

Proposal of the Board of Directors of Securitas AB for a long-term incentive program, including hedging measures by way of a share swap agreement (LTI 2022/2024)

Summary of the program

The Annual General Meetings 2019, 2020 and 2021 resolved on long-term incentive programs for the CEO, other members of Group management and certain other key employees within the Securitas Group (together the “LTI Programs”). Along the lines of the LTI Programs, the Board proposes that the Annual General Meeting resolves to implement a long-term incentive program for the CEO, other members of Group management and certain other key employees within the Securitas Group (“LTI 2022/2024”). The main principles for LTI 2022/2024 are set out below.

LTI 2022/2024 is proposed to include approximately 90 employees including the CEO, other members of Group management and certain other key employees within the Securitas Group. In order to participate in LTI 2022/2024 the participants will have to invest in Series B shares in Securitas at market price or nominate series B shares already held, as further set out below. For every Series B share purchased or nominated within the scope of LTI 2022/2024, the company will award so called performance awards free of charge in accordance with the terms stipulated below.

The rationale for the proposal

The purpose of LTI 2022/2024 is to create a strong long-term incentive for top executives of the Group, strengthen the Group’s ability to retain and recruit top executives, provide competitive remuneration, and to align the interests of the shareholders with the interests of the executives concerned by enabling the participants to become substantial shareholders in the company. Through a share-based incentive program, the employees’ remuneration is tied to the company’s future earnings and value growth. In light of the above, the Board believes that the implementation of LTI 2022/2024 will have a positive effect on the long-term value growth of the Group and consequently that LTI 2022/2024 is beneficial to both the shareholders and the company.

Personally invested shares

In order to participate in LTI 2022/2024, the participants will, with the exceptions stated below, have to either (i) purchase Series B shares in Securitas in the market and nominate such shares to LTI 2022/2024 or (ii) nominate Series B shares vested in LTI 2019/2021 or shares nominated in LTI 2019/2021 (without affecting the condition of LTI 2019/2021, to maintain personally invested shares during the entire vesting period) (“**Personally Invested Shares**”). Such investment in Personally Invested Shares shall be made during a period of up to one month, to end no later than 31 December 2022 (the “**Investment Period**”). The Investment Period shall be determined by the Board and the intent is that the Investment Period will commence after the completion of the acquisition of Stanley Security and the subsequent rights issue.

The value of a participant’s Personally Invested Shares shall be based on the market price for the company’s Series B share and shall correspond to minimum 5 percent (all participants) and maximum 15 percent (the CEO), 12.5 percent (other members of Group management) or 10 percent (other participants), respectively, of the participant’s base salary.

If the participant has access to inside information and therefore is prevented from purchasing or nominating Personally Invested Shares during the Investment Period, the Board shall be entitled to extend or postpone the Investment Period in individual cases, but no later than to the next Annual General Meeting. The Board shall further, in individual cases, be entitled to accept nomination of shares acquired prior to the Investment Period, but not earlier than 1 January 2022, and/or through



e.g. a pension insurance as Personally Invested Shares, where the participant, in the Board's opinion, has valid reasons for nominating such shares to LTI 2022/2024.

Participants in LTI 2022/2024 and allocation

LTI 2022/2024 is proposed to include approximately 90 senior executives and key employees within the Securitas Group divided in three categories.

Category 1

For each Personally Invested Share by the CEO of the Group under LTI 2022/2024, the company will award five performance awards to the CEO.

Category 2

For each Personally Invested Share by another member of Group management (currently thirteen individuals) under LTI 2022/2024, the relevant individual will be awarded four performance awards.

Category 3

For each Personally Invested Share by another participant under LTI 2022/2024, the relevant individual will be awarded three performance awards.

Performance condition

The number of Securitas Series B shares that the performance awards will entitle the participant to receive depends on the annual development of Securitas' earnings per share¹, compared to minimum and maximum target levels as defined by the Board, during the measurement period 1 January 2022 – 31 December 2024, where each year during the measurement period is compared to the previous year. The outcome is calculated yearly, whereby one third of the performance awards is measured against the outcome for 2022, one third is measured against the outcome for 2023 and one third is measured against the outcome for 2024.

If the minimum level is not reached for the relevant year, each performance award pertaining to that year will entitle participants to receive zero Series B shares, whereas if the maximum level is reached, each performance award pertaining to the relevant year will entitle participants to receive one Series B share. If the outcome falls between the minimum level and the maximum level, participants' entitlement to Series B shares will be calculated linearly between zero and one series B share per performance award. The Board intends to present the fulfilment of the performance-based condition in the Annual Report for the financial year 2024.

Other conditions

In addition to the above conditions, the following shall apply for the performance awards.

- The performance awards shall be awarded free of charge at the end of the Investment Period, subject to vesting.
- Each performance award entitles the holder to receive one Series B share free of charge (subject to the performance condition set out above) three years after allotment of the award (the "**Vesting Period**"), provided that the holder, with some exceptions, is still employed by the Securitas Group as per 31 December 2024 and has maintained the full amount of Personally Invested Shares purchased or nominated under LTI 2022/2024 during the entire Vesting Period.
- To make the participants' interest equal with the shareholders', the company will compensate the participants for distributed dividend during the Vesting Period by increasing the number of Series B shares that each performance award may entitle the participant to receive after the Vesting Period.

¹ Earnings per share is defined as the company's earnings per share after tax and dilution, excluding items affecting comparability approved by the Board and currency effects.



- The number of Series B shares that each performance award may entitle the participant to receive may be subject to recalculation due to share issues, splits, reverse splits and similar dispositions.
- The performance awards are non-transferable and may not be pledged.
- The performance awards can be awarded by the company or any other company within the Group.

Preparation and administration

The Board shall be responsible for preparing the detailed terms and conditions of LTI 2022/2024 in accordance with the mentioned terms and guidelines. To this end, the Board shall be entitled to make adjustments to meet foreign regulations or market conditions. The Board may also make other adjustments if significant changes in the Securitas Group, or its operating environment, would result in a situation where the decided terms and conditions for LTI 2022/2024 no longer are appropriate. Such adjustments include a right for the Board to resolve on a reduction of the number of Series B shares that the performance awards would entitle a participant to receive, if the number of Series B shares that a participant would be entitled to – considering Securitas' result and financial position, other circumstances regarding the Group's development and the conditions on the stock market – would be clearly unreasonable.

Furthermore, in the event that the Board considers that the delivery of shares under LTI 2022/2024 cannot be achieved at reasonable cost, with reasonable administrative efforts or due to specific market conditions, participants may instead be offered a cash settlement.

Participation in LTI 2022/2024 also presumes that such participation is lawful and that such participation in Securitas' opinion can take place with reasonable administrative costs and economic efforts. The Board shall be entitled to implement an alternative incentive solution for employees in such countries where participation in LTI 2022/2024 is not advisable, which alternative solution shall, as far as practically possible, correspond to the terms of the LTI 2022/2024.

Scope and cost of the program

LTI 2022/2024 may, if the share price for the company's Series B share remains the same during the program's term, result in a maximum amount corresponding to 75 percent (CEO), 50 percent (other members of Group management) or 30 percent (other participants), respectively, of the participants annual base salary (excluding social security costs). Such outcome is subject to the number of Personally Invested Shares being maximized, meaning that the value of the participant's Personally Invested Shares corresponds to 15 percent (the CEO), 12.5 percent (other members of Group management) or 10 percent (other participants), respectively, of the participants annual base salary, that the participant maintains the full amount of Personally Invested Shares during the entire Vesting Period, and that the participant, with some exceptions, still is employed as per 31 December 2024, and that the performance based condition has been fully achieved.

The maximum number of Series B shares that a participant may nominate as Personally Invested Shares, and thus the total number of performance awards that may be allotted, shall be based on the market price for the company's Series B share. The total number of issued shares in the company amounts to 365,058,897 shares.

Based on the assumption that the share price for the company's Series B share amounts to SEK 111, LTI 2022/2024 will, in accordance with the principles and assumptions set out above, comprise maximum 661,675 Series B shares in total, which corresponds to approximately 0.18 percent of the total number of issued shares in the company and 0.13 percent of the total number of votes in the company.



The costs for LTI 2022/2024 should be expensed as personnel costs over the Vesting Period. Provided that the performance-based condition is fully achieved, the cost for LTI 2022/2024 before tax is, in accordance with the principles and assumptions set out above, estimated to approximately SEK 73.5 million, allocated over the Vesting Period. Estimated social security costs and financing costs are included in such amount.

The Board proposes the Annual General Meeting to resolve to authorize the Board to resolve on repurchase of shares in the company and to transfer such shares on a regulated market to cover social security costs and financing costs associated with LTI 2022/2024 (see the notice convening the Annual General Meeting for further information about the proposal).

The costs for LTI 2022/2024 are expected to have marginal effect on key ratios of the Securitas Group.

The Board deems that the positive effects on earnings that are expected to result from increased share ownership among senior management and key employees, which may be further increased through LTI 2022/2024, outweighs the costs related to LTI 2022/2024.

All estimates are based on at each time applicable foreign exchange rates according to Reuters. Information on previous incentive schemes for 2019, 2020 and 2021 and the LTI Programs can be found in the Annual Report 2021, Notes 9 and 12.

Delivery of shares under LTI 2022/2024 and hedging measures

To ensure the delivery of Series B shares under LTI 2022/2024, the company may enter into a share-swap agreement with a third party, whereby the third party in its own name shall acquire and transfer Series B shares in the company to employees participating in LTI 2022/2024. The cost for the swap is estimated at a maximum of SEK 600,000 assuming that the performance-based condition is fully achieved.

Preparation of the proposal and voting majority

LTI 2022/2024 has been initiated by the Board and the Remuneration Committee of Securitas in consultation with major shareholders and has been structured in consultation with external advisers based on an evaluation of previous incentive schemes. LTI 2022/2024 has been prepared by the Remuneration Committee and reviewed at meetings of the Board. The resolution must be supported by shareholders representing more than half of the votes cast, or, in case of equal voting, by the opinion supported by the Chair of the AGM.

Stockholm in March 2022
the Board of Directors
SECURITAS AB (publ)