

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.

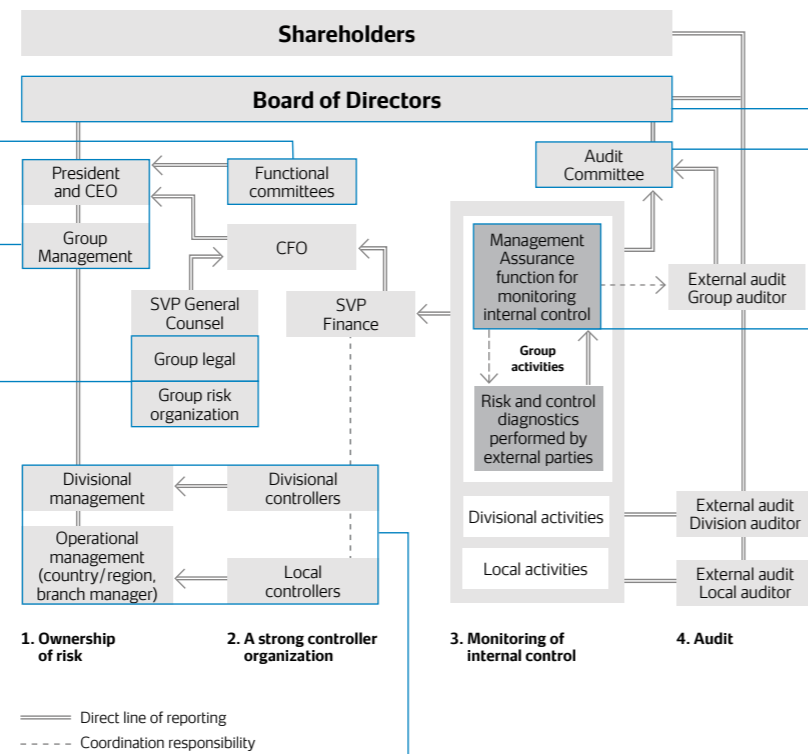
President and CEO and Group Management

The President and CEO and Group Management review performance through a comprehensive reporting system based on regular business reviews of actual results, analysis of variances, key performance indicators (Securitas' model for financial control, refer to pages 50-51) and regular forecasting. This reporting is also reviewed by the Board.

Group legal function

The Group legal function is responsible for maintaining an adequate infrastructure to ensure that legal matters are brought to the attention of Group Management in an appropriate and timely manner. This function is headed by the Senior Vice President General Counsel. The legal function also monitors and manages legal risk exposures identified by the operating units and reports regularly to Group Management and Audit Committee on legal risks and ongoing disputes.

Organization of ERM and internal control



Group risk organization

The Group risk organization owns and manages the process which provides tools and helps management identify and manage the risks inherent in Securitas' line of business. Risk management is an integral part of the Securitas culture and is imperative for achieving Securitas' strategies and goals. The risk management process is continuously developing.

Local and divisional management responsibilities

Since Securitas' philosophy is to work in a decentralized environment, local management is primarily responsible for monitoring and ensuring compliance by local units with the Group Policies and Guidelines approved by the Board of Directors, 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. In order for this to work, Securitas has established a close link between these different levels of the organization.

Board of Directors

The activities of the Board of Directors, and the division of responsibility between the Board and the President and CEO and Group Management, are governed by formal procedures. The Board considers risk assessment and control fundamental to achieving its corporate objectives with an acceptable risk/reward profile. The Board 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 processes used by the Board in order to review the effectiveness of the system of internal control include:

- Discussion with Group Management regarding risk areas identified by 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 monitor the effectiveness of the Group's ERM process and internal control systems and financial reporting process.

Audit Committee

The Audit Committee reviews all annual and quarterly financial reports before recommending their publication on behalf of the Board. The Audit Committee, in particular, discusses the significant accounting policies, estimates and judgments that have been applied in preparing the reports. The Audit Committee monitors the effectiveness of the Group's ERM and internal control systems as well as the financial reporting process. The Audit Committee supervises the quality and independence of the external auditors.

Management Assurance

The Group has a coordinating and monitoring function in relation to certain internal control activities at Group level. 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 2014.

In line with one of the Group's fundamental principles, this function has continued to develop step-by-step improvements of the Group's internal control through various activities throughout the year, including fine-tuning of follow-up procedures and reporting, identification of risks related to financial reporting and examination of the effectiveness of related internal controls. In 2014, specific focus lay on diagnostics in new market countries and new businesses. Sharing knowledge through different activities is also a key part of improving the control environment. The function utilizes a combination of internal resources and external resources in the form of external auditors, consultants and experts, depending on the specific situation and area. This enables greater flexibility and responsiveness to the risks faced by the Group, which fits Securitas' business model. For more information on the current responsibilities of the Management Assurance function, refer to www.securitas.com.

The function is subject to an annual assessment by the Board to ensure that the activities undertaken enable a well-functioning monitoring structure, together with the other components of the Group's internal control described within this report.