

Our strategy

Our strategy addresses the positive, long-term demand for security and related services and our enduring strategic aim is to demonstrate the values and performance that make G4S the company of choice for customers, employees and shareholders.

This section summarises our strategic priorities and how we focus our resources and expertise in areas where we can achieve the best results for customers and sustainable growth and return for investors. Our CSR approach covers a broad range of areas, but we have three material priorities: Health and safety, Human rights and Anti-bribery and corruption which are covered in the People and Values section.

Strategic priorities

Watch our 2017 results and 2018 outlook online at: www.g4s.com/investors



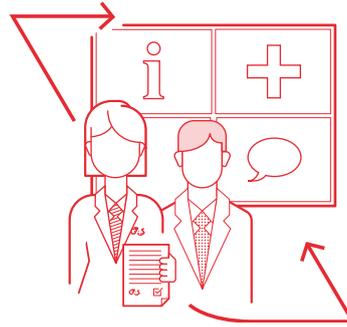
Key risks

See Principal risks: pages 62 to 65

KPI

See page 32 onwards for more detail and the progress in our key performance indicators.

The following pages highlight some of the Group's financial and non-financial KPIs and how they link to the Group's strategic priorities. For more detail see page 33.



PEOPLE AND VALUES

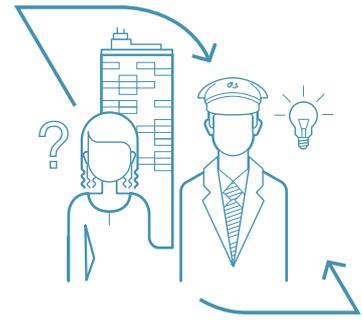
We recruit, develop and deploy the best people in our industry

- Attracting and retaining the best people
- Creating the right culture
- Defining our societal impact
- Building capability
- Engaging for success
- Promoting the right organisational culture
- Improving health and safety
- Respecting human rights

- Our trained and skilled people are hired by competitors or other companies or do not behave in line with the Group's values, resulting in a negative impact on customer service or those in our care
- Negative impacts on our employees' health and safety

47%

Reduction in fatalities from 2016 to 2017



CUSTOMERS AND SERVICE EXCELLENCE

We build long-term customer relationships based upon trust and understanding of our customers' businesses and objectives

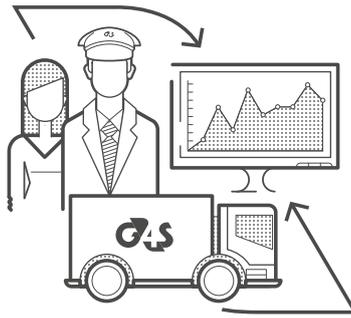
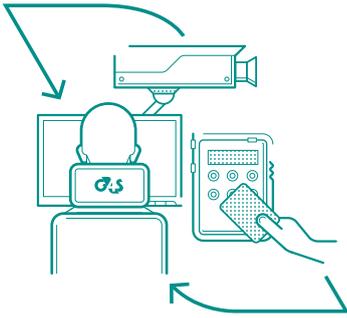
- Positive demand for security services
- Large diversified customer base and sales pipeline
- Investment in sales leadership and account management
- Net promoter score and contract retention

- Failure to understand customers' changing needs or falling short of customer expectations

£1.4bn

Annual contract value of substantial new business won

CORPORATE CULTURE BASED ON GROUP VALUES AND...



TECHNOLOGY AND INNOVATION

We design, market and deliver innovative, industry-leading technology and services that protect and add value for our customers wherever they operate

- Well-positioned for trends towards more technology with disciplined capital allocation
 - Secure Solutions – integrated security
 - Investing in world-leading proprietary products and services
 - Cash Solutions – Bank and Retail cash technology
-
- Failure to market or deliver our services and technology effectively or failure to deliver adequate value for money

30%

Growth in cash management technology locations in 2017

OPERATIONAL EXCELLENCE AND PRODUCTIVITY

We have secure, safe, reliable and efficient operations

- More focused business – cultural change
 - Reinvesting for growth
 - Productivity programmes – good progress but more to do
 - Efficient organisation design and management de-layering
 - Procurement and property
 - Operational excellence
 - IT-enabled lean processes
-
- Failure to comply with our standards results in harm, loss of expertise or investment fails to deliver benefit

4.2%

Increase in Adjusted PBITA from core businesses in 2017

FINANCIAL AND COMMERCIAL DISCIPLINE

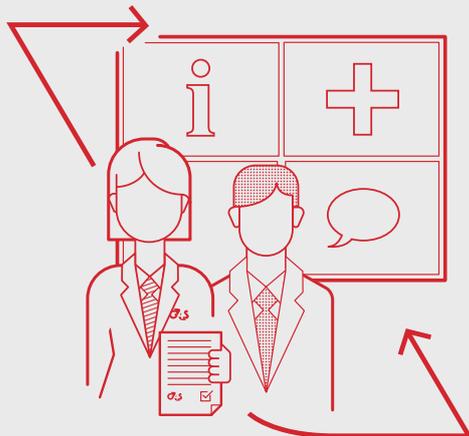
We manage risk effectively and ensure we provide profitable, cash-generative services

- Contract risk management
 - Portfolio management
 - Operating cash flow
 - Strengthening collections performance
 - Managing accounts payable
 - Capital allocation
 - Changing behaviours
-
- Inefficient capital management and failure to comply with Group risk management standards

2.4x

Net debt/Adjusted EBITDA at December 2017 in line with our target set in 2016

PEOPLE AND VALUES



With around 570,000 people, G4S is one of the world's largest private sector employers. Our employees and services touch the lives of others every day, providing crucial services to keep them safe and secure. Our success is therefore underpinned by the way we attract, develop and engage with our people, as well as the culture and values that shape the way we work and how our colleagues carry out their roles.

2017 ACHIEVEMENTS

8.3% Reduction in voluntary employee turnover to 25.3% in 2017 (2016: 27.6%)	428,000 Employees responded to our global engagement survey	37% Reduction in serious H&S incidents since 2015 in high priority businesses
----------------------------------------------------------------------------------------	-----------------------------------------------------------------------	-----------------------------------------------------------------------------------------

Attracting and retaining the best people

Attracting and retaining the best people continues to give G4S a competitive advantage as well as ensuring we deliver the best results for our customers. For our senior population, we know from our management survey that the most important factor influencing their decision to join and then to stay at G4S is the nature of the roles and the responsibilities on offer. Our global footprint and operations across a range of product and service lines helps make the business attractive to the best candidates. Once appointed, the responsibility, complexity and opportunities for innovation help retain our senior people and keep them motivated.

For other levels in the organisation, we have developed two toolkits which help us attract and retain colleagues by utilising our expertise and sharing resources across the Group. The first relates to recruitment and is designed to ensure potential candidates for jobs with G4S have a positive recruitment experience while going through an efficient and effective hiring process. The second provides guidance on good retention practices. Both toolkits are online and contain templates that are easy to follow and adopt. They emphasise the importance of ensuring applicants know what will be expected before they apply, and if they do join G4S there are robust processes in place to welcome, induct, train and support them. Feedback from our most recent global employee survey suggests that our employees feel well equipped to perform their role, with over 90% of respondents stating they understand their job procedures. Often employee turnover is at its highest in the initial months after appointment, which suggests there is still more to do to retain our newest colleagues.

In order to build our reputation as a good employer and attract candidates from the widest talent pools,

CREATING THE RIGHT CULTURE

The G4S values are embedded in the standards, policies and guidance which we set out to help employees and managers perform.

To help our front-line operational employees understand the behaviours we expect, and the decisions they should take in line with our values, we have launched a range of learning and awareness materials. These materials include an animated video, scenario-based flashcards, presentations and an online exercise. The materials draw on over 90 scenarios from all product and service lines and are designed to promote discussion and to guide behaviour in line with our values. They address topics like harassment, bribery and corruption, the care and treatment of others, breaches of health and safety rules and inappropriate use of social media. To ensure these materials remain relevant we will continue to add different scenarios whenever new values-based operational situations are identified which can help guide our employees.

Work is now underway on values training materials for our managers, using our newly revised competency framework. In line with our values, this refreshed framework defines leadership and management behaviours in terms of how managers should act today, plan for tomorrow, and build relationships. The framework is used in our selection processes as well as our 360 degree review process to assess performance and future potential. It enables us

countries and regions adopt different approaches to diversity, reaching out to recruit from under-represented groups in their businesses. In North America, the recruitment of veterans who bring relevant skills and an inherent understanding of security risks continues, whilst in the UK our businesses are some of the few in the security sector to have been awarded Disability Confident level 2 status as a result of their commitment to identify and remove barriers which impact on the employment of people with disabilities.

Overall employee retention continues to improve with voluntary employee turnover reducing to 25.3% (2016: 27.6%) as closer scrutiny and the implementation of good retention practices help us improve performance even in tight labour markets. This is good for service to our customers, who appreciate working with staff who know them better and have more experience. While our employee headcount has reduced from 585,000 to 570,000 as a result of our portfolio management programme and our drive to improve organisational efficiency, wherever possible we redeploy people and retain their skills and knowledge. For our front-line employees, the launch of a new values related global recognition programme will add a further opportunity to showcase the amazing work they do for our customers each and every day. Ensuring we celebrate success, and share information about the ways in which our employees behave in line with our values, not only helps to bring our values to life but also promotes the expertise and capabilities of our people.

In March 2018, we published our UK Gender Pay Gap Report for the relevant UK businesses. As well as explaining the reasons for any gaps, the report also sets out the actions we are taking to achieve the progress required as part of our wider diversity and inclusion strategy.

OUR VALUES

Our values are the standards we set for ourselves and they are reflected in the culture of our organisation through our behaviours and actions.

Integrity and Respect
 Our business activities and relationships are built on trust, honesty and openness. We deliver on the promises we make and treat our colleagues, customers and those in our care with the utmost respect.

Safety, Security and Service Excellence
 We work in a safe way and take great care to protect our colleagues and customers from harm. We are experts in security and use that knowledge to protect our customers' most valuable assets. We are passionate about delivering high levels of customer service.

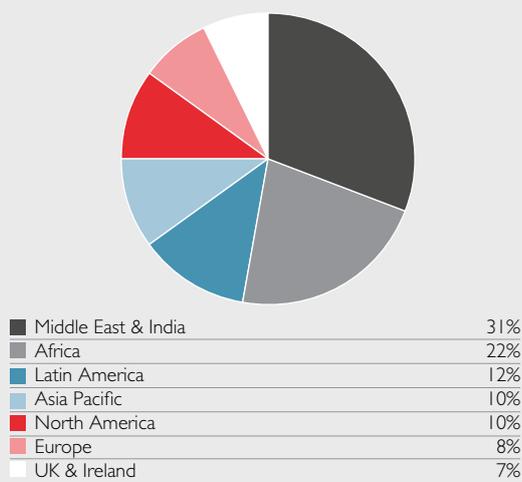
Innovation and Teamwork
 We invest in technology and best practice to improve continually our service offering. We challenge ourselves to find new ways of helping our customers.
 We work together as a team to achieve the best results for our customers and our business. Everyone has a valid opinion and their contribution is valued.

to gather insight into what colleagues have achieved as well as whether they have done so in a way which is consistent with our values.

While having a common set of values helps set G4S apart from the competition, as a global employer we also appreciate that having a diverse workforce enables us to better understand our differing customer needs, and harnessing this diversity is critical to driving innovation. Feedback from our latest global employee survey indicates that 84% of employees who responded believe that the company values people from different backgrounds, and in 2018 we will continue our focus on diversity to ensure we maximise the benefits it brings.



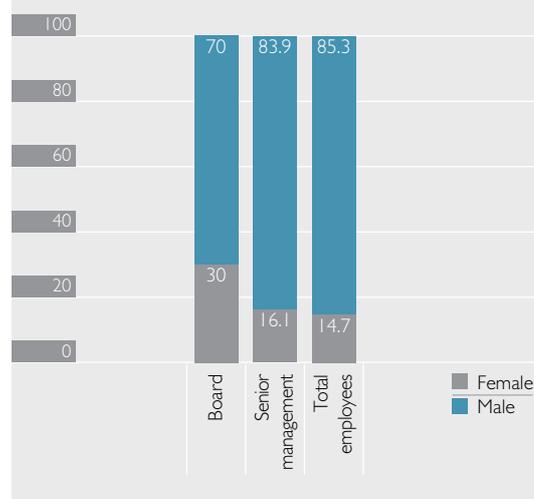
Employees by location as at 31 December 2017 (%)



Wage inflation

In a number of markets, especially developed regions such as North America and the UK, economic indicators have highlighted an increase in wage inflation – as a result of tightening labour markets in some areas and as a result of increases in minimum or living wages. As a long-established global employer, G4S has many years of experience of managing periods of wage inflation. We have to be prepared to negotiate price increases with customers and to look for ways to continue to be more productive and cost effective. For example, we believe this trend is helping to drive more revenue towards integrated solutions, where G4S has a competitive advantage and barriers to entry are higher.

Employee gender diversity in 2017 (%)



Building capability

Building industry-leading capability is at the heart of our people strategy. We want employees at G4S to have the opportunity to flourish and grow so that they can contribute to the future success of the organisation. There are many examples of local development programmes which enhance the security and technology expertise in our organisation.

For example, in 2017 the G4S Academy was launched in Denmark and has provided a structured approach to skills development and accreditation in line with industry standards.

DEFINING OUR SOCIETAL IMPACT

We play an important role in society. Through its services and organisation, G4S delivers a broad range of significant and far-reaching social and economic benefits to the communities in which we work, many of which are helping to realise the United Nations Sustainable Development Goals (SDGs).

- We create employment opportunities, and invest in and develop our employees. We directly benefit them and our suppliers through the salaries, benefits and payments we make for goods and services.
- In our Care & Justice operations, we develop innovative programmes to rehabilitate offenders and provide them with the encouragement and skills needed to help them rebuild their lives once released.
- We deliver a wide range of specialist security services that mitigate the risk or impact of criminal behaviour and help to create safer and more stable communities.
- Our colleagues work with governments and non-governmental organisations in high-risk environments such as former conflict areas, to support humanitarian, stabilisation and economic-reconstruction efforts.

- Our focus on safety has helped reduce the risk of injury and fatality.
- We encourage industry standards to be raised. By embedding our policies and practices into less developed regions, as well as by supporting new approaches such as the Ethical Employment Partnership or the International Code of Conduct for Private Security Providers, we have helped to improve industry standards around the world.

The SDGs call upon businesses to advance sustainable development through the investments they make, the solutions they develop, and the practices they adopt. In this report, we have mapped case studies against the SDGs to highlight where G4S is helping to advance the SDGs through our programmes and operations.

Visit sustainabledevelopment.un.org for more information on the United Nations Sustainable Development Goals.

Regional Leadership Programme

On a Group-wide basis, our efforts are focused on developing the next generation of leaders, primarily through our flagship Regional Leadership Programme, which is devised centrally but delivered locally so that it is tailored to meet our diverse needs. The Programme offers high-potential individuals, in a range of line, functional and business-development roles, the opportunity to enhance their knowledge and strengthen their leadership skills. So far 90 employees have graduated from the programme, and a further 59 are already on course to do so in 2018.

Talent reviews

Annual talent reviews and quarterly talent exchange discussions are helping to identify potential candidates for future regional programmes early and are ensuring career opportunities are more widely available to employees across the Group.

Broadening use of training and development materials

Whilst our investment in training and development has to be highly focused, we are doing more to promote the use of materials we already have available to build wider capability across the entire management population. For example, in 2017 we launched a 16-week development programme containing relevant materials such as articles, assessments, online exercises and e-books relating to a number of specific topics such as change management, delegation and coaching skills. The programme is currently running, with thousands of employees subscribing. As learning technology evolves, our ability to provide access to materials in a more flexible and bite-sized way, to suit our busy managers, is increasing. For example, for specific functions like Sales and Business Development, we are establishing on-line academies which will help employees identify their own development gaps and navigate the materials available to find those best suited to meet their needs.

Recruiting and developing women

Recruiting and developing women into line-management roles for our operations remains a challenge across the Group as well as the security industry as a whole. We actively monitor our gender balance and were pleased that in 2017 an independent business-led review supported by UK Government (the Hampton-Alexander Review) showed G4S as the top performing company in the business services sector in the FTSE 100. There is more to do in this area and as part of our wider diversity and inclusion strategy we have identified a number of actions to help us to continue to make progress.

Engaging for success

We are in no doubt that having well-trained, engaged and motivated employees helps us to deliver for our customers and make G4S a success. Consequently, we invest a lot of time and effort in listening to our employees' views and responding to their feedback. We do this in a variety of ways including direct dialogue, consultation forums and our employee survey. To ensure the survey is accessible to all employees, it is offered in over 40 languages and three formats (paper, online and mobile). Engagement levels for senior managers were also tested in a separate survey targeted at the leadership team. Response rates for both surveys remained high in 2017. In the case of the global engagement survey in 2017 the response rate at 73% was at the same level as 2015 and for the leadership survey was higher at 87%, compared with 85% in 2015. Feedback from the global survey helps identify what businesses need to stop doing, start doing and continue to do to improve levels of employee engagement. The feedback from the management survey showed improvements in almost every area, suggesting high levels of confidence and support for the business strategy, our values and the executive team.

73%

Response rate to the biennial employee engagement survey undertaken in 2017

84%

Favourable response rating from the global employee engagement survey

90

graduates from the regional leadership programme which continues in 2018

SUSTAINABLE DEVELOPMENT GOALS



Union representation

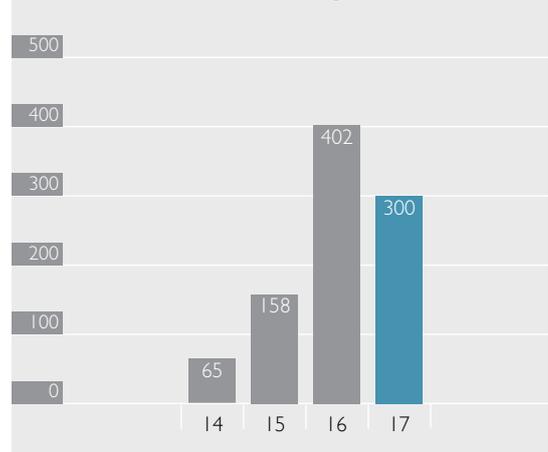
Our union and employee representative forums at global level are via the global union UNI, and the GMB, with whom we signed an Ethical Employment Partnership in 2008. At a European level we have a well-established European Works Council and at a local level there are a number of union recognition agreements in place. Working together with our recognised unions helps us raise standards both internally and, where appropriate, across the wider industry and identify potential problems early and address them constructively.

Promoting the right organisational culture

During 2017, 300 cases were raised by colleagues via Speak Out, our global whistleblowing system. This was 25% fewer than the previous year, but detailed analysis shows that employee grievances are being reported and handled more effectively via other channels. We believe it is very important that employees feel confident to speak out confidentially to ensure standards are met to protect people. All cases reported to Speak Out are reviewed and are directed to the most appropriate channel for action.

The majority of matters raised via Speak Out are grievances which are transferred to the relevant HR department, as they are best placed to investigate and resolve the matter promptly. Concerns regarding operational procedures are investigated by local management to ensure that relevant standards are being followed.

Total number of whistle blowing cases



Anti-bribery and corruption

Investigations relating to other matters, such as bribery, ethical or financial issues, are conducted by our internal network of investigators or by independent experts.

Matters of a serious nature are investigated at a senior and independent level, with 59 investigations completed during 2017.

The Group Ethics Steering committee has continued to oversee implementation of our whistleblowing policy, case management of whistleblowing reports, and to conduct regular reviews of serious cases, the investigations' progress and the resulting actions.

SPEAK OUT

Values: Integrity and Respect
Safety, Security and Service Excellence



Every G4S employee has a responsibility to ensure that we uphold our core values, adhere to the law and deliver against the important commitments set out in our business ethics policy and ethics code.

Speak Out, our global whistleblowing system, is a key method of ensuring that we maintain a high standard of ethics, respect and integrity.

Speak Out is hosted by an independent specialist hotline and case management provider. It enables every employee to report concerns that they may have about the behaviour of individuals, or the business operations, which they feel contravene the ethics code or our core values. We encourage any employee who wishes to raise a matter of ethical concern to contact the free telephone hotline or make a report online. Both channels are available 24 hours a day, seven days a week, and are completely confidential.

IF YOU SEE OR SUSPECT WRONGDOING...
...do the right thing and speak out!

SPEAK OUT!

0808-234-8852
www.g4s-speakout.com

IT IS SAFE TO SPEAK OUT!
You are encouraged to report any serious issues without fear of retaliation. All concerns raised in good faith will be taken seriously and treated with respect.

SPEAK OUT is for reporting serious wrongdoing. Any other concerns (such as pay queries, uniform issues or general employment grievances) should be directed to your line manager, or HR for a quick resolution.

Securing Your World

Improving health and safety

The safety of our employees and those in our care is one of our key priorities.

To enable us to keep our customers and the communities we serve safe, we must prioritise the safety as well as the health and wellbeing of our employees. It is our responsibility to ensure that our colleagues return home from work safely every day.

The nature of our work and the environments we operate in mean that safety and security present a strategic risk to our business. We believe that setting the highest standards for health and safety across our industry helps keep our colleagues safe and builds loyalty and commitment to G4S among our employees. Leading by example and having expertise in health and safety gives employees, customers and stakeholders confidence that we will work in a safe way.

We recognise that our businesses operate in different contexts and face varying levels of risk. All businesses within the Group are required to meet a set of core health and safety standards. We must make sure that we are constantly learning and continuously enhancing our processes, in order to continue to keep colleagues safe despite a changing environment.

Compliance is monitored via audits and reviews of performance at regional, group and board level via the CSR committee. Health and safety is included in Group Internal Audit's scope as part of non-financial risks.

During 2017 we have:

- Continued to improve the performance of businesses which have had multiple fatalities. Serious incidents have reduced by 37% in these businesses since 2015
- Introduced a reporting and tracking process for those incidents which have the potential to result in a fatality, and increased the coverage of our injury reporting to 98% of businesses
- Reviewed our front-line health and safety induction training and drafted a mandatory syllabus
- Revised the G4S Golden Rules of Safety

Sadly, during 2017, 25 of our colleagues lost their lives in work-related accidents. On a comparative basis this is a reduction from 47 fatalities in 2016. The number of road-traffic fatalities has decreased by 48% since 2013, when the first road-safety programme was launched.

While the number of attack-related fatalities decreased in our Cash Solutions businesses, this has not been due to a reduction in the number of armed attacks. The businesses continue to work with the relevant authorities to introduce new procedures and improved controls.

During 2017 the Group's lost time injury incidence rate was 6.7 per 1,000 employees (98% of businesses reporting). This compares with a rate of 7.7 in 2016 (96% of business reporting).

There were three non-natural deaths in custody in 2017. All deaths in custody are investigated by the relevant authorities to determine the cause of death. One of the incidents was due to self harm. Pronouncements will be made by the relevant coroner on the two remaining incidents following their investigations. In 2016, we disclosed a death in custody which was later pronounced as due to unintentional drug overdose by the coroner.

Respecting human rights

We are proud of our role in society and of the positive contribution we make to the realisation of human rights through the range of services we offer and the standards which we apply.

However, we also recognise that we have a duty to ensure that we are not at risk of violating human rights through the services we provide, the customers we work with, the suppliers we use, or through the treatment of our own employees and others who are in our care.

G4S' human rights policy and its related framework are based upon the UN Guiding Principles on Business and Human Rights. Alongside our values of Integrity and Respect, the framework reinforces the continued development of a business model which aids the realisation of the Sustainable Development Goals through the improvement of industry standards, employment opportunities and helping to create secure and stable communities.

By having clear values and standards, and educating and training colleagues to uphold them, we are creating a positive culture which means our colleagues can be trusted to do the right thing and behave in a way which meets our standards. In cases where colleagues are deemed not to have upheld those standards, we undertake swift, thorough and impartial investigations into the causes of such behaviour and take appropriate action to remedy them. In addition to this resulting in consequences for the individual or individuals concerned, we learn from such instances and enhance our safeguards to prevent similar issues arising in the future.

6.7

Per 1,000 employees lost time injury incidence in 2017

65

Human rights self assessments completed in 2017

G4S ACADEMY

Values: Innovation and Teamwork

G4S Academy is a recently-launched initiative within G4S Denmark, focused on creating an intelligent culture that can embrace and adapt to technological change, and predict future customer demands by leveraging our unique, untapped in-house knowledge and sharing it with customers.



The standards set by our human rights policy have been embedded into our business policies and processes, such as our ethics policy, HR core standards, and the group risk and compliance systems. For example, investment proposals are assessed on whether they can be achieved in line with our company values and standards, as well as on the basis of appropriate operational delivery, commercial risk and financial return.

During 2017, we have:

- Developed and implemented a human rights awareness programme for senior managers, beginning with the Group Internal Audit department.
- Conducted 65 human rights control self-assessments of businesses operating in high-risk countries.
- Commenced a programme of internal audits of human rights controls of businesses in high-risk countries, carrying out audits in 2017.
- Assessed operational and other business issues against our 'risk universe', such as human rights and other CSR risks.
- Published our first slavery and human-trafficking statement, setting out the actions we have taken to help prevent modern slavery within our business and supply chain, including the development and implementation of our Supplier Code of Conduct and our migrant worker policy (g4s.com/modernslavery).
- Updated our Supplier Code of Conduct
- Commissioned an independent review of Brook House Immigration Removal Centre following allegations of unacceptable behaviour and treatment of detainees by employees (see page 82).

IMPROVING DRIVER SAFETY

Values: Safety, Security and Service Excellence
Innovation and Teamwork



The number of road-traffic fatalities has decreased by 48% since 2013 when the first road safety programme was launched. During 2017, we introduced new high-visibility clothing for our motorcyclists in Thailand, and brightly coloured seat belts in Hong Kong which enabled a visual check.



ACTIONS FOR 2018

Create and promote the right organisational culture

- Launch management values training materials, embed front-line materials and complete update of HR policies and processes to reflect G4S values
- Continue the delivery of regional leadership programmes and promote development paths and learning opportunities for employees at different levels
- Implement action plans from global employee-engagement survey and address actions from management survey
- Review opportunities to improve gender balance and follow up on UK gender pay gap reporting

Improving Health and Safety

- Continue to implement the revised front-line health and safety induction training
- Introduce updated controls for security officers working at entrance gates
- Share and adopt best practice across the Group in managing critical risk areas
- Develop action plans for businesses which have had multiple fatalities, as well as monitoring their implementation

Respecting Human Rights

- Review human rights risks across the Group's geographic footprint and update our human rights heatmap.
- Conduct human rights control self assessments and continue programme of internal audits of businesses operating in high-risk environments.
- Carry out human rights risk assessment in key business areas
- Review and implement key actions resulting from the independent review of Brook House IRC (see page 82).
- Continue to build awareness of human rights responsibilities across the Group's businesses.

Anti-bribery and corruption

- Continue to increase awareness of Speak Out and create an environment in which colleagues are confident that they may raise concerns without fear of retaliation

MOUNT GAMBIER PRISON, AUSTRALIA

Values: Integrity and Respect
Safety, Security and Service Excellence
Innovation and Teamwork

SDGs:



G4S has operated Mount Gambier Prison since 1995 and in September 2017 was awarded a new five-year contract which includes an option of a further term of up to five years. Mount Gambier Prison, the only privately-run prison in South Australia, is a medium-security men's prison with a capacity of 493 beds. Taking over as general manager at the prison is the previous deputy director for G4S-managed HM Prison Rye Hill in the UK.

As the new contract begins, the team will be developing new partnerships with the local community. These will include support services and technology partners. Rehabilitation and reintegration services will be provided, as well as programmes aiming to reduce prisoners' risks of reoffending, thus supporting the Government's policy to achieve a 10% reduction by 2020 and aiding reintegration back into the community. The prison's management team will also continue to work alongside the State on the planned expansion of the facility, engaging with the community and providing significant employment opportunities in the region.



CUSTOMERS AND SERVICE EXCELLENCE

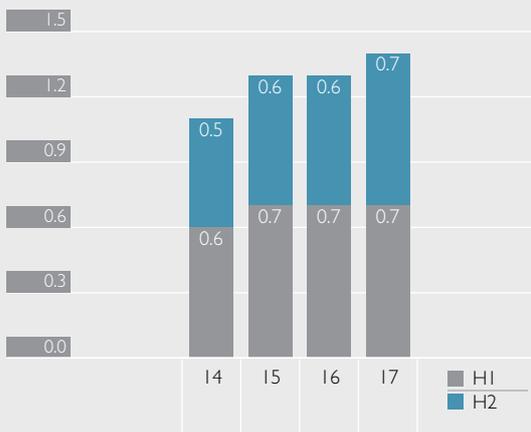


We build long-term customer relationships based upon trust and understanding of our customers' businesses and objectives.

2017 ACHIEVEMENTS

£1.4bn New business won	24,000 Customers completed net promoter score surveys	£2.45bn Technology-related security revenue in 2017
-----------------------------------	-----------------------------------------------------------------	---------------------------------------------------------------

New business won
Annual contract value (£bn)



Positive demand for security services

We believe that the long-term demand for our services remains positive, and we expect to grow revenues on average by around 4% to 6% per annum over the medium term. We continue to sustain contract retention rates of around 90%, have won substantial new business, and more than replenished our sales pipeline together with an improved quality of opportunities.

Large diversified customer base and sales pipeline

One of the strengths of the Group is the diversified nature of its contracts and sales pipeline. Our pipeline is diversified by service, geography and customer. Our 150,000 customers are spread across many different types and customer segment. At the end of December 2017, we had won new business with an annual contract value of £1.4 billion and total contract value of £2.5 billion.

Our sales pipeline has grown despite an increased emphasis on pipeline qualification, ensuring we focus on the best opportunities and improve our win rate. As the Group has invested in innovative products and services, we also see an improvement in the quality of the sales pipeline in terms of more technology-related, longer-term, higher-value-added opportunities.

YALE UNIVERSITY, USA

Values: Safety, Security and Service Excellence
Innovation and Teamwork



Using G4S-owned AMAG technology, Yale University, one of the world's best-known and oldest Ivy League institutions, has carried out, almost unnoticed, a full scale upgrade of its access-control and site security system across 350 main campus buildings.

Securing a prestigious university in a busy urban area presents particular challenges. High expectations by students, parents and staff, combined with modern security and environmental factors, demanded an exceptional security solution.

The innovative AMAG approach was to use their Symmetry SR Retrofit System, which is designed so that the customer can use their existing wiring and card readers to avoid a disruptive, prolonged, expensive and complex upgrade and without damage to the historic Yale buildings. This unique "plug and play" design allowed Yale to replace old controllers with Symmetry SR Controllers, and provides Yale with a range of advanced integration options so that additional security measures can be added if and when required.

Investment in sales leadership and account management

Since 2013, we have invested in sales leadership, sales and service training, customer relationships, account management and a mandatory sales management system. Our understanding of customer requirements has increasingly resulted in opportunities to sell more technology-enabled solutions. This is particularly the case in developed markets, where higher wages and lower hardware costs have made technology solutions more cost-effective.

We have also invested in capturing global customer opportunities, which has delivered success by winning new work or new customers such as Bank of America (see case study overleaf).

Net promoter score and contract retention

Since 2016, we have embarked on a group-wide Net Promoter Score (NPS) survey process with existing customers. In 2017, using automated survey tools, we doubled the number of surveys conducted, with over 24,000 surveys, including our top 20 customers in most countries, conducted successfully in 29 languages and we improved NPS scores in most countries compared with 2016.

ACTIONS FOR 2018

- Improve win rate
- Improve contract retention
- Improve net promoter scores

MAJOR REDEVELOPMENT, UNITED STATES

Values: Safety, Security and Service Excellence
Innovation and Teamwork



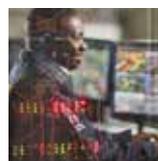
4-6%
Per annum revenue growth over the medium term

Since 2016, G4S has been providing detailed risk and threat assessment as well as an integrated solution and unified security at the largest multi-use redevelopment programme in the United States. This includes access control, systems integration, monitoring (fire, video, intrusion), Risk360, SecureTrax, design and management of the security and operating centre, and manned security officers.

£2.5bn
Total contract value of new business won in 2017

CARGILL, BRAZIL

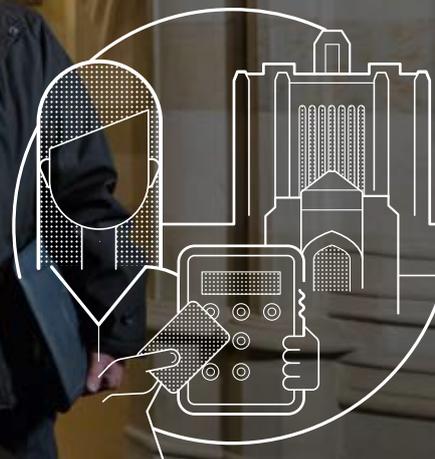
Values: Safety, Security and Service Excellence
Innovation and Teamwork



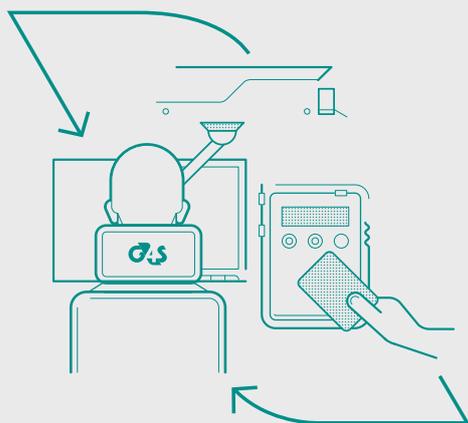
Cargill has been providing food, agriculture, financial and industrial products and services across 70 countries for the last 150 years. In Brazil, it has 10,000 employees across 17 states and G4S Brazil has been providing electronic security services (CCTV and access control) to Cargill since 2016. After an in-depth study, G4S Brazil designed a CCTV and access control solution in 2017 for each Cargill site in countryside locations. This can be challenging due to isolation of the sites and the requirement for power generators to be used. This solution will be expanded from the current ten sites to 130 sites over the next three years.



350
buildings



TECHNOLOGY AND INNOVATION



Since its formation in 2004, G4S has positioned itself as a leader in integrated security, providing a combination of manpower and technology, systems and software. Through our customer relationships and insight, we have increased focus on investing in the development and marketing of new technology and services to strengthen our service offering, to support growth and to improve margins over time.

2017 ACHIEVEMENTS

KPI

30%

growth in cash automation locations globally

KPI

26%

growth in retail cash solutions in North America

KPI

11.4%

Growth in technology-related revenues in 2017

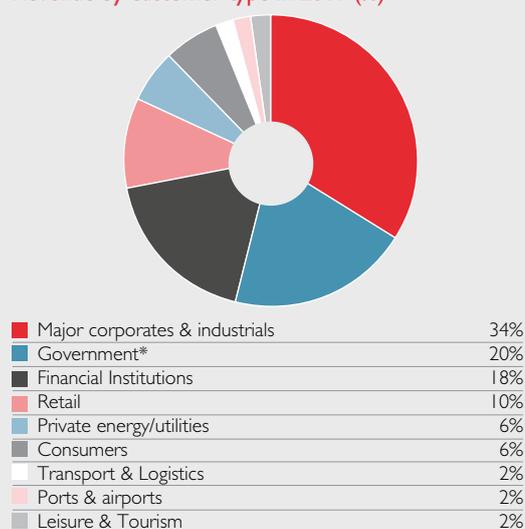
Well-positioned for trends towards more technology solutions with disciplined capital allocation

Increasingly our bespoke offering for customers includes technology in the form of systems and software. For some customers, we own the equipment in their facilities but for others, usually larger customers, we tend to sell the required equipment to the customer, underpinned by long-term management and maintenance contracts. Some of our services and technology solutions, which have commercial momentum in key markets, are featured in this section.

Secure Solutions – Integrated Security

G4S positions itself, not as a technology company but, as a security systems integration company:

Revenue by customer type in 2017 (%)



* Our work for Government is c7% Care & Justice. The remainder is embassy security, local government, support for disaster relief, charity and NGO work, border protection and landmine clearance.

BANK OF AMERICA, NORTH AMERICA

Innovative long-term security partnership with one of the world's largest banks

Values: Safety, Security and Service Excellence
Innovation and Teamwork

SDGs:  

Leading global financial institution Bank of America is one of G4S' largest commercial customers. Bank of America serves 47 million consumers and small businesses across 4,500 retail financial centres in 35 countries around the world.

During 2017, our North America business renewed its integrated secure solutions contract with the bank, including a new region covered by the contract, and including access to the Group's proprietary RISK360 software, with a resultant 10% growth in revenue.

Investing in world-leading proprietary products and services

In our Secure Solutions segment, we continue to invest in product and service innovation combined with sales and operational support in the following areas:

- Software tools including evidence-based risk assessment, incident management and travel advisory systems such as RISK360. For example, a global financial organisation used RISK360 to reduce incident reporting time by 50%.
- Proprietary security systems such as Symmetry Connect access control systems (see Yale case study on page 24) and visitor management systems.

Technology-related security revenues are now £2.45 billion.

Cash solutions – Retail Solutions, bank-branch automation

For our financial and retail customers, we have developed a number of innovative and efficient services. We have over 19,500 cash technology installations, often combined with our software and managed service and have a strong and growing pipeline:

- Automated cash solutions for retailers – this bespoke solution covers smart safes and cash recyclers, including our own Deposita equipment in emerging markets through to full cash management automation solutions for some of the world’s largest retailers.
- Automated bulk-teller solution for banks – the Deposita solution of hardware, proprietary software and managed service is also being used in bank branches.

- Mobile banking service – due to the increase in electronic payments and internet banking, traditional bank branch usage has declined in some markets, resulting in bank branch closures. However, the banks recognise the value of personal interaction with customers and so in some developed and emerging markets G4S has launched a mobile banking service using the skills and fleet of our traditional cash-in-transit business in a more integrated and innovative way.

ACTIONS FOR 2018

- Improve cross-market innovation and growth
- Continue to drive market penetration of integrated security solutions
- Build on our market leadership in cash automation services with more customers in more markets
- Continue to invest in innovative and efficient services for customers
- Cross-selling and up-selling within and across markets
- Continued investment in people, technology, software and systems



10%
 Growth in our new renewed contract with Bank of America. The three year integrated security solutions contract is the Group's largest individual contract.

OPERATIONAL EXCELLENCE AND PRODUCTIVITY



Our productivity programmes have started to show clear benefits and we have increased confidence that there remain many more opportunities to be a more efficient organisation. In August 2017, we announced that we expected to deliver recurring operating and financing efficiencies of £90 million to £100 million per annum by 2020.

2017 ACHIEVEMENTS

KPI

1,300

re-negotiations with suppliers

KPI

130

business units across 90 countries completed organisation benchmarking

1st

pilot launched in the entire Irish manned security business in November 2017, combining HR, operations and finance in one streamlined IT-enabled process

£90m-100m

efficiency savings per annum by 2020

More focused business – cultural change

Historically a significant part of the Group's strategy and development was growth through bolt-on acquisitions and, in many cases, these acquisitions were not fully integrated into the Group. With the Group offering many services in a large number of countries, this resulted in an inefficient organisation, with many management layers built up over time, resulting in inefficiency and lack of accountability.

The Group is now more focused, on two core business segments, and we are implementing programmes to ensure our organisation and operational costs are just as focused – with support functions as shared-service centres. This requires a substantial cultural change in the organisation and has to be done methodically and properly.

Reinvesting for growth

A significant proportion of the gains we have made from our efficiency programmes have been reinvested in the business to improve governance, increase the opportunities for growth as well as in processes to drive further efficiency. We have increasing confidence in being able to deliver further efficiencies as outlined in the "programme progress table opposite" and we expect the majority of these will increasingly flow through to the bottom line.

Efficient organisation design and management de-layering

Following benchmarking in 130 business units across 90 countries in 2017, we have begun delayering the management frameworks in the business and are now working to have more efficient regional, functional and operational frameworks as follows:

Procurement and property

The Group procurement team has continued driving its activities throughout the different regions with a category-focused and regionally-deployed strategic approach.

Key areas of improvement included supplier base rationalisation, standardisation of procurement processes and demand management, renegotiation of payment terms and the delivery of savings across all categories. Globally, in 2017, the team delivered over

HINKLEY POINT C, UK

Values: Safety, Security and Service Excellence
Innovation and Teamwork

SDGs:



Hinkley Point C will be the first nuclear plant to be built in the UK in over 20 years. The build project will last ten years and involves a high level of complexity and risk, with over 5,600 workers on site. G4S will be providing an integrated-security solution covering physical security and facilities management, access control, CCTV, RISK360, control room, vetting, incident response – command & control, contractor on-boarding, risk audits and protester management.

Programme progress – helping to deliver between £70 million and £80 million sustainable operational cost savings per annum by 2020, with an additional c£20 million from re-financing:

Programme	Status	Progress
Safety performance		Foundations laid: building culture and improving performance
Organisational efficiency: operations and support functions		Benchmarked 130 business units across 90 countries
Procurement and property		<ul style="list-style-type: none"> • >1,300 supplier negotiations • Reduced suppliers and demand • Rationalising property
IT-enabled automation and shared-service centres		<ul style="list-style-type: none"> • IT service management model • Progressive, disciplined programme
One G4S; standardised operating and functional processes		Significant opportunity

1,300 individual re-negotiations with tangible results in all regions and savings in excess of 50% in some cases. New procurement tools were implemented to provide more efficient and controlled procurement, such as the tool rolled out in the UK to manage the procurement of contingent labour. This will be progressively rolled out to other regions.

In 2018 focus will remain on consolidating the supplier base, standardisation of procurement processes, demand management and delivering savings.

Operational excellence

We have a number of initiatives in place to introduce standardised operational and functional processes. We are also using IT-enabled automation and shared-service centres to improve productivity. One example of this is Javelin.

Lean-process design – Javelin

Project Javelin is a new operating model for our business which takes the best working practices and processes from across G4S. Javelin replaces our previous systems and processes for recruitment, core HR, talent management, procurement, finance, contract management, payroll, billing, scheduling, tele-contact, IVR platform and operational control systems with a single Cloud based platform.

The pilot for Javelin was launched in Ireland in November 2017. The purpose of the pilot programme was to learn how to best deliver this complex change programme within our business, identify areas of our combined processes that work well and capture areas for improvement before further roll-out. The enhanced version of Javelin encompassing all of the lessons learned will be deployed into Ireland before implementation commences in the UK later this year.

Automating our core processes for HR (screening, payroll), operations (scheduling, holidays and leave) and finance (billing) will reduce the amount of time between the work we do for customers and billing for those services.

ACTIONS FOR 2018

- Continue with restructuring and organisational efficiency programmes
- Commence roll-out of Javelin in the UK
- Continue to focus on consolidating the supplier base, standardisation of procurement processes, demand management and delivering savings



Ten-year

Contract to provide integrated security at Hinkley Point C.

FINANCIAL AND COMMERCIAL DISCIPLINE



Through a strong focus on cash management and portfolio management, net debt/Adjusted EBITDA reduced to 2.4x at the end of 2017 from 2.8x at the end of 2016, in line with our target set in 2015.

2017 ACHIEVEMENTS

KPI

2.4x

Net debt/ Adjusted EBITDA at end of 2017, within our target of <2.5x

KPI

£527m

operating cash flow from core businesses

106%

operating cash flow from core businesses as a proportion of Adjusted PBITA

£156m

in net disposal proceeds received in 2017

Operating cash flow

Operating cash flow from core businesses in 2017 was £527 million, down from £633 million in 2016 as expected. Operating cash flow in 2016 was particularly strong, reflecting the beneficial impact of better terms and conditions with a large number of suppliers and the recovery of weak cash flow performance at the end of 2015. Our 2017 cash flow conversion performance of 106% of Adjusted PBITA (2016: 133%) was in line with our guidance that average operating cash flow conversion will be more than 100% of Adjusted PBITA.

We continue to focus on improved working capital management through strengthening bid evaluation frameworks to increase focus on frequency of invoicing and shorter payment terms.

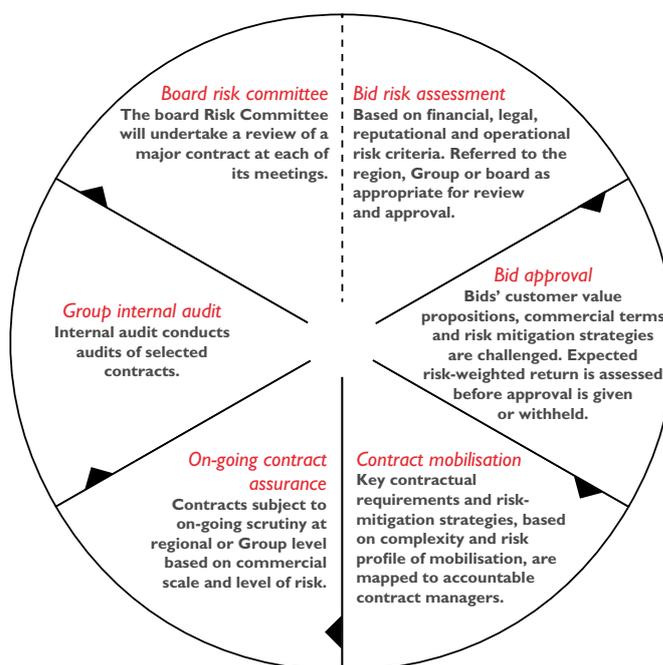
Reducing the time between event to billing

- Improving processes and automating event billing information such as hours worked (for example Project Javelin on page 29), milestones met, collections and deliveries in the cash solutions business.
- Centralising of billing events of global and strategic accounts in some countries.
- Automation of invoices removing the resource and delay of a manual process.
- Seeking to distribute invoices electronically, at lower cost and quicker than via post.

Contract risk management

Our contract risk management model was implemented in 2014, and aims to ensure we sign contracts that we can deliver efficiently and effectively and is shown in the pie chart below:

G4S CONTRACT RISK MANAGEMENT AND GOVERNANCE MODEL



Strengthening collections performance

- Changed incentive plans in 2016 with greater emphasis on cash-flow generation.
- Improved management information to increase accountability and influence behaviour.
- Weekly calls with finance and operations to drive cash collection.

Managing accounts payable

- The Group's days' payable outstanding is 42 days (2016: 35 days) which is still shorter than days' sales outstanding of 52 days (2016: 46 days), but the gap is reducing. This shows that, despite the progress made, there is still an opportunity to improve further.
- Ensuring that supplier contracts are linked with customer contracts.
- Re-negotiating improved terms through procurement teams.

Capital allocation – on-going priorities for use of cash

All investment is reviewed to ensure that the Group's return on investment targets are met, and all major capital investment projects are approved by the appropriate authority in line with delegation limits. Other measures, such as whether we are able to achieve the benefits of the project in line with the Group values and whether the commercial risks are acceptable, are also considered.

We intend to remain soundly financed with average operating cash flow conversion of more than 100% of Adjusted PBITA and a net debt to Adjusted EBITDA ratio of less than 2.5x. Priorities for excess cash will be investment, dividends and, in the near term, further leverage reduction.

CAPITAL ALLOCATION

- **Net debt/Adjusted EBITDA of below 2.5x**
- **Priority uses of any surplus cash flow:**
 - **Investment in growth and productivity**
 - **Dividend growth**
 - **Leverage reduction**

Changing behaviours

Cash-flow generation is an important part of management incentive plans.

Portfolio management

The Group made further progress with its portfolio management programme in 2017. The programme has greatly improved the Group's strategic focus and has also realised over £500 million in disposal proceeds in relation to the 41 businesses sold to date. This includes gross proceeds of £166 million in 2017 relating to the disposal of the Group's businesses in Israel and Bulgaria, the Group's cash businesses in Peru and Paraguay, the US Youth Services business and the UK children's homes business.

The proceeds from these disposals have reduced the Group's leverage and have been reinvested in an organic growth and productivity programme from which we expect to see good returns.

Pension deficit repair plan

G4S had a net defined pension deficit for accounting purposes of £318 million (2016: £368 million) net of applicable tax as at 31 December 2017. For more details see page 173. The lower deficit reflects a small increase in the discount rate assumption used and the payment of deficit repair contributions of £40 million during the year under the current deficit repair plan. The triennial review of the scheme and pension contributions will begin in 2018 and is expected to be completed in 2019.

Debt refinancing

G4S had gross debt of £2.5 billion (2016: £2.6 billion) and net debt of £1.5 billion at the end of 2017 (2016: £1.7 billion). Around £548 million of the £1 billion debt which matures in 2018/2019 incurs post-hedging average interest rates of between 6.90% and 7.75% (see page 41). The Group has good access to capital markets and a diverse range of finance providers and as a result began to refinance its debt at much lower rates in 2017 and early 2018 which should result in a material reduction in the Group's interest charge from 2019 onwards.

FINANCIAL OUTLOOK

- Average organic revenue growth of 4-6% per annum
- Restructuring and efficiency programmes to deliver £70m-80m annual costs savings from 2020 and around £20m of refinancing cost reduction per annum by 2020
- Compounding benefit of investment, growth and productivity to deliver strong earnings growth
- Operating cash flow from core businesses of over 100% of Adjusted PBITA
- Continued focus on cash management and working capital
- Continued disciplined approach to capital investment – expect to invest £100m-£150m per annum
- Maintain net debt/Adjusted EBITDA below 2.5x
- Dividends increasing in line with long-term growth in earnings