

# Remuneration report

# 2021



## INTRODUCTION

This report describes how the applicable guidelines for remuneration to the individuals who are included in the Group Management of Securitas (the “senior management employees”) were implemented in 2021. The report also provides information on remuneration to the President and CEO, and a summary of the company’s outstanding share-related and share pricerelated incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Corporate Governance Board.

Further information on remuneration to the senior management employees is available in note 9 of the Annual Report 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report available on pages 26–40 of the Annual Report 2021.

Remuneration to the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in note 9 of the Annual Report 2021.

The Annual General Meeting 2021 approved the Board’s remuneration report for 2020. No opinions were expressed on the remuneration report.

## KEY DEVELOPMENTS 2021

The President and CEO summarizes Securitas’ overall performance in the CEO statement on page 6 in the Annual Report 2021.

## SECURITAS’ REMUNERATION GUIDELINES

A prerequisite for the successful implementation of Securitas’ business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company’s remuneration guidelines enable the company to offer executives a competitive total remuneration. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed basic salary, variable cash remuneration, pension benefits and other benefits. Variable cash remuneration shall be awarded based on the outcome of clearly measurable performance-based targets that are set as close to the local business as possible and aim for long-term profitability of Securitas. The performance-based targets may for example relate to EBITA, EPS and/or cash flow within each senior management employee’s area of responsibility (group or division).

Furthermore, the performance-based targets are intended to contribute to Securitas’ business strategy and long-term interests, including its

sustainability, by, among other things, promoting the senior management employee’s long-term development within Securitas and reconciling the shareholders’ interests with the employee’s interests.

The guidelines are found in note 9 of the Annual Report 2021. During 2021, one deviation has been decided for a senior management employee with regards to a pension insurance premium. As a consequence of ITP-1 rules applicable to the senior management employee, the insurance premium exceed 35% of the fixed basic salary. The deviation is deemed necessary to serve Securitas’ long-term interests. Except for this, no deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor’s report regarding the company’s compliance with the guidelines is available on <https://www.securitas.com/en/corporategovernance/>.

No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement sharerelated incentive plans.

## Total President and CEO remuneration in 2021 (kSEK)

Name and position	Base salary <sup>1</sup>	Other benefits <sup>2</sup>	One-year variable <sup>3</sup>	Multi-year variable <sup>4</sup>	Extra-ordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
Magnus Ahlqvist (President and CEO)	16 782	137	0	0	n/a	4 946	21 865	100/0

<sup>1</sup> Including holiday pay KSEK 282.

<sup>2</sup> Including life insurance, medical insurance and company car.

<sup>3</sup> There was no cash paid out in 2021 for one-year variable remuneration relating to 2020 since the outcome was 0.

<sup>4</sup> No shares have vested in 2021.

### SHARE-BASED REMUNERATION

#### Outstanding share-related and share price-related incentive plans

Securitas has implemented share-related incentive plans. Every year since 2010, the Annual General Meeting has resolved on share-related incentive schemes including approximately 2 600 employees within the Group. The outcome of these incentive schemes relates to how the criteria for awarding variable cash remuneration are satisfied and thus they are distinctly linked to Securitas' business strategy, long-term interests and sustainability.

Furthermore, the Annual General Meetings 2019, 2020 and 2021 resolved on long-term incentive programs (LTI 2019/2021, LTI 2020/2022 and LTI 2021/2023, together the "LTI Programs") including the CEO, other members of the Group Management and certain other key employees. The LTI Programs are intended to work as an alternative incentive solution to the aforementioned incentive scheme and includes approximately up to 80 employees within Securitas. The outcome of the LTI Programs are based on the annual development of Securitas' earnings per share.

The LTI Programs are conditional upon the participant's own investment and holding periods of several years. For every Securitas series B share purchased or nominated within the scope of the LTI Programs, the company will grant so called performance awards free of charge. The number of performance awards that will entitle participants to receive Series B shares in the company depends on the annual development of Securitas's earnings per share, compared to minimum and maximum target levels as defined by the Board of Directors, during the measurement period (a three-year period, 1 January year 1 – 31 December year 3, for each of the programs) where each year during the measurement period is compared to the previous year. The outcome is calculated yearly, whereby one third of the performance awards is measured against the outcome for the first year, one third is measured against the outcome for the second year and one third is measured against the outcome for the third year. If the minimum level is not reached for the relevant year, each performance award pertaining to that year will entitle participants to receive zero Series B shares, whereas if the maximum level is

reached, each performance award pertaining to the relevant year will entitle participants to receive one Series B share. If the outcome falls between the minimum level and the maximum level, participants' entitlement to Series B shares will be calculated linearly between zero and one series B share per performance award. The participants are divided in three categories and will be granted five (President and CEO), four (Group management) or three (other participants) performance awards for each nominated share. The share-related incentive plans have been resolved by the general meeting and are therefore excluded from the remuneration guidelines. More information on Securitas' incentive plans is available on Securitas' website securitas.com, section Corporate Governance – Remuneration to Senior Management.

Under LTI 2019/2021, LTI 2020/2022 and LTI 2021/2023 the President and CEO has received so called performance awards corresponding to a maximum award of 60 410,

94 775 and 90 860 series B shares, respectively, subject to the above mentioned annual development of Securitas's earnings per share. The below table sets out the number

series B shares awarded/vested etc. as applicable, on the basis of the annual development of Securitas's earnings per share during 2019, 2020 and 2021.

## Share award plans (CEO)

Main conditions						Information regarding the reported financial year <sup>1</sup>					
						Opening balance	During the year			Closing balance	
Name	Name of plan	Performance period	Share award date	Share vesting period	End of retention period <sup>2</sup>	Shares held at beginning of year	Shares awarded 2021	Shares vested 2021	Subject to performance condition	Awarded and un-vested at year-end	Subject to retention period
Magnus Ahlqvist (President and CEO)	LTI 2019/2021 <sup>3</sup>	2019	2020-02-06	2022-MM-DD	Vesting date	2 197	0	0	0	2 197	0
		2020	2021-02-03	2022-MM-DD	Vesting date	0	0	0	0	0	0
		2021	2022-02-07	2022-MM-DD	Vesting date	0	20 136 <sup>7</sup>	0	0	20 136	0
		2019–2021	Multiple	2022-MM-DD	Vesting date	2 197	20 136	0	0	22 333	0
	LTI 2020/2022 <sup>4</sup>	2020	2021-02-03	2023-MM-DD	Vesting date	0	0	0	0	0	0
		2021	2022-02-07	2023-MM-DD	Vesting date	0	31 592 <sup>7</sup>	0	0	31 592	0
		2022	N/A <sup>6</sup>	2023-MM-DD	Vesting date	0	0	0	31 591	0	0
		2020–2022	Multiple	2023-MM-DD	Vesting date	0	31 592	0	31 591	31 592	0
	LTI 2021/2023 <sup>5</sup>	2021	2021-02-03	2024-MM-DD	Vesting date	0	30 287	0	0	30 287	0
		2022	N/A <sup>6</sup>	2024-MM-DD	Vesting date	0	0	0	30 287	0	0
2023		N/A <sup>6</sup>	2024-MM-DD	Vesting date	0	0	0	30 286	0	0	
2021–2023		Multiple	2024-MM-DD	Vesting date	0	30 287	0	60 573	30 287	0	
<b>TOTAL</b>						<b>2 197</b>	<b>82 015</b>	<b>0</b>	<b>92 164</b>	<b>84 212</b>	<b>0</b>

<sup>1</sup> Personally invested shares, in which the President and CEO has invested to become eligible to participate in the plans, are not included in the table.

Shares that compensate for dividends on the awarded shares during the vesting period are also excluded.

<sup>2</sup> End of retention period coincides with vesting date.

<sup>3</sup> Under LTI 2019/2021 the CEO has received so called performance awards corresponding to a maximum of 60 410 series B shares

<sup>4</sup> Under LTI 2020/2022 the CEO has received so called performance awards corresponding to a maximum of 94 775 series B shares

<sup>5</sup> Under LTI 2021/2023 the CEO has received so called performance awards corresponding to a maximum of 90 860 series B shares

<sup>6</sup> Share award date in February the year following the performance period to be determined.

<sup>7</sup> Based on earnings per share adjusted for items affecting comparability in 2021. Value LTI 2019/2021 KSEK 3 250, LTI 2020/2022 KSEK 3 750 and LTI 2021/2023 KSEK 4 125.

Value is based on the closing price for series B shares on the award date for each program.

## Share options issued by major shareholders (CEO)

In addition to the above outstanding share-related and share price-related incentive plans described above, the President and CEO holds 100 000 share options regarding acquisition of Securitas series B shares, issued at

market price by Melker Schörling AB and Investment AB Latour.

## APPLICATION OF PERFORMANCE CRITERIA

Short-term as well as long-term incentives for the President and CEO include clearly measurable

performance-based targets that aim for long-term profitability of the Group. The performance targets that are required to achieve maximum bonus are based on development of real change in earnings per share adjusted for items affecting comparability.

## Performance of the CEO in the reported financial year: variable cash compensation

Name	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	Measured performance	Actual award KSEK
Magnus Ahlqvist	Real change in Earnings Per Share adjusted for Items Affecting Comparability. Target 0–17% real change.	100 %	37%	14 025

For the President and CEO Magnus Ahlqvist the variable short-term cash compensation relating to the 2021 performance amounted to KSEK 14 025.

## Performance of the CEO in the reported financial year: share-based incentives

Name	Name of plan	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	Measured performance	Actual award KSEK <sup>1</sup>
Magnus Ahlqvist	LTI 2019/2021	Real change in Earnings Per Share adjusted for Items Affecting Comparability. Target 5–22% real change.	100%	37%	3 250
	LTI 2020/2022	Real change in Earnings Per Share adjusted for Items Affecting Comparability. Target 5–22% real change.	100%	37%	3 750
	LTI 2021/2023	Real change in Earnings Per Share adjusted for Items Affecting Comparability. Target 5–22% real change.	100%	37%	4 125

<sup>1</sup> Under LTI 2019/2020 a maximum of 20 137 shares can be awarded per year 2019, 2020 and 2021 or in total 60 410 shares. The grant date value according to IFRS2 corresponds to SEK 161.40 per share. During 2021 the award was for 20 136 shares.  
Under LTI 2020/2021 the a maximum of 31 592 shares can be awarded per year 2020, 2021 and 2022 or in total 94 775 shares. The grant date value according to IFRS2 corresponds to SEK 118.70 per share. During 2021 the award was for 31 592 shares.  
Under LTI 2021/2023 the a maximum of 30 287 shares can be awarded per year 2021, 2022 and 2023 or in total 90 860 shares. The grant date value according to IFRS2 corresponds to SEK 136.20 per share. During 2021 the award was for 30 287 shares.

## COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE

### Change of remuneration and company performance over the last three reported financial years (RFY) (kSEK)

Name	2021	2020	Change	Change, %
Magnus Ahlqvist (President and CEO), KSEK	21 865	25 892	-4 027	-16
Group Operating result, real change %	28	-10	-13	- <sup>2</sup>
Group EPS, real change %	37	-23	-29	- <sup>2</sup>
Group EPS adjusted for IAC, real change %	37	-12	-11	- <sup>2</sup>
Average remuneration full time equivalent basis for employees of the parent company, KSEK <sup>1</sup>	1 826	1 417	409	29

<sup>1</sup> Full time equivalents are adjusted for staff joining and staff leaving and retiring and is based on salary plus benefits, pension and variable salary. Members of Group Management employed by the parent company have been excluded.

<sup>2</sup> Change in column given as percentage points and thus not calculated in percent except for average remuneration.

Name	2020	2019	Change	Change, %
Magnus Ahlqvist (President and CEO), KSEK	25 892	23 550	2 342	10
Group Operating result, real change %	-10	3	-13	- <sup>2</sup>
Group EPS, real change %	-23	6	-29	- <sup>2</sup>
Group EPS adjusted for IAC, real change %	-12	-1	-11	- <sup>2</sup>
Average remuneration full time equivalent basis for employees of the parent company, KSEK <sup>1</sup>	1 349	1 378	-29	-2

<sup>1</sup> Full time equivalents are adjusted for staff joining and staff leaving and retiring and is based on salary plus benefits, pension and variable salary. Members of Group Management employed by the parent company have been excluded.

<sup>2</sup> Change in column given as percentage points and thus not calculated in percent except for average remuneration.

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