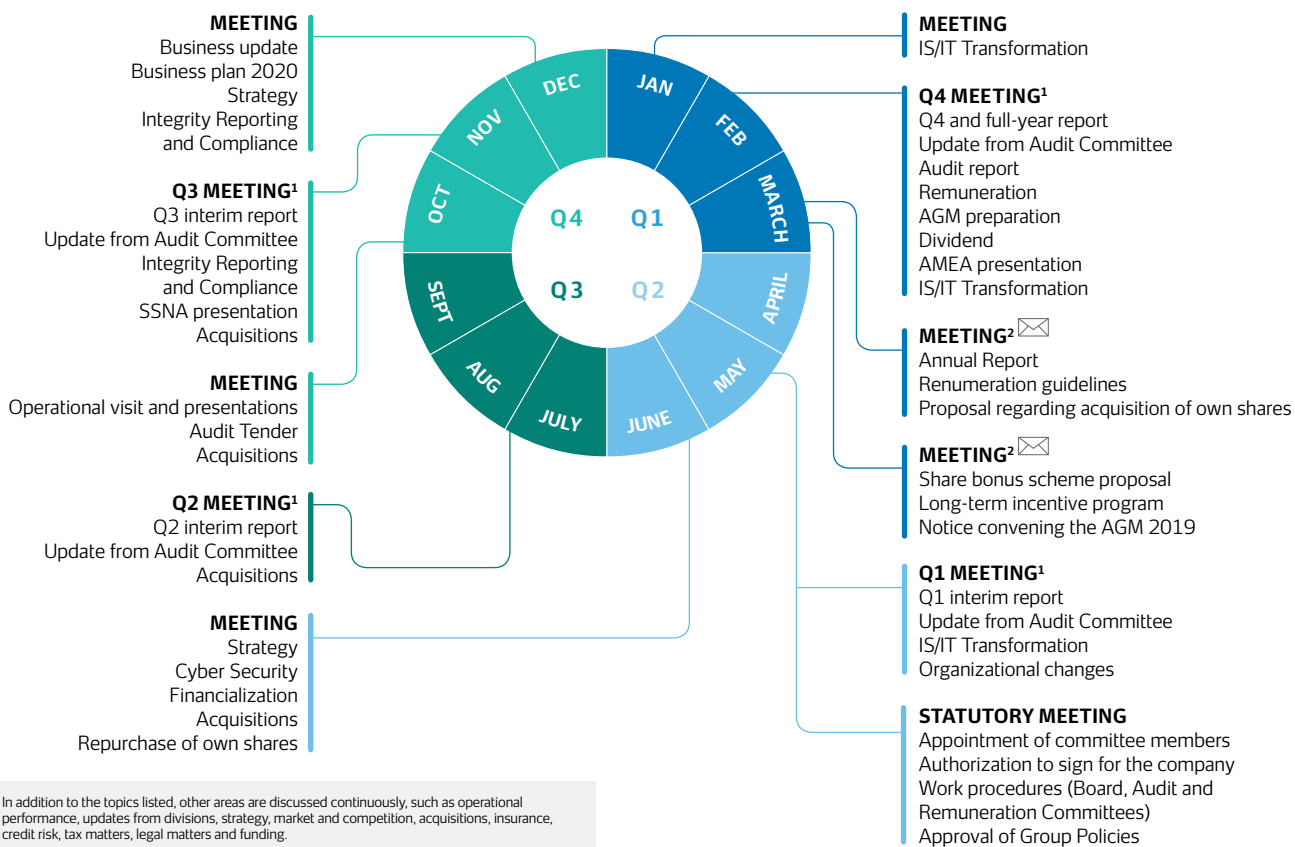
**NUMBER OF SHAREHOLDERS 2015-2019**

Year	No. of shareholders
2015	25 734
2016	31 221
2017	33 913
2018	32 197
<b>2019</b>	<b>41 892</b>

**ATTENDANCE 2015-2019**



## THE WORK OF THE BOARD OF DIRECTORS



## C NOMINATION COMMITTEE

The Nomination Committee is a body established by the Annual General Meeting with the task of preparing motions regarding the election of Board members, the Chairman of the Board and remuneration to Board members and Board committees.

As a basis for its motions, the Nomination Committee takes into account the complete outcome of the evaluation of the Board and its work as well as the competence needed in the future. The Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy and the committee has endeavored to establish a Board composition with an equal gender distribution, characterized by diversity and breadth regarding the qualifications, experience and background of the Board members. The 2019 Annual General Meeting resolved to appoint Board members in accordance with the Nomination Committee's proposal.

At the moment, the Board of Directors consists of three women and five men, meaning that the percentage of women on the Board is 37.5 percent, which is in line with the target level stipulated by the Swedish Corporate Governance Board. It is the ambition of the Nomination Committee to continue working to create an equal gender distribution on the Board. The Committee has adopted working instructions that govern its work.

Before each Annual General Meeting, during which the election of auditors takes place, the Nomination Committee also prepares motions regarding the election of auditors and decisions about fees to auditors and other related matters, in consultation with the Board of Directors and the Audit Committee.

The Annual General Meeting has adopted an instruction for the Nomination Committee, which includes a procedure for appointing

the Nomination Committee, valid until a General Meeting resolves in a change. In accordance to this instruction the Nomination Committee shall be composed of representatives of the five largest shareholders in terms of voting rights registered in the shareholders' register as of August 31 in the year prior to the Annual General Meeting. Refer to the AGM minutes for more information on the procedure for replacing members of the Nomination Committee who leave before its work is concluded or due to changes in the shareholder structure. The Chairman of the Board, Marie Ehrling, shall convene the first meeting of the Nomination Committee and shall also be co-opted to the Nomination Committee. Based on these principles, the Nomination Committee consists of the following members.

### NOMINATION COMMITTEE PRIOR TO 2020 AGM

	Share of votes as of August 31, 2019
Elected members	
Carl Douglas, Investment AB Latour, Chairman	29.58%
Mikael Ekdahl, Melker Schörling AB	10.67%
Maria Nordqvist, Lannebo Fonder	2.91%
Adam Gerge, Didner & Gerge Fonder	2.22%
Jan Andersson, Swedbank Robur Fonder	1.78%
Share of votes not represented in the Nomination Committee	52.84%

The Nomination Committee is to hold meetings as often as necessary to fulfill its duties. However, the Nomination Committee is to hold at least one meeting annually. The Nomination Committee held two meetings during 2019.

## D BOARD OF DIRECTORS

According to the Articles of Association, the Board of Directors should have between five and ten Board members elected by the Annual General Meeting, with no more than two Deputy Directors. The Directors and Deputy Directors are elected by the Annual General Meeting for the period up to and including the first Annual General Meeting to be held in the year after the Director or Deputy Director was elected. Securitas' Board of Directors has eight members elected by the Annual General Meeting, three employee representatives and one deputy employee representative.

The Annual General Meeting re-elected Marie Ehrling as Chairman of the Board and Carl Douglas as Vice Chairman. For further information about the members of the Board of Directors including remuneration, see pages 39-41.

### Responsibilities of the Board of Directors

The Board of Directors is responsible for the organization and administration of the company and the Group in accordance with the Swedish Companies Act and also appoints the President and CEO, the Audit Committee and the Remuneration Committee.

In addition, the Board of Directors determines the President and CEO's salary and other remuneration. The Board meets a minimum of six times annually.

The Board of Directors of Securitas AB has approved a number of policies that apply to governance. Examples of such policies are found on page 49.

The Board ensures the quality of financial reporting through Group policies, procedures and frameworks, clear structures with defined responsibilities and through documented delegation of

authority, which is further described in the enterprise risk management and internal control report, beginning on page 45. The Board has formed an Audit Committee (see section E) and a Remuneration Committee (see section F).

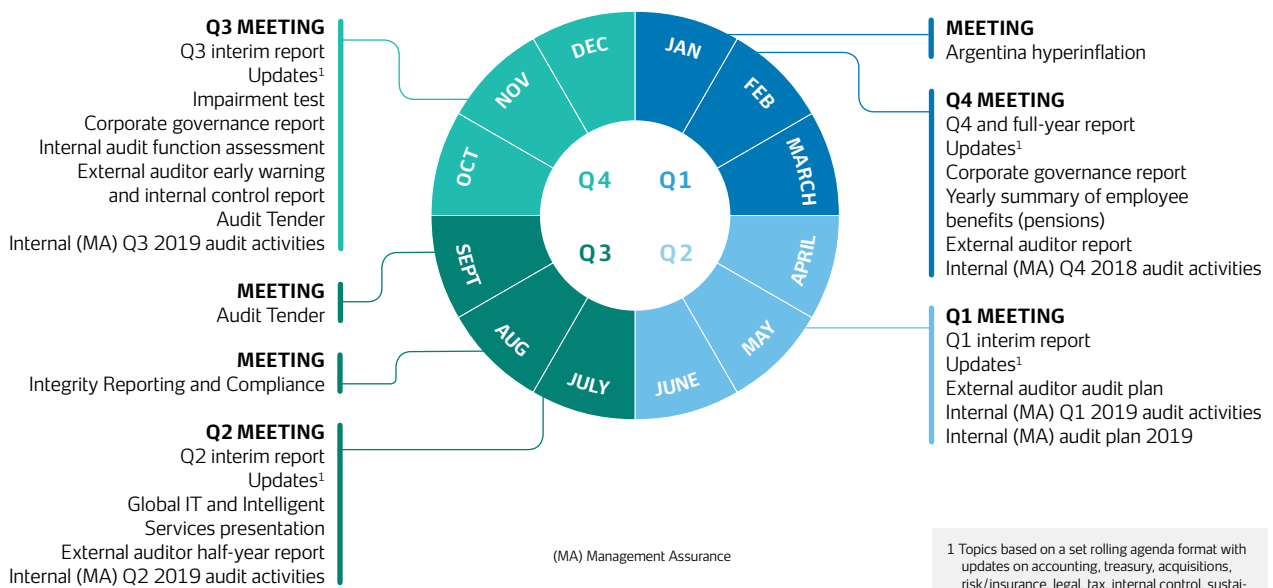
### The work of the Board of Directors

The activities of the Board of Directors and the division of responsibility between the Board and Group Management are governed by formal procedures documented in a written instruction, which is adopted by the Board each year after the Annual General Meeting. According to these procedures, the Board should determine, among other things, the Group's overall strategy, corporate acquisitions and property investments above a certain level, and establish a framework for the Group's operations through the Group's business plan. The Board also plays an important role in the ongoing process of identifying and evaluating significant risks faced by the Group.

The procedures include a work instruction for the President and CEO, as well as instructions for financial reporting. The procedures also prescribe that an annual evaluation of the work of the Board of Directors should be carried out. On a yearly basis, all Board members submit their answers to a questionnaire issued by the Nomination Committee about the quality of the work in the Board. Based on this report, an evaluation is made in the Board and in the Nomination Committee.

The Board held 11 meetings in 2019, of which two were held per capsulam. The auditors participated in the Board meeting that was held in conjunction with the yearly closing of the books, in February 2019, where they presented the audit.

## THE WORK OF THE AUDIT COMMITTEE



## E AUDIT COMMITTEE

The Board of Directors has established and appointed an Audit Committee, which operates under the instructions for the Audit Committee and meets with Securitas' auditors at least four times per year. The Committee supports the Board's quality-control work in terms of financial reports, and its internal control over financial reporting.

Specifically, the Committee monitors the financial reporting, the effectiveness of internal control, internal audit activities and the risk management system. The Committee also stays informed about annual statutory audits. It assesses the external auditor's independence and receives information of, and approves the performance of, significant non-audit services.

The Committee presents its findings and proposals to the Board, prior to the Board's decision. The Committee met seven times during 2019. The major topics discussed are listed on the previous page.

## F REMUNERATION COMMITTEE

The Board has formed a Remuneration Committee to prepare decisions related to salaries, bonuses, share-based incentive schemes and other forms of compensation for Group Management, as well as other management levels if the Board of Directors so decides. The Committee presents its proposals to the Board, for the Board's decision. The Committee held two meetings during 2019.

**A share-based incentive scheme** was adopted at the Annual General Meeting 2019, enabling the Group to gradually have approximately 2 600 of Securitas' top managers as shareholders. The scheme strengthens employee commitment to Securitas' future success and development for the benefit of all shareholders. In principal, the adopted incentive scheme entails that one-third of any annual bonus, earned under the performance-based cash bonus schemes, is converted into a right to receive shares, with delayed allotment and subject to continued employment in Securitas. The scope and content of the incentive scheme is unchanged compared to the share-based incentive scheme that was adopted at the Annual General Meetings in 2010 and forward.

For more information on the actual outcome of the share-based incentive scheme in 2019, see note 12.

### Long-term Incentive Program (LTI 2019/2021)

The Annual General Meeting 2019 resolved to implement a new long-term incentive program for the CEO, other members of Group Management and certain other key employees within the Securitas Group ("LTI 2019/2021"). LTI 2019/2021 are based on different principles than the current and previous incentive schemes for the Group and participants of LTI 2019/2021 will not be entitled to participate in Incentive Scheme 2019. LTI 2019/2021 includes approximately 80 employees including the CEO, other members of Group management and certain other key employees within the Securitas Group. The vesting period for LTI 2019/2021 is three years after allotment.

The purpose of LTI 2019/2021 is to create a strong long-term incentive for top executives of the Group, strengthen the Group's ability to retain and recruit top executives, provide competitive remuneration, and to align the interests of the shareholders with

the interests of the executives concerned by enabling the participants to become substantial shareholders in the company. Refer to the AGM minutes for more information on the LTI 2019/2021 program.

**The guidelines for remuneration** to senior management that were adopted at the Annual General Meeting 2019 primarily entailed that remuneration to senior management and their terms of employment should be competitive and comply with market conditions, to ensure that Securitas is able to attract and keep competent senior management employees. The total remuneration to Group Management should consist of a fixed basic salary, variable remuneration, pensions and other benefits.

Thus, in addition to a fixed annual salary, Group Management may also receive variable remuneration, which shall be based on the outcome in relation to financial goals within the individual area of responsibility (Group or division) and which shall be aligned with the interest of the shareholders.

The variable remuneration should amount to a maximum of 60 percent of the fixed annual salary for the President and CEO, and a maximum of 42 to 200 percent of the fixed annual salary for other members of Group Management. The cost of the company for 2019 in terms of its obligations to pay variable remuneration to the Group Management is established to not exceed a total of MSEK 99 at maximum outcome (not including potential costs for the LTI 2019/2021). The complete guidelines for remuneration can be found on [www.securitas.com](http://www.securitas.com).

Additional information on remuneration to the Board of Directors and Group Management, including the outcome, is disclosed in the Notes and comments to the consolidated financial statements 2019. See note 9.

## G PRESIDENT AND CEO AND GROUP MANAGEMENT

The President and CEO and Group Management are charged with overall responsibility for conducting the business of the Securitas Group in line with the strategy and long-term goals adopted by the Board of Directors of Securitas AB. The primary tool used by the President and CEO and Group Management to measure the execution of strategies and to guide the employees and organization toward achieving its objectives is the financial framework and the financial model.

In 2019, Group Management comprised the President and CEO and 15 executives with representatives from the divisions. For further information on Group Management, see pages 42-43.

## H MANAGEMENT ASSURANCE

The Management Assurance staff function operates as the Group's internal audit function and reports to the Senior Vice President Finance with an open line of communication to the Audit Committee.

This function prepares an annual plan for its work, which is approved by the Audit Committee. The results of the function's work, which includes the execution and coordination of internal audit related activities during the year, are presented at the Audit Committee meetings. The Management Assurance Director participated in six Audit Committee meetings during 2019.

For more information on the current responsibilities of the Management Assurance function, refer to [www.securitas.com](http://www.securitas.com).

## I FUNCTIONAL COMMITTEES

The Group has established a number of functional committees and work groups, including the functions for Finance/Tax and Assurance, Corporate Finance/Treasury and Legal/Risk and Insurance. These committees include the CFO, Senior Vice President Finance, Senior Vice President General Counsel and the appropriate functional area experts. The main purpose of these functional committees is to determine appropriate policies, communicate the policies and ensure local understanding (including training) of the policies, as well as monitoring key issues within each area of responsibility. Quarterly meetings are held with the President and CEO, at which topics that will be reported to the Audit Committee are discussed.

## J DIVISIONAL AND LOCAL MANAGEMENT

Securitas' philosophy is to work in a decentralized environment where local management is primarily responsible for monitoring and ensuring compliance by local units with the Group Policies, including any division-specific policies and guidelines. Local management is responsible for the establishment and continued operations of a system of procedures and controls that ensures the reliability of the company's management and financial reporting information in the most economical and efficient manner possible. This includes ensuring a minimum of basic and supervisory controls in order to mitigate relevant risks. Local management reports to Group Management through divisional management on operational matters and local controllers report through divisional controllers on financial reporting matters.

## K AUDITORS

The Annual General Meeting 2019 elected PricewaterhouseCoopers AB (PwC) as the Group's audit firm, with authorized public accountant Patrik Adolfson as auditor in charge, for a period of one year.

The auditors' work is based on an audit plan, which is agreed upon in consultation with the Audit Committee and the Board of Directors. The auditors participate in all meetings of the Audit Committee and present their findings from the annual audit at the Board meeting held in February. In addition, the auditors should inform the Audit Committee on an annual basis of any services rendered, other than audit assignments, and any auditing fees received for such services or other circumstances that might affect the evaluation of the auditors' independence. The auditors should also participate in the Annual General Meeting to present the audit report and its conclusions.

The audit is performed in compliance with the Swedish Companies Act, generally accepted auditing standards in Sweden and International Standards on Auditing (ISA).

For audit fees and reimbursement to auditors, see note 11 and 46.

### AUDITOR IN CHARGE

Patrik Adolfson, born 1973, Authorized Public Accountant, Auditor in charge, PricewaterhouseCoopers AB. Patrik Adolfson has been auditor in charge of Securitas AB since 2015. Other audit assignments: AcadeMedia AB (publ), Attendo AB (publ), Nordstjernen AB, Pandox AB (publ) and Bonava AB (publ). Member of FAR.



Auditor Patrik Adolfson

## COMPOSITION OF THE BOARD AND ATTENDANCE IN 2019

Board member	Position			Attendance			Total fee <sup>1</sup> , SEK	Independent to company (8)	Independent to shareholders (6)
	Board of Directors	Audit Committee	Remuneration Committee	Board meetings (11)	Audit Committee meetings (7)	Remuneration Committee meetings (2)			
Marie Ehrling	Chairman	-	Chairman	11	-	2	2 300 000	Yes	Yes
Carl Douglas	Vice Chairman	-	Member	9	-	2	895 000	Yes	No
Ingrid Bonde	Member	Member	-	11	7	-	835 000	Yes	Yes
John Brandon	Member	-	-	11	-	-	635 000	Yes	Yes
Anders Böös	Member	Member	-	11	7	-	835 000	Yes	No
Fredrik Cappelen	Member	Chairman	-	11	7	-	960 000	Yes	Yes
Sofia Schörling Högberg	Member	Member	-	11	7	-	835 000	Yes	No
Dick Seger	Member	-	-	11	-	-	635 000	Yes	Yes
Susanne Bergman Israelsson <sup>2</sup>	Member	-	-	11	-	-	0	-	-
Åse Hjelm <sup>2</sup>	Member	-	-	11	-	-	0	-	-
Jan Prang <sup>2</sup>	Member	-	-	11	-	-	0	-	-

<sup>1</sup> Total fee includes fees for committee work. In total, SEK 1 075 000 was paid out for committee work, of which SEK 150 000 for Remuneration Committee work and SEK 925 000 for Audit Committee work. For more details, refer to the minutes of the Annual General Meeting 2019 on Securitas' website: [www.securitas.com](http://www.securitas.com).

<sup>2</sup> Employee representatives, appointed members of the Board of Directors at the Annual General Meeting. Deputy employee representative is Thomas Fanberg. Thomas Fanberg (b. 1961) has been Deputy Director of Securitas AB since 2008. Employee Representative, Chairman of Salaried Employees' Union local branch, Securitas Norrland.

For comparative information about remuneration to the Board of Directors and senior management, please see note 9.



## BOARD OF DIRECTORS

### 1. MARIE EHRLING

Chairman, b. 1955  
Director of Securitas AB since 2006 and  
Chairman since 2016  
*Principal education:* BSc in Economics and  
Business Administration  
*Other assignments:* Vice Chairman of Axel  
Johnson AB and Director of Axel Johnson  
International  
*Previously:* President of Telia Sonera Sverige,  
Deputy CEO of SAS AB, responsible for SAS  
Airlines and other executive positions at SAS  
*Shares in Securitas:* 10 000 Series B shares

### 2. CARL DOUGLAS

Vice Chairman, b. 1965  
Deputy Director of Securitas AB since 1992,  
Director since 1999 and Vice Chairman  
since 2008  
*Principal education:* Bachelor of Arts, Doctor  
of Letters (h.c.)  
*Other assignments:* Vice Chairman of ASSA  
ABLOY AB, Director of Investment AB Latour  
*Shares in Securitas:* 12 642 600 Series  
A shares and 27 190 000 Series B shares<sup>1</sup>

### 3. INGRID BONDE

Member, b. 1959  
Director of Securitas AB since 2017  
*Principal education:* BSc in Business and  
Economics  
*Other assignments:* Chairman of Hoist Finance  
AB, Alecta, Apoteket AB and Swedish Climate  
Policy Council. Director of Loomis AB and  
Swedish Corporate Governance Board  
*Previously:* CFO and Deputy CEO Vattenfall AB,  
CEO AMF, Director General Swedish Financial  
Supervisory Authority  
*Shares in Securitas:* 2 600 Series B shares

### 4. SOFIA SCHÖRLING HÖGBERG

Member, b. 1978  
Director of Securitas AB since 2005  
*Principal education:* BSc in Economics and  
Business Administration  
*Other assignments:* Director Hexagon AB and  
ASSA ABLOY AB  
*Shares in Securitas:* 4 500 000 Series A  
shares and 10 419 039 Series B shares<sup>2</sup>

### 5. DICK SEGER

Member, b. 1953  
Director of Securitas AB since 2017  
*Principal education:* Master of Science  
*Other assignments:* Director Anticimex Top  
Holding AB  
*Previously:* CEO, Chairman of the Board  
and Director of Verisure Group (previous  
Securitas Direct)  
*Shares in Securitas:* 26 Series B shares

### 6. JOHN BRANDON

Member, b. 1956  
Director of Securitas AB since 2017  
*Principal education:* Bachelor of Arts in History  
*Other assignments:* Director of Hexagon AB  
*Previously:* Vice President of Apple International,  
Vice President of Apple Americas and Asia, and  
President and CEO of Academic Systems  
*Shares in Securitas:* 10 000 Series B shares

### 7. ANDERS BÖÖS

Member, b. 1964  
Director of Securitas AB since 2016  
*Principal education:* Economic studies Upper  
Secondary School  
*Other assignments:* Chairman of Einride AB and  
Hantverksdata AB, Director of Investment AB  
Latour, Stronghold Invest AB and Newsec  
Property Asset Management AB  
*Previously:* CEO of Drott AB and H&Q AB,  
Chairman of IFS AB and Cision AB, Director  
of Haldex AB and Niscayah AB  
*Shares in Securitas:* 25 000 Series B shares

### 8. FREDRIK CAPPELEN

Member, b. 1957  
Director of Securitas AB since 2008  
*Principal education:* BSc in Business  
Administration  
*Other assignments:* Chairman of Dometic Group  
AB, Chairman of KonfiDents GmbH and  
Transcom AB. Member of the ICC Executive  
Board  
*Previously:* President and Group Chief Executive  
of Nobia, Chairman of Dustin Group AB,  
Byggmax Group AB, Terveystalo Oy and Sanitec  
Oy, Vice Chairman of Munksjö AB  
*Shares in Securitas:* 4 000 Series B shares

## EMPLOYEE REPRESENTATIVES

### 9. SUSANNE BERGMAN ISRAELSSON

Member, b. 1958  
Director of Securitas AB since 2004  
Employee Representative, Negotiating Shop  
Steward, Swedish Transport Workers' Union local  
branch 19, Norra Mälardalen  
*Shares in Securitas:* 0

### 10. ÅSE HJELM

Member, b. 1962  
Director of Securitas AB since 2008  
Deputy Director of Securitas AB since 2007  
Employee Representative, Vice Chairman  
of Salaried Employees' Union local branch,  
Norrland, Chairman of the Securitas Council  
for Salaried Employees  
*Shares in Securitas:* 120 Series B shares

### 11. JAN PRANG

Member, b. 1959  
Director of Securitas AB since 2008  
Employee Representative, Chairman of  
Swedish Transport Workers' Union local branch,  
Securitas Göteborg  
*Shares in Securitas:* 0



<sup>1</sup> Through family and Investment AB Latour.  
<sup>2</sup> Through family and Melker Schörling AB.  
All figures refer to holdings on December 31, 2019.



## GROUP MANAGEMENT

### 1. MAGNUS AHLQVIST

President and CEO of Securitas AB\*  
Born: 1974  
Employed: 2015  
Shares in Securitas: 111 430 Series B shares<sup>1</sup>,  
200 000 share options<sup>2</sup>

### 2. BART ADAM

Chief Financial Officer  
Born: 1965  
Employed: 1999  
Shares in Securitas: 43 555 Series B shares<sup>1</sup>

### 3. MARTIN ALTHÉN

Chief Information Officer  
Born: 1968  
Employed: 2016  
Shares in Securitas: 3 478 Series B shares<sup>1</sup>

### 4. HELENA ANDREAS

Senior Vice President, Group Brand  
and Communications  
Born: 1975  
Employed: 2019  
Shares in Securitas: 2 045 Series B shares<sup>1</sup>

### 5. WILLIAM BARTHELEMY

Chief Operating Officer, Security Services  
North America  
Born: 1954  
Employed: 1999  
Shares in Securitas: 70 859 Series B shares<sup>1</sup>

### 6. TONY BYERLY

President, Securitas Electronic Security  
Born: 1966  
Employed: 2016  
Shares in Securitas: 0 Series B shares<sup>1</sup>

### 7. JORGE COUTO

Divisional President, Security Services  
Ibero-America  
Born: 1970  
Employed: 1998  
Shares in Securitas: 0 Series B shares<sup>1</sup>

### 8. SANTIAGO GALAZ

Divisional President, Security Services  
North America  
Born: 1959  
Employed: 1995  
Shares in Securitas: 91 670 Series B shares<sup>1</sup>

### 9. PETER KARLSTRÖMER

Divisional President, Security Services Europe  
Born: 1971  
Employed: 2019  
Shares in Securitas: 6 196 Series B shares<sup>1</sup>

### 10. ANDREAS LINDBACK

Divisional President, AMEA  
(Africa, Middle East and Asia)  
Born: 1982  
Employed: 2011  
Shares in Securitas: 0 Series B shares<sup>1</sup>

### 11. JAN LINDSTRÖM

Senior Vice President, Finance  
Born: 1966  
Employed: 1999  
Shares in Securitas: 13 230 Series B shares<sup>1</sup>

### 12. AIMÉ LYAGRE

Chief Operating Officer and Chief Technology  
Officer, Security Services Europe  
Born: 1959  
Employed: 2004  
Shares in Securitas: 19 952 Series B shares<sup>1</sup>

### 13. MARC PISENS

President Aviation  
Born: 1950  
Employed: 1999  
Shares in Securitas: 37 700 Series B shares<sup>1</sup>

### 14. BRIAN RIIS NIELSEN

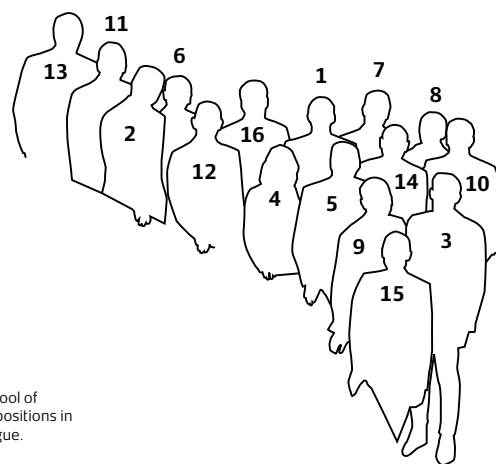
SVP for Global Clients and leader of Global Clients  
& Vertical Markets  
Born: 1966  
Employed: 2002  
Shares in Securitas: 0 Series B shares<sup>1</sup>

### 15. FRIDA ROSENHOLM

Senior Vice President, General Counsel  
Born: 1974  
Employed: 2018  
Shares in Securitas: 464 Series B shares<sup>1</sup>

### 16. HENRIK ZETTERBERG

Chief Operating Officer, Security Services Europe  
Born: 1976  
Employed: 2014  
Shares in Securitas: 4 091 Series B shares<sup>1</sup>,  
45 000 share options<sup>2</sup>



\*Magnus Ahlqvist holds a Master of Science in Economics and Business Administration from the Stockholm School of Economics, and a leadership exam from Harvard Business School. Previously he has held various management positions in Motorola Mobility, Sony and Sony Ericsson Mobile Communications. He is a Director of International Security Ligue.

Luis Posadas retired from his role as Divisional President, Securitas Services Ibero-America on July 1, 2019.

The following changes took effect from January 1, 2020:

- Santiago Galaz was appointed Executive Chairman of Securitas North America and stepped down from Securitas Group Management.
- Bill Barthelemy retired from his role as Chief Operating Officer, North America and stepped down from Securitas Group Management. Bill will assist as an advisor and continue working with select clients through 2021.
- Greg Anderson was appointed President, North American Guarding, and a member of Securitas Group Management.
- José Castejon was appointed Chief Operating Officer, North American Guarding and a member of Securitas Group Management. José will also lead the Global Guarding Center of Excellence unit.

For more information about Group Management, visit [www.securitas.com/group-management](http://www.securitas.com/group-management)

<sup>1</sup> The actual allocation of shares to Group Management under the Securitas share-based incentive scheme 2018, and the total potential allocation of shares to Group Management under the Securitas share-based incentive scheme 2019 can be found in note 9.

<sup>2</sup> Share options regarding acquisition of Securitas Series B shares, issued by Melker Schörfling AB and Investment AB Latour.





# Proactive Risk Management and Internal Control

Securitas' internal control system is designed to manage, rather than eliminate, the risk of failing to achieve business objectives. The system provides reasonable, but not absolute, assurance against material misstatement or loss, as well as compliance with the main policies.

Internal control over financial reporting is included as a part of the overall internal control of Securitas and constitutes a central part of the Group's corporate governance. The description below covers a broader perspective on how Securitas' internal control is organized, using a structure based on the COSO model, but also makes specific reference to items pertaining directly to internal control over financial reporting. On pages 48-51 we describe Securitas' enterprise risk management process (ERM), which sets the overall process for Securitas' proactive and continuous work with risk management and internal control. Securitas' insurance and claims strategy is to "act as if uninsured". Refer to page 49 for more information about insurance as a risk management tool.

## CONTROL ENVIRONMENT

The key features of the control environment include: clear terms of reference for the Board and each of its committees, a clear organizational structure with documented delegation of authority documented in an approval matrix, from the Board to President and CEO and further to Group Management. It also includes the competence of employees and a series of Group policies, procedures and frameworks.

Emphasis lies on the competence and abilities of the Group's employees, with continuous training and development actively encouraged through a wide variety of training programs.

The Group has three fundamental values - Integrity, Vigilance and Helpfulness - to help its employees exercise good judgment and make decisions on a consistent basis.

Policies that apply to internal control over financial reporting are described in Securitas' Group Policies, which include the company's model for financial control (for more detailed information on the model, refer to pages 54-55), and in the Securitas Reporting Manual, which specifically focuses on reporting matters to ensure compliance with reporting requirements and rules. This creates an environment that supports reliable and accurate reporting.

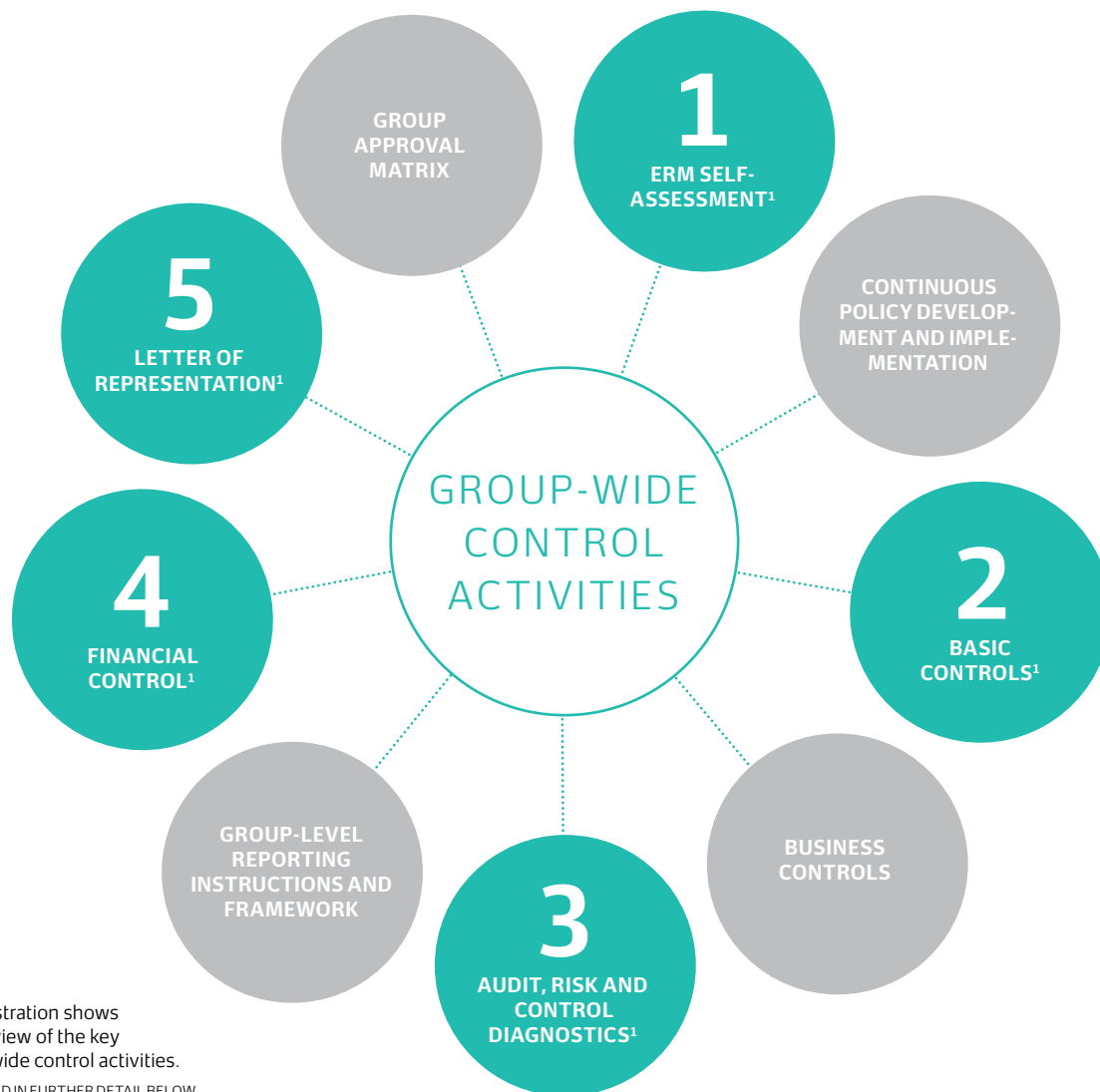
## RISK ASSESSMENT

At the highest level, the Board considers where future strategic opportunities and risks lie and helps shape the corporate strategy. Balanced and focused risk management is necessary for the fulfillment of Securitas' strategies and the achievement of its corporate objectives.

Enterprise risk management (ERM) is an integral component of Securitas' operations, and risk awareness is part of the company culture. Risk assessments are conducted within the framework of the Securitas ERM process, further described on page 48-51, regardless whether the assessments pertain to operational risks or financial reporting risks. Securitas does not classify compliance risk as a separate category. Instead, it is included in the operational category. Risk assessment is a dynamic process that aims to identify and analyze risks in relation to Securitas' objectives. It serves as the basis for implementing mitigating actions after considering the controls in place (reduce, transfer/share or accept the risk in question).

## GROUP-WIDE CONTROL ACTIVITIES

Internal control covers all divisions and subsidiaries in the Group. Internal control activities are established by policies and processes, which help ensure that all management directives to manage risks are executed. Controls are performed on several levels within the organization and are established based on the process concerned.



This illustration shows an overview of the key Group-wide control activities.  
 ¹ DESCRIBED IN FURTHER DETAIL BELOW.

**1 ERM SELF-ASSESSMENT**

Every major country throughout the Group performs an annual self-assessment, which is a part of the process to manage enterprise-wide risks. It covers key risks, including financial reporting risks, measures taken and compliance with Securitas Group Policies and Securitas Reporting Manual. The content is updated on a continuous basis to reflect the risks that Securitas is facing, which includes ensuring that risks related to the strategy and development of the technology offering are incorporated as appropriate.

The self-assessments promote control awareness and accountability and results are signed off by each country president. The answers are compiled at the divisional and Group levels to support benchmarking within and between divisions. The answers are also used as input for further audit or review procedures, or other risk management activities. Group and division create action plans and activities to follow up and support the countries. Each reporting country is responsible for acting on any deviations.

## 2 BASIC CONTROLS

Detailed controls in financial reporting processes such as revenue, payroll and IT, are included as one component of Securitas' overall Group-wide control framework called "basic controls". Basic controls set the minimum Group requirement regarding what needs to be in place based on risk assessment. Supplementary controls ensure full protection of the company's assets and assure accurate and reliable financial reporting tailored to the entity's company's specific conditions. These controls can include manual, application or general IT controls.

Key areas covered:

- protection of company assets
- completeness and timeliness of client invoicing
- credit collection procedures
- contract management
- HR/payroll
- IT (including information security)
- business continuity planning
- validity of payments to third parties
- accuracy of general ledger
- timeliness and accuracy of Group reporting
- compliance with local requirements

## 3 AUDIT, RISK AND CONTROL DIAGNOSTICS

One important audit activity is the country diagnostics. The diagnostics comprise a work program covering IFRS compliance, as well as key controls within financial reporting processes, contract management and IT security. These reviews are usually conducted within the first year after an acquisition has been made and a follow-up is performed during the second year, provided that significant areas for improvement have been identified. The Group also performs risk and control diagnostics in functional areas which, by nature, have a high degree of inherent risk. These diagnostics aim to ensure compliance with key policies such as the Client contract policy and the Securitas' Values and Ethics Code. Securitas develops this audit and review process on a continuous basis using both internal and external resources.

## 4 FINANCIAL CONTROL

Control activities specifically aimed at managing risks related to financial reporting include methods and activities for securing assets, controlling the accuracy and reliability of internal and external financial reports, and ensuring compliance with defined guidelines.

Regular analyses of the financial results at the various levels of the organization using the financial model ensure that financial information maintains a high level of quality. Securitas' financial reporting is based on the following foundations:

- Securitas Group Policies for financial planning and reporting, long-term financing and treasury, risks and insurance, communications, branding, legal issues and IT
- Guidelines in Securitas' financial model, which create the framework for a simple and clear internal reporting method, including timely and accurate follow-up of financial key figures (Securitas Six Fingers)

- Securitas' Reporting Manual, which provides all managers and financial staff with detailed instructions and definitions for financial reporting
- The controller, who is responsible for continuously ensuring that the financial information provided is accurate, transparent, relevant and up to date. The controller receives continuous feedback from the Group regarding reporting quality, which is an effective tool for enhanced reporting. In addition, each division has a divisional controller with corresponding responsibilities at the divisional level.

## 5 LETTER OF REPRESENTATION

The Group has a representation process in which operating unit presidents and controllers sign a letter of representation in connection with the year-end report, stating their opinion on whether the internal control over financial reporting and the reporting packages give a true and fair view of the financial position.

The letter also covers the broader perspective of internal control, including compliance with Securitas Group Policies related to financial reporting.

## INFORMATION AND COMMUNICATION

Securitas' channels for information and communication are constantly developed to ensure that all employees are given clear objectives and are made aware of the parameters that constitute acceptable business practices, as well as the expectations of the Board in managing risks. This provides a clear definition of the Group's purpose and goals, accountabilities and the scope of permitted activities of employees.

Systems and procedures have been implemented that support complete, accurate and timely financial reporting and provide management with the necessary reports on business performance relative to the established objectives. The Group reporting department regularly issues guidance on reporting matters and the reporting manual is available in a Group-wide database. Reporting units regularly prepare financial and management reports that are discussed at review meetings at different levels. These include an analysis of financial performance and risks for the organization to understand its responsibility with regard to internal control and its impact in relation to risks, goals and objectives.

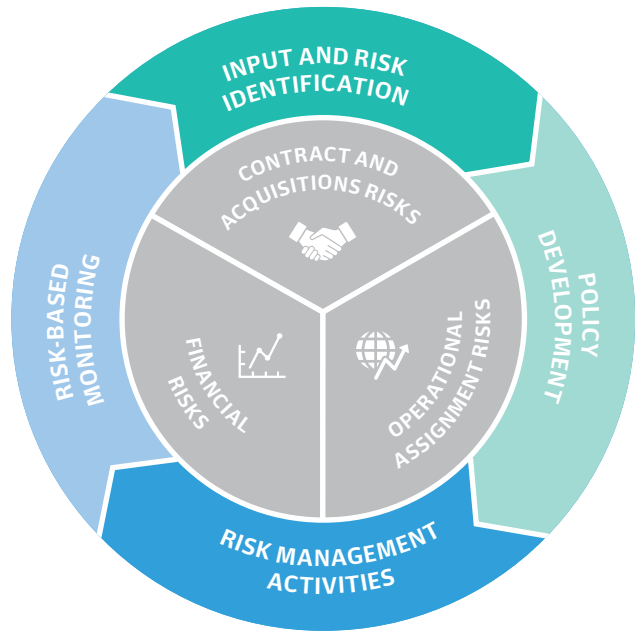
## MONITORING

Monitoring is performed at different levels and by different functions within the organization depending on whether it is related to operational or financial reporting matters. Key functions include the Board of Directors, the Audit Committee, Group Management, functional committees, Management Assurance, the Group risk organization, and local and divisional management.



# Four-step process for managing enterprise risk

Securitas' process for enterprise risk management (ERM) is well integrated into the business and seeks to identify, prioritize and manage the key risks to our operations at all levels and in all parts of the organization.



Securitas is exposed to various types of risks in its daily business. When providing security services, Securitas manages not only its own risks, but also risks on behalf of its clients. It is important to us to minimize the risk of loss occurring as it also protects our stakeholders. Securitas' risks have been classified into three main categories: **contract and acquisitions risks, operational assignment risks and financial risks**. The categories are based on the natural flow of our business – entering into a contract, execution of the assignment and the financial result. Similar risk categories are also relevant for acquisitions, but are then classified as acquisition risks, operational integration risks and financial integration risks.



## CONTRACT AND ACQUISITIONS RISKS

The contract risks (and acquisitions risks) category includes risks related to entering into a client contract and risks related to the acquisition of a new business.



## OPERATIONAL ASSIGNMENT RISKS

The operational assignment risks (and operational integration risks) category includes risks that are associated with our daily operations and the services we provide to our clients. This category also covers all risks related to the infrastructure necessary for running the business as well as sustainability risks. Examples are assignment execution risks, Securitas' Values and Ethics compliance risk and health and safety risks and operational risks, such as IT failure, business continuity, information security and data protection, as well as employee attraction and retention.



## FINANCIAL RISKS

The financial risks (and financial integration risks) category includes risks related to financial reporting, as well as financial risks related to external financing needs and currency exposure. To allow the divisions, countries and regions to focus fully on their operations, the management of certain risks such as financing and currency is centralized to the Group Treasury Centre. Other examples within this category are fraud and error risk, management estimates assumptions risk, credit and cash flow risk and regulatory reporting risk.

All the risks in these categories can impact the Group's financial performance and position if they are not managed in a structured way. Therefore, Securitas has developed its four-step process approach for managing enterprise risks.

To support the ERM work, Securitas has implemented a web-based governance, risk and compliance (GRC) system that covers all four steps in Securitas' enterprise risk management process and gathers the ERM information in one database. It is used to streamline the ERM work by structuring and automating processes and workflows, such as reports. The aim is to improve the overall quality of the ERM work and have one single point of information.

### INPUT AND RISK IDENTIFICATION

The process starts with risk identification and prioritization during the ERM planning process. As part of the overall annual business plan process, each level of the organization prepares an ERM business plan, which sets the focus and priorities for operational risk management within countries, divisions and the Group for the coming year. The yearly risk assessment process is coordinated by the Group risk organization. The Group function is also responsible for maintenance of the risk register, which is updated annually primarily based on the country ERM business plans, but also on other sources of input.

### POLICY DEVELOPMENT

The next step in the process is to assess whether new policies need to be created or existing policies need to be updated. Securitas Group policies, which is one of the cornerstones of Securitas' ERM process, establish the framework for all policies and compliance monitoring in the Group. The Group policies are developed by management and key policies are approved by the Board of Directors. A general policy update is released after the statutory Board meeting in May every year, but specific policies are also issued or updated when necessary throughout the year. Some of the key policies adopted that are relevant for governance perspectives are Client Contract policy, Securitas' Values and Ethics Code, Communication policy, Competition law compliance policy, Privacy policy and Insider policy.

### RISK MANAGEMENT ACTIVITIES

The third step of the process is the risk management activities. The Board of Directors has the ultimate responsibility for governance of risk management while the accountability for managing risks and for implementing and maintaining control systems in accordance with Group policies is clearly assigned to management at Group, divisional and local level. Specifically, divisional management are responsible for all aspects of the operations in their divisions, including operational risk management and risk minimization as well as creating risk awareness throughout the division. Operating unit managers and country risk managers are responsible for ensuring that risk management is part of the local corporate culture at all levels within a country.

### RISK-BASED MONITORING

The identified risks and adopted policies set the structure for the fourth step of the process - Risk-based monitoring. Key risks are monitored through self-assessments, audits, risk and control diagnostics (described on page 46-47), legal reviews, sustainability reviews and/or are subject to other monitoring activities throughout the year. Monitoring permeates all levels throughout the organization and is performed by different functions depending on whether it is related to operational or financial reporting matters.

More information on each step of the process is to be found on [www.securitas.com](http://www.securitas.com)

## INSURANCE AS A RISK MANAGEMENT TOOL

### STRATEGY

Securitas' insurance and claims strategy is to "act as if uninsured." This means that while external insurance is used to protect the balance sheet and minimize fluctuations in earnings, our day-to-day task is to perform our assignment as if we do not have any insurance in place.

One important part of our risk management work involves taking a proactive approach to contracts and assignment instructions to prevent claims from occurring. From a risk management perspective, it is important that the contract clearly defines the assignment to be performed by Securitas and that our employees' assignment instructions mirror the contract.

### IMPORTANCE OF ACTIVE CLAIMS MANAGEMENT

Another significant part of Securitas' risk management work involves active claims management, as well as ongoing claims analysis of frequent and large losses with the aim of identifying the underlying driving forces. The claims are analyzed to find out if there are certain types of services, contracts, regions and so forth that cause insurance claims. As the Group's external insurance premiums are partly determined by the historic loss record, a favorable loss record will contribute to lower premiums and a lower cost of risk.

### PROCUREMENT STRATEGY

Insurance programs are procured with the objective of creating a balanced and cost-efficient protection against negative financial impact. Securitas seeks to achieve economies of scale through coordinated insurance programs and the optimal utilization of the Group's insurance captives. The strategy is to cover the more frequent claims arising in Securitas' own books. Using insurance captives gives the Group an opportunity to handle part of the claims process internally and provides Group Management with an option to establish some independence from the cyclical nature of commercial insurance markets.



### BENEFITS FOR OUR CLIENTS

An important advantage of our Global insurance programs is that our clients can be confident that Securitas' high-quality insurance cover is consistent in all markets.

## SECURITAS KEY RISKS

Securitas' risk register contains about 50 risks. Out of the 50 risks, 14 are selected as top risks that will be subjected to monitoring activities during the year. Out of these, eight risks are cur-

rently considered key Group risks and have been assigned primary focus during the year. For information on our key risks and how they are managed, refer to the table below.

	 <b>INPUT AND RISK IDENTIFICATION</b>	 <b>POLICY DEVELOPMENT</b>
<b>Contract risk</b>	Risk that unreasonable obligations and risks are undertaken in the contract, resulting in unbalanced terms for the type of assignment in question, such as excessive liability, unrealistic service levels or unfavorable pricing mechanisms.	The Group has formal policies and guidelines for defining the approval process and authorization levels for new contracts as well as how to manage existing contracts. All relevant employees receive training in these policies. In addition, operations are protected by a customized Securitas insurance program, should unforeseen events occur. Read more about Securitas' insurance and claims strategy on the previous page.
<b>Securitas' Values and Ethics compliance risk</b>	Risk of non-compliance with Securitas' Values and Ethics Code (the Code) can ultimately result in reputational damage, lost revenues, penalties, fines, difficulties in recruiting, etc.	The Code is one of the key corporate policies that ensures the company upholds and promotes the highest ethical business standards. Securitas' basic requirement is to act within the framework of laws and international conventions, such as the United Nations Universal Declaration of Human Rights. As a complement to the Code, the Group has adopted several policies, such as an anti-corruption policy, emission policy, supplier and subcontracting policy, and competition law policy.
<b>Information security risk</b>	Risk of failing to protect the confidentiality, integrity and/or availability of data and data processing, which may result in operational losses, reputational damage, third-party liabilities and/or regulatory fines.	The Group's information security policy sets forth Group Management's ambition, expectations and directions for information security across the Securitas Group as a further level of detail to supplement the information security strategy established by the Board of Directors.
<b>Assignment execution risk</b>	Risk that agreed contractual requirements are not met, which in turn could adversely impact the contract portfolio churn rate, growth, customer relations and reputation.	The Group policy requires local human resources policies covering the areas of hiring employees, retaining employees, development and training, and compliance with relevant laws and regulations. Proper recruitment procedures and the training and supervision of security officers are important for mitigating the risk.
<b>Compliance (regulatory and other) risk</b>	Risk that regulatory and other requirements are not met or that Securitas does not meet the compliance expectations in the market or among our customers or investors. This could result in lower quality, higher costs, lost income, delay, penalties, fines or reputational damage.	Risks related to compliance with laws and regulations are managed at all levels in the organization, by all employees. The guiding policy is Securitas' Values and Ethics Code, but risks are further governed in separate policies relating to specific topics/ areas.
<b>Business continuity risk</b>	Risk that key business processes cannot operate following an incident which could cause significant disruption to the operations.	The Group's business continuity policy requires all entities to have a written contingency plan based on the classification of key processes. The plan should also cover key IT systems and be linked to controls of IT disruptions, including disaster recovery plans. The plan should cover all relevant areas, including regular updates and testing.
<b>Price/ production cost risk</b>	Risk of not being able to manage prices/wages or other production costs in a desired manner, for example wage increases not reflected properly in customer contracts which could lead to deteriorated margins.	Part of the Group financial reporting procedures, reporting of price/wage KPIs at Group level is mandatory as part of the monthly and quarterly reporting package.
<b>Insider threat risk</b>	Risk that a person in his/her position as employed by, or subcontractors to, Securitas potentially could pose a threat to Securitas, our clients and/or the public, for example by being involved in organized crime, terrorism, extremist- or similar activities.	The Group's Insider threat policy is to be implemented by all countries due to the increased risk of terrorism and exposure of insider threat. The aim is to ensure to the largest extent possible that we can avoid and/or detect employees/subcontractors that potentially could pose a threat to Securitas, to our clients and/ or the public.



**RISK MANAGEMENT  
ACTIVITIES**



**RISK-BASED  
MONITORING**

<b>Contract risk</b>	To manage contract risks in a structured way in the operations, we use a business risk evaluation model known as the Scale, which is part of Securitas' management model, "The Toolbox". The model evaluates the assignment, risk, contract terms and financial aspects. All employees involved in the contract management process receive training in the model.	Since contract risk is a key risk, Securitas monitors this through reviews (called diagnostics) to test the effectiveness of controls in the contract management process. Contract risk is also monitored through the ERM self-assessments and business plan process.
<b>Securitas' Values and Ethics compliance risk</b>	All our employees are trained in the Code. In addition, we also have training requirements for the policies related to the Code, such as the anti-corruption policy, competition law policy, and supplier and subcontractor policy.	The risk is monitored through sustainability reviews, audits, the ERM self-assessments and business plan process. The Group has an Ethics and Sustainability Board, which establishes the principles for Securitas' sustainability work and closely follows up cases of alleged non-compliance with the Code, reported through Securitas Integrity Line or other reporting channels.
<b>Information security risk</b>	Information security risk management will remain a focus area over the next few years as the cyber security threat landscape evolves. In 2019, Securitas took further steps to enhance cyber security capabilities and implemented additional preventative controls as well as further developing the governance model.	The implementation of the information security policy and strengthening of relevant capabilities in this domain are monitored using different sources of assurance, such as reviews, audits, ERM self-assessments as well as local country monitoring activities.
<b>Assignment execution risk</b>	Local procedures for security services include a process for written site instructions ensuring they are defined, up to date, known and understood.	The risk is monitored through the ERM self-assessments and business plan process as well as through local branch audits.
<b>Compliance (regulatory and other) risk</b>	It is mandatory that local processes include procedures to ensure compliance with relevant laws and regulations, that there is an assigned responsibility for recurring reviews and that action plans are in place for addressing any issues identified. Compliance with GDPR continued to be a key focus during 2019.	The review procedures in the Group are designed to identify any changes in regulatory requirements that may affect Securitas' activities and to take the appropriate actions.
<b>Business continuity risk</b>	During the last couple of years, Securitas has carried out a Group project focusing on business continuity planning with workshops in selected countries throughout the Group to share methodologies for creating, testing and maintaining business continuity plans for critical business processes and IT systems.	The risk is monitored through audits, as well as the ERM self-assessments and ERM-business plan process.
<b>Price/production cost risk</b>	The processes include measurement, communication, training and support for employees involved in the pricing of our services, at the inception of a contract and for price adjustments.	Price/wage increases are monitored and followed up on a monthly basis and are part of the monthly reporting package at Group level.
<b>Insider threat risk</b>	All countries are required to implement specific processes and controls to mitigate the risk. Such measures includes: risk assessment & workshops, screening processes, awareness, operational measures, reporting channels and investigation procedures.	The risk and policy implementation are monitored through Insider threat reviews. The risk is also monitored through the ERM self-assessment and the ERM-business plan process.

Stockholm, March 18, 2020

*Marie Ehrling*  
Chairman

*Carl Douglas*  
Vice Chairman

*Ingrid Bonde*  
Director

*John Brandon*  
Director

*Anders Böös*  
Director

*Fredrik Cappelen*  
Director

*Sofia Schörling Högberg*  
Director

*Dick Seger*  
Director

*Susanne Bergman Israelsson*  
Director  
Employee Representative

*Åse Hjelm*  
Director  
Employee Representative

*Jan Prang*  
Director  
Employee Representative

*Magnus Ahlqvist*  
President and Chief Executive Officer

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## AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

(translation of the Swedish original)

To the general meeting of the shareholders in  
Securitas AB, corporate identity number 556302-7241

### Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2019 (on pages 32-52) and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, March 18, 2020  
PricewaterhouseCoopers AB

*Patrik Adolfson*  
Authorized Public Accountant  
Auditor in charge

*Madeleine Endre*  
Authorized Public Accountant

