



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 in the Annual Report 2015.

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 in the Annual Report 2015.

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 in the Annual Report 2015.

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 in the Annual Report 2015. The Board has formed an Audit Committee and a Remuneration Committee (further described on page 30 in the Annual Report 2015).

The work of the Board of Directors

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

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

The Board held 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 in the Annual Report 2015.

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 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 in the Annual Report 2015.

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 in the Annual Report 2015.

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 understanding (including training) of the policies, as well as monitoring key issues within each area of responsibility. Quarterly meetings are held with the President and CEO, at which topics that 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.