

Governance and Management

Corporate Governance and Management	26-45
Securitas management model - Toolbox	27
Shareholders	28
Annual General Meeting	28
Nomination Committee	28
Board of Directors	28
Audit Committee	30
Remuneration Committee	30
Compliance with the Code	31
Facts on Board of Directors	32-33
Facts on Group Management	34-35
Enterprise risk management (ERM) and internal control	36
Auditors	45
Auditor's report on Corporate Governance Statement	45

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, 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

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.

Clear and Effective Governance Structure

Securitas promotes management based on local responsibility in close proximity to customers and employees. This unique and decentralized organization encourages entrepreneurship, but requires a solid governance and management system. Securitas' structure for governance serves not only to protect stakeholder interests, but also to ensure value creation.

An effective governance structure requires that all components interact in order to achieve the set strategic objectives, and that governance and risk management permeate all layers of the organization.

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 53 countries.

The company's customer offerings improve when decisions are made in close proximity to customers and the employees who perform the services. Local decisions are therefore encouraged but made within a well-controlled environment.

The branch offices are run by qualified managers with considerable freedom to develop and conduct operations. Each branch has its own statement of income, for which it is fully responsible. Incentive programs are used to further encourage personal dedication to the operating and financial performance of the company.

Securitas' Toolbox management model has a methodical structure that includes several well-defined areas or "tools" that serve as a guide at all levels and is maintained through continuous training and discussion forums. Each area of the model describes 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 customers and employees.

A key function of the Toolbox is to convey our corporate culture and create a shared platform, which is primarily symbolized by a focus on Securitas' values: Integrity, Vigilance and Helpfulness. All Securitas employees are expected to assume responsibility for their customers and operations and our shared values. Responsibility is clarified through the measurement and systematic evaluation of results.

A financial model that is easy to understand

As part of our decentralized management, 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 financial model makes it possible to monitor a number of key figures that can be understood by all managers. It also helps managers 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 the fact box on page 46 for more information).

Securitas has two financial targets. The first target is related to the income statement: an annual average earnings per share growth rate of 10 percent. The second target is related to the balance sheet: a free cash flow to net debt ratio of at least 0.20. Transparent and accurate financial reporting is also the basis of sound management. 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.

Governance and management

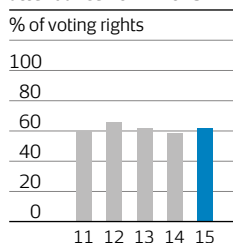
Board of Directors' report on corporate governance and internal control



Number of shareholders 2011-2015

Year	Number of shareholders
2011	27 011
2012	27 222
2013	26 054
2014	24 274
2015	25 734

Annual General Meeting attendance 2011-2015



A Shareholders

At the top of the governance structure, shareholders influence the overall direction of the company. Strong principal shareholders provide considerable attention and interest in our business, and establish commitment to the success of the business.

On December 31, 2015, the principal shareholders in Securitas were Gustaf Douglas who, through his family and the Investment AB Latour Group, held 10.9 percent (10.9) of the capital and 29.6 percent (29.6) of the votes, and Melker Schörling who, through his family and Melker Schörling AB, held 5.4 percent (5.6) of the capital and 11.6 percent (11.8) of the votes. For more detailed information about shareholders, see the table on page 127.

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 8, 2015, and the minutes are available on www.securitas.com, where all resolutions passed can be found. One of the resolutions passed in 2015 was the authorization for the Board to resolve upon acquisition of the company's own shares. Shareholders representing 61.9 percent (58.7) 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).

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. Before each Annual General Meeting, where 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, following consultation with the Board of Directors and the Audit Committee.

On October 23, 2015, the composition of the Nomination Committee was amended whereby Gustaf Douglas was replaced by Carl Douglas. Carl Douglas was appointed Chairman of the Committee.

The Committee has adopted working instructions that govern its work. The Nomination Committee should hold meetings as often as necessary to fulfill its duties. However, the Nomination Committee should hold at least one meeting annually. The Nomination Committee met once in 2015.

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 two deputy employee representatives.

Melker Schörling is the Chairman of the Board and Carl Douglas is Vice Chairman. For further

information about the members of the Board of Directors and the President and CEO including remuneration, see pages 32-33.

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 described on page 41.

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 36. The Board has formed an Audit Committee (further described on page 30)

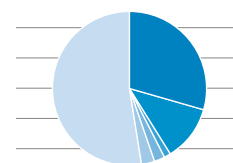
and a Remuneration Committee (further described on page 30).

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

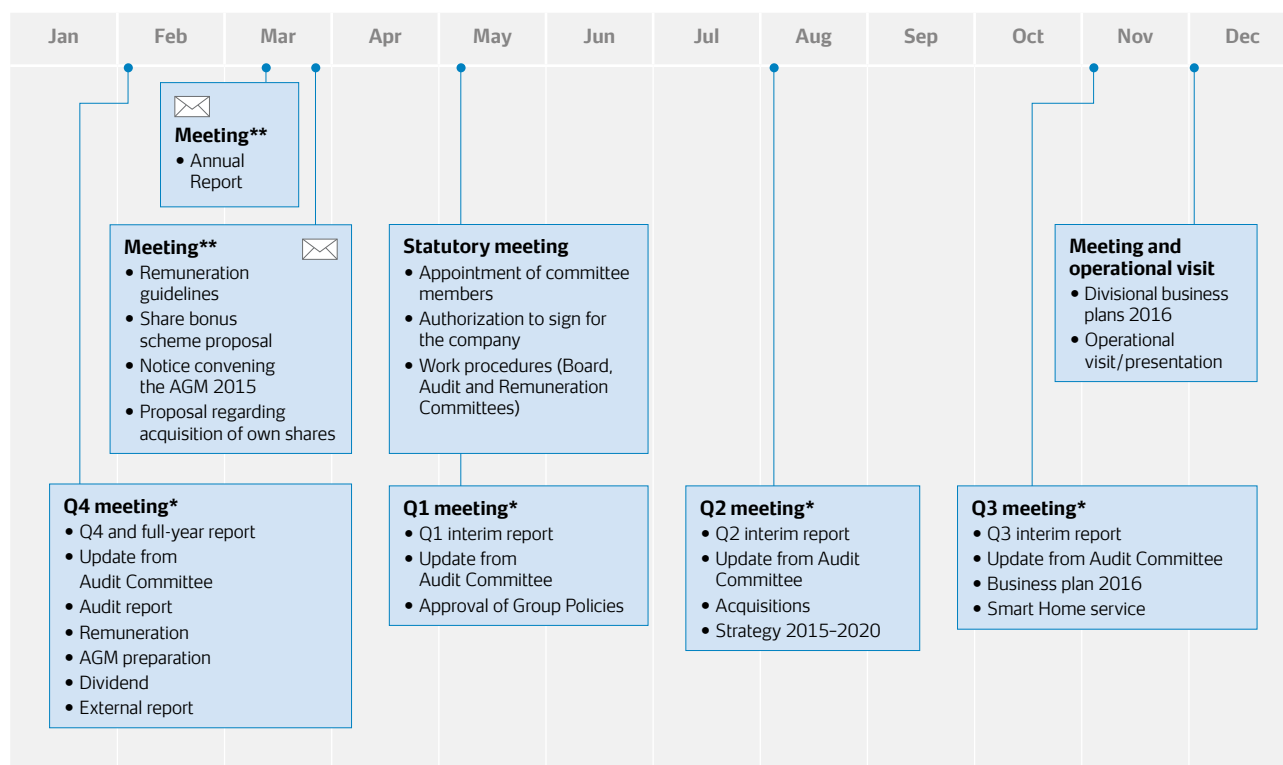
Elected members,¹ Nomination Committee



- Carl Douglas, major shareholder, 29.58%^{2,3}
- Mikael Ek Dahl, Melker Schörling AB, major shareholder, 11.75%²
- Jan Andersson, Swedbank Robur Funds, 1.38%²
- Johan Sidenmark, AMF, 2.21%²
- Johan Strandberg, SEB Investment Management, 2.60%²
- Share of votes not represented in the Nomination Committee, 52.48%²

1 At the Annual General Meeting held on May 8, 2015.
 2 Share of votes as of May 8, 2015.
 3 Replaced Gustaf Douglas as Chairman of the Nomination Committee on October 23, 2015.

The work of the Board of Directors



* In addition to the topics listed, other areas are discussed continuously, such as operational performance, updates from divisions, strategy, market and competition, acquisitions, insurance, credit risk, tax matters, legal matters, funding and refinancing.

** Held per capsulam.

Governance and management

Board of Directors' report on corporate governance and internal control

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 eight meetings in 2015, 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 2015, where they presented the audit.

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 approves the performance of non-audit services.

The Committee presents its findings and proposals to the Board, prior to the Board's decision. The Committee met four times during 2015. The major topics discussed are listed below.

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 one meeting during 2015.

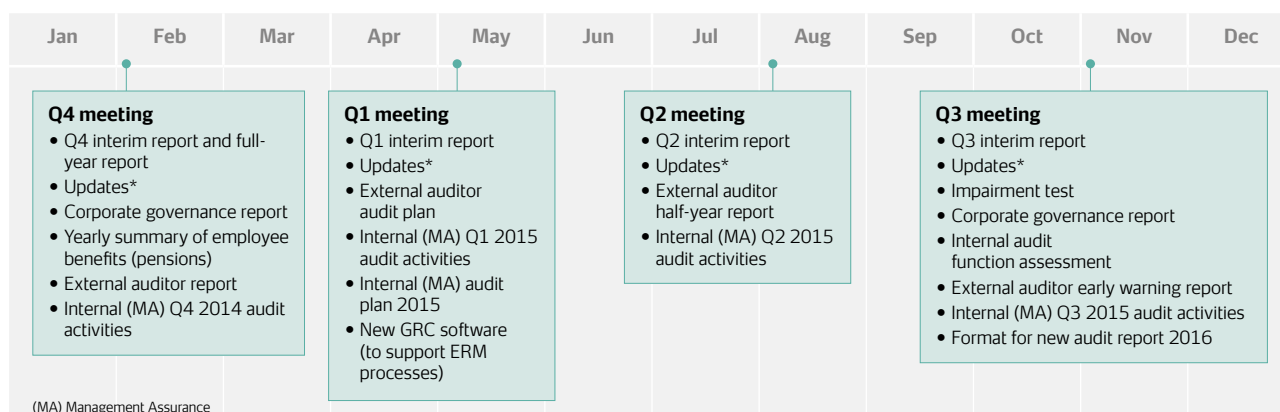
A share-based incentive scheme was adopted at the Annual General Meeting 2015, enabling the Group to gradually have approximately 2 500 of Securitas' top managers as shareholders, thereby strengthening employee commitment to Securitas' future success and development for the benefit of all shareholders. 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. 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 2015, see note 12 on page 90.

The guidelines for remuneration to senior management that were adopted at the Annual General Meeting 2015 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 retain competent managers. 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 will be based on the outcome of set financial goals and growth targets within the individual area of responsibility (Group or division). The remuneration should be determined in a manner consistent with shareholder interests.

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

The work of the Audit Committee



* Topics based on a set rolling agenda format with updates on accounting, treasury, acquisitions, risk/insurance, legal, tax, internal control, CSR, enterprise risk management, audit/consultancy costs and auditor independence.

members of Group Management. The undertakings of the Group as regards variable remuneration to Group Management may, at maximum within all divisions during 2015, amount to MSEK 70. The complete guidelines for remuneration can be found on 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 2015. See note 8 on pages 82–85.

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 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 2015, Group Management comprised the President and CEO and 11 executives with representatives from the divisions. For further information on Group Management, see pages 34–35.

H Management Assurance

The Management Assurance staff function operates as the Group's internal audit function and reports directly 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 function participated in all Audit Committee meetings during 2015.

For more information on the current responsibilities of the Management Assurance function, refer to 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 under-

standing (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 must 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.

Compliance with the Swedish Corporate Governance Code (the Code)

As a Swedish public company listed on Nasdaq Stockholm, Securitas applies the Swedish Corporate Governance Code (the Code). Securitas complies with the Code principle of "comply or explain" and has three deviations to explain for 2015.

Code Rule 7.2 An audit committee is to comprise no fewer than three board members.

Comment: The Board of Directors deems that two members are sufficient to correctly address Securitas' most important areas in regard to risk and audit issues, and that the incumbent members have long-standing and extensive experience in these areas from other major listed companies.

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.

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 to replace Gustaf Douglas in the Nomination Committee. The Committee considers it important to have the representative from the major shareholders as Chairman of the Committee.

Governance and management

Board of Directors' report on corporate governance and internal control

Board of Directors



Name	Melker Schörling	Carl Douglas	Alf Göransson	Fredrik Cappelen	Marie Ehrling
Position	Chairman	Vice Chairman	Member	Member	Member
	Director of Securitas AB since 1987 and Chairman since 1993.	Deputy Director of Securitas AB since 1992 and Director since 1999. Vice Chairman since 2008.	President and CEO of Securitas AB since 2007.	Director of Securitas AB since 2008.	Director of Securitas AB since 2006.
Principal education	BSc in Economics and Business Administration	Bachelor of Arts, Doctor of Letters (h.c.)	International BSc in Economics and Business Administration	BSc in Business Administration	BSc in Economics and Business Administration
Born	1947	1965	1957	1957	1955
Other board and other assignments	Chairman of Melker Schörling AB, Hexagon AB, AAK AB and Hexpol AB. Director of Hennes & Mauritz AB.	Vice Chairman of ASSA ABLOY AB. Director of Swegon AB and Investment AB Latour.	Chairman of Ligue Internationale de Sociétés de Surveillance and Loomis AB, Director of Hexpol AB and Axel Johnson Inc., US.	Chairman of Byggmax Group AB (until May 2015), Sanitec Oy (until March 2015), Terveystalo Oy, Dustin Group AB and Dometic Group AB. Vice Chairman of Munksjö AB. Board member of Transcom AB.	Chairman of TeliaSonera AB. Vice Chairman of Nordea Bank AB. Director of Axel Johnson AB.
Previously	President and CEO of Skanska AB 1993-1997. President and CEO of Securitas AB 1987-1992.		President and CEO of NCC AB 2001-2007, CEO of Svedala Industri AB 2000-2001, Business Area Manager at Cardo Rail 1998-2000 and President of Swedish Rail Systems AB in the Scancem Group 1993-1998.	President and Group Chief Executive of Nobia 1995-2008. Marketing Director of Stora Finepaper, President of Kaukomarkkinat International Sweden and Norway and Managing Director of Kaukomarkkinat GmbH, Germany.	President of Telia Sonera Sverige, Deputy CEO of SAS AB, responsible for SAS Airlines and other executive positions at SAS, Information Secretary at the Ministry of Finance and Ministry of Education and Research and financial analyst at the Fourth Swedish Pension Insurance Fund.
Attendance	Board meetings (8 total)	8	7	8	8
	Audit Committee meetings (4 total)			Member 4	Chairman 4
	Remuneration Committee meetings (1 total)	Chairman 1			
Total fee ² , SEK	1 300 000	750 000	0	625 000	750 000
Independent to company (7 total)	Yes	Yes	No	Yes	Yes
Independent to shareholders (4 total)	No	No	Yes	Yes	Yes
Shares in Securitas (own and related party holdings)	4 500 000 Series A shares and 15 234 600 Series B shares ³	12 642 600 Series A shares and 27 190 000 Series B shares ⁴	58 698 Series B shares	4 000 Series B shares	4 000 Series B shares

1 Employee representatives, appointed members of the Board of Directors at the Annual General Meeting. Deputy employee representatives are Thomas Fanberg and Mirja Nilsson. Thomas Fanberg (b. 1961) has been Deputy Director of Securitas AB since 2008. Employee Representative, Chairman of Salaried Employees' Union local branch, Securitas Norrland. Mirja Nilsson (b. 1979) has been Deputy Director of Securitas AB since 2013. Employee representative, Swedish Transport Workers' Union.

2 Total fee includes fees for committee work. In total, SEK 525 000 was paid out for committee work, of which SEK 150 000 for Remuneration Committee work and SEK 375 000 for Audit Committee work. For more details, refer to the minutes of the AGM 2015 on Securitas website: www.securitas.com.

3 Through Melker Schörling AB. In addition, related parties hold 7 200 B Shares.

4 Via holdings by family members and Investment AB Latour Group.

5 Only own holdings.



Annika Falkengren	Sofia Schörling Högberg	Fredrik Palmstierna
Member	Member	Member
Director of Securitas AB since 2003.	Director of Securitas AB since 2005.	Director of Securitas AB since 1985.
BSc in Economics	BSc in Economics and Business Administration	BSc in Economics and Business Administration, MBA
1962	1978	1946
President and CEO of SEB. Member of the Supervisory Board of Volkswagen AG. Director of Scania CV AB and FAM AB.	Director of Melker Schörling AB.	Chairman of Investment AB Latour. Director of AB Fagerhult, Hultafors AB, Nobia AB and the Viktor Rydberg Schools Foundation.
Several executive positions at SEB.		
7	8	8
Member 1		
550 000	500 000	500 000
Yes	Yes	Yes
Yes	No	No
7 500 Series B shares	2 400 Series B shares ⁵	17 200 Series B shares

Employee representatives¹

Susanne Bergman Israelsson	Åse Hjelm	Jan Prang
Member	Member	Member
Director of Securitas AB since 2004. Employee Representative, Chairman of Swedish Transport Workers' Union local branch 19, Norra Mälardalen.	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.	Director of Securitas AB since 2008. Employee Representative, Chairman of Swedish Transport Workers' Union local branch, Securitas Göteborg.
1958	1962	1959
8	8	8
0	0	0
-	-	-
-	-	-
-	120 Series B shares	-

All figures refer to holdings on December 31, 2015.
For comparative information about remuneration to the Board of Directors and senior management, please see note 8 on pages 82-85.

Governance and management

Board of Directors' report on corporate governance and internal control

Group Management



Alf Göransson

President and CEO of Securitas AB.
Born: 1957
Employed: 2007
Education: International BSc in Economics and Business Administration from the School of Business, Economics and Law, University of Gothenburg, Sweden.
Shares in Securitas: 58 698 Series B shares.*



Bart Adam

Chief Financial Officer.
Born: 1965
Employed: 1999
Education: Commercial Engineer at K. University Leuven, Belgium, Quantitative Applied Economics and Information Technology.
Shares in Securitas: 20 405 Series B shares.*



Magnus Ahlqvist

Divisional President, Security Services Europe.
Born: 1974
Employed: 2015
Education: Master of Science in Economics and Business Administration from the Stockholm School of Economics, Sweden, and leadership exam from Harvard Business School, US.
Shares in Securitas: 0*



William Barthelemy

Chief Operating Officer, Security Services North America.
Born: 1954
Employed: 1999
Education: Degree in Criminology from Indiana University of Pennsylvania, US.
Shares in Securitas: 35 416 Series B shares.*



Santiago Galaz

Divisional President, Security Services North America.
Born: 1959
Employed: 1995
Education: Degree in Business Management and Marketing from ESIC, Madrid, Spain.
Shares in Securitas: 143 202 Series B shares.*



Gisela Lindstrand

Senior Vice President, Corporate Communications and Public Affairs.
Born: 1962
Employed: 2007
Education: Degree in Political Science from Uppsala University, Sweden.
Shares in Securitas: 2 017 Series B shares.*



Jan Lindström

Senior Vice President, Finance.
Born: 1966
Employed: 1999
Education: BSc in Economics and Business Administration from Uppsala University, Sweden.
Shares in Securitas: 5 600 Series B shares.*



Aimé Lyagre

Chief Operating Officer and Chief Technology Officer, Security Services Europe.
Born: 1959
Employed: 2004
Education: Master of Industrial Sciences and Master of Industrial Management K. University Leuven, Belgium, Degree in Business Administration at Vlerick Gent, Belgium and Master degree in Marketing Management at St-Aloysius Brussels, Belgium.
Shares in Securitas: 17 347 Series B shares.*



Marc Pissens

President Aviation and Divisional President Africa, Middle East and Asia.
Born: 1950
Employed: 1999
Education: Degree in Engineering from the Engineering Institute of Brussels, Belgium.
Shares in Securitas: 21 011 Series B shares.*



Luis Posadas

Divisional President, Security Services Ibero-America.
Born: 1958
Employed: 1995
Education: Law at the University Complutense in Madrid, Spain.
Shares in Securitas: 22 547 Series B shares.*



Antonio Villaseca Lòpez

Senior Vice President, Technical Solutions.
Born: 1954
Employed: 1995 and 2011
Education: Economics at the UNED University in Madrid, Spain and courses in telecommunications, networks and security system design.
Shares in Securitas: 990 Series B shares.*



Henrik Zetterberg

Senior Vice President, General Counsel.
Born: 1976
Employed: 2014
Education: Master of Law from Lund University, Sweden.
Shares in Securitas: 0*

* The actual allocation of shares to Group Management under the Securitas share-based incentive scheme 2014 can be found on page 85, and the total potential allocation of shares to Group Management under the Securitas share-based incentive scheme 2015 can be found on page 83.

For more information about Group Management, visit www.securitas.com

Proactive Risk Management and Internal Control

Securitas' process for enterprise risk management (ERM) seeks to identify, prioritize and manage the key risks to our business at all levels and in all parts of the business. 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 (2013, Framework), but also makes specific reference to items pertaining directly to internal control over financial reporting. On pages 39-43 we describe the company's enterprise risk management process, 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 44 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 schemes and 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 46-47), 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.

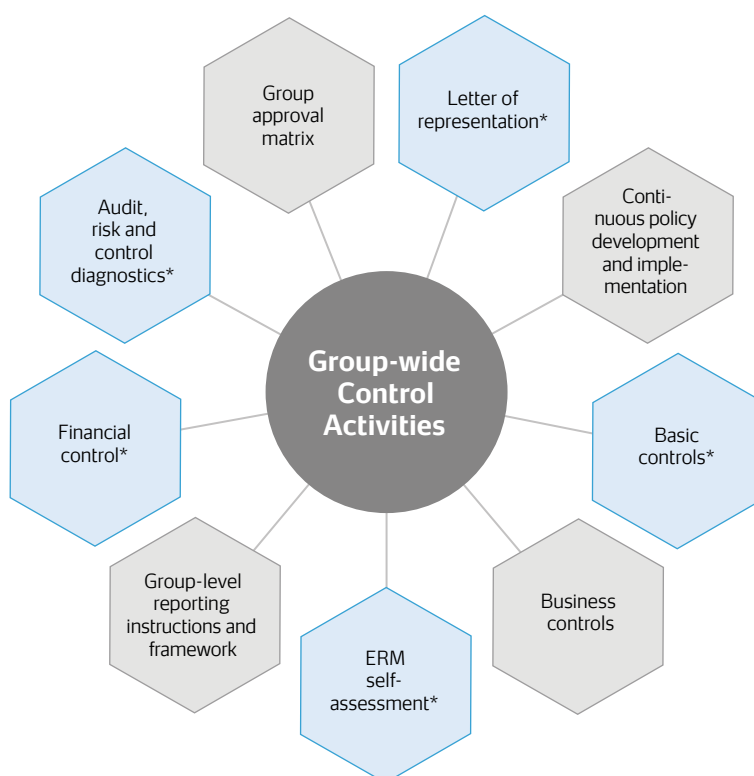
Risk assessment

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, 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). See page 40 for more details on the risk assessment and planning process.

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



This illustration shows an overview of the key Group-wide control activities.

* Described in further detail below.

within the organization and are established based on the process concerned.

ERM self-assessment Every major operating unit 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. An example of an operational risk included in the self-assessment package is assignment execution risk. An example of a financial reporting risk is management estimates. For further information, refer to www.securitas.com.

The self-assessments promote control awareness and accountability and are signed off by each entity's president. The external auditor and/or another internal or external resource validates the answers to questions in the questionnaire deemed to be risk areas for the selected reporting units. The answers are compiled at the divisional and Group levels to support benchmarking within and between divisions. Each reporting unit is responsible for acting on any deviations.

Basic controls Detailed controls in financial reporting processes such as revenue, payroll and IT, are included as one component of the overall Group-wide control structure called "basic controls". Basic controls set the minimum Group requirement with regard to 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 specific conditions. These controls can include manual, application or general IT controls.

Key areas covered:

- protection of company assets
- completeness and timeliness of customer invoicing
- credit collection procedures
- contract management
- HR/payroll
- IT
- contingency planning
- validity of payments to third parties
- accuracy of general ledger
- timeliness and accuracy of Group reporting
- compliance with local requirements

Governance and management

Board of Directors' report on corporate governance and internal control

Audit, risk and control diagnostics The Group performs risk and control diagnostics in functional areas which, by nature, have a high degree of inherent risk. These diagnostics are performed in addition to the recurring areas in the self-assessment questionnaire and aim to ensure compliance with key policies such as the Contract Management policy and Securitas' Values and Ethics. Securitas develops this audit and review process on a continuous basis using both internal and external resources.

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, which comprise the Board of Directors' 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

Controllers at all levels hold 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 controllers are responsible for ensuring compliance with the approved set of policies and frameworks, and for ensuring that internal controls pertaining to financial reporting processes are implemented.

The controller is also responsible for reporting financial information that is correct, complete and timely. 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.

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 or not 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 the full set of Securitas Group Policies.

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, in order to achieve set goals and objectives. This provides a clear definition of the Group's purpose and goals, accountabilities and the scope of permitted activities of employees. Securitas Group Policies are available in a Group-wide system.

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 in order 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. Refer to page 43 for more information.

Four-step process for managing enterprise risk

Securitas' enterprise risk management process (ERM) is engrained in the business and based on close cooperation between operative management and all functions working with the different parts of the risk management process.

- The process starts with risk identification and prioritization during the ERM planning process
- Securitas Group Policies as well as local processes, rules and procedures establish the framework for day-to-day risk management
- The identified risks and adopted policies also set the structure for all compliance monitoring in the Group
- The ultimate responsibility for governance of risk management lies with the Board of Directors, but the work involved in minimizing risks takes place through a structured process of assigning responsibility to all levels 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 customers. Minimizing the risk of a loss occurring, and thereby protecting our stakeholders, is an important objective. Securitas' risks have been classified into three main categories: **contract and acquisition risks, operational assignment risks and financial risks**. The categories are based on the natural flow of the 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.

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

In 2015, Securitas implemented a web-based governance, risk and compliance (GRC) system that comprises all four steps in Securitas' enterprise risk management process and gathers the ERM information in one database. The GRC system is implemented with the purpose to support the overall ERM work in the Group. It is used to streamline the ERM processes to further structure current processes and workflows. The main workflows included in the system are ERM self-assessment, ERM business plan, policy management, sustainability reporting, audit module and risk register. Also, the system automates current processes, such as reports, with the aim to improve the overall quality of the ERM work and serves as a single point of information.

The four steps and current actions are described in further detail on the following pages.

Governance and management

Board of Directors' report on corporate governance and internal control



Input and risk identification

The ERM system is integrated into the Group's business planning and performance monitoring processes, regardless of the risk category concerned. As part of the overall annual business plan process, each level of the organization prepares an ERM business plan.

Seven key risks 2015

- Customer contract risk
- Acquisition risk
- Assignment execution risk
- Compliance (regulatory and other) risk
- IT failure risk
- Price risk
- Securitas' Values and Ethics compliance risk

The ERM business plan includes risk assessment, controls, risk management activities and action plans. It determines the main focus and priorities for operational risk management at the country, division and Group level for the coming year. Securitas' ERM business plan risk assessment tool is used to facilitate the risk assessment process, as well as action planning, depending on the level of risk and controls that are in place.

Key risk determination The yearly risk assessment process is coordinated by the Group risk organization, which is also responsible for maintaining the risk register. The risk register contains about 50 risks and is updated annually, primarily based on

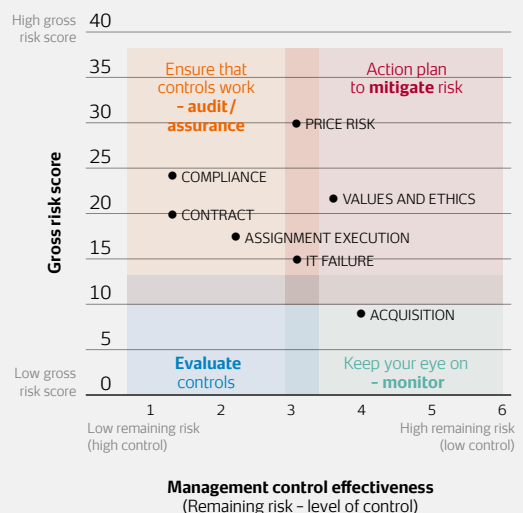
the country ERM business plans, but also on other sources of input such as audits, self-assessment results and management input. Out of the 50 risks, about 15 are selected as top risks that will be subjected to monitoring activities. Out of these, seven risks are currently considered key Group risks and have been assigned primary focus for the coming year. For examples of these risks and how they are managed, refer to www.securitas.com.

The ultimate prioritization of key risks for each year is decided by Group Management and presented to the Audit Committee.

Examples of activities during 2015

The top seven key Group risks and a minimum of two country/division-specific risks are assessed in the ERM business plan risk assessment tool. This analysis forms the basis of the ERM business plan, which also includes action plans for how to further mitigate the risks with the highest remaining exposure. This process is now supported by the new GRC system which was implemented during the year. In 2015, Securitas continued the work to intensify the focus on action plans, with the aim of identifying the areas in which the countries will need to modify their current mitigating controls and/or reduce the overall risk in the coming year.

Part of the risk assessment tool - Net risk: Example country X





Policy development

One of the cornerstones of the ERM process is Securitas Group Policies, which establish the framework for all policies and compliance monitoring in the Group. The Group Policies are developed by management and approved by the Board.



Securitas' Values and Ethics Code

After performing the yearly risk assessment and establishing risk business plans, decisions are made as to whether to create new policies or amend existing policies based on that input. A general policy update is released after the statutory Board meeting in May every year, but specific policies are also issued when necessary throughout the year.

Some of the key policies adopted by Securitas that are relevant from a governance perspective are:

- **Contract policy** sets out the process and main principles for managing customer contract risk, based on standard terms, a full customer and contract risk evaluation, as well as a framework of key policies for contracting guarding services and security solutions. The objective is to manage the risks arising from customer contracts, and to ensure that all customer contracts have a fair and reasonable allocation of responsibility and risk between the customer and Securitas and that the price reflects the risk taken on by Securitas.
- **Securitas' Values and Ethics Code** ensures that 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. This means that Securitas respects and complies with competition rules, labor market regulations, agreements and safety requirements, environmental legislation and any other provisions that set the parameters of our operations. For further information on Securitas' initiatives and responsibility with regard to social, economical and environmental issues, refer to pages 19–24.

- **Communication policy** in accordance with the stock market's requirements for information with the aim of ensuring that the company fulfills these requirements.
- **Competition law compliance policy** to ensure that Securitas and its subsidiaries or affiliates are committed to full compliance with all competition laws and regulations.
- **Insider policy** as a complement to the insider legislation in force in Sweden.

Examples of activities during 2015

The Board of Directors has adopted an **economic and trade sanctions policy**, requiring Securitas companies, mainly in high-risk countries, to screen customers against applicable sanction lists before commencing a new assignment. Further, the Board adopted a **subcontracting policy** that deals with

the appointment and management of subcontractors, setting out the principle of the use of subcontractors as well as the selection of, agreements with and follow-up of the subcontractors.

Deployment and attestation of Securitas Group Policies is now performed in the new GRC system.



Risk management activities

Group Management sets the risk management policies for the entire Group. Accountability for managing risks is clearly assigned to management at Group, divisional and local level.

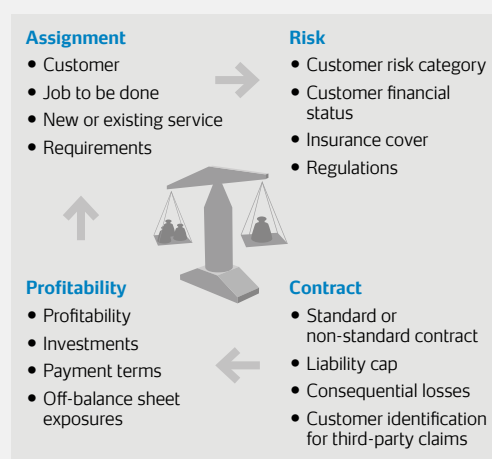
Group Management has overall responsibility for the management of risks, and for the implementation and maintenance of control systems in accordance with the Board's policies. Specifically, divisional management and established functional committees are responsible for ensuring that a process for creating risk awareness exists throughout the division. The divisional presidents are responsible for all aspects of the operations in their divisions, including operational risk management and risk minimization. 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.

Accountability for managing risks is clearly assigned to management at Group, divisional and local level.

RISK RESPONSIBILITIES

Principal activities	Branch/ area	Country/ division	Group
Risk assessment	■	■	■
Contract management	■	■	■
Loss prevention	■	■	
Claims settlement		■	■
Insurance purchasing			■

To be successful, all of Securitas' branch managers must understand the risks associated with providing services and be able to assess and control these risks. Securitas actively pursues different risk management activities to increase awareness and knowledge. One important tool is the business risk evaluation model "The Scale". For further information on this, refer to www.securitas.com.



Examples of activities during 2015

The ERM training introduced in 2014 for all divisional risk managers was rolled out to all country risk managers in 2015. This program uses a "train-the-trainer" structure, with the divisional risk managers assuming responsibility for training the country risk managers who in turn will train their local

organizations. The purpose of the training is to raise awareness, understanding and knowledge of risk and enterprise risk management in the organization and to improve the managers' confidence in applying the risk management process at the divisional and country level.



Risk-based monitoring

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. A range of activities are undertaken to monitor, follow up and mitigate risks.

Process heat map:
Example Country X

Area	Audit report	
	2015	2014
Revenue and AR	Excellent	Good
HR and payroll	Good	Good
Purchasing and AP	Good	Good
IT security	Good	Fair
Contract management procedures incl. compliance	Excellent	Good
Financial reporting:		
- valuation	Good	Fair
- classification	Good	Good
- closing routines	Fair	Fair
Other	Fair	Poor

■ Poor ■ Good
■ Fair ■ Excellent

Monitoring is performed at several different levels by key functions within the organization.

- **The Board of Directors** plays an important role in the ongoing process of identifying and evaluating significant risks faced by the Group and the effectiveness of related controls.
- **The Audit Committee** monitors the effectiveness of the Group's ERM and internal control systems. In addition, the Committee also supports the Board with the task of ensuring internal control over financial reporting. This is accomplished through several activities such as the review of basic controls. The Committee also reviews all quarterly and annual financial reports before publication.
- **The President and CEO and Group Management** review performance through a comprehensive reporting system based on regular business reviews of actual results, analyses of variances, key performance indicators (Securitas' model for financial control, refer to pages 46-47) and regular forecasting.
- **The functional committees** determine and communicate appropriate policies and monitor the key issues within each area of responsibility, refer to page 31.
- **The ERM Committee** owns and manages the process which provides tools and helps management identify and manage the risks inherent in Securitas' line of business.
- **The Group Management Assurance function** has a coordinating and monitoring role in relation to certain internal control activities at Group level.
- **Local management** is primarily responsible for monitoring and ensuring compliance by local units with Securitas Group Policies including any division-specific policies and guidelines.

Monitoring activities Several different activities are continuously undertaken to monitor, follow up and mitigate risks.

Risk assessments Risk assessments are used as the basis for determining which activities are to be carried out in relation to monitoring from an audit perspective. One important recurring component is the analysis of the ERM self-assessment results, which are subject to validation procedures. The scope of these procedures (meaning the countries and key risks in question) is also determined based on an annual risk assessment.

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 continued to focus on new countries during 2015, since these have been assessed as a risk area in terms of integration from a financial reporting and control standpoint.

Contract management Another focus area is contract management and compliance with Group Policies in this area. These reviews are conducted on a rotational basis for all countries.

Basic controls Securitas continues to focus specifically on follow-up of basic controls in its largest countries, but also on a rotational basis in smaller countries, including follow-up of the development in these countries.

Examples of activities during 2015

In 2015, the Group developed the in-house legal reviews to contain a broader scope than before. This includes not only a customer contract review,

but also competition law, anti-corruption, a litigation report policy, a trade sanctions policy and a sub-contracting policy.

Governance and management

Board of Directors' report on corporate governance and internal control

Insurance as a risk management tool

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 in order 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. Our contract management process strives to find a fair distribution of risk between Securitas and our customers.

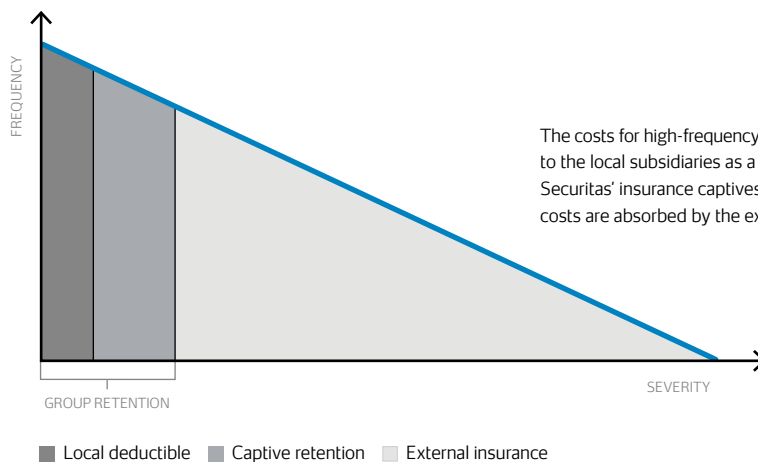
Another significant part of Securitas' risk management work involves active claims management, as well as ongoing claims analysis of frequent and large losses with the aim of identifying the underlying driving forces. Claims reports with updated information on claims and reserves are sent to all local risk managers and controllers on a monthly basis, and the claims are analyzed to find out if there are certain types of services, contracts, regions and so forth that cause insurance claims. Regular meetings are also held with the insurance companies and loss adjusters with the aim of continuously developing the claims handling process and claims prevention measures. 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.

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. First, a local deductible is charged to the branch that has caused the claim; after that, our own insurance companies (captives) cover part of the cost. 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 (see the graph below).

The design and purchase of all insurance programs is based on the risk exposure identified using the business risk evaluation model. The following types of insurance are strategically important to the Group and are the subject of central purchasing: liability insurance, including aviation liability and aviation war liability, crime insurance, directors' and officers' liability insurance, fiduciary liability insurance and employment practice liability insurance. Catastrophe exposure is protected by insurance companies with a minimum rating of A (Standard & Poor's).

Schematic illustration of distribution of risk with respect to claims



Auditors

The Annual General Meeting 2015 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).

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: Attendo AB (publ), Catella AB (publ), Loomis AB (publ) and Nordstjernan Investment AB. Member of FAR.



Auditor Patrik Adolfson

Audit fees and reimbursement to auditors (PwC) have been paid for audit assignments and other reviews in accordance with existing laws, and for advice and assistance in connection with reviews undertaken. Fees have also been paid for independent advice. This advice mainly pertains to audit-related consultations for accounting and tax matters concerning restructuring work.

MSEK	Group		Parent Company	
	2015	2014	2015	2014
Audit assignments	32.4	31.7	6.6	5.7
Additional audit assignments	3.0	2.4	1.9	1.4
Tax assignments	14.0	16.0	2.7	0.6
Other assignments ¹	5.3	6.9	1.4	2.2
Total PwC	54.7	57.0	12.6	9.9

¹ Fees for other assignments performed by PwC include fees for audit-related advisory services relating to accounting, including IFRS, IT, acquisitions, divestitures and matters relating to the Group's internal bank.

Stockholm, March 11, 2016

The Board of Directors of Securitas AB

Auditor's report on the Corporate Governance Statement (translation of the Swedish original)

To the Annual General Meeting of the shareholders of Securitas AB, corporate identity number 556302-7241

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2015 on pages 26-45 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Statement and based on that reading and our knowledge of the company and the Group, we believe that we have a sufficient basis for

our opinions. This means that our statutory 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.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 11, 2016
PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Auditor in charge

Madeleine Endre
Authorized Public Accountant