

**SHAREHOLDERS**

Securitas is listed on Nasdaq Stockholm in the Large Cap segment since 1991. The shareholders influence the overall direction of the company at the top of the governance structure. Strong principal shareholders provide considerable attention and interest in our business and establish commitment to the success of the business.

On December 31, 2018, the principal shareholders in Securitas were Gustaf Douglas who, through his family and 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 4.5 percent (5.4) of the capital and 11.0 percent (11.6) of the votes. For more detailed information about shareholders, see the table on page 163.

**NUMBER OF SHAREHOLDERS 2014-2018**

Year	No. of shareholders
2014	24 274
2015	25 734
2016	31 221
2017	33 913
<b>2018</b>	<b>32 197</b>

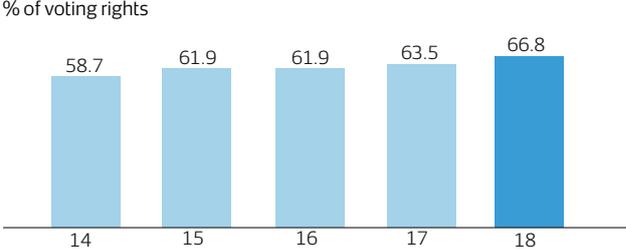


**ANNUAL GENERAL MEETING**

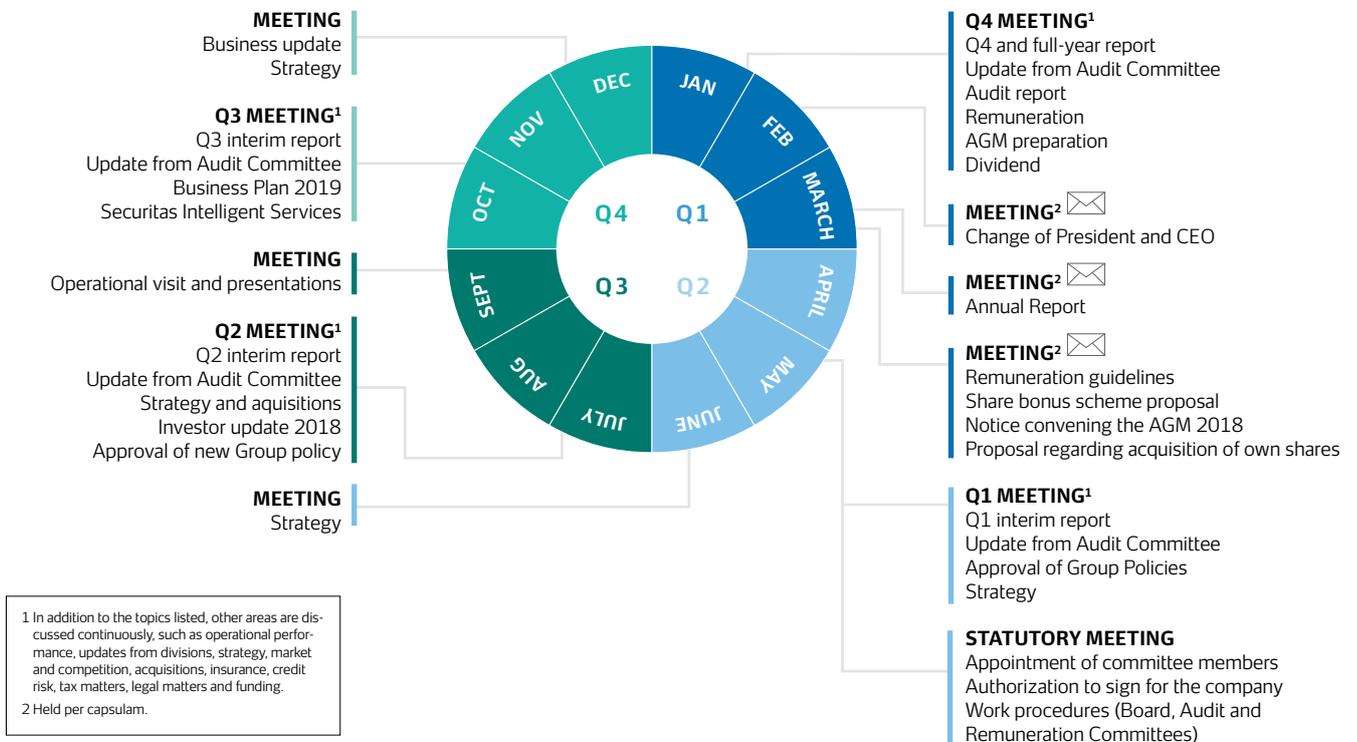
All shareholders are able to exercise their influence at the Annual General Meeting, which is the company's highest decision-making body. The Annual General Meeting decides on changes to the Articles of Association. The Articles of Association contain no limitation on the number of votes that each shareholder 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 2, 2018, and the minutes are available on [www.securitas.com](http://www.securitas.com), where all resolutions passed can be found. One of the resolutions passed in 2018 was the authorization for the Board to resolve upon acquisition of the company's own shares. Shareholders representing 66.8 percent (63.5) 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).

**ATTENDANCE 2014-2018**



## THE WORK OF THE BOARD OF DIRECTORS



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#### 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.

As a basis for its motions, the Nomination Committee takes into account the complete outcome of the evaluation of the Board and its work as well as the competence needed in the future. The Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy and the committee has endeavored to establish a Board composition with an equal gender distribution, characterized by diversity and breadth regarding the qualifications, experience and background of the Board members. The 2018 Annual General Meeting resolved to appoint Board members in accordance with the Nomination Committee's proposal.

At the moment, the Board of Directors consists of three women and five men, meaning that the percentage of women on the Board is 37.5 percent, which is in line with the target level stipulated by the Swedish Corporate Governance Board. It is the ambition of the Nomination Committee to continue working to create an equal gender distribution on the Board. The Committee has adopted working instructions that govern its work.

Before each Annual General Meeting, during which 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, in consultation with the Board of Directors and the Audit Committee.

At the 2018 Annual General Meeting, it was decided that the principles for appointing the Nomination Committee would be

changed. The 2018 Annual General Meeting resolved that the Nomination Committee shall be composed of representatives of the five largest shareholders in terms of voting rights registered in the shareholders' register as of August 31 in the year prior to the Annual General Meeting. Refer to the AGM minutes for more information on the procedure for replacing members of the Nomination Committee who leave before its work is concluded or due to changes in the shareholder structure. The Chairman of the Board, Marie Ehrling, shall convene the first meeting of the Nomination Committee and shall also be co-opted to the Nomination Committee. Based on these principles, the Nomination Committee consists of the following members.

#### NOMINATION COMMITTEE PRIOR TO 2019 AGM

Elected member	Shares of votes as of August 31, 2018
Carl Douglas, Investment AB Latour, Chairman	29.58%
Mikael Ekdahl, Melker Schörling AB	10.99%
Maria Nordqvist, Lannebo Fonder	2.60%
Johan Sidenmark, AMF Försäkring och Fonder	2.52%
Jan Andersson, Swedbank Robur Fonder	1.85%
Share of votes not represented in the Nomination Committee	52.46%

The Nomination Committee is to hold meetings as often as necessary to fulfill its duties. However, the Nomination Committee is to hold at least one meeting annually. The previously elected Nomination Committee held two meetings prior to the 2018 Annual General Meeting. The current Nomination Committee held one meeting during 2018.



## 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 one deputy employee representative.

The Annual General Meeting re-elected Marie Ehrling as Chairman of the Board and Carl Douglas as Vice Chairman. For further information about the members of the Board of Directors including remuneration, see pages 39-41.

### 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 found on page 49.

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 44. The Board has formed an Audit Committee (see section E) and a Remuneration Committee (see section F).

### 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 eleven meetings in 2018, of which three 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 2018, where they presented the audit.

## THE WORK OF THE AUDIT COMMITTEE



<sup>1</sup> Topics based on a set rolling agenda format with updates on accounting, treasury, acquisitions, risk/insurance, legal, tax, internal control, sustainability, enterprise risk management, follow-up of on site visits, audit/consultancy costs and auditor independence.

(MA) Management Assurance

**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 receives information of, and approves the performance of, significant 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 2018. The major topics discussed are listed on the previous page.

**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 two meetings during 2018.

**A share-based incentive scheme** was adopted at the Annual General Meeting 2018, enabling the Group to gradually have approximately 2 500 of Securitas' top managers as shareholders. The scheme strengthens 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 in Securitas. 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 2018, see note 12 on page 102.

**The guidelines for remuneration** to senior management that were adopted at the Annual General Meeting 2018 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 keep competent senior management employees. 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 shall be based on the outcome in relation to financial goals within the individual area of responsibility (Group or division) and which shall be aligned with the interest of the shareholders.

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 cost of the company for 2018 in terms of its obligations to pay variable remuneration to the Group Management is established to not exceed a total of MSEK 84 at maximum outcome. The complete guidelines for remuneration can be found on [www.securitas.com](http://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 2018. See note 9 on pages 94-97.

**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 2018, Group Management comprised the President and CEO and 10 executives with representatives from the divisions. For further information on Group Management, see pages 42-43.

**H****MANAGEMENT ASSURANCE**

The Management Assurance staff function operates as the Group's internal audit function and reports 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 Director participated in all Audit Committee meetings during 2018.

For more information on the current responsibilities of the Management Assurance function, refer to [www.securitas.com](http://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 will 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.

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#### **AUDITORS**

The Annual General Meeting 2018 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).

For audit fees and reimbursement to auditors, see note 11 and 45 on page 101 and 134.