

## **The Board of Directors' proposal on guidelines for remuneration to senior management**

### **Scope**

The Board of Directors proposes that the Annual General Meeting on May 7, 2020 adopts the following guidelines for remuneration to the individuals who are included in the Group Management of Securitas (the "senior management employees").

The guidelines shall apply to agreements entered into after the Annual General Meeting 2020, and to changes made in existing agreements after the Annual General Meeting 2020. These guidelines do not apply to any remuneration decided or approved by the general meeting.

### **Promotion of Securitas' business strategy, long-term interests and sustainability etc.**

In short, Securitas business strategy is to offer protective services that integrate all areas of Securitas' competence. Together with the customers, Securitas develop optimal and cost-efficient solutions that are suited for the customers' needs. This brings added value to the customers and results in stronger, more long-term customer relationships and improved profitability. In order to attract and keep competent senior management employees, Securitas shall offer a competitive total remuneration that is in line with the market conditions on the relevant market for each senior management employee. Thereby, the ambition is to ensure that Securitas has the leading team in the security services industry, which is expected to contribute to Securitas' business strategy and long-term interests, including its sustainability. More information on Securitas' business strategy is available on Securitas' website [securitas.com](http://securitas.com), section Our offering – Strategy.

Securitas has implemented share-related incentive plans. Every year since 2010, the Annual General Meeting has resolved on share related incentive schemes including approximately 2,600 employees within the Group. The outcome of these incentive schemes relates to how the criteria for awarding variable cash remuneration are satisfied and thus they are distinctly linked to Securitas' business strategy, long-term interests and sustainability. Furthermore, the Annual General Meeting 2019 resolved on a long-term incentive program including the CEO, other members of the Group Management and certain other key employees ("LTI 2019/2021") which is intended to work as an alternative incentive solution to the aforementioned incentive scheme and includes approximately up to 80 employees within Securitas. The outcome of LTI 2019/2021 is based on the annual development of Securitas' earnings per share. LTI 2019/2021 is conditional upon the participant's own investment and holding periods of several years. The share-related incentive plans have been resolved by the general meeting and are therefore excluded from these guidelines. The share-related incentive plans proposed by the Board of Directors and submitted to the Annual General Meeting 2020 for approval are excluded for the same reason. More information on Securitas' incentive plans is available on Securitas' website [securitas.com](http://securitas.com), section Corporate Governance – Remuneration to Senior Management.

### **Types of remuneration**

The total remuneration to senior management shall consist of a fixed basic salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The fixed basic salary shall be competitive and reflect each senior management employee's responsibility and performance. The variable cash remuneration shall amount to a maximum of 85 percent of the fixed basic salary for the President and CEO and a maximum of 60-200 percent of the fixed basic salary for other senior management employees.

The senior management employees shall be subject to defined contribution pension plans for which insurance premiums are transferred from the individual's total cash remuneration and paid by the company during the term of employment. In exceptional cases, the value of such insurance premiums can instead be paid as part of the cash remuneration to a senior management employee. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. Insurance premiums may amount to not more than 35 percent of the fixed basic salary.

Other benefits, such as company car, life insurance, special health insurance or occupational health service shall be provided to the extent this is considered customary for senior management employees holding equivalent positions on the labor market where the senior management employee is active. Premiums and other costs relating to such benefits may amount to not more than 15 percent of the fixed basic salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

## **Criteria for awarding variable cash remuneration**

Variable cash remuneration shall be awarded based on the outcome of clearly measurable performance-based targets that are set as close to the local business as possible and aim for long-term profitability of Securitas. The performance-based targets may for example relate to EBITA, EPS and/or cash flow within each senior management employee's area of responsibility (group or division). Furthermore, the performance-based targets are intended to contribute to Securitas' business strategy and long-term interests, including its sustainability, by, among other things, promoting the senior management employee's long-term development within Securitas and reconciling the shareholders' interests with the employee's interests.

The Remuneration Committee shall, for the Board of Directors, prepare, monitor and evaluate matters regarding variable cash remuneration to the senior management. Ahead of each measurement period for the criteria for awarding variable cash remuneration, which can be one or several years, the Board of Directors shall, based on the work of the Remuneration Committee, establish which criteria that are deemed to be relevant for the upcoming measurement period. After a measurement period has ended, it shall be determined to which extent the criteria have been satisfied. Evaluations regarding fulfilment of financial targets shall be based on established financial information for the relevant period.

Variable cash remuneration can be paid after the measurement period has ended or be subject to deferred payment. If payment of variable cash remuneration has been effected on grounds later proven to be obviously inaccurate, Securitas shall, to the extent legally possible, have the possibility to reclaim such paid remuneration.

## **Termination of employment**

At dismissal, the notice period for senior management employees shall not exceed twelve months, with a right to redundancy payment equivalent to a maximum of 100 percent of the fixed basic salary for a period not exceeding twelve months after the end of the notice period. At resignation by a senior management employee, the notice period shall amount to a maximum of six months without a right to redundancy payment.

Additionally, remuneration may be paid for non-compete and non-solicitation undertakings in accordance with mandatory rules or local practice. The remuneration shall be based on the fixed cash salary at the time of termination of employment and be paid during the time the non-compete or the non-solicitation undertaking applies, however not for more than 24 months following termination of employment.

## **Salary and employment conditions for employees**

In the preparation of the Board of Directors' proposal for these guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

## **The decision-making process to determine, review and implement the guidelines**

The Remuneration Committee's tasks include preparing the Board of Directors' decision to propose guidelines for remuneration to the senior management. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the senior management, the application of the guidelines for remuneration to senior management as well as the current remuneration structures and compensation levels in Securitas. The members of the Remuneration Committee are independent of the company and its senior management. The CEO and other members of the senior management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

## **Deviation from the guidelines**

The Board may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve Securitas long-term interests, including its sustainability, or to ensure Securitas financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.

### **Transitional provisions applicable for the Annual General Meeting 2020**

The cost of the company for 2020 in terms of its obligations to pay variable cash remuneration to the senior management is estimated to not exceed a total of MSEK 108 at maximum outcome (not including potential costs for the LTI 2020/2022). Information on previously decided remuneration which has not yet been paid can be found in note 9 of the Annual Report for 2019.

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Stockholm in March 2020  
The Board of Directors  
SECURITAS AB (publ)