

Corporate Governance - Our Approach

Securitas is committed to meeting high standards of Corporate Governance. The ultimate aim of the Corporate Governance is to protect the interests of shareholders' and other stakeholders. In order to achieve this Securitas has created a clear and effective structure for responsibility and governance.

Compliance to Swedish Code for Corporate Governance

Securitas AB is a Swedish public company listed since 1991 on the NASDAQ OMX Stockholm. Securitas applies the Swedish Code of Corporate Governance and has published principles for Corporate Governance in previous Annual Reports and has a separate section on the Group website.

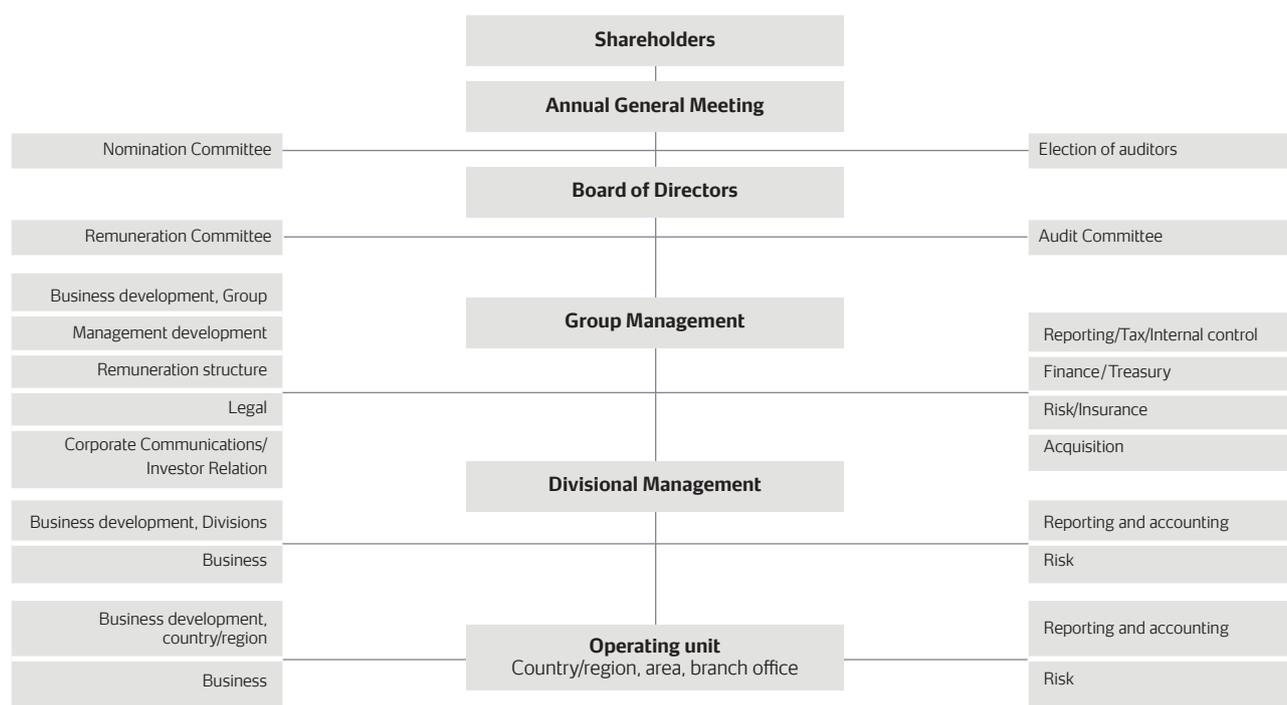
Securitas complies with the Swedish Code for Corporate Governance principle of "comply or explain" and follow up during 2008 has resulted in Securitas not having any deviations to report. Prior year deviations (as described in Securitas Annual Report 2007) do no longer apply due to changes in committee composition and the revised Swedish Code for Corporate Governance as of July 1, 2008. For further information on this refer to the website. This report does not form a part of the Annual Report and has not been audited.

Further information on Corporate Governance

- Swedish Code for Corporate Governance: Framework and Compliance
- Corporate Governance Organization: Internal Control Organization, Legal Structure and Nomination Committee
- Annual General Meetings: Information from Securitas Annual General Meetings since 2006 including such information as minutes, presentations, guidelines for remuneration, etc.
- Board of Directors: Responsibilities and work procedures, independence, committees, remuneration, etc.
- Group Management
- Auditors
- Corporate Governance Report and Internal Controls Report
- Articles of Association

This information is available at www.securitas.com

Organization of Corporate Governance



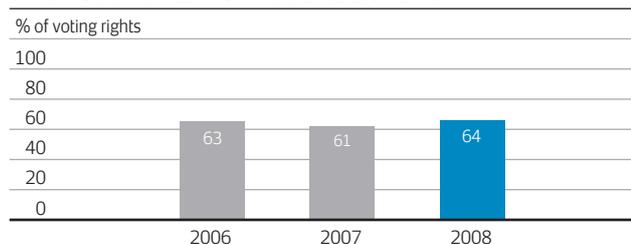
Significant Shareholders

The principal shareholders in Securitas AB on December 31, 2008 were Investment AB Latour, which together with Säkl AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB held 11.6 percent (11.6) of the share capital and 30.0 percent (30.1) of the votes, and Melker Schörling AB, with 5.6 percent (4.7) of the share capital and 11.8 percent (11.1) of the votes. These shareholders are represented on the Board of Directors by Carl Douglas, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högberg. For more detailed information on shareholders please see the table on page 46. The company's share capital consisted of 17,142,600 Series A shares and 347,916,297 Series B shares as of December 31, 2008. Each Series A share carries ten votes and each Series B share one vote. In the event that the company issues new Series A and B shares, current shareholders have the preferential right to subscribe for new shares of the same series in proportion to their existing holdings.

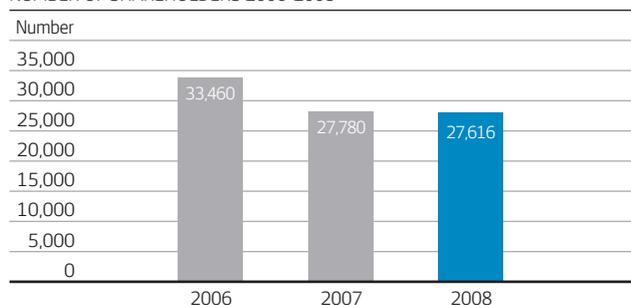
Annual General Meeting

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 of Securitas AB (publ.) was held on April 17, 2008 and the minutes are available on Securitas webpage where all resolutions passed can be found. For election and remuneration of Board members see page 124. At the meeting shareholders representing 64.4 percent of the votes attended either personally or by proxy.

ANNUAL GENERAL MEETING ATTENDANCE 2006-2008



NUMBER OF SHAREHOLDERS 2006-2008



Extraordinary General Meeting 2008

At the Extraordinary General Meeting in Securitas AB (publ.) on December 3, 2008, it was resolved, in accordance with the Board of Directors' proposal, on a dividend to the effect that all shares in the wholly-owned subsidiary Loomis AB will be distributed to the shareholders. The book value of the dividend in the Parent Company Securitas AB was MSEK 5,865.4 and for the Group representing net assets of MSEK 2,862.8.

Nomination Committee

The Nomination Committee is an organ established by the Annual General Meeting with the task of preparing the election of Board Members, the Chairman of the Board, the auditor and remunerations to Board members, Board Committees and auditors and other related matters before the forthcoming Annual General Meetings.

At the Annual General Meeting held on April 17, 2008 the following five people were elected members of the Nomination Committee to work before the AGM 2009:

Name	Representing	Re-election	Share of Votes ¹
Gustaf Douglas	Major shareholders	YES	30.1%
Mikael Ekdahl	Melker Schörling AB (Major shareholder)	NEW	11.1%
Staffan Grefbäck	Alecta	NEW	6.6%
Marianne Nilsson	Swedbank Robur	YES	2.6%
Mats Tunér	SEB Funds	YES	3.6%

¹ As of April 17, 2008.

Gustaf Douglas was re-elected Chairman of the Nomination Committee. The Nomination Committee shall be entitled to appoint one additional member of the Nomination Committee. The General Meeting resolved that in case a shareholder, whom a member of the Nomination Committee represents, is no longer one of the major shareholders of Securitas (based on votes), or if a member of the Nomination Committee is no longer employed by such shareholder or any other reason leaves the committee before the Annual General Meeting 2009, the Committee shall have the right to appoint another representative of the major shareholders to replace such member.

The Committee's work is established in the Procedure and Instructions for the Nomination Committee of Securitas AB. The Committee shall hold meetings as often as necessary in order for the Committee to fulfill its duties. However, the Committee shall hold at least one meeting annually. During 2008 the committee has met two times.

The Members of the Board of Directors

Securitas has ten members elected by the Annual General Meeting, three employee representatives and two deputy employee representatives.

The Annual General Meeting 2008 re-elected Carl Douglas, Marie Ehrling, Annika Falkengren, Stuart E. Graham, Alf Göransson, Berthold Lindqvist, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högberg and elected Fredrik Cappelen as new Board member. The Annual General Meeting re-elected Melker Schörling as Chairman of the Board. Mikael Ek Dahl, Attorney at law, is the secretary of the Board. For further information on the members of the Board of Directors and President and CEO, please see pages 132-133. It was resolved that the fees to the Board should amount to SEK 4,875,000 in total (excluding fees for committee work) to be distributed among the Board members as follows; Chairman of the Board: SEK 1,000,000, deputy Chairman of the Board: SEK 725,000 and each of the other Board members (except the President and CEO and employee representatives) SEK 450,000.

The Responsibilities of the Board of Directors

The Board of Directors is responsible for the Group's organization and administration in accordance with the Swedish Companies Act and appoints the President and CEO, the Audit Committee and the Remuneration Committee. In addition, the Board of Directors decides on the President and CEO's salary and other remuneration. The Board meets a minimum of six times annually. The Group's auditors participate in the meeting of the Board of Directors in conjunction with the yearly closing of the books.

Board Member	Independence in relation to the company	Independence in relation to shareholders
Melker Schörling	Yes	No
Carl Douglas	Yes	No
Fredrik Cappelen	Yes	Yes
Marie Ehrling	Yes	Yes
Annika Falkengren	Yes	Yes
Stuart E. Graham	Yes	Yes
Alf Göransson (President and CEO)	No	Yes
Berthold Lindqvist	Yes	Yes
Fredrik Palmstierna	Yes	No
Sofia Schörling Högberg	Yes	No
Total	9	6

The Procedure 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 are adopted by the Board each year after the Annual General Meeting. According to these rules, the Board shall decide on, among other things, the Group's overall strategy, corporate acquisitions and property investments, in addition to establishing a framework for the Group's operations by approving the Group's budget. The procedures include a work instruction for the Chief Executive Officer as well as instruction for the financial reporting. The procedures also prescribe that an annual evaluation of the work of the Board of Directors shall be carried out.

Board Member	Elected	Position	Audit Committee	Remuneration Committee	Attendance			Total Fee, SEK ³
					Board Meetings (9 total)	Audit Committee Meetings (4 total)	Remuneration Committee Meetings (3 total)	
Melker Schörling	1987	Chairman	-	Chairman	9		3	1,100,000
Carl Douglas	1992	Vice Chairman	-	-	8			725,000
Fredrik Cappelen ¹	2008	Member	Member	-	8	3		550,000
Marie Ehrling	2006	Member	Chairman	-	9	4		650,000
Annika Falkengren	2003	Member	-	-	8			450,000
Stuart E. Graham	2005	Member	-	-	9			450,000
Alf Göransson (President and CEO)	2007	Member	-	-	9			0
Berthold Lindqvist	1994	Member	Member	Member	4	3	3	600,000
Fredrik Palmstierna	1985	Member	-	-	9			450,000
Sofia Schörling Högberg	2005	Member	-	-	8			450,000
Susanne Bergman Israelsson ²	2004	Member			7			0
Åse Hjelm ²	2008	Member			5			0
Jan Prang ²	2008	Member			6			0

¹ Appointed member of Board of Directors at Annual General Meeting April 17, 2008 and also appointed member of Audit Committee at the Statutory Meeting of the Board of Directors on April 17, 2008.

² Employee representatives, appointed member of Board of Directors at Annual General Meeting April 17, 2008. Deputy Employee representatives are Thomas Fanberg and Joakim Hellmouth.

³ Total fee includes fees for committee work. In total SEK 550,000 was paid out for committee work, where of SEK 150,000 for Remuneration Committee and SEK 400,000 for Audit Committee work. For more details refer to the Minutes of AGM 2008 on Securitas website www.securitas.com

The Work of the Board of Directors

In 2008, the Board held nine meetings, of which one was a telephone conference. The auditors participated and presented the audit at the Board meeting in February 2008. Topics that have been discussed among other things are:

- Interim and Annual Reports
- Presentation of the divisional business plans and budgets for 2009
- Listing of Loomis
- Investment and acquisition activities
- Financing
- Guidelines for remuneration and bonuses and other personnel related matters
- Reporting by the Board of Directors' Committees
- Policies and instructions
- Annual assessment of the work of the Board of Directors
- Dividend proposal
- Insurance
- Legal matters
- Market and competition

Audit Committee

The Board of Directors has established an Audit Committee, operating under the "Instructions for the Audit Committee appointed by the Board of Directors", that meets with Securitas' auditors at least four times per year. The Committee focuses on accounting matters and the presentation of financial information and its internal control, as well as overseeing risk matters. The Committee presents its findings and proposals to the Board, before the Board's decision-making. For members and attendance refer to previous tables.

The Committee met four times in 2008.

Topics that have been discussed among other things are:

- Continuous updates on the listing of Loomis
- Discussions and updates within the areas accounting, financing, acquisitions, risk, insurance strategy, tax, legal matters and litigation
- Financial reporting for 2008
- Internal control activities including Enterprise Risk Management
- Audit-related matters including audit cost and policy for approval of additional services
- Impairment test
- Corporate Governance Report
- Internal audit assessment

Remuneration Committee

The Board has also formed a Remuneration Committee to deal with all issues regarding salaries, bonuses, options 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, before the Board's decision-making. The committee held three meetings during 2008. For members and attendance refer to previous tables.

Guidelines for Remuneration to Management

The Annual General Meeting 2008 resolved on guidelines for remuneration to management principally entailing that remuneration and other terms of employment for management shall be competitive and in accordance with market conditions, in order to ensure that Securitas will be able attract and keep competent management employees. The total remuneration to management shall consist of a fixed basic salary, variable remuneration, pensions and other benefits.

In addition to a fixed annual salary, Group Management may also receive variable remuneration based on the outcome in relation to financial goals and growth targets within the individual area of responsibility (Group or division) and in line with the interests of the shareholders. The variable remuneration shall amount to a maximum of 50 per cent of the fixed annual salary of the President and a maximum of 35-200 per cent of the fixed annual salary for other individuals of Group Management.

The undertakings of the company as regards variable remuneration may, at maximal outcome within all divisions during 2008, amount to a maximum of MSEK 43.

The pension rights of management employees shall be applicable as from the age of 65, at the earliest, and the entire Group Management shall be subject to fee-based pension plans for which insurance premiums are transferred from the individual's total remuneration and paid by the company during the term of employment. The variable remuneration shall principally not be pension qualifying.

Other benefits, such as company car, special health insurance or occupational health service shall be provided to the extent this is considered customary for management employees holding equivalent positions on the employment market where the management employee is active.

At termination, the notice period for all management employees shall amount to a maximum of 12 months with a right to redundancy payment after the end of the notice period, equivalent to a maximum of 100 per cent of the fixed salary for a period not exceeding 12 months. At resignation by a management employee, the notice period shall amount to a maximum of six months.

These guidelines shall apply to individuals who are included in Group Management during the term of application of these guidelines. The guidelines shall apply to agreements entered into after the adoption by the Annual General Meeting, and to changes made in existing agreements after this date. The Board shall be entitled to deviate from the guidelines in individual cases if there are particular grounds for such deviation.

Additional information on remuneration to the Board of Directors and Senior Management is disclosed in the Notes and Comments to the Consolidated Financial Statements 2008. See Note 8 pages 84-87.

Group Management

Group Management is 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 Group Management to measure accomplishment of strategies and to guide the employees and organization toward achieving its objectives is the financial framework and model further described on pages 36–37. Group Management 2008 comprised the President and CEO and ten executives. For further information on the members of the Group Management, please see pages 134–135.

Financial Reporting

The Board ensures the quality of financial reporting through a series of Group policies, procedures, frameworks, clear structures with defined responsibilities and through documented delegation of authority which is further described in the Internal Control report. The Board has also set up an Audit Committee that is instructed to review and recommend all financial reports delivered by the Group to the Board. Financial reporting including valuation issues, judgements and potential changes in estimates and accounting policies where necessary, is continually considered by the Audit Committee and presented to the Board. The Audit Committee also covers legal matters and litigations on a quarterly basis. All interim and full year reports are approved by the Board.

The company's auditors submit a report to the Board of Directors annually stating that they have audited the company and the results thereof. This report shall be presented orally by the auditors at the Board meeting that deals with the year-end report. During this meeting, the members of the Board shall be given the opportunity to ask questions of the auditors. It is expected that the statement of the auditors shall, inter alia, indicate whether the company is organized in a way that makes it possible to supervise, in a safe manner, accounting, management of assets and the financial relations of the company. The auditors also issue a review report on the half year interim report. In addition the auditors take part in the Audit Committee meetings where the contents are reported back to the Board.

Immediately before signing the Annual Report and half year interim report The Board of Directors and the President and CEO certify that the reports give a true and fair overview of the Parent Company's and the Group's operations, financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Auditors

The Annual General Meeting 2008 elected PricewaterhouseCoopers AB as audit firm, with authorized public accountant Peter Nyllinge as auditor in charge, for a period of four years.

The auditors' work is performed based on an audit plan, which is determined in agreement with the Audit Committee and Board of Directors. The auditors participate in all meetings with the Audit Committee and present their findings from the audit at the Board meeting in February. In addition the auditors shall annually inform the Audit Committee of services rendered other than

audit, auditing fees received for such services and other circumstances that might effect the evaluation of the auditors' independence. The auditors shall also participate in the Annual General Meeting, presenting their performed audit work and conclusions.

The audit is performed in compliance with the Swedish Companies Act and generally accepted auditing standards in Sweden, which is based on International Standards on Auditing (ISA). The auditors have, upon instruction from the Board of Directors, conducted a general examination of the Interim Report for the period January 1 until June 30, 2008.

Peter Nyllinge has been auditor in-charge of Securitas AB since 2008. In addition to the Securitas assignment, in 2008 he acted as auditor of ASSA ABLOY AB, Bonnier AB, SEB and Säkl AB, among other companies.

Audit Fees and Reimbursement

The following fees and reimbursements to auditors have been paid for audit and other review in accordance with existing laws, as well as for advice and assistance in connection with reviews undertaken. Fees have also been paid for independent advice. The advice is mainly audit-related consultations in accounting and tax matters in relation to restructuring work.

AUDIT FEES AND REIMBURSEMENT (PWC)¹

MSEK	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Audit Assignment	29.0	30.9	28.4	5.3	7.7	8.2
Other Assignments	33.1	23.7	44.7	10.5	3.1	12.7

¹ Audit fees and reimbursement to PwC relates to continuing operations (excluding Loomis). Comparatives have been restated.

Communication Policy

Securitas has adopted a Communication Policy, approved by the Board of Directors, in accordance with the stock market's requirements for information with the aim of ensuring that the company fulfills these requirements. The Policy covers both written information and verbal statements and applies to the Board of Directors, Group and Divisional Management as well as Country and Regional Management.

The Policy states that communication shall be used in a comprehensive manner in order to create an understanding and knowledge of Securitas' strategy, business operations and financial position. Securitas' financial and other communication shall at all times comply with the Stock Exchange Rules and other relevant rules and legal obligations that might apply to Securitas, as well as with general stock market practice.

The Group is fully focused on creating shareholder value, which includes providing the investment community with high-quality financial information. The Policy includes routines for the year-end report, interim reports, Annual Report, Annual General Meeting, the company website, etc. Crisis communication and information leakage are also included in the Policy.



Insider Policy and Records

The Board of Directors of Securitas AB has adopted an Insider Policy as a complement to the insider legislation in force in Sweden. This policy is applicable to all persons reported to the Swedish Financial Supervisory Board (Finansinspektionen) as holding insider positions in Securitas AB (subsidiaries included), as well as certain other categories of employees. Each person covered by the Insider Policy is individually notified thereof. The list of persons holding an insider position in Securitas AB, which is kept by Finansinspektionen, is reviewed regularly.

The Insider Policy sets the routine for "closed periods", during which trading in financial instruments issued by (or related to shares in) Securitas is prohibited.

Securitas also maintains an internal insider register in accordance with the instructions from time to time issued by the CEO. Such register shall include, inter alia, information about all persons having access to inside information, the type of registered inside information and the date when the register was updated.

A report covering all insider trading activities in Securitas is presented every calendar quarter to the Board of Directors, the Auditors and the Group Management.

Code of Conduct

Securitas has adopted a Code of Conduct to ensure that the company upholds and promotes the highest ethical business standards. Our basic requirement is to act within the framework of laws and international conventions. This means that we respect and comply with competition rules, environmental legislation, labor market laws, agreements and safety requirements and other provisions that set the parameters of our operations.

Securitas supports and respects basic human rights and recognizes the responsibility to observe those rights wherever Securitas operates. The company also believes in building relationships based on mutual respect and dignity with all employees. Securitas will not use forced, involuntary or underage labor and will respect the right of all employees to form and join trade unions. Securitas is an equal-opportunity employer and does not tolerate bullying or harassment.

Securitas also recognizes the importance of open communication with everyone who is in contact with the operations, including clients, workforce, investors and the general public.

For further information on Securitas responsibility with regard to social, economical and environmental issues refer to pages 42-43.

Internal Control

Description of Internal Control and Risk Management

According to the Swedish Companies Act and the Swedish Code of Corporate Governances, the Board of Directors is responsible for the internal control and risk management. This report has been prepared in accordance with the Swedish Code of Corporate Governance, and is therefore limited to internal controls over financial reporting. This description does not form a part of the Annual Report.

Securitas' system of internal control is designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material financial reporting misstatement or loss.

Loomis was part of the Securitas Group until December 8, 2008 and thus also important from an Internal Controls perspective. Loomis' system of internal control was based on Securitas' governance framework but additional areas and control activities were included to accommodate the distinctive characteristics and risks of its business.

Control Environment

The Group has established a governance framework. The key features of the control environment within the framework include: the clear terms of reference for the Board and each of its committees, a clear organizational structure, with documented delegation of authority from the Board to Group Management, the quality of employees and a series of Group policies, procedures and frameworks.

Overall the Group operates in a flat and specialized organization whereby managers are given clear objectives and are authorized to make their own decisions and develop their operations close to the customers. For more information on the management model refer to pages 34–35. Delegation of authority is documented in an approval matrix that provides a clear direction for managers at all levels.

Emphasis is placed on the quality and abilities of the Group's employees with continuing education, training and development actively encouraged through a wide variety of schemes and programs. The Group has adopted a set of values to act as a framework for its people to exercise judgment and make decisions on a consistent basis.

The Group's major financial policies, procedures and frameworks include a comprehensive manual, Group Policies and Guidelines, a Reporting Manual, Securitas model for financial control (for more detailed information on the model refer to pages 36–37), a Group Treasury Manual and the IT Security Manual. These are all periodically reviewed and updated.

Risk Assessment

At the highest level, the Board considers where future strategic opportunities and risks lie and helps shape the corporate strategy going forward. Accountabilities for managing risks are clearly assigned to the Group, Divisional and local management. The Group Management team has the day-to-day responsibility for

the identification, evaluation and management of risks and for the implementation and maintenance of control systems in accordance with the Board's policies. Specifically Divisional Management and established functional committees have the responsibility to ensure that there is a process throughout the division to create risk awareness. 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.

The Group has an established, but evolving, system of business risk management, which is integrated into the Group's business planning and performance monitoring processes regardless whether it is financial, operational or compliance risks.

Additionally, business risk reviews and risk reviews are conducted routinely throughout the Group. Procedures exist to ensure that significant risks and control failures are escalated to Group Management and the Board, as necessary, on a periodic basis.

For more information on risk management refer to pages 38–41.

Control Activities

Internal control covers all divisions and subsidiaries in the Group and includes methods and activities for securing assets, controlling the accuracy and reliability of internal and external financial reports and ensuring compliance with defined guidelines.

1. Self Assessment

Every operating unit throughout the Group annually performs a control self assessment of the compliance with Group Policies and Guidelines, the Reporting Manual and the IT Security Manual. An extensive questionnaire is used to measure to what extent defined requirements are fulfilled. The control self assessment is signed off by the President and the Controller within each entity. As a part of the process, the external auditor performs a validation of the answers given in the questionnaire for questions deemed as risk areas. Answers are compiled at divisional level as well as at a Group level in order to support benchmarking within a division or between divisions. Reported deviations include written comments on planned improvements to address deviations and a deadline for when planned actions will be in place. All reports are made available to Divisional Management, Group Management and the Audit Committee.

2. Risk and Control Diagnostics

The Group performs risk and control diagnostics in functional areas which by nature have high inherent risk, the diagnostics are done in addition to the recurring areas of the self assessment questionnaire.

For 2008 specific focus has been placed on new countries in the Group rather than a specific function, since this has been assessed as a risk area in terms of integration from a financial reporting and control standpoint due to recent acquisition activities. The diagnostic entails a "kit" covering IFRS reporting compliance as well as key controls within financial processes and IT security. The findings from these diagnostic reviews are presented to Group Management and the Audit Committee.

3. Financial Reporting

Controllers at all levels have a key role in terms of integrity, professionalism and the ability to work in teams in order to create the environment that is needed to achieve transparent, relevant and timely financial information. Local Divisional Controllers are responsible for ensuring compliance with the approved set of policies and frameworks and for ensuring that internal control procedures in relating to financial reporting are implemented. The Controller is also responsible for reporting financial information that is correct, complete and on time. Controllers receive continuous feedback on reporting quality from Group which is an effective tool used to enhance reporting. In addition each division has a Divisional Controller with corresponding responsibilities at an aggregated level.

4. Letter of Representation

The Group has a representation process in which operating unit presidents and controllers sign a letter of representation in connection with year-end, stating their opinion on whether or not the internal control over financial reporting and the report packages give a true and fair view of the financial position.

5. Acquisition Routines

The Group has specific policies and procedures to ensure that all business acquisitions are appropriately approved and rigorously analyzed for the financial and operational implications of the acquisition. The Group also conducts post acquisition appraisals on a periodic basis.

6. Contract Management

Customer contract management and loss prevention are key to Securitas business. The Group has specific policies and procedures related to contract management described in more detail on pages 38-41.

Information and Communication

A program of communication exists and is constantly being developed to ensure that all staff are given clear objectives and are made aware of the parameters that constitute acceptable business practice and the expectation 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 to provide the management with the necessary reports on business performance relative to established objectives. Appropriate information systems exist to ensure that reliable and timely information is made available to management, enabling them to carry out their responsibilities adequately and efficiently.

Monitoring

Monitoring is performed at different levels and by different functions in the organization. The key ones; Board of Directors, Audit Committee, Group Management, Functional committees, Management Assurance, Group legal Function and Group Risk Organization are further elaborated on below. The letters A-G has a corresponding reference in the organization chart on page 130.

A. Board of Directors

The activities of the Board of Directors and division of responsibility between the Board and the Group Management are governed by formal procedures. The Board considers risk assessment and control to be fundamental to achieving its corporate objectives with an acceptable risk/reward profile and plays a part in the ongoing process for identifying and evaluating significant risks faced by the Group and the effectiveness of related controls. The processes used by the Board in order to review the effectiveness of system of internal control include:

- Discussion with Group Management on risk areas identified by the Group Management and the performed risk assessment procedures
- Review of significant issues arising from external audits and other reviews/investigations

The Board of Directors has established an Audit Committee in order to provide oversight of the effectiveness of the Group's internal control systems and financial reporting process.

B. Audit Committee

The Audit Committee reviews all annual and quarterly financial reports before recommending their publication on behalf of the Board. In particular the Audit Committee discusses significant accounting policies, estimates and judgements that have been applied in preparing the reports. The Audit Committee supervises the quality and independence of the external auditors.

C. Group Management

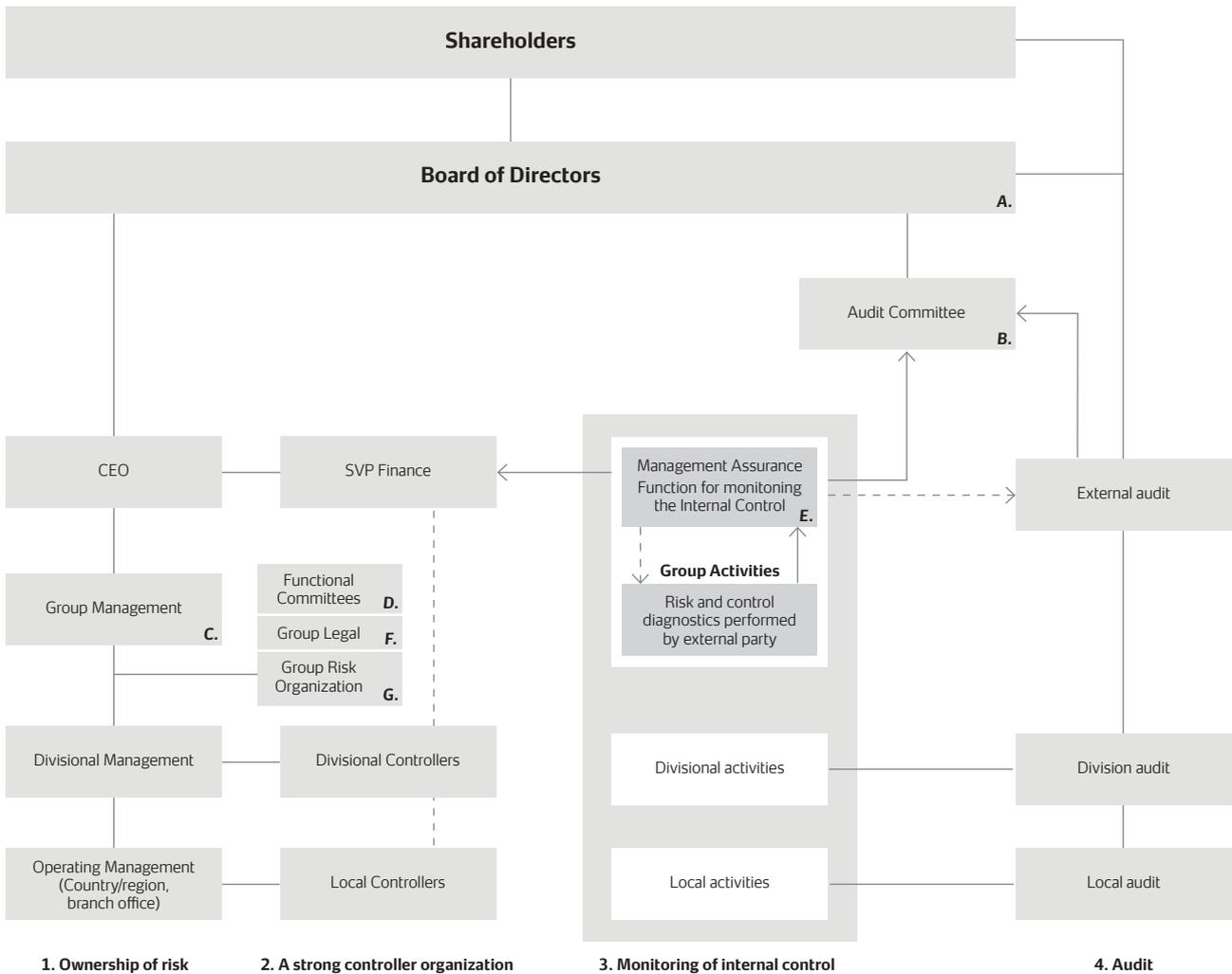
Group Management reviews performance through a comprehensive system of reporting based on an annual budget, with regular business reviews against actual results, analysis of variances, key performance indicators (Securitas model for financial control, refer to pages 36-37, adapted by division) and regular forecasting. This reporting is also reviewed by the Board.

D. Functional Committees

The Group has established a number of functional committees and working groups including for the functions Reporting, Finance/Treasury, Insurance/Risk, Legal, Tax, and Internal Control. These committees include the Senior Vice President Finance and/or Senior Vice President Corporate Finance and the appropriate functional area experts.

The main purposes of these functional committees are to determine appropriate policies, communicate these policies, and ensure local understanding (including training) of policies and to monitor key issues within each area of responsibility. Quarterly meetings are held with the President and CEO where topics subject to reporting to the Audit Committee are discussed.

Organization of Internal Control



———— Direct line of reporting - - - - - Coordination responsibility

A. - G. correspond to the descriptions on pages 129-131.

E. Management Assurance - Function for Monitoring the Internal Control

The Group has established an objective coordinating function in relation to certain internal control activities at Group level reporting directly to the Senior Vice President Finance with an open line of communication to the Audit Committee. The results of the function's work during the year are presented at the Audit Committee meetings.

In line with one of the Group's fundamental principles, this function has continued to develop step-by-step and improve the Group internal control through different activities during the year. Specific focus has been put on improvement of follow up procedures and reporting as well as identification of risks related to financial reporting. Experiential exchange through the different activities is also a key part of improvement of control environment. The function works with a combination of internal resources and resources in form of external auditors and consultants depending on the specific situation/area.

The current responsibilities include:

- Assistance in the control self-assessment process specifically ensuring follow-up where required
- Monitoring the results of the risk and control diagnostics undertaken during the year and ensuring appropriate follow-up of agreed actions
- Assistance in risk management development, implementation and coordination processes.
- Determine and plan for areas of specific focus and/or control diagnostics based on risk assessments made, discussions with divisional management and audit findings
- Monitoring communication from the external auditors and ensuring prompt follow-up and implementation of any recommendations impacting the internal controls of the company
- Support Group management in reviewing and discussing audit plans with external auditors in order to internally coordinate and communicate matters such as; scoping, timing, documentation requirements, etc
- Coordinating the process of updating and renewing the Group Policies and Guidelines, contributing with feedback on the Reporting Manual and the IT Security Manual.

F. Group Legal Function

The legal function is responsible for maintaining an adequate infrastructure to ensure that legal matters are appropriately and in a timely manner brought to the attention of the Group management. The function is headed by the Senior Vice President Chief Legal Counsel - a member of the Group management. The legal function further monitors and manages legal risk exposures identified by the operating units. A report on outstanding legal disputes is provided to Group management monthly. A comprehensive report on major legal matters is provided by the legal function to the Audit Committee on a quarterly basis.

G. Group Risk Organization

The Group Risk Organization is responsible for providing Securitas with opportunities to take and manage the risks that are necessary in order to ultimately achieve Securitas strategies and goals. Risk management is an integral part of the Securitas culture. The risk management process continuously evolves as a process. The risk management of the Group is further described on pages 38-41.

Internal Audit Function Assessment

Basis for Assessment

In compliance with the requirements of section 10.6 of the Swedish Code of Corporate Governance, the Board has developed a process for evaluating the need for the Group to develop an internal audit function. The foundation of the Board's assessment has been to evaluate how the Board and Group Management manage risks and monitor operations in the most effective way.

In this assessment it was considered if an internal audit function further would help the Board to achieve its objectives and add shareholder value.

The assessment process highlighted certain inherent risks in the Group's business model and organizational structure such as the decentralized structure and the result-driven culture. The assessment process also involved analyzing the major control mechanisms in place to address these inherent risks.

The Board's analysis shows that there are several control activities, summarized on pages 128-129, that are carried out within the company in a way that reduce the need to develop an internal audit function. Furthermore there is a strong common culture and monitoring activities in place, including the Model for Financial Control (Securitas Six Fingers), implemented at all levels in the organization. These factors in combination with a well established allocation of responsibilities ensures accuracy and completeness of financial reporting. All of these components including the development of the activities undertaken by the Management Assurance function enables a well-functioning monitoring structure. The current Management Assurance solution also entail greater flexibility and responsiveness to the risks faced by the company which fits our business model.

Assessment

In the light of the assessment made as described above, it has not been deemed necessary to create a special Internal Audit Function. The assessment performed by the Board of Directors will be carried out on yearly basis as a part of the corporate governance process within the Group.

Stockholm, March 10, 2009

The Board of Directors of Securitas