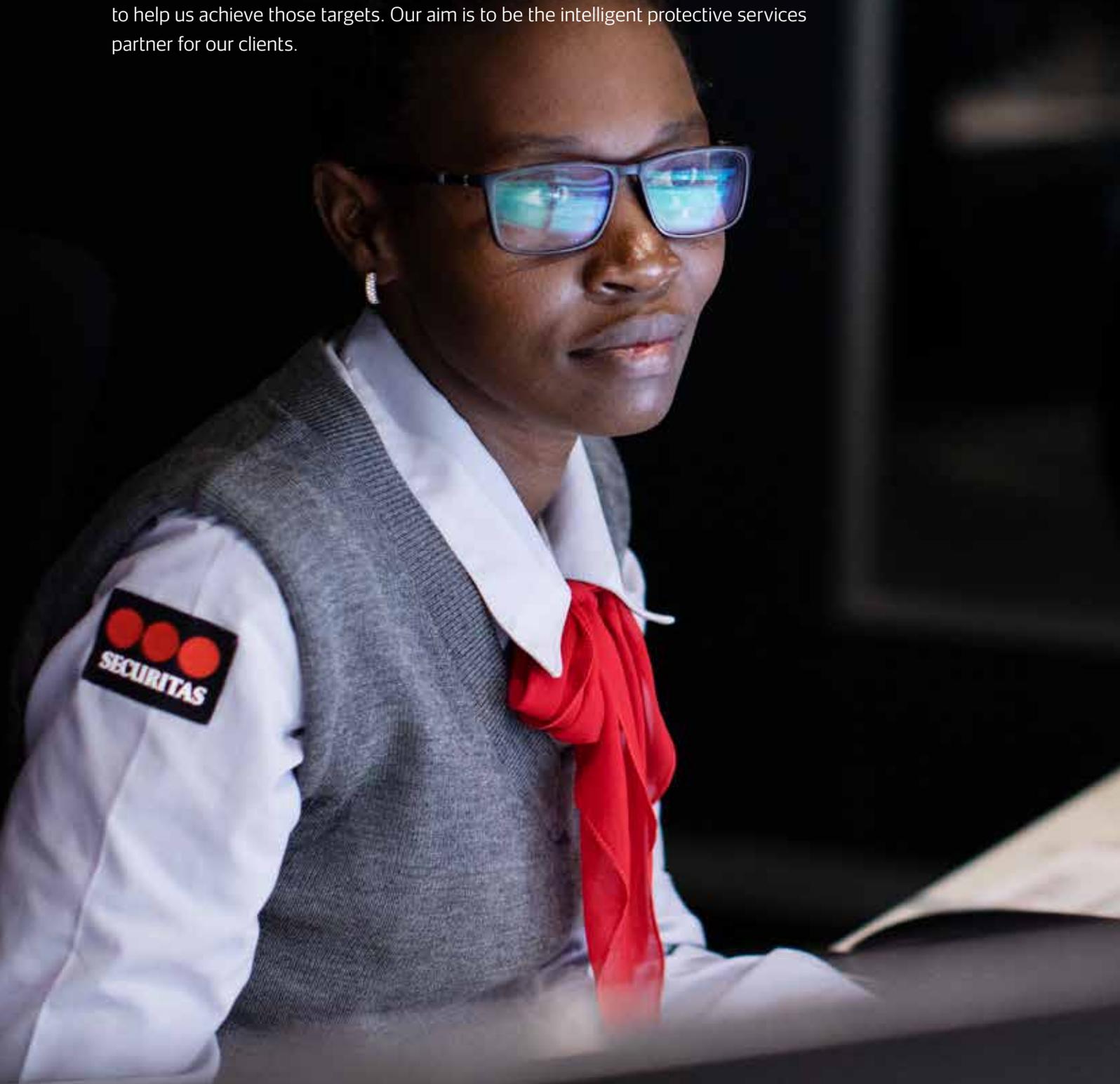


# Taking Securitas into the future

Securitas is well positioned for the future. The services we offer are more in demand than ever before, and the security market is growing globally. From this strong position, we have set new ambitious targets as well as a strategy and a new purpose to help us achieve those targets. Our aim is to be the intelligent protective services partner for our clients.



During 2019, we fine-tuned our strategy and updated our targets (see page 12). Our strategic direction is designed to reinforce our leadership role and generate long-term value creation. The strategy will take us into the future with more intelligent security services and security solutions. At the same time, we appreciate how crucial guarding services are for the company's continued success.

To achieve our desired position as the intelligent protective services partner, we are continuing to strengthen our core guarding business, while also extending it through the addition of further protective services and solutions, including data-driven innovation in both existing and new products.

### LEADER IN GUARDING SERVICES

We have been a leader in guarding services for a long time - currently they account for 77 percent of Group sales - and we have grown to expand our presence to support our clients where they need us across the world. We are proud of our large and competent workforce and continuously work to offer competitive wages and an attractive workplace. We will maintain our focus on guarding services by increasing specialization, training and efficiency, which will free up time for our branch managers to spend directly with our clients.

### LEADER IN PROTECTIVE SERVICES

Over the last ten years, we have gradually enhanced our offering by adding more protective services, and we are now able to offer a comprehensive portfolio of services including on-site, mobile and remote guarding, electronic security, fire and safety, and corporate risk management. These services enable our security officers to deliver comprehensive security solutions and add value for the

clients, at the same time as they strengthen our leading position and profitability. In 2019, we continued to build on our protective services offering through the acquisitions of the Australian companies Staysafe, an alarm monitoring company, and Fredon Security, specialized in high-end electronic security solutions. Security solutions and electronic security accounted for 21 percent of our Group sales in 2019, compared with 20 percent in 2018.

### LEADER IN INTELLIGENT SERVICES

Data-driven innovations are now also changing the services that Securitas can offer, giving us the competitive edge. No other security provider can offer our combination of electronic security services and guarding expertise. Investments in our technology infrastructure and in new competencies are helping us capture, analyze and respond to data. This increases client value and operational efficiency.

At our Securitas Operation Centers, we have the ability to gather large amounts of data from camera feeds, sensors, incident reports and access controls that can help us with real-time detection and better prediction of security incidents. We recently piloted the Securitas Risk Prediction application, which helps us assess risk at client sites. We have also launched MySecuritas, a digital channel to our clients, which makes communication between the client, the branch manager and the security officers seamless. These types of services are unique to Securitas, and we are continuing to work towards also becoming a leader in intelligent services.

Together, these building blocks ensure that we will have the best offering, the best people and the highest client engagement, becoming our clients' natural intelligent protective services partner.

## Our focus areas

To execute on our strategy to become the intelligent protective services partner, we are focusing on four areas: empowering our people, client engagement, protective services leadership and innovation, and efficiency.

### EMPOWERED PEOPLE

Our employees' engagement, pride and passion for their role are vital for our continued market leadership.

### CLIENT ENGAGEMENT

Client engagement is about finding ways to deepen our client partnerships through an expanded value proposition, shared values and ethics.

### PROTECTIVE SERVICES AND INNOVATION

Securitas has the most comprehensive protective services portfolio in the industry today and we are further strengthening our offering.

### EFFICIENCY

We are investing in our IT and business platforms to drive efficiency across the company.



# Our officers go the extra mile

Service-minded, knowledgeable and vigilant are just some of the characteristics that describe our 370 000 employees working in 56 countries around the globe. We recognize that their engagement, pride and passion for their role are crucial for our continued market leadership.

Our employees represent the company on a daily basis, and our company's reputation is determined largely by their actions. Early on, we recognized the need to have a management model, Securitas Toolbox, to provide guidance on our corporate culture and values. This helps ensure that our work methods, management philosophy and client perspective are shared throughout the organization. It also helps ensure that our clients receive consistent service, regardless of who they are or where they are located.

Our strong company culture has been built by emphasizing our core values of Integrity, Vigilance and Helpfulness, and by continuously stressing the importance of sound ethics and compliance. In 2019, we also added a purpose to articulate what we do and to further guide our employees in their daily work: We help make your world a safer place.

## FAIR WAGES AND GOOD WORK ENVIRONMENT

Securitas supports the United Nation's (UN's) Sustainable Development Goals, focusing particularly on goals that directly affect our employees, such as good working conditions and gender equality.

Our market leadership is dependent upon attracting and retaining the best employees in a highly competitive industry. We aim to be the employer of choice by, among other things, providing a good work environment and paying fair wages. In the UK, for example, we are working closely with the Living Wage Foundation to end low pay in the lowest paid service sectors. Securitas UK offers a "Living Wage" option to all prospective and current clients.

In the US, we are involved in industry associations such as the National Association of Security Companies (NASCO), an important stakeholder in ensuring good working conditions. We also maintain a dialogue with unions around the world and are have a global framework agreement with UNI Global Union, who represents more than 20 million workers from over 900 trade

unions in the skills and services sectors.

We prioritize good working conditions for all of our employees, and prior to accepting a contract with a client we evaluate the working conditions at the client site to ensure decent practices and a healthy work environment.

## HEALTH AND SAFETY

Poor health and safety procedures put our employees at risk and can damage our brand reputation, and we work actively with occupational health and safety issues in all countries. We continuously train our employees to ensure they can perform their tasks safely and have adequate equipment. Our security officers are trained not only to help themselves, but also to help others while on assignment, for example by performing first aid and CPR and ensuring fire safety. Our security officers receive training at least annually, and in many cases even quarterly.

Formal health and safety committees meet regularly, and client sites are assessed from a health and safety perspective. 22 countries of operation have received OHSAS 18001/ISO 45001 certification, and most of our operations have a "near-miss" reporting system to help us identify safety hazards. Our health and safety approach and knowledge have also become part of the services we offer our clients.

## DIVERSITY AND INCLUSION

One of our challenges is to increase gender diversity, which is one of our main focus areas when it comes to achieving the UN's Sustainable Development Goals. Our target is to have at least the same percentage of women in management positions at all levels as we have in the total workforce. Securitas aims to achieve better diversity on all fronts, and is firmly committed to equal opportunity and non-discriminatory practices for everyone. We conduct our business in accordance with international conventions such as the UN Universal Declaration of Human Rights.



# Closer to clients

Our clients' security needs are changing and shifting from manned guarding to security solutions featuring a combination of manned services and technology, supported by modern, data-powered tools. With the right team and assets, Securitas is in a strong position to meet these needs. Client engagement and deeper partnerships will help us lead the industry into the future.

With our vast global presence we are never that far from our clients and prospective clients. Today we have 150 000 clients (excluding monitoring only clients) and 150 global clients, including some of the largest companies in the world.

Securitas has a loyal customer base, with a retention rate of close to 90 percent and approximately 80 percent recurring sales base. We are proud of this high retention rate, but do not take our success for granted. We plan to strengthen our position even further by focusing more on client engagement.

## **STRONG CLIENT RELATIONS**

Client engagement is about finding ways to deepen the relationship with our clients. It requires a long-term perspective, intelligent data-driven solutions, global consistency in service delivery and the capability to scale from local to global solutions. We have a market-leading position in several countries and took additional measures in 2019 to ensure that Securitas' culture, values and way of working are the same no matter where in the world our clients are active.

We are combining our strong local empowerment and delivery model with increased global consistency, which includes initiatives such as a global clients platform. We are also implementing a number of initiatives to establish best practices and develop more digital, easy-to-use interfaces with clients.

## **NEW GLOBAL FUNCTIONAL UNITS**

In 2019, we created three global functional units to support our strategy and work with our global partners. The Global Clients

and Vertical Markets functional unit is responsible for our largest global clients and for developing specialization in new vertical markets. The Global Electronic Security Business Center is responsible for developing a global business approach, with common tools, processes, products and services within electronic security. The Global Guarding Center of Excellence will continue to strengthen our guarding core by developing global expertise, common tools and processes.

Our global clients currently account for 13 percent of Securitas' total sales and the number is growing due to increased globalization. There are few other security providers who can compete with us when it comes to global security knowledge.

## **VERTICAL MARKET SPECIALIZATION**

We are strengthening our solutions offering and working towards solving problems based on global best practices. At the same time, we are able to adapt to the different needs of each client through tailored solutions and vertical market specialization. One example of this is our aviation industry expertise. In 2019, we increased our aviation knowledge and capacity further through the acquisition of Global Elite Group, a security services provider to the US aviation industry with approximately 1 050 employees. The customer base includes more than 60 commercial airlines, among other aviation clients.

With our in-depth understanding of each client's business, values and goals, we can develop security solutions and services tailored to their individual needs.



# Protective services for every security need

The demand for security services continues to grow, and delivering high-quality solutions to our clients is the essence of what we do. We are therefore further strengthening our protective services through deeper specialization in each protective service combined with an even greater emphasis on selling and delivering solutions as well as adding data-driven innovation.

## RANGE OF PROTECTIVE SERVICES

Securitas has the most comprehensive protective services portfolio in the industry today. Together with our large presence, this gives us a strong competitive advantage, and we see significant potential to grow further in each protective service as well as in solution sales.

One of the biggest growth opportunities is in electronic security. All sectors, from data centers and transportation to healthcare and retail, utilize electronic security. This market is growing and is expected to be valued at USD 70 billion in 2021. The market for electronic security includes both systems integration and alarm monitoring, and few other providers can compete with Securitas' ability to offer both services. Today, we have electronic security capabilities in more than 30 countries and a global market presence.

With its broad portfolio and independent technology expertise, Securitas is a trusted advisor to our clients, offering them a one-stop-solution shop for all their security needs. By partnering with leading industry manufacturers and acquiring companies with additional competencies, we are able to provide the full value chain, from sales, design and installation to maintenance, monitoring and response. Through acquisitions, we are also expanding our global footprint to leverage growth opportunities in line with our strategy.

## INNOVATION

Securitas is leading the transformation of the security industry from low-tech to high-tech. We are employing people with competence in artificial intelligence, big data and digitized products, and together with our experienced security experts, they are developing new products and services as well as enhancing existing ser-

vices. Securitas' size, presence and market position are all important factors that are enabling us to become data-driven, deliver intelligent services and provide quick and adequate response to our clients.

We are digitizing the client experience, often by co-developing new solutions together with them. For example, we have created a digitized client channel, MySecuritas, that delivers dynamic incident reporting and business intelligence to our clients in digital form. It is also a digital distribution channel for our own and partner services (see more on page 23).

The security officer work methods are also being digitized to improve the quality and efficiency of our work. For our clients, this means that they will be able to see clearly, and even in real-time, how we deliver value to them. For our employees, it improves their work experience as they can get better support from other connected security officers in the field or in the SOC, Securitas Operation Center.

The digital interface makes it possible for Securitas to deploy new services in a quick, easy and consistent way. In parallel, we are constantly working to ensure that the data gathered is anonymized, structured and utilized in line with data protection regulations and our own policies.

## ACQUIRING GLOBAL EXPERTISE

In 2019, we acquired two companies that will help us become the intelligent protective services partner in Australia. The purchase of the alarm monitoring company Staysafe is helping us to establish service delivery and innovative solutions, while the acquisition of Fredon Security adds to our capabilities in the area of high-end electronic security solutions.

We also acquired the electronic security company Allcooper Group in the UK, a company specialized in the installation, maintenance and monitoring of security and fire systems.



## Efficiency a key priority

Multiple programs are underway to drive efficiency within Securitas including the establishment of a new global IT platform and a business transformation program. These programs are helping us lead the transformation of the security industry.

We are investing in our IT and business platforms to drive efficiency across the company. Transforming the organization by modernizing our technology and engaging in more collaboration and sharing of business practices will improve our capabilities and increase our profitability.

### IS/IT PLATFORM

Securitas is investing in a modern, scalable IS/IT platform. This is one of two major transformation programs that will increase efficiency and support the execution of our strategy. Our target is to reduce our current IT costs with MSEK 300 year-on-year by 2022 through this major investment in a data-driven technology platform.

The multi-year transformation is well under way, and we have already completed the merger of our IT operations in 56 countries into a leaner, global IT structure. The new structure comprises two delivery hubs – one for the EMEA and APAC regions and the other in the Americas. We have also established 11 IT clusters that are spread around the globe. This restructuring ensures that our IT operations can support both global and local efforts in an optimal way.

### FURTHER MEASURES

We are also driving change through our business platforms to improve our ways of working, best practice sharing and collaboration. In 2019 we started a business transformation program in North America with the target of improving our operating margin by up to 0.5 percentage points by 2022.

Additional projects are under way to improve our service delivery and focus on providing support to both our salespeople and our clients. We are digitizing tools for our security officers and have a customer excellence program that includes a global client relationship management (CRM) system.

To achieve a more efficient back office, we are integrating systems, reducing manual processes and improving our tools for finance, HR and administrative work. Digital tools for the “officer of tomorrow” offer another step in the right direction. Our transformation towards further efficiency is an ongoing process that will continue in the years to come.