THE NEW FACE OF SECURITY

SUSTAINABILITY REPORT 2017
Sustainability
Securitas AB’s 2017 sustainability report is framed around three ways we are shaping security – through our people, knowledge capacity and technology solutions. We also outline how our governance structure equips us to meet new opportunities and manage risks.

The report is prepared according to the Global Reporting Initiative (GRI) sustainability reporting standards, with the Core application level. Where relevant, this report also highlights how our priorities reflect the UN Global Compact’s Ten Principles for labor and human rights, the environment and anti-corruption and therefore acts as our UNGC Communication on Progress.

Table of contents

<table>
<thead>
<tr>
<th>Securitas in Brief</th>
<th>CEO Statement</th>
<th>Strategy</th>
<th>The Evolving Role of Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>4</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Our Business Model</td>
<td>Our Model for Creating Value</td>
<td>People</td>
<td>Knowledge</td>
</tr>
<tr>
<td>9</td>
<td>10</td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td>Technology</td>
<td>Our Way of Working</td>
<td>Through a Materiality Lens</td>
<td>About This Report</td>
</tr>
<tr>
<td>23</td>
<td>26</td>
<td>40</td>
<td>42</td>
</tr>
<tr>
<td>Additional KPIs</td>
<td>Auditor’s Report</td>
<td>GRI Index</td>
<td></td>
</tr>
<tr>
<td>43</td>
<td>45</td>
<td>46</td>
<td></td>
</tr>
</tbody>
</table>
PEOPLE, KNOWLEDGE 
AND TECHNOLOGY

Technology and customer needs are evolving. The challenges of the future must be solved with the tools of tomorrow: a combination of sensors, analytics and the knowledge of experienced people on-site. Data is gathered and used to understand the past, the present and the future – guiding us in our actions. By bringing all this together, we can mitigate risks before they become threats, act in real time when needed, and always keep the customer engaged in what is going on. This is the new reality we are facing.

We call it the New face of security.

EARNINGS PER SHARE
TARGET: An annual average increase of 10 PERCENT
2017: 9 percent**

CASH FLOW
TARGET: A free cash flow to net debt ratio of at least 0.20
2017: 0.19

THE SHARE
Closing price at year-end was SEK 143.20, corresponding to a market capitalization of BSEK 49.8. The Board proposes a dividend of SEK 4.00 (3.75) per share.

MARKET CAPITALIZATION, ROUNDED, BSEK

More than
345 000
EMPLOYEES

TOTAL SALES
92 197 MSEK
Organic sales growth 5%

MARKET
Operations in
55 countries
CEO STATEMENT

The New Face of Security

Our long-term strategy to combine people, knowledge and technology is proving to be successful. We are creating customer value, growing faster than the security market on average, and are recognized as the leader of the global security industry. Securitas is taking responsibility to lead by example. We are setting the scene for the next paradigm shift - the New face of security.

Our strong culture
Over the past decade, the security industry has undergone a major transformation, the most exciting change it has ever faced. Securitas is at the forefront of this journey, thanks to our persistent and continuous investments in integrated security solutions.

Our solid culture, engaged and dedicated employees, and strong brand have all contributed to this journey. Our long-term strategy has helped focus our mindset and drive engagement among our people.

We have also made major investments in technology resources, hiring many engineers and technical support experts, integrated numerous acquisitions and made substantial investments in equipment installations at our customers’ sites. At the same time, we have implemented our Securitas Model, with our hands-on management tool, The Toolbox, to guide everyone to work towards the same target.

We have made important acquisitions in technology companies and invested in our Securitas Operation Centers. Additionally, we have improved our margins by converting an increasing number of contracts into security solutions. Supported by our strategy, we are now growing faster than the security market in general, delivering sustainable protective services.

Sustainability key to our strategy
Securitas is contributing to a safer society by keeping our customers, employees and local communities secure. Attracting, retaining and developing our employees are key factors for the success of our strategy, for example by ensuring good working conditions and fair wages. Acting with integrity and ensuring that we take an active stand against corruption are also top priorities. Non-compliance with Securitas’ Values and Ethics Code is included in the Group’s enterprise risk management process. As a signatory of UN Global Compact, Securitas commits to its ten principles.

The vision of intelligent security
We are now paving the way and make investments to turn predictive security into intelligent security. This will be enabled by reporting, analyzing and using large volumes of data, and leveraging the largely unutilized database we have at our customers’ sites.

Using both historical and real-time data that is generated by our security officers, as well as equipment such as sensors and cameras at the sites, combined with external crime and incident data sources, we will be able to create the optimal basis for the most professional risk assessments – based on facts, not opinions.

Modern technology, big data, digitization and artificial intelligence will make life more difficult for perpetrators. In the past, security officers have only been able to react to incidents that have already occurred. By applying modern technology, intelligence and know-how to the data we receive, we can prevent crimes from ever happening, thereby contributing to a safer society.

Beyond 2020
I am now stepping down after 11 years as Securitas’ President and CEO. It has been a great privilege to lead this fantastic company and work with all our dedicated and skilled employees.

Magnus Ahlqvist is ready to take over. I am confident that he will successfully lead Securitas in the next paradigm shift. Securitas is well equipped, has a strong position in the global security service industry and is ready to become the number one intelligent security company beyond 2020.

Alf Göransson
President and CEO
Securitas AB
Until March 1, 2018
Securitas is a solid company and our team is strong. Our culture is based on values, ownership and long-term achievement. We share a great sense of responsibility towards our customers and other key stakeholders.

In addition to our strengths in on-site, mobile and remote guarding, we have a clear advantage in terms of our technical knowledge. We have invested and continue to invest in technology, which gives us a platform to offer better security solutions to our customers.

I am very excited about working with all the great people in the Securitas team around the world during this new phase, as we devote greater focus to new digital technology in security. Delivering the best commitment and service to our customers will be our top priority during this journey and we will do so by continuously investing in the knowledge of our people. This includes a greater focus on diversity and equality in coming years.

Magnus Ahlqvist
President and CEO
Securitas AB
From March 1, 2018
People, Knowledge and Technology

It is the combination of people, knowledge and technology that sets us apart. All three elements are necessary to ensure the security and safety of our customers and society at large. This is how we lead the transformation of our industry.

Our core business is security; people, knowledge and technology underpin everything we do. These three elements build on each other and are central to our mission to increase safety and security among customers and the general public. Together, they make us agile and resilient in a complex and changing world. This holistic perspective also helps ensure long-term growth and gives a competitive advantage.

People
It starts with our people. Our security officers remain the backbone of the services we provide. They face a more challenging security environment than ever before. Our business depends on being able to attract and retain people with the right skillset and values to meet future demands. That is why fair wages, human rights and good working conditions play an important role in our approach.

Kunskap
We build on the experience and expertise of our people, leveraging our competence to meet new challenges. More effective solutions are needed to detect and prevent crime. Expanding business areas within technology requires Securitas to develop and empower our existing employees in new capacities. With our focus on innovation, we provide our employees with the tools they need to help our customers stay safer.

Technology
Over the past decade, we have made significant investments in technology, allowing us to create more sophisticated solutions, including electronic security. This builds on our knowledge and depends on our people to be effective and serve the needs of our customers. With growing digitization, ensuring the safety of our services and protecting information and privacy are top priorities.

HOW WE WORK

For our strategy to succeed, there must be trust in our offering, our brand and the way we work. Our strong culture and fundamental values – Integrity, Vigilance and Helpfulness – are at the heart of our approach, guided by key policies and guidelines, such as Securitas’ Values and Ethics Code. This is backed by robust governance, efficient operations, and a thorough risk-assessment process to ensure that we deliver on our strategy.
The Evolving Role of Security

Security is changing, driven by an evolving society and new market drivers. With a big-picture approach, we can stay a step ahead of expectations and meet our customers with new skillsets.

As we look towards the future, we see that market trends will be steadily impacted by demographic shifts and an increasingly interconnected world.

We see heightened levels of tension across the globe, with social and political unrest. Increased vulnerability and the rising cost of disruptions for companies and infrastructure activities means that needs for our services are growing. Security issues are higher on the agendas of decision makers and the general public all over the world. One reason for this is the greater awareness of threats to society posed by organized crime, acts of terrorism and natural disasters. Although reported crime rates are falling in many countries, there is a widespread sense that it is increasing. At the same time, we see a tightened public budget, which is impacting services provided by police forces. Private security companies can fill the gap in a number of areas traditionally handled internally either by companies or by the public sector.

Climate change and access to resources will increasingly affect the decisions made by our customers and society, and will likely have a primarily indirect impact on the business.
A future focus
By 2030, 60 percent of the world’s population will live in cities. Urbanization is leading to denser populations, widening inequalities and rising crime rates, which are in turn creating a need for additional security services.

The middle class is on the rise, especially in emerging markets. This increases opportunities for us in markets where our customers are establishing a presence, and in countries that want to strengthen their infrastructure. Risks, however, relating to human rights, labor practices and the environment might be higher in these regions.

More economic activity and greater prosperity in developing regions are resulting in more facilities, places of business and homes that need security, and more people, businesses and governments that can afford to buy security solutions.

On the flip side, we see increased income gaps leading to insecurity and risks for civil unrest. Some markets face an aging workforce. Both trends highlight the challenge of attracting the right people from a decreasing supply of manpower.

Interconnected world
We see the potential of big data, the Internet of Things, artificial intelligence, robotics, and connectivity to help shape the New face of security. Along with these technological advances come concerns among stakeholders about our role in ensuring privacy, integrity and information security, issues that are high on our agenda.

Infrastructure is changing, too, with the need to protect centralized, technology-dependent infrastructures. This is increasing the demand for more sector-specific services. For example, data centers are a new type of customer requiring expertise and knowledge on risks such as fire and safety.

Technology development is changing the security industry entirely. Technology is rapidly becoming more intelligent, more cost efficient and increasingly applicable in many different security solutions. While manned guarding is still the most widely used security service globally, technology is enabling the development of complex and interoperable security systems.

Expanding business areas within technology require us to develop our employees in new capacities. This puts pressure on access to talent, especially because of the increasing demand for tech-savvy personnel.

Climate change and access to resources
Two global drivers especially add to the business landscape. Climate change is having an impact on the frequency and severity of natural disasters. This boosts the need for flexible and efficient security solutions to secure the safety of the general public and emergency responders during natural disasters. Climate change also underscores the need for low-carbon transportation alternatives and to increase energy efficiency throughout our operations. Access to resources impacts all industries, prompting the emergence of circular economies and, for our industry, comes into play with the growing use of electronics technology.

WHERE WE CAN MAKE A DIFFERENCE

Sustainability is all about building a strong and profitable company for the future and delivering lasting economic, social and environmental value for our customers, employees and investors. By understanding how societies are evolving, we can better equip our organization to meet changing expectations. By analyzing our impacts through this future lens, we are able to identify areas where we can make the greatest difference and where they are most relevant.

- How we treat our employees – through safe workplaces, training and protection of their rights – and strong relationships with customers, will help cement our leadership position.
- Attracting and retaining the right people, rigorous governance practices and a strong, trusted service offering are all central priorities that will support the delivery of our business strategy.
- A diverse workforce and long-term profitable growth contribute to building trust among stakeholders.
- A robust technology offering, diversity, transparency and transport are issues that we see are growing in importance to customers, employees and investors and have increasing relevance for our business.

Read more about our materiality analysis on page 40.
Our Business Model

Securitas offers security solutions based on the customer’s specific needs through different combinations of on-site, mobile and remote guarding, electronic security, fire and safety, and corporate risk management.

Securitas operates in 55 countries throughout North America, Europe, Latin America, Africa, the Middle East, Asia and Australia, and has more than 345,000 employees. Our customers are found in all industries and vary in size from the small shop on the corner to multinational companies with global operations. Examples of customer segments are retail and shopping malls, airports, ports, offices, banks, public transport, healthcare and IT companies.

We offer a broad and expanding spectrum of security services, including a rapidly increasing range of technology-based solutions. Our solutions are based on thorough analysis to ensure that we provide appropriate and tailor-made services to every customer. Accordingly, the balance between manned guarding and electronic security services varies depending on customers’ needs.

Our operations are organized in three business segments:

**Security Services North America**
Security Services North America provides security services in the US, Canada and Mexico and comprises 13 business units: the national and global accounts organization, five geographical regions and five specialized business units in the US – critical infrastructure, healthcare, Pinkerton Corporate Risk Management, mobile and Securitas Electronic Security – plus Canada and Mexico. In total, there are approximately 114,000 employees and about 750 branch managers.

**Security Services Europe**
Security Services Europe provides security services for large and medium-sized customers in 26 countries, and airport security in 15 countries. Security Services Europe offers mobile security services for small and medium-sized businesses and residential sites as well as electronic alarm surveillance services. In total, the organization has approximately 120,000 employees and 760 branch managers.

**Security Services Ibero-America**
Security Services Ibero-America provides security services for large and medium-sized customers in eight Latin American countries as well as Portugal and Spain in Europe. Security Services Ibero-America has a combined total of approximately 61,000 employees and 170 branch managers.

Operations in Africa, the Middle East, Asia and Australia are organized in the division AMEA, which is included under Other in the Group’s segment reporting.

![Diagram of Sales per segment](image1)

- Security Services North America 41%
- Security Services Europe 44%
- Security Services Ibero-America 13%
- Other 2%

![Diagram of Number of employees per segment](image2)

- Security Services North America 33%
- Security Services Europe 35%
- Security Services Ibero-America 18%
- Other 14%

**Securitas’ Markets**

- Argentina
- Australia
- Austria
- Belgium
- Bosnia and Herzegovina
- Cambodia
- Canada
- Chile
- China
- Colombia
- Costa Rica
- Croatia
- Czech Republic
- Denmark
- Ecuador
- Egypt
- Estonia
- Finland
- France
- Germany
- Greece
- Hong Kong
- Hungary
- India
- Indonesia
- Ireland
- Jordan
- Latvia
- Luxembourg
- Mexico
- Montenegro
- Morocco
- the Netherlands
- Norway
- Panama
- Peru
- Poland
- Portugal
- Romania
- Saudi Arabia
- Serbia
- Singapore
- Slovakia
- South Africa
- South Korea
- Spain
- Sri Lanka
- Sweden
- Switzerland
- Thailand
- Turkey
- the United Arab Emirates
- the United Kingdom
- USA
- Vietnam
Our Model for Creating Value

We aim to create long-term value for customers, employees, shareholders and society. Close, reliable long-term relationships with all our stakeholders underpin our ability to deliver that value.

Our business strategy to protect homes, workplaces and communities is a mission of mutual trust, based on our strong company culture and a decentralized organization. Our most important assets are therefore our 345,000 employees, our strong brand, relationships with customers and the backing of our shareholders who support the long-term development of the business.

A robust company culture nurtures each of these assets. The Securitas culture is distinguished by responsibility, ownership, entrepreneurship and what we call the Securitas Model. High ethical standards and our core values - Integrity, Vigilance and Helpfulness - define how we work, wherever we are located. These standards and values define how we treat one another, how we make decisions and respond to challenges. They shape what we believe is important for success and how we are rewarded in our workplace.

Our decentralized, non-hierarchal approach encourages each country of operation to assume responsibility for building the business in their regions, maintain close relationships with customers and align with the challenges and opportunities of their respective markets.

Our strategic priorities
Our business strategy has these strategic priorities:

1. Create increased customer value through development of protective services, combining on-site, mobile and remote guarding with electronic security, fire and safety, and corporate risk management.

2. Create enhanced and sustainable shareholder value through growth in sales of security solutions and technology, which will increase profitability.

3. Extend our mobile patrol and response network and density.

4. Work proactively to expand the security market by assuming responsibility for security that is currently insourced, and to support the police.

5. Make selective acquisitions, predominantly of electronic security companies that support the strategy, and of security companies in emerging markets.

6. Secure that we are an attractive employer and a value-driven company that continuously develop our employees.

The components of the Securitas Model, the Toolbox, are the main tools for shaping managers into leaders and culture-bearers. It serves as a guide at all levels, so that work is done in the right order and in the right way. The Securitas Toolbox brings all the elements of the model together into a hands-on management tool. It is used internally to convey the company’s corporate culture and create a shared platform on how we work. It is symbolized through a focus on Securitas’ core values. A key element of our culture is continuous improvement, which is measured and followed up.

A model that yields results
An integrated service offering is the outcome of our business model. We efficiently integrate people, knowledge and technology by combining on-site, mobile and remote guarding with electronic security solutions, fire and safety, and corporate risk management. Our business model enables us to create synergies across the Group and be proactive in the industry’s ongoing transformation, from traditional guarding to a much broader spectrum of protective services and at the same time stay ahead of risks.

Electronic security at the customers’ sites means fewer interruptions and incidents and improved day-to-day operations. Technology-driven security solutions are more cost and resource-efficient. They bring more value for money and increased predictability in terms of future costs. They also generate better business opportunities and profitability for Securitas’ customers.

Better and financially more predictable security leads to longer contracts. We have the financial strength to finance installations at customers’ sites. We demonstrate innovative ability along with local knowledge, and a global presence. Finally, we can offer stability and continuity. Together, this makes Securitas a strong, trusted partner.
For each key stakeholder group, we create value based on the three aspects of the New face of security: people, knowledge and technology.

**Customers**
With better risk analysis and improved proactivity, crime, fire and other threats can be prevented, resulting in strengthened security and lower costs from damages and disturbances. Safeguarding information not only protects our customers and prevents incidents and crimes, but also – in many cases – supports their business and adds value. Our emphasis on employee safety, fair labor practices and wages help ensure that we are delivering services that customers can rely on.

**Shareholders**
For financial stability our focus is on improved cost efficiency and more predictable costs. Long-term thinking enabled by higher customer retention rate and a workforce equipped to deliver on new solutions and digitization heightens the stability of future income and cash flow. Our ability to understand, manage and be transparent about risks decrease operational costs and protects our reputation, which in turn, protects shareholders’ investments. Altogether, this result in increased profitability, which will ultimately help Securitas attract new shareholders.

**Employees**
Employees seek a reliable employer who guarantees that they are paid fairly for their work, empowers them to reach their full potential and encourages employee development through training and experience.

When assignments pose physical risks, employees need to be equipped for the task. Strong relationships with customers are also vital to our people, as they spend much of their time at customer facilities. This is important not only to secure future work but also for employees’ well-being and satisfaction on the job. With the growth of monitoring technologies, employees want to know that their privacy and information are protected.

**Society**
Safety and stability is key in a well-functioning society. In an increasingly unpredictable world, Securitas’ role is to help companies, infrastructure and government authorities to operate the way they are intended, without interruptions. The protection of workplaces, public areas and properties, carried out in a responsible way, plays an important part in how we contribute to a safer and more sustainable and productive society. As an employer, implementing high standards of labor practices and paying taxes are also of value.
These six areas describe how we envision security in the future.

1 **Analytics**: Security will be powered by large amounts of data that is gathered from multiple sources, for example from security officers and from cameras or other electronic security equipment. Analytics create the possibility to monitor ongoing threats, draw conclusions about future events and to evolve different security solutions.

2 **Real-time adaptiveness**: Security will adapt in real-time to deliver the right solution when it is needed. Built on remote monitoring, mobile units and real-time data, security will be there when needed.

3 **Evolved value**: Security is no longer an issue for the security manager alone but can be used as a tool to make business run more efficiently.

4 **Invisible/visible**: Security becomes more and more invisible for the end user but increasingly visible for the customer through digital interfaces with full, real-time transparency of events and actions taken.

5 **Predictive prevention**: Security means predicting risks rather than reacting to immediate threats, and focusing more on preventing incidents from occurring in the first place.

6 **People**: People are at the center of all our security delivery. People interpret data and most importantly, they understand the needs of the customer.
We value the insights of our stakeholders to inform our strategy and better understand the issues most important to them. We have regular, often daily, contact with our stakeholders. Each year external and internal stakeholders, including customers, employees, investors, suppliers and NGOs are invited to participate in our annual survey about our sustainability work and communication. In the 2017 survey, working conditions such as minimum wages and overtime regulations were considered the most material issue by external stakeholders along with labor/management relations and human rights reviews of Securitas’ operations. Both internal and external stakeholders noted “Not accepting child labor or forced labor” as a top issue regarding Securitas’ performance. Among internal stakeholders, anti-corruption, risk assessment, training and health and safety issues were ranked most material, followed by working conditions. Some 70 percent of respondents agreed sustainability is an integrated part of Securitas operations. And 63 percent of external respondents and 80 percent of internal respondents replied that Securitas’ work on sustainability exceeded or fulfilled their expectations.

Customer satisfaction surveys are one way of better understanding our customers and their expectations. Securitas conducts these surveys regularly in our major markets. Three conclusions from surveys conducted in 2017 are:

- **Training** – security officers need assignment-appropriate training.
- **Increased communication** – more communication is needed to make things easier for our customers.
- **Service quality** – continue to ensure high quality with respect to services and personnel.
PEOPLE
Our Greatest Asset

We aim to take care of our people – ensure that they are paid fairly, protected from harm and that they can live up to their full potential. Increasingly, we see this as our competitive edge.

Securitas’ most valuable assets are our more than 345,000 employees. In 55 countries around the world, it is our aim to be the employer of choice. In an industry with a high employee turnover rate in some countries, fair wages and ensuring a good working environment give us access to the best and most engaged talent in the sector. It is important that we attract people who reflect our values and that we empower them to deliver on our evolving security offering.

Paying fair wages
Paying fair wages is important for us. We work in many diverse markets around the world and prioritize fair wages and working conditions wherever we operate. We exert our influence in discussions with customers, unions and with industry associations, for example National Association of Security Companies (NASCO) in the US, all of which are important stakeholders for improving workers’ conditions across markets. Another example is in the UK, where Securitas in 2017 worked with the Living Wage Foundation to receive accreditation as a Recognized Service Provider (see also page 17).

A good working environment
With such a large workforce, working conditions are important. Decent labor practices, the right to organize, human rights and non-discrimination are all vital to Securitas, our employees and our customers.

Among our challenges to ensuring decent practices is to control the working environment of our employees when they are on...
assignments at customer sites. As an important part of our due diligence prior to accepting a contract, we evaluate the working conditions. This helps us ensure that our customers offer our employees a good work environment. If we see that conditions are not deemed adequate or we cannot come to a mutual agreement on how to remedy the situation, we will not accept the assignment.

**Shared agenda**

Our sector is highly staff-intensive, and for many workers, a position as a security officer is their first entry to the labor market. For these reasons, dialog with unions is crucial to strong employee relations.

Securitas has entered into framework agreements with UNI Global Union, the Swedish Transport Workers’ Association, and the European Workers’ Council (EWC) in our European division. UNI represents more than 20 million workers from over 900 trade union chapters in skills and services sectors, including security services. The agreement underlines our joint commitment to universal principles of business conduct as outlined by the United Nations Global Compact and ILO’s core conventions and sets our level of ambition and open dialog. For us, the agreement has opened an important channel of communications between union representatives and Securitas on issues of mutual concern.

The EWC also brings us together with employee representatives from our operations in Europe. Meetings, which occur at least three times every year, are opportunities to address issues jointly with senior management.

Focus areas include fair wages and ensuring human rights, and that workers are equipped with proper equipment and uniforms. Particularly in markets with increasing use of technology to track and trace movement, privacy and integrity issues are gaining ground.

In countries where Securitas does not have collective bargaining agreements or union representation such as Serbia and the UAE, we encourage other ways of maintaining open dialog with our employees including workplace meetings, employee ombudsmen, call centers, and channels for reporting concerns such as the Securitas Integrity Line.

**Promoting inclusive employment**

A basic tenet of our approach to decent labor practices. People with disabilities face obstacles that prevent them from actively participating in society and work life. For over a decade Securitas in Latin America has promoted inclusive employment for people with disabilities. Securitas Colombia, which has worked with this since 2006, in 2017 employed more than 100 people with physical disabilities. These employees work in different security functions, particularly retail and shopping centers in the cities of Bogotá, Cali, Ibague and Bucaramanga. Securitas in Colombia carries out its inclusive employment initiatives in alliance with the Arcángelos Foundation, dedicated to improving the rights of people with disabilities.

In 2017 Securitas Colombia was awarded the Ibero-America Award from the Ibero-American Social Security Organization in recognition of innovations to promote the employment of people with disabilities in the region.

Other countries of operation in Latin America joined this initiative, employing more than 320 people in Argentina, Chile, Costa Rica, Peru and Uruguay.

**Occupational health and safety**

We do not compromise on safety. Our security officers are trained not only to protect themselves, but also to help others while on assignment, for example, by performing first-aid and

Work-related injuries

<table>
<thead>
<tr>
<th>Causes, work-related injuries</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
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<tbody>
<tr>
<td>Traffic accident</td>
<td>4</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Crushing accident</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Heart attack</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Shooting, other fatal attack</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Fire accident</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Fall accident</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other accident</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

Notes: One of the traffic accidents 2017 (Vietnam) occurred while traveling to or from work, but are according to local rules classified as work-related fatalities.

Fatalities caused by heart attack is in the case reported classified as work-related fatalities according to local rules, as the incident occurred during working hours.

Countries of operation with formal health and safety committees*  

<table>
<thead>
<tr>
<th>Countries of operation with formal health and safety committees*</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of countries with formal health and safety committees*</td>
<td>78%</td>
<td>77%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* Reporting countries represent 98% of total sales, 96% of total number of employees.
CPR, and fire safety. Health and safety aspects can vary depending on the assignment, and customer sites are therefore assessed from a health and safety perspective. Security officers receive training, instruction and equipment in line with the assignment. We work actively with occupational health and safety issues in all countries. 17 countries of operation are OHSAS 18001 certified.

An important part of our risk assessment revolves around safety issues. Most of our operations have a ‘near-miss program’ reporting system, which helps us identify and scope safety hazards. Our learnings from our approach have become part of services we offer our customers.

A frequent question concerns the health and safety aspects associated with the risk that our security officers might be exposed to violence in the line of duty. Although the types of assignments Securitas focuses on carry low risk of getting involved in conflicts, the risk of conflict is an occupational hazard in our industry.

Securitas makes extensive efforts to secure the health and safety of both our security officers and the individuals they must, from time to time, act against. If threatening situations occur, the security officers are instructed to avoid confrontation and await the arrival of the police. The vast majority of our security officers do not carry weapons. Those who do have undergone specialist training and licensing requirements and are usually placed in special assignments, for example, in a critical infrastructure facility such as an airport or a nuclear power plant.

Most officers report online through a mobile device that often includes a panic button. If employees encounter an issue where they need help, the primary action is to call the police.

Listening to our people
We conduct recurring employee surveys as one way of listening to our employees. In 2017, employee surveys were carried out in Security Services Europe covering all employees. Security Services North America conducted an employee survey for the first time in 2017, covering managers and office personnel. Our long-term ambition is to extend the survey to all employees in all major markets.

Results consistently indicate that a critical factor for employees’ job satisfaction is feeling empowered. Securitas in Sweden introduced a new way to help ensure that everyone’s voice is heard. Through an internal website, employees have the opportunity to express themselves and share their ideas, opinions and criticisms: Workplace by Facebook (see page 19).

Gender balance
In a male-dominated industry, one of our challenges is increasing gender diversity. We recognize this is an area of growing priority, for both Securitas and our stakeholders and we are working on achieving a better balance. In the current Securitas workforce, there are 79 percent men and 21 percent women. In senior management, the share of females is 7 percent, compared to 8 percent in 2016.

The share of women on Securitas’ Board of Directors with the current proposal is 33 percent, two percentage points below the level of ambition recommended by the Swedish Corporate Governance Board. It is the ambition of the Board’s Nomination Committee to continue the work to create an equal gender distribution on the Board. It is our ambition to increase the number of women in operational manager positions.

CASE
UK:
TOWARDS A LIVING WAGE

Securitas UK believes that every member of staff should earn a wage that meets the cost of living. In 2017, the company worked closely with the Living Wage Foundation to earn accreditation as its 100th Recognized Service Provider. Securitas UK is committed to offer a real Living Wage option alongside every tender opportunity to all prospective and current customers. This means the customer always has the choice to implement the Living Wage at the point of tender and there is a pathway towards the real Living Wage.

Securitas UK is part of a strategic community of over 3500 organizations that support and promote the real Living Wage, and who are committed to ending low pay in the UK’s lowest paid service sectors. While currently not all of Securitas UK’s employees receive the real Living Wage, it is hoped that by offering a Living Wage option to both existing customers as well as within tender opportunities, more and more people will see its benefits.
We contribute to local communities through creating work opportunities and prioritizing procurement from local suppliers and employing local managers. In fact, 96 percent of our top managers in our countries of operation are locally employed.

Securitas companies around the world also engage actively in various local community projects, such as security training in schools, promoting cooperation with local communities and suppliers, mentorship programs for young people, and employment opportunities for people having difficulties entering the job market.

Below are a few examples where we have participated in local community initiatives.

- **Argentina** – Securitas Argentina established a supplier development program, where they purchase products from small local suppliers who provide employment opportunities for people with disabilities or contribute to vulnerable sectors of society.
  Securitas Argentina also has a Ministry of Education accreditation as a support center for the Secondary Education Program, which allows us to offer all employees and their family members an opportunity to complete their secondary education through the Ministry’s Adult Education e-learning platform. In addition, the company has a number of scholarships, open both for employees and their family members. One example is a grant available for children of security officers that covers expenses for school material or other necessary items.

- **USA** – Securitas participates in a national initiative to create jobs for military veterans. Since 2012 Securitas has hired more than 40 000 veterans.

- **Spain** – Securitas Spain has taken an active approach in the fight against gender violence by signing an agreement with the Ministry of Health, Social Services and Equality to employ women who have been victims. An internal communication campaign raises awareness of the issue to employees.

- **India** – In India, many women feel unsafe in public spaces. To contribute to a safer society, Securitas India has introduced several initiatives, including one that actively promotes women’s self-defense classes, where Securitas employees train our customers’ female staff.

- **Denmark** – Together with a number of municipalities and private companies in Denmark, Securitas is participating in a mentorship project. Our employees serve as mentors to young people entering the work force, and in some cases young people with criminal backgrounds. The mentor prepares an action plan for the daily work and then accompanies the young person to the workplace as support to help develop the necessary social and professional skills.

- **United Arab Emirates** – Securitas is working closely with a school for children with special needs in the United Arab Emirates. Employees regularly visit the school, which Securitas has supplied with cameras and access controls as well as first aid and firefighting training to teachers, free of charge.

**CASE**

**UNITED ARAB EMIRATES: HOME AWAY FROM HOME**

People from all over the world come to the United Arab Emirates (UAE) to find work. Private companies and public sector entities alike depend on a foreign workforce. Security officers in Securitas UAE come from many different countries.

For Securitas, all aspects of employment, from the recruitment process to employment conditions, must follow both local laws and our own policies. At times, recruitment campaigns are carried out in the job seekers’ home countries. In these cases, Securitas’ managers are directly involved in the process and ensure that agents representing Securitas in the foreign country follow our policies.

Like most foreign workers in the UAE, security officers live in labor accommodations. Securitas ensures that the accommodations are clean, well-equipped with good kitchen facilities, Internet connection, exercise equipment, and with organized activities such as beach outings, quiz nights and sports. Employees are also provided with a full yearly medical check-up, including eye and dental examinations.
CASE SWEDEN: A PLATFORM FOR DIALOG

Internal communication has traditionally been a challenge for large companies, and Securitas is no exception - not least because of the nature of our operations. Many of our employees work at night and often carry out their assignment at customer sites. Most work alone and seldom meet their manager. This has made employee/manager communication difficult. Lack of dialog with an immediate manager has been highlighted as a problem in our regular employee surveys.

In response, Securitas Sweden launched a new internal website in October 2017 where all of our close to 9,000 employees have the same opportunity to express themselves and share their ideas, opinions and criticisms: Workplace by Facebook.

Users can send live videos to groups, create and upload documents, hold votes, and plan meetings and events. The structure also reflects Securitas’ organization, making it easier to see a person’s position in the organization as well as his or her job and manager.

Social and business benefits
There are social benefits to the website in a company where interaction between colleagues has often been limited, but there are business benefits as well:

- Enabling everyone to share their experiences and knowledge increases understanding of the company’s strategy in all areas of the organization.
- The website makes it easy to give one another tips about which technical equipment works best in which situation or to pass on information.
- New ideas and innovative ways of thinking become a more natural part of day-to-day communication when it is easy to share them with others.
KNOWLEDGE
Building Our Knowledge Capital

Securitas’ customers are demanding a higher degree of security and more advanced security solutions. We are leveraging our core competence while at the same time tapping into innovation and developing the knowledge of our workforce to meet new challenges.

The role of the security officer is changing and the tasks they perform are multiplying. Most importantly, the value they add is growing larger. Security officers are increasingly equipped with advanced security systems that enhance the value they deliver and raise the bar for safety in their surroundings, and for themselves. Using this technology efficiently requires both a wide set of skills and specialized capabilities.

We have our own training centers in most countries of operation, to ensure that the employees have the necessary competence to provide the customers with high quality security services.

By improving the knowledge and skills of employees, we contribute to their professional growth and to the understanding of the security profession. Empowering employees means greater focus on training, skills and opportunities for professional development. We also encourage people to take on responsibility early in one’s career.

Approximately 90 percent of our managers and office personnel have completed the course in Securitas’ Values and Ethics, and approximately 80 percent of the security officers.

Investing in our people
Since 2011, we have made major investments in technology resources, hired a large number of engineers and technical support experts, integrated numerous acquisitions and made substantial investments in equipment installations at customers’ sites.

Security solutions
We provide our customers with on-site, mobile and remote guarding, electronic security, fire and safety services and corporate risk management, adapted to each customer and segment. This includes expertise in security solutions to improve fire safety, risk evaluations and disaster assistance.

Intelligent security beyond 2020
The next step in our knowledge journey is intelligent security. Securitas has been anticipating this trend and have made significant investments. We turn predictive security into intelligent security by reporting, analyzing and relying on large volumes of data. This increases a sense of security, reduces crime and protects property, information and people. Surveillance services ensure real-time detection of incidents and enable prompt actions or mitigate their consequences.

Our ambition is to use both historical and real-time data generated by our security officers and equipment such as sensors and cameras at the sites. These measures, combined with external crime and data sources, improve our fact-based risk assessments.

<table>
<thead>
<tr>
<th>FOCUS AREAS</th>
<th>Talent training</th>
<th>Security solutions</th>
<th>Intelligent security</th>
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<table>
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<tr>
<th>Training hours</th>
<th>2017</th>
<th>2016</th>
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<tr>
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<td>7,957,045</td>
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<tr>
<td>Average number of hours of training per employee</td>
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<td>24.09</td>
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Definitions according to GRI standards

<table>
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<th>Training hours, per employment category</th>
<th>2017</th>
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<tr>
<td>Managers/office staff</td>
<td>283,065</td>
</tr>
<tr>
<td>Security officers</td>
<td>7,763,583</td>
</tr>
</tbody>
</table>

Definitions according to GRI standards
CASE
TRAINING OUR EMPLOYEES

Continuously developing employees’ skills and competencies is central to our ability to offer industry-leading knowledge.

Our employees are offered a number of different courses, from basic induction courses to highly specialized training for specific customer segments or in electronic security. The main objective is to increase the professionalism and specialization of the security officers and the industry. Employees are offered a number of different courses and programs. Different methods of training are available, such as classroom training in our training centers or in a branch office, or e-learning remotely, to reach as many employees as possible.

CASE
SHARING KNOWLEDGE WITH OUR CUSTOMERS

We seek innovative ways to transfer our knowledge about security and our solutions to our customers and to society. One of the ways in which we do this is through the Securitas Experience Center in Malmo, Sweden. This is an environment that in a realistic way demonstrates how advanced technology in combination with trained employees enhances security.

The center functions as an important knowledge center for all the countries in which Securitas have operations. Visitors can experience how security solutions work in different environments and test the equipment and solutions themselves. For example, they can test how the technology can automatically detect intruders in complete darkness. The overall aim is to show customers and other stakeholders how the Securitas approach – people, knowledge, technology – all fits together.
Sharp focus on technology

We consider and address the implications of an increasingly technology-driven industry on data privacy and surveillance practices.

With our combination of on-site, mobile and remote guarding, and electronic security we can deliver a heightened level of safety, improved operations with fewer disruptions and incidents and, in many cases, cost savings. We can improve risk assessments and scale security needs, and customers are partners in this process. Doing our job well depends on working with large amounts of data and making the best and most intelligent use of it.

The technology-based part of our services is growing at a good pace. This varies from country to country and in different regions. The strongest demand for electronic security solutions is in Europe and the US. These are also the regions that have come farthest in developing robust, forward-looking regulation designed to protect information and privacy.

Securitas has policies, processes and training are built on the General Data Protection Guidelines (GDPR), adopted by the European Parliament and which will come into force in 2018.

Responsible approach

Significant opportunities lie in developing our technology offering, but it also poses challenges and high expectations to deliver these solutions responsibly. These include the societal impacts of big data, the Internet of Things, robotics and connectivity.

It is important to put checks and balances in place to protect data on behalf of our customers and the general public. It is also essential that data is only shared and aggregated based on customer approvals, legal requirements and in the interest of protecting the privacy rights of individuals. For example, cameras are only installed and the customers’ sites.

Many large corporations have strict requirements for the use of big data. It is important to be watchful and establish processes and practices to safeguard data privacy. At Securitas we have policies, processes and training to manage these concerns. No cases of data privacy breach were reported in Securitas Integrity Line in 2017.

Monitoring services

Monitoring services ensure real-time detection of crimes and other incidents and enable prompt actions to stop criminals or mitigate the consequences of incidents. Our ambition is to deliver predictive security that enables us to detect crimes and other incidents and, if possible, prevent them from occurring.

Among the areas of exploration are robotics and use of drones. The use of drones offers monitoring possibilities that can enhance, for example, the customer’s fire and safety security. Securitas takes seriously the benefits and risks to privacy posed by technology. Modern software in surveillance cameras can be programmed so that the camera surveillance at the customer’s site only starts when something happens that is different to the usual pattern, for example irregular movements in a parking garage. That way, the cameras do not film the whole time, which protects the integrity of people who have legitimate reasons to be on the site.

We address negative implications of these technological advances by, at a minimum, complying with all relevant legislative requirements. In addition, our policies, including Securitas’ Values and Ethics Code and purchasing guidelines help support us to address these issues.

Our emphasis on processes for risk assessment has enabled us to analyze risks efficiently, including newer implications of increased digitization of the industry and society.

Security officers using monitoring systems can minimize and control incidents remotely. This improves the safety of our people as well as our customers.

As we continue to invest in increasingly sophisticated electronic security solutions, it will be important to continue to ensure trust in the technology and our ability to deploy it responsibly.
CASE

AXIS – PARTNERSHIP FOUNDED ON SHARED VALUES

The use of remote video is on the rise – and with it, the need for heightened data security. To meet this need, Securitas has a global cooperation to drive the development of remote video solutions with Axis Communications, a market leader in IP (Internet Protocol) cameras and network video solutions. Axis offers intelligent network video solutions to customers around the world through partners in 179 countries.

The partnership is built on a set of shared values. Axis meets the Securitas’ Values and Ethics Code and actively works with sustainability issues within their supply chain. Axis’ goal is to take integrity and privacy into consideration in all business processes and to promote it in the entire value chain, from product development and manufacturing to distribution and sales.

Data privacy is particularly important within our remote video solutions, where we offer a secure and protected framework for video surveillance. Axis also has a sharp focus on IT security and data privacy issues. It aims to eliminate vulnerabilities in its solutions, with customer information handled in well-protected systems.

Axis’ suppliers are selected based on how they work with business ethics, their environmental impact and social issues such as working conditions and respect for human rights. Axis requires responsible sourcing of minerals to avoid conflict minerals in their products, an important consideration in the sourcing of electronic technology.
OUR WAY OF WORKING
How we lead

We lead by example in our company through experience and knowledge, a solid culture and strong values.

FOCUS AREAS

- Customer relations
- Transparency
- Organizational integrity and accountability
- Ethical business practices
- Long-term profitable growth

Wherever we operate in the world, the Securitas culture is characterized by responsibility, ownership and entrepreneurship. Securitas’ Ethics and Values Code and our core values — Integrity, Vigilance and Helpfulness — define how we work. Our flat, non-hierarchical organization fosters an environment of openness, accessibility and empowerment.

Grounded in our values

Shared at the highest levels of the company, starting with the Board of Directors, our values play an important role in the selection of managers and other leaders.

Integrity starts with the tone at the top. Mandatory training of all employees backs policies such as Securitas’ Values and Ethics. The Securitas Integrity Line provides a channel for reporting cases on non-compliance. The Securitas’ Values and Ethics Code is also well integrated into our risk assessment (see Risk section, page 34).

Securitas’ management model, the Toolbox, is a hands-on guide to all managers of how Securitas works. It is used as a shared platform to convey the company's corporate culture, ensuring that we have the same focus on quality, on people, on responsibility and values across the company. By having these fundamental qualities at our core, we create trust in the company, our values, our brand and our people.

With Integrity, Securitas insists on an open approach to business. We are uncompromising in our demands for integrity and truthfulness. Integrity also includes the right to openly express one’s opinion and report improprieties and other relevant information without risking reprisals.

With Vigilance, Securitas insists on a professional approach to business. We expect employees to be attentive and able to observe, listen and evaluate in order to do what is reasonable to protect the customer’s premises and the values and ethics that Securitas represents.

With Helpfulness, Securitas strives to make people’s lives easier. Employees are expected to be ready to assist within the context of a particular assignment. We must be prepared to support our colleagues, customers and others who need assistance.

Our structured and systematic work methods are based on Securitas’ Values and Ethics Code. The Code provides guidance pertaining to acceptable standards of integrity and appropriate business conduct. It covers areas including our values, compliance with laws and regulations, human rights (including that Securitas does not employ or accept any form of child labor or forced or bonded labor), business ethics, environment, community involvement, implementation and compliance.

Compliance and beyond

Conducting our business according to laws and regulations, maintaining high business ethical standards and upholding our shared values are important components of all of Securitas’ operations. Without exception, all employees and business partners must comply with the laws and regulations in the countries in which Securitas operates.

Giving everyone a voice

We take the pulse of our employees’ views about their work in our biannual employee surveys. So far, the surveys have been carried out in Security Services Europe covering all employees. Security Services North America conducted an employee survey for the first time in 2017, covering managers and office personnel.

Other input is the use of internal reports of non-compliance with Securitas’ Values and Ethics Code. We believe it is important to have several different communication and reporting channels so that employees can find a channel they are comfortable with to report actions do not reflect our values and ethics. Those include employee ombudsmen, local call centers and internal e-mail addresses. All employees are informed about the Securitas Integrity Line (Securitas Hotline in the US and Canada, Linea de Alerta in Mexico), which is manned around the clock. External parties can also use Securitas Integrity Line to report concerns.
Risk assessments of new markets
Before entering a market or beginning a new relationship with a customer, it is important for us to ensure that we can carry out assignments safely and securely and that we do not risk being complicit in human rights violations.

To assess and verify our ability to operate in a new market in an acceptable way, we conduct risk assessments prior to entering a new market. The issues and market conditions analyzed include human rights and risk of corruption when conducting business. When deemed necessary, customers are also risk assessed.

There are some markets that pose higher risks than others for operating a business.

For further information on Securitas’ enterprise risk management, see pages 34-37.

Securitas has processes in place to ensure we live up to all legal standards, following local and regional legislation and regulations regarding for example, social security charges and taxation. We pay taxes according to local laws and regulations in the location where we do business.
Integrating sustainability priorities

Securitas has a well-developed system for managing our work in environmental, social and governance areas.

Our system for managing its work in environmental, social and governance areas comprises six key components:

1. **Securitas’ Values and Ethics Code:** One of the company’s most important policies, it stipulates the basic principles that Securitas expects all of its employees and business partners to follow at all times (see How We Lead).

2. **Employee training:** All Securitas employees undergo training in Securitas’ Values and Ethics Code. An in-depth e-learning program for managers and office personnel is available in more than 40 languages. Local-language e-learning and classroom training sessions are held for the company’s security officers. Relevant employees also receive training in other core policies, such as the anti-corruption policy.

3. **System for reporting non-compliance:** Securitas Integrity Line (known as Securitas Hotline in the US and Canada, and Linea de Alerta in Mexico) is a Group system used for reporting cases of non-compliance with Securitas’ Values and Ethics Code. All employees and business partners are encouraged and expected to report any cases of non-compliance, with the assurance that the reporter will not be subjected to any negative consequences (see How We Lead).

4. **Risk management:** Non-compliance with Securitas’ Values and Ethics Code is considered a risk, and as such, it has been classified as one of six priority risks in the Group’s enterprise risk management process. These risks are followed up on a regular basis.

5. **Monitoring:** To meet the demands of customers and other stakeholders with respect to increased transparency and communication, Securitas AB publishes a sustainability report that follows the Global Reporting Initiative (GRI) standards.

6. **Group Sustainability Officer:** The Group Sustainability Officer leads ongoing work, and in addition to following the regular reporting line, also reports to the Board of Directors’ Audit Committee. Responsibilities include coordination of sustainability activities across the Group, which involves working closely together with other core functions, for example, the legal and risk organization at different levels in the company, as well as HR managers at the country level. Other responsibilities include stakeholder engagement on sustainability issues, and supporting countries of operation with respect to sustainability matters.

**Accountability across the board**

The Board of Directors decides on Securitas’ sustainability strategy and policies together with the President and CEO of Securitas AB, who has ultimate responsibility for the realization of the Group’s sustainability work.

The Group Sustainability Officer is supported by the Group Sustainability Steering Committee, which establishes the principles for our work and follows up cases of alleged non-compliance with Securitas’ Values and Ethics Code. The committee meets regularly and comprises the General Counsel and the Director of Corporate Communications and Public Affairs.

**In support of the UN Global Compact**

Securitas has been a signatory of the United Nations Global Compact since 2015. By incorporating the UNGC’s Ten Principles into our strategies, policies and procedures, and our focus on a culture of integrity, we contribute to protecting both people and planet. These principles are built on labor and human rights set out in the United Nations Universal Declaration of Human Rights, the ILO’s Declaration on Fundamental Principles and Rights at Work and OECD’s Guidelines for Multinational Enterprises.

**Strong anti-corruption stance**

Securitas’ Values and Ethics Code and the anti-corruption policy set out minimum requirements that ensure compliance with applicable local and extraterritorial laws. Group Policies establish the framework for all policies and compliance monitoring in the Group.

The anti-corruption policy underlines our zero tolerance for any corrupt practices, with clear definitions, requirements for risk assessment, training and follow-up. It provides examples as well as guidance on how to evaluate and deal with forms of bribery and corruption facilitation payments and third-party relationships.

Acting with integrity and ensuring we take an active stand against corruption are prioritized issues. Certain markets are more challenging than others in this regard. However, this does not mean that low-risk countries are not subject to situations of bribery or corruption. For Securitas, it is important to train all relevant employees in awareness and management of suspected corruption in all our markets. No cases of bribery were reported in Securitas Integrity Line in 2017.

Local entities are asked to create policies for gifts and entertainment. Relevant managers and administrative staff have to
complete an e-learning course on the anti-corruption policy. Approximately 90 percent of these have completed the course.

Setting high standards
It is important that the decisions we make reflect our ambition to do business responsibly, even though our climate impact and the impact of our purchasing are not deemed areas where we can make the greatest difference. That is why we have relevant policies that cover these areas:

- **The Securitas Group emissions policy**, which states that we strive to reduce our climate impact, focusing primarily on the energy and transport areas.

- **The Securitas supplier and subcontractor policy**, which establishes that all procurements should be in accordance with applicable laws and all suppliers must comply with Securitas’ Values and Ethics Code.

  Each country in which Securitas operates has its own approach to monitoring how suppliers adhere to Securitas’ Value and Ethics Code, which is followed up in the Group’s Enterprise Risk Management process. Each country monitors critical suppliers, defined as those suppliers whose failure to perform in accordance with Securitas’ specific requirements could severely impact our performance or brand, locally or globally. Suppliers’ adherence to our anti-corruption policy is also a key area for monitoring performance. While selecting, assessing and monitoring critical suppliers, we also evaluate whether the supplier has identified, established a selection procedure, and conducted risk assessments of its own critical suppliers.

Securitas Integrity Line
Securitas encourages all employees to report incidents of non-compliance with Securitas’ Values and Ethics Code or any irregularities that they encounter in their work. This can be done through various channels, for example, the Group’s reporting system Securitas Integrity Line, which is publicly available on our website at www.securitasintegrity.com.

The most common types of issues reported through Securitas Integrity Line concern terms of employment, harassment and equal opportunities. After being investigated, approximately 80 percent of these cases turned out to be unsubstantiated. In situations where the investigation concluded that the case constituted non-compliance with Securitas’ Values and Ethics Code or local law, actions have been taken according to local laws and regulations and Securitas’ policies.
Influencing change

Our aim is to influence the security industry to continuously raise the bar on wages, working conditions and responsibility.

We are in a position to lead our industry towards a greater focus on responsible business practices. Our aim is to create a level playing field, grounded on operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption. Foremost, we do this by building a profitable business model and staying true to our culture where responsibility, employee focus and ethical business practices lie at the core.

In this way, we are well-positioned to influence our value chain, both with our customers and in prioritizing sound business partners in our choice of suppliers. In regions considered high risk, customers are mainly global companies or other actors that are deemed as having lower risk for non-compliance to human rights. Through our relationships with customers, we are better able to ensure that our employees are provided with good working conditions and fair wages. We have a vetting process in place to evaluate customer contracts where company practices do not reflect the ten UN Global Compact principles. As a service company, our supply chain is less material to our sustainability approach; this includes primarily purchase of uniforms, some electronic equipment and vehicles. Insights into our suppliers’ impacts are gathered through self-assessments and our own risk assessments, among other processes.

Securitas also engages with other members of our sector, for example through International Security Ligue, employee representatives such as UNI Global Union and our customers to raise awareness of sustainability issues, and influence conditions across our industry. We are engaged in organizations such as the International Code of Conduct Association and National Association of Security Companies (NASCO) in the US.

We comply with economic and trade sanctions issued by the United Nations, the European Union and the United States of America, where applicable.

THE UN’S SUSTAINABLE DEVELOPMENT GOALS

Through the United Nation’s Sustainable Development Goals (SDGs) and across all sectors of society people are mobilizing efforts to end all forms of poverty, fight inequalities and tackle climate change to 2030. Securitas supports the SDGs and we take the chosen SDGs into consideration into our strategy work and in our daily operations. Through our work to improve labor conditions, promote and protect human rights and the environment across our value chain, our greatest opportunity to contribute to the SDGs lies in the following areas.

Goal 5: Achieve gender equality and empower all women and girls.
Securitas is an equal opportunity employer and we strive to increase the number of women in management positions.

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
Securitas is a large employer with operations in many countries around the world. We strive to be a stable and responsible employer that offers good working conditions and opportunities to grow.

Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
We have an important role to play in providing a sense of security to the general public and protecting important infrastructure. Securitas also has a zero-tolerance policy against all forms of bribery and corruption.
OUR VALUE CHAIN

We offer a broad and expanding spectrum of security services, including a rapidly increasing range of technology-based solutions. Our value chain comprises the following components.

**DEVELOPMENT OF SERVICES**
Innovation is important for us to be able to continue to lead the security industry. Our employees' extensive experience and knowledge about security is a strength and a competitive advantage. It is essential that we are able to attract people with the right competence and values, and to retain and develop our employees.

*Possibility to influence: direct.*

**SUPPLIERS**
We must ensure that our suppliers live up to our requirements, and they must all adhere to Securitas’ Values and Ethics Code. Suppliers of uniforms and electronic security equipment are defined as critical suppliers, meaning suppliers whose failure to perform in accordance with Securitas’ specific requirements could severely impact Securitas’ performance or brand, locally or globally.

*Possibility to influence: indirect.*

**OUR OPERATIONS**
It is important that Securitas’ core values - Integrity, Vigilance and Helpfulness - are shared by all employees and that everyone follows the Group’s policies, such as Securitas’ Values and Ethics and the anti-corruption policy. We train all employees in Securitas’ Values and Ethics, and there are different channels for reporting cases of non-compliance with the ethics code and other key policies.

*Possibility to influence: direct.*

**CUSTOMERS**
We offer our customers on-site, mobile and remote guarding, electronic security, fire and safety, and corporate risk management. Our solutions are based on thorough analysis to ensure that we provide appropriate and tailor-made services to every customer. For our customers, these increasingly sophisticated security solutions lead to a safer environment with fewer interruptions and incidents. They also provide a greater sense of safety and lead to improved operations and, in many cases, cost savings. The increased use of technology in our security solutions must also be safe from an integrity perspective.

*Possibility to influence: indirect.*

**THE GENERAL PUBLIC**
The general public, represented by our customers’ customers, for example, in shopping malls, at airports or in municipalities, also encounter our security services and security solutions. In this way, we contribute to making society safer to live and work in.

*Possibility to influence: indirect.*

ENGAGING IN THE INDUSTRY

Securitas are members in the following industry organizations:

- International Security Ligue
- International Code of Conduct Association (ICoCA)
- Aviation Security Services Association International (ASSA-I)
- ASIS International (ASIS)

> National organizations for security companies in most of countries where we operate, for example National Association of Security Companies (US), Bundesverband der Sicherheitswirtschaft (Germany), Cámara Argentina de Empresas de Seguridad e Investigación (Argentina), The Hong Kong Security Association (Hong Kong)
RECOGNIZED FOR OUR PERFORMANCE

> **Sustainability indexes**
  - STOXX Global ESG Leaders (STOXX)
  - FTSE4Good Index Series

> **International commitments**
  - UN Global Compact
  - International Security Ligue’s Code of Conduct and Ethics
  - International Code of Conduct for Private Security Services Providers (ICoCA)

> **Supplier rating systems and reporting**
  - EcoVadis (silver level and industry leader)
  - Sedex
  - CDP
Risk management of focus areas

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.

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 is an integral component of Securitas’ operations, and risk awareness is part of the company culture. 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).

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 for risk management are executed. Controls are performed at several levels within the organization and are established based on the process concerned. For more information on the Group’s risk management, see Securitas AB’s Annual Report 2017, pages 36–44.

Below is a description of the risks faced in each focus area and how we manage them.

PEOPLE – Focus areas

Fair wages
As a leading player in the security industry, it is important that we pay wages that meet or exceed legal or industry minimums. The security business is characterized by low margins and fierce price competition in many markets. Securitas’ strategy is to move up the value chain and offer security solutions instead of only guarding hours. This enables us to avoid competing solely on the basis of price and to pay wages that are in line with our standards.

We exert our influence in discussions with customers, unions and industry associations, all of which are important stakeholders for improving workers’ conditions across various markets.

Labor practices, non-discrimination and human rights
With such a large workforce, working conditions are important. Decent labor practices, the right to organize, human rights and non-discrimination are all vital to Securitas, our employees and our customers. The major risks that we have identified are discrimination and the rights of all employees to choose whether or not to be represented by a trade union for the purpose of collective bargaining.

Securitas has sound processes in place to ensure we live up to all legal standards, and comply with local and regional legislation and regulations regarding social security contributions and taxation. In order to assess and verify our ability to conduct business in a new market in an acceptable manner, an in-depth risk assessment is performed before entering a new market. Issues and market conditions analyzed include, among other things, human rights. When deemed necessary, we can also conduct a risk assessment of the customers.

Occupational health and safety
Health and safety aspects can vary depending on the assignment, and customer sites are therefore assessed from a health and safety perspective. The most common causes of work-related injuries are slips and falls, traffic accidents and assault.

We are working to prevent these risks and taking measures to
ensure the health and safety of our security officers. Employees are trained continuously to ensure they can perform their tasks safely and avoid work-related injuries. It is also important to ensure that they have equipment in line with the assignment. There are formal processes for reporting and investigating occupational safety incidents and for addressing underlying causes. If threatening situations occur, our officers are instructed to avoid confrontation and await the arrival of the police. Most security officers report online through a mobile device that often includes a panic button.

In a male-dominated industry, one of our challenges is increasing gender diversity. We recognize this is an area of growing priority, for both Securitas and our stakeholders, and we are working to achieve a better balance.

Our sector is highly staff-intensive, and for many employees, their position as a security officer is their first experience of the labor market. Accordingly, engaging in a dialog with unions is crucial to strong employee relations. Securitas has entered into framework agreements with UNI Global Union, the Swedish Transport Workers’ Association, and the European Workers’ Council (EWC) in our European division.

Knowledge – Focus areas

Training
Over the past decade, the security industry has undergone a major transformation, from traditional guarding to a wider range of security solutions. Securitas is leading this transformation, and one of the challenges we face in maintaining our position is to ensure that we train our employees at all levels to provide high-quality professional security services.

To meet customer demands, Securitas has training centers in most countries and provides both basic and highly specialized training for employees at all levels. In some countries, it is not mandatory to complete basic training before being allowed to work as a security officer, but Securitas ensures that all new employees receive at least basic security training. In other countries, training is required and Securitas often plays an active role in developing this education.

By improving the knowledge and skills of our employees, we contribute to their professional growth and to a greater understanding of the security profession. Empowering employees means greater focus on training, skills and opportunities for professional development.

Security solutions
Securitas’ customers are demanding a higher degree of security and more advanced security solutions and in all markets where we operate. In all markets where Securitas is present, the technology-based part of our services is growing. If we cannot develop services that meet customer requirements regarding modern technology, there is a risk that they may choose another supplier.

Access to talent
One of our biggest challenges is to attract new employees, and allow them to develop so that they stay in the company. We must also be able to attract the right employees from a declining supply of labor, especially as we work in an industry with a high staff turnover rate in some countries.

Employees who remain with the company longer become more qualified through training and experience, and are a vital part of realizing our strategy to offer protective security through our security solutions. Part of this strategy involves expanding our mobile guarding services and emergency services networks to enable rapid growth. We have the advantage of already having numerous qualified guards for this kind of work. Another part of the strategy is to expand the mobile patrol and response network and density to be able to respond quickly. At the same time, this creates a development opportunity for our employees, since we must always improve our service quality and efficiency.

To be the leading global security company specialized in protective services, we must continue to train our employees at all levels, and according to our customers’ requirements. Refining and developing our processes for recruitment, onboarding and talent management are other essential activities. The strategy also requires new competencies, such as engineers and technicians, which will create cross-functional development opportunities.
OUR WAY OF WORKING

TECHNOLOGY – Focus areas

Protecting information
We see the potential of big data, the Internet of Things, artificial intelligence, robotics and connectivity when it comes to the digitization of the security industry and intelligent security development. But these technological advances also entail risks, such as integrity breaches and inadequate information security.

It is important to protect data on behalf of our customers, employees and the general public. It is also essential that data is only shared and aggregated based on legal requirements and in the interest of protecting the privacy rights of individuals. Securitas has policies, processes and training based on the General Data Protection Guidelines (GDPR), which have been adopted by the European Parliament and will come into force in 2018.

Surveillance practices
Modern monitoring services ensure real-time detection of crimes and other incidents, and enable prompt actions to stop criminals or mitigate the consequences of incidents. At the same time, the use of security technology may in some cases threaten personal integrity.

Securitas takes the benefits and risks to privacy posed by technology seriously. We address the negative implications of these technological advances by complying with all relevant legislative requirements. In addition, our policies, including Securitas’ Values and Ethics Code and purchasing guidelines, provide us with support in addressing these issues.

Digitization
The risks of digitization are similar to those described for monitoring services. Increasing digitization also requires stable and efficient infrastructure and protection against theft of data.

A large amount of information from customer facilities is reported digitally. This gives Securitas the opportunity to collect all possible data from incident reports, camera materials, sensors and access control systems, and combine them with data from external sources, such as crime statistics and police reports. This new type of database permits us to analyze and utilize large volumes of information, thus laying the foundation for predictive security, which enables us to detect crimes and other incidents before they happen.

Our emphasis on processes for risk assessment has enabled us to analyze risks efficiently, including the more recent implications of increased digitization of the industry and society. We have solid routines for storing and protecting collected data.
OUR WAY OF WORKING

HOW WE LEAD – Focus areas

Customer relations
In order for us as a supplier to meet our customers’ sustainability requirements, we must have an in-depth understanding of our customers’ needs and industry-specific requirements, and a business that is sustainable in all areas.

With better risk analysis and improved proactivity, crime, fire and other threats can be prevented, resulting in strengthened security and lower costs from damages and disturbances. Safeguarding information not only protects our customers and prevents incidents and crimes, but also – in many cases – supports their business and adds value. Our emphasis on employee safety, fair labor practices and wages helps ensure that we are delivering services that customers can rely on. Securitas’ size, financial stability, innovative capabilities and global presence mean we are a long-term partner.

Transparency
Not giving our stakeholders the information they require in order to properly evaluate our business can lead to a loss of customer contracts and investors.

We strive to always provide accurate and relevant information that supports our strategy, such as how the transformation of our offering is affecting our financial performance, how we are managing the risks of investing in digitization and the sustainability risks we face in our business. Risk management is an integral component of Securitas’ business, and risk awareness is part of our corporate culture.

Integrity and responsibility in the organization
In order to deliver security services, our customers, employees and other stakeholders must be able to trust us. That is the foundation for everything we do. A lack of trust could lead to a risk of damaged reputation and brand.

Wherever we operate in the world, the Securitas company culture is characterized by responsibility, ownership and entrepreneurship. Securitas’ Ethics and Values Code and our core values – Integrity, Vigilance and Helpfulness – define how we work. Our flat, non-hierarchical organization fosters an environment of openness, accessibility and empowerment.

Securitas’s management model, Toolbox, is a practical guide for all executives on how Securitas works. It is used to convey our business culture and create a common platform. This ensures the same focus on quality, employees, responsibilities and values throughout the company. By having these basic features at our core, we create confidence in the company, our values, our brand and our employees.

Our structured and systematic approach is based on Securitas’ Values and Ethics Code, which provides guidance pertaining to acceptable standards of integrity and appropriate business conduct.

Ethical business standards
Certain markets present greater challenges in terms of corruption than others. However, this does not mean that situations of bribery or corruption never arise in low-risk countries.

Conducting our business according to laws and regulations, maintaining high business ethical standards and upholding our shared values are important components of all of Securitas’ operations. Without exception, all employees and business partners must comply with the laws and regulations in the countries in which Securitas operates.

We have a zero-tolerance policy against all forms of bribery and corruption. Securitas’ Values and Ethics Code and the anti-corruption policy set out minimum requirements that ensure compliance with applicable local and extraterritorial laws. Local entities are subsequently asked to create their own detailed policies for gifts and entertainment. Relevant managers and administrative staff have to complete a detailed e-learning course on the anti-corruption policy.

Long-term profitable growth
Risks that can affect long-term growth for Securitas include restrictions on private security companies operating in a certain market, increased insourcing of security services and diminished confidence in private security companies.

An important global demand driver is the new and complex threats that the police and other authorities are facing, many times in combination with budget restraints. As a result, authorities are increasingly seeking ways to cooperate with the private security industry, recognizing the potential gains of outsourcing certain tasks.

If, at the same time, the security market in these countries becomes more regulated and security officers are better screened and trained, public trust in private security providers will improve, which in turn will provide an opportunity for growth for security companies.

Our culture is based on values, ownership and long-term achievement, and we share a great sense of responsibility towards our customers and a commitment to delivering high-quality services. Sustainability is well integrated into our operations, which we believe will help secure long-term and profitable growth.
Securitas’ Values and Ethics Code

Our ethics code, Securitas’ Values and Ethics Code, is one of our key policies. It sets out the fundamental principles that all employees and business partners are expected to follow.

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 Nation’s 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.

Non-compliance with Securitas’ Values and Ethics Code has been classified as one of six prioritized risks in the Group’s ERM process.

Group Management sets risk management policies for the entire Group. Accountability for managing risks is assigned to management at Group, divisional and local level. Securitas takes a precautionary approach to risk management and internal control.

In addition to Securitas’ Values and Ethics Code, the Group has adopted a number of policies as complement to the Values and Ethics Code:

- **Anti-corruption policy** sets out the principle of zero tolerance for any corrupt practices, with clear definitions, requirements for risk assessment, guidance regarding third-party relationships, training and follow-up.
- **Securitas group emissions policy** states that we should strive to continually reduce our climate impact, focusing primarily on the energy and transport areas.
- **Securitas supplier and subcontractor policy** stipulates that all supply arrangements are to be in accordance with applicable laws and all suppliers are to comply with Securitas’ Values and Ethics Code.
- **Geographical scope policy** defines the conditions under which Securitas is permitted to establish a permanent or temporary presence in a country where it has not done business before. Each new country should be assessed based on its suitability, taking into consideration a values and ethics perspective.
- **Competition law policy** to ensure that Securitas and its subsidiaries or affiliates are committed to full compliance with all competition laws and regulations.
- **Securitas integrity reporting policy** addresses investigations of cases regarding possible violations of Securitas’ policies, including Securitas’ Values and Ethics Code.

**Process for analysis and monitoring**

An example of risk management activities in relation to compliance with Securitas’ Values and Ethics Compliance is illustrated below.

**Training and awareness are key components of risk management**

Securitas has training centers in most countries and provides both basic and highly specialized training for employees at all different levels. In some countries, it is not mandatory to complete basic training before being allowed to work as a security officer, but Securitas ensures that all new security officers receive at least basic security training. All our employees are trained in Securitas’ Values and Ethics Code. In addition, we also have training requirements for the policies related to Securitas’ Values and Ethics Code, such as the Anti-corruption policy, Competition law policy and Supplier and subcontractor policy. It is important that managers undergo training to ensure proper understanding of the principles of these policies, including any local rules and regulations.

**Extended due diligence**

For each acquisition, it is a requirement to consider the sustainability aspects included in the Group acquisition policy. The policy states that sustainability due diligence must always be performed when entering into new markets. Conducting any business in countries outside our permanent operational presence requires approval from the CEO and CFO, which is stated in the Group geographical scope policy. Securitas should avoid establishing a presence in countries with a disproportionate risk according to Securitas’ Values and Ethics code or where Securitas cannot operate due to any other restrictions. When conducting the investigations, particular attention should be paid to countries where circumstances indicate an increased risk for corruption.

**Risk based monitoring**

Risk-based monitoring is performed by different functions depending on whether it is related to operational or financial reporting matters. An example of how Securitas’ Values and Ethics Compliance risks are monitored is below.

Since Securitas’ values and ethics compliance risk is considered a key risk, Securitas monitors this risk through various Group activities, in addition to local monitoring activities.
Securitas’ values and ethics compliance risk is included in the yearly ERM self-assessment process, during which countries evaluate themselves in relation to certain areas, included in the graph to the right. The results are analyzed closely and followed up.

Sustainability reviews are performed to test compliance with Securitas’ Values and Ethics Code.

The comprehensive country-focused risk assessments that are carried out prior to acquisitions in countries where Securitas does not currently conduct operations are monitored at Group level.

The Group Sustainability Steering Committee establishes the principles for Securitas’ sustainability work and closely follows up cases of alleged non-compliance with Securitas’ Values and Ethics Code, reported through various reporting channels.

ERM Scoring Model: Example Country Y - Securitas’ Values and Ethics Compliance risk

A scale from poor (red) to excellent (blue) is used to give a quick overview and feedback to the country’s president and risk owner(s). Good is the acceptable level1 for most of the risks.

<table>
<thead>
<tr>
<th>Securitas’ Values and Ethics Compliance risk</th>
<th>Poor &lt;50%</th>
<th>Fair 50-70</th>
<th>Good 71-90</th>
<th>Excellent &gt;90</th>
</tr>
</thead>
<tbody>
<tr>
<td>General principles, implementation and compliance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Ethics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic and Trade Sanctions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competition law compliance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Securitas Sustainability Report 2017 | 39
Through a Materiality Lens

We apply a materiality lens to better understand and manage the non-financial topics that are most important for delivering value to customers, employees, investors and other stakeholders, and building a resilient company.

Material issues are topics that reflect Securitas’s most significant economic, environmental and social impacts. These are issues that substantively influence stakeholders’ perception of our performance and impact our ability to create and sustain value. Materiality is the point at which an issue becomes important enough to be included in the business strategy and the way we manage and report on non-financial issues.

Our process for identifying materiality provides a future focus to our sustainability work and helps us analyze our impacts across the value chain. Importantly, it yields deeper insights into expectations on Securitas, how the sustainability agenda will evolve, and how customers, employees and investors perceive the outcome of our progress and strategy.

In 2017, we strengthened our approach to this process. To gain insight, we sought the knowledge of internal experts on sustainability, brand, customer and employee insight and the business strategy. The process is as follows:

1. A FUTURE FOCUS

Four global drivers - demographic shifts, an interconnected world, climate change, and access to resources - helped us identify how our business landscape may change, how society is evolving, what impacts our employees want to work for, customers’ perceptions and competitors’ and partners’ priorities.

2. LONG LIST OF TOPICS

We compiled a list of 25 topics of potential importance for our company and stakeholders that contribute either to creating long-term economic, social and environmental value or to reducing negative impacts. They were categorized under the headings: People, Knowledge, Technology and Our way of working.

3. COMPONENTS OF THE BUSINESS AND THEIR WEIGHTED INFLUENCE

The insights of internal experts, those with an understanding of stakeholder priorities and the business strategy contributed to this stage of the process as we considered each topic’s relevance to 2020 from two perspectives.

> **Strategic:** The degree of impact each topic has on the business strategy, corporate culture, and Securitas impact on each topic.

> **Stakeholder:** The degree of impact each topic has on stakeholder perceptions and the degree they influence how Securitas delivers value for them.

During the weighting process, we also considered the survey sent during 2017 to investors, employees, customers and suppliers and other feedback. This weighting was validated through interviews with senior managers from North America, Europe and AMEA and a representative from UNI Global Union.

The process yielded a list of the most relevant issues, that is, those of high relevance to both stakeholder groups and business priorities.

During 2018, we aim to continue to develop this materiality process by validating the results of the ranking process through in-depth interviews, polling and analyzing our impacts across our value chain.
RESULT OF THE MATERIALITY ANALYSIS

PEOPLE

FOCUS AREAS:
> Fair wages
> Labor practices, non discrimination and human rights
> Occupational health and safety
> Attracting talent

KNOWLEDGE

FOCUS AREAS:
> Training
> Security solutions
> Intelligent security

TECHNOLOGY

FOCUS AREAS:
> Protecting information
> Surveillance practices
> Digitalization

OUR WAY OF WORKING

FOCUS AREAS:
> Customer relations
> Transparency
> Integrity and responsibility in the organization
> Ethical business standards
> Long-term profitable growth
About this report

Securitas AB’s 2017 sustainability report is framed around three ways we are shaping security – through our people, knowledge capacity and technology solutions. We also outline how our governance structure equips us to meet new opportunities and manage risks.

The report is prepared according to the Global Reporting Initiative (GRI) sustainability reporting standards, with the Core application level. Where relevant, this report also highlights how our priorities reflect the UN Global Compact’s Ten Principles for labor and human rights, the environment and anti-corruption and therefore acts as our UNGC Communication on Progress.

Material topics
Based on an analysis of topics of potential relevance for Securitas AB, the report outlines our positive and negative impacts, our approach to managing them as well as associated policies. Our most important topics are presented under each of the report’s four focus areas. A GRI index points readers to associated indicators as defined by the GRI’s standards and by Securitas. Measuring progress against these indicators allow readers to gauge our progress and better understand where our greatest sustainability impacts lie.

Relevance to the business
The report outlines why these topics are relevant to our business model, as well as to our company’s culture and long-term success. We also present how our focus on material topics enhances our ability to stimulate and create economic, social and environmental value for our stakeholders, such as customers, shareholders, employees and society at large.

Through a future focus, we aim to communicate how Securitas is equipped to be resilient and agile by managing risks, engaging in society’s priorities and capturing new business opportunities.

Report scope
This report is a complement to the Securitas AB Annual Report 2017. Unless otherwise noted, the report pertains to the 2017 calendar year and it encompasses all companies within the Securitas Group.

In 2017, Securitas’ operations were organized into a flat decentralized structure with three business segments: Security Services North America, Security Services Ibero-America and Security Services Europe. Operations in Africa, Middle East, Asia and Australia are included in the division AMEA, which is included under Other in the Group’s segment reporting.

Combined, Securitas employs approximately 345 000 (335 000) in 55 (53) countries. Wherever possible, the baseline of the report data is 2016.

Significant changes in our operations occurred during the reporting year:
- Securitas entered the Australian security market in 2017 through the acquisition of the security services company PSGA that provides consulting and investigation services and guarding services.
- The Board of Directors and the President on March 15, 2018 submit Securitas AB’s Sustainability Report for 2017. The sustainability report describes the Group’s work with regards to economic, environmental and social aspects. The report is prepared according to the Sustainability Reporting Standards, issued by Global Reporting Initiative (GRI).
- The 2016 Sustainability report was published on April 11, 2017.

For more information, contact:
Cecilia Alenius
Group Sustainability Officer
E-mail address: cecilia.alenius@securitas.com
Additional KPIs

EMPLOYEES

Specification of years of service per employment category

<table>
<thead>
<tr>
<th>Managers and office personnel, 2017</th>
<th>No. of employees</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>3,510</td>
<td>19%</td>
</tr>
<tr>
<td>1-2 years</td>
<td>2,394</td>
<td>13%</td>
</tr>
<tr>
<td>2-5 years</td>
<td>3,753</td>
<td>20%</td>
</tr>
<tr>
<td>5-10 years</td>
<td>3,562</td>
<td>19%</td>
</tr>
<tr>
<td>Over 10 years</td>
<td>5,187</td>
<td>28%</td>
</tr>
<tr>
<td>Total</td>
<td>18,406</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Security officers</th>
<th>No. of employees</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>103,649</td>
<td>33%</td>
</tr>
<tr>
<td>1-2 years</td>
<td>52,332</td>
<td>17%</td>
</tr>
<tr>
<td>2-5 years</td>
<td>59,650</td>
<td>19%</td>
</tr>
<tr>
<td>5-10 years</td>
<td>48,117</td>
<td>15%</td>
</tr>
<tr>
<td>Over 10 years</td>
<td>50,581</td>
<td>16%</td>
</tr>
<tr>
<td>Total</td>
<td>314,329</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th>No. of employees</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>107,159</td>
<td>32%</td>
</tr>
<tr>
<td>1-2 years</td>
<td>54,726</td>
<td>16%</td>
</tr>
<tr>
<td>2-5 years</td>
<td>63,403</td>
<td>19%</td>
</tr>
<tr>
<td>5-10 years</td>
<td>51,679</td>
<td>16%</td>
</tr>
<tr>
<td>Over 10 years</td>
<td>55,768</td>
<td>17%</td>
</tr>
<tr>
<td>Total</td>
<td>332,735</td>
<td></td>
</tr>
</tbody>
</table>

* The difference compared with total number of employees is explained by missing information from seven countries of operation. Reporting countries represent 95% of total sales / 95% of total number of employees.

Specification of years of service per employment category

- **Share of employees with full-time and part-time employment, respectively:**
  - Full-time, 85% (85)
  - Part-time, 15% (15)

- **Share of employees with full-time and part-time employment, split per gender:**
  - Full-time, men, 74% (70)
  - Full-time, women, 18% (15)
  - Part-time, men, 6% (11)
  - Part-time, women, 2% (4)

- **Share of employees with permanent and temporary work contracts, respectively:**
  - Permanent, 92% (88)
  - Temporary, 8% (12)
ADDITIONAL KPIs

ENVIRONMENT

Environment was not considered a material topic in our materiality analysis, but as we are a signatory of UN Global Compact, it is important for us to be transparent and work for reduced climate impact, and we have therefore chosen to report CO2 emissions anyway.

Average CO₂ emissions from vehicles

<table>
<thead>
<tr>
<th>Gram/km</th>
<th>No. of vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>250</td>
<td>12,000</td>
</tr>
<tr>
<td>230</td>
<td>11,000</td>
</tr>
<tr>
<td>210</td>
<td>10,000</td>
</tr>
<tr>
<td>190</td>
<td>9,000</td>
</tr>
<tr>
<td>170</td>
<td>8,000</td>
</tr>
<tr>
<td>150</td>
<td>7,000</td>
</tr>
<tr>
<td>130</td>
<td>6,000</td>
</tr>
</tbody>
</table>

Max CO₂ gram per km for new minivans (6-7 seater): 175
Max CO₂ gram per km for new company cars (max 5 seater): 130
Average CO₂ emissions from vehicles: 140
Number of vehicles: 14,541

Gross direct emissions and indirect marked-based emissions of CO₂ equivalent, 2017

<table>
<thead>
<tr>
<th>Tonnnes</th>
<th>Direct (Scope 1)</th>
<th>Indirect (Scope 2)</th>
<th>Indirect (Scope 3)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>160,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>140,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>120,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>80,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>Direct (Scope 1)</td>
<td>Indirect (Scope 2)</td>
<td>Indirect (Scope 3)</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>10,684</td>
<td>2,538</td>
<td>9,465</td>
<td></td>
</tr>
<tr>
<td></td>
<td>57,172</td>
<td>24,130</td>
<td>30,342</td>
<td></td>
</tr>
<tr>
<td></td>
<td>22,324</td>
<td>2,572</td>
<td>9,791</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,272</td>
<td>1,146</td>
<td>3,195</td>
<td></td>
</tr>
<tr>
<td></td>
<td>54</td>
<td>83</td>
<td>1,368</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>92,506</td>
<td>30,469</td>
<td>54,161</td>
<td></td>
</tr>
<tr>
<td>Change compared with 2016</td>
<td>1%</td>
<td>11%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

2016 is the base year for the market based emissions, and it is chosen as it was the first year that Securitas assessed its climate impact using the market based calculation method.

The boundary of the climate assessment includes 53 reporting units, the same units as currently reporting in accordance with the location based method.

A GHG assessment quantifies all seven Kyoto greenhouse gases where applicable and it is measured in units of carbon dioxide equivalence, or CO₂e. For Securitas the following greenhouse gases are applicable and have been included in the assessment:
- Carbon dioxide (CO₂), Methane (CH4), Nitrous oxide (N2O).
- Biogenic CO₂ emissions: <2.1 tonnes (2016: 26.2 tonnes)

The Greenhouse Gas Protocol Corporate Standard is a standard for reporting climate data. The system Our Impacts has been used as the calculation tool. Operational control is the chosen consolidation approach.

Definitions according to GRI Standards

OTHER

Subscription to / endorsement of external declarations, principles, etc

<table>
<thead>
<tr>
<th>Country</th>
<th>ISO 9001</th>
<th>ISO 14001</th>
<th>ISO 27001</th>
<th>OHSAS 18001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security Services North America</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security Services Europe</td>
<td></td>
<td></td>
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<tr>
<td>Security Services Ibero-America</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security Services Africa, Middle East and Asia</td>
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</tbody>
</table>

* OHSAS 18001 certification pertains to Slovakia
AUDITOR'S REPORT

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in Securitas AB (publ) corporate identity number 556302-7241

Engagement and responsibility
It is the board of directors who is responsible for the statutory sustainability report for the year 2017 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Stockholm, 15 March 2018
PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant
Auditor in charge

Madeleine Endre
Authorised Public Accountant

This is a translation of the Swedish original report
Securitas AB’s sustainability report is prepared according to the Global Reporting Initiative (GRI) sustainability reporting standards, with the Core application level. Where relevant, this report also highlights how our priorities reflect the UN Global Compact’s Ten Principles for labor and human rights, the environment and anti-corruption and therefore acts as our UNGC Communication on Progress.

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>Disclosure</th>
<th>Page reference</th>
<th>Note</th>
<th>UN Global Compact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL DISCLOSURES</strong></td>
<td>Organizational profile</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 102: General disclosures</td>
<td>102-1 Name of the organization</td>
<td>AR 49</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-2 Activities, brands, products, and services</td>
<td>SR 9, Our business model; AR 10-11</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-3 Location of headquarters</td>
<td>AR 49</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-4 Location of operations</td>
<td>SR 9, Our business model</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-5 Ownership and legal form</td>
<td>AR 134-135</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-6 Markets served</td>
<td>SR 9, Our business model; AR 17-19</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-7 Scale of the organization</td>
<td>SR 3, People, knowledge and technology; AR 87 (note 9), 114 (note 38)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-8 Information on employees and other workers</td>
<td>SR 3, People, knowledge and technology; 15-16, Our greatest asset, 43, Additional KPIs</td>
<td>Includes data from the associated companies in India and Vietnam</td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-9 Supply chain</td>
<td>HR 32, Our value chain</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-10 Significant changes to the organization and its supply chain</td>
<td>AR 42, About this report</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-11 Precautionary principle or approach</td>
<td>HR 38, Securitas’ Values and Ethics Code</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-12 External initiatives</td>
<td>SR 31, Influencing change</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-13 Membership of associations</td>
<td>SR 33, Engaging in the industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-14 Statement from senior decision-maker</td>
<td>SR 4-5, CEO statement</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-15 Key impacts, risks, and opportunities</td>
<td>SR 7, The evolving role of security</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ethics and integrity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-16 Values, principles, standards, and norms of behavior</td>
<td>SR 27, How we lead</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-17 Mechanisms for advice and concerns about ethics</td>
<td>HR 30, Securitas Integrity Line</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-18 Governance structure</td>
<td>AR 24-45</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-20 Executive-level responsibility for economic, environmental, and social topics</td>
<td>AR 29, Accountability across the board</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-21 Consulting stakeholders on economic, environmental, and social topics</td>
<td>SR 13, Understanding expectations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-22 Composition of the highest governance body and its committees</td>
<td>AR 26-30</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-23 Chair of the highest governance body</td>
<td>AR 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI Standard</td>
<td>Disclosure</td>
<td>Page reference</td>
<td>Note</td>
<td>UN Global Compact</td>
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<td>--------------</td>
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<td>-------------------</td>
</tr>
<tr>
<td><strong>Stakeholder engagement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-40</td>
<td>List of stakeholder groups</td>
<td>SR 11, Focus on value creation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-41</td>
<td>Collective bargaining agreements</td>
<td>SR 16, Shared agenda</td>
<td>Includes data from the associated companies in India and Vietnam</td>
<td></td>
</tr>
<tr>
<td>102-42</td>
<td>Identifying and selecting stakeholders</td>
<td>SR 11, Focus on value creation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-43</td>
<td>Approach to stakeholder engagement</td>
<td>SR 11, Focus on value creation; 13, Understanding expectations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-44</td>
<td>Key topics and concerns raised</td>
<td>SR 8, Where we can make a difference</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reporting practice</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-45</td>
<td>Entities included in the consolidated financial statements</td>
<td>AR 124 (note 49)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-46</td>
<td>Defining report content and topic boundaries</td>
<td>SR 40, Through a materiality lens</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-47</td>
<td>List of material topics</td>
<td>SR 40, Through a Materiality Lens</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-48</td>
<td>Restatements of information</td>
<td>SR 42, About this report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-49</td>
<td>Changes in reporting</td>
<td>SR 42, About this report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-50</td>
<td>Reporting period</td>
<td>SR 42, About this report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-51</td>
<td>Date of most recent report</td>
<td>SR 42, About this report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-52</td>
<td>Reporting cycle</td>
<td>SR 42, About this report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-53</td>
<td>Contact point for questions regarding the report</td>
<td>SR 42, About this report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-54</td>
<td>Claims of reporting in accordance with the GRI Standards</td>
<td>SR 42, About this report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-55</td>
<td>GRI content index</td>
<td>SR 46, GRI Index</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-56</td>
<td>External assurance</td>
<td>SR 42, About this report; 45, Auditor’s report</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **MATERIAL TOPICS** | | | | |
| **ECONOMIC PERFORMANCE** | | | | |
| Management approach | 103-1 | Explanation of the material topic and its boundary | SR 10, Our model for value creation | |
| | 103-2 | The management approach and its components | AR 24-30 | |
| | 103-3 | Evaluation of the management approach | AR 24-30 | |
| GRI 201: Economic Performance | 201-1 | Direct economic value generated and distributed | SR 11, Focus on value creation | |

| **Market presence** | | | | |
| Management approach | 103-1 | Explanation of the material topic and its boundary | SR 10, Our model for value creation | |
| | 103-2 | The management approach and its components | SR 27, How we lead | |
| | 103-3 | Evaluation of the management approach | AR 38, Process for analysis and monitoring | |
| GRI 202: Market Presence | 202-2 | Proportion of senior management hired from the local community | SR 18, We contribute to local communities | Includes data from the associated companies in India and Vietnam |

<p>| <strong>Anti-corruption</strong> | | | | |
| Management approach | 103-1 | Explanation of the material topic and its boundary | SR 29, Integrating sustainability priorities | |
| | 103-2 | The management approach and its components | SR 29, Integrating sustainability priorities | |
| | 103-3 | Evaluation of the management approach | SR 29, Strong anti-corruption stance; 30, Securitas Integrity Line; 38, Process for analysis and monitoring | |
| GRI 205: Anti-corruption | 205-2 | Communication and training about anti-corruption policies and procedures | SR 29, Integrating of sustainability priorities | Includes data from the associated companies in India and Vietnam |</p>
<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>Disclosure</th>
<th>Page reference</th>
<th>Note</th>
<th>UN Global Compact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ENVIRONMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emissions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management approach</td>
<td>103-1 Explanation of the material topic and its boundary</td>
<td></td>
<td>Environment was not considered a material topic in our materiality analysis, but as we are a signatory of UN Global Compact, it is important for us to be transparent and work for reduced climate impact, and we have therefore chosen to report CO₂ emissions anyway.</td>
<td></td>
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<tr>
<td></td>
<td>103-2 The management approach and its components</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>103-3 Evaluation of the management approach</td>
<td>SR 44, Countries that are ISO14001 certified</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305: Emissions</td>
<td>305-1 Direct (Scope 1) GHG emissions</td>
<td>SR 44, Additional KPIs</td>
<td>Includes data from the associated companies in India and Vietnam</td>
<td>7, 8, 9</td>
</tr>
<tr>
<td></td>
<td>305-2 Energy indirect (Scope 2) GHG emissions</td>
<td>SR 44, Additional KPIs</td>
<td>Includes data from the associated companies in India and Vietnam</td>
<td>7, 8, 9</td>
</tr>
<tr>
<td></td>
<td>305-3 Other indirect (Scope 3) GHG emissions</td>
<td>SR 44, Additional KPIs</td>
<td>Includes data from the associated companies in India and Vietnam</td>
<td>7, 8, 9</td>
</tr>
<tr>
<td><strong>SOCIAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management approach</td>
<td>103-1 Explanation of the material topic and its boundary</td>
<td>SR 15, Our greatest asset</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>103-2 The management approach and its components</td>
<td>SR 27, How we lead</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>103-3 Evaluation of the management approach</td>
<td>SR 17, Listening to our people</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 401: Employment</td>
<td>401-1 New employee hires and employee turnover</td>
<td>SR 15, Our greatest asset</td>
<td>Does not include data from the associated companies in India and Vietnam.</td>
<td>6</td>
</tr>
<tr>
<td>Occupational Health and safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management approach</td>
<td>103-1 Explanation of the material topic and its boundary</td>
<td>SR 15-17, Occupational health and safety</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>103-2 The management approach and its components</td>
<td>SR 15-17, Occupational health and safety</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>103-3 Evaluation of the management approach</td>
<td>SR 44, Countries that are OHSAS18001 certified</td>
<td>Includes data from the associated companies in India and Vietnam</td>
<td></td>
</tr>
<tr>
<td>GRI 403: Occupational health and safety</td>
<td>403-1 Workers representation in formal joint management-worker health and safety committees</td>
<td>SR 16, Occupational health and safety</td>
<td>Includes data from the associated companies in India and Vietnam</td>
<td></td>
</tr>
<tr>
<td></td>
<td>403-2 Types of injury and rates of injury, and number of work-related fatalities</td>
<td>SR 16, Occupational health and safety</td>
<td>Includes data from the associated companies in India and Vietnam</td>
<td></td>
</tr>
<tr>
<td>Training and education</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management approach</td>
<td>103-1 Explanation of the material topic and its boundary</td>
<td>SR 21, Investing in our people</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>103-2 The management approach and its components</td>
<td>SR 21, Investing in our people</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>103-3 Evaluation of the management approach</td>
<td>SR 21, Investing in our people</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 404: Training and education</td>
<td>404-1 Average hours of training per year per employee</td>
<td>SR 21, Investing in our people</td>
<td>Includes data from the associated companies in India and Vietnam</td>
<td>6</td>
</tr>
<tr>
<td>Diversity and equal opportunity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management approach</td>
<td>103-1 Explanation of the material topic and its boundary</td>
<td>SR 17, Gender balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>103-2 The management approach and its components</td>
<td>SR 27, How we lead</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>103-3 Evaluation of the management approach</td>
<td>SR 30, Integrating sustainability priorities, Securitas Integrity Line</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 405: Diversity and equal opportunity</td>
<td>405-1 Diversity of governance bodies and employees</td>
<td>SR 16, Our greatest asset</td>
<td>Includes data from the associated companies in India and Vietnam</td>
<td></td>
</tr>
<tr>
<td><strong>CUSTOMER PRIVACY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management approach</td>
<td>103-1 Explanation of the material topic and its boundary</td>
<td>SR 24, Sharp focus on technology</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>103-2 The management approach and its components</td>
<td>SR 24, Sharp focus on technology</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>103-3 Evaluation of the management approach</td>
<td>SR 44, Countries that are ISO27001 certified</td>
<td>Includes data from the associated companies in India and Vietnam</td>
<td></td>
</tr>
<tr>
<td>GRI 418: Customer privacy</td>
<td>418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data</td>
<td>SR 24, Sharp focus on technology</td>
<td>Includes data from the associated companies in India and Vietnam</td>
<td></td>
</tr>
<tr>
<td>Risk for child labor</td>
<td>SR 13, 27</td>
<td>1, 2, 5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk for forced labor</td>
<td>SR 13, 27</td>
<td>1, 2, 4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>