DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy approved by our shareholders at our 2017 AGM is reproduced below. However, we are making a number of changes to the executive remuneration framework within this policy as described in the letter from the Remuneration Committee chairman at the start of this report.

Remuneration policy for executive directors

BASE PAY

Purpose and link to strategy

Base pay is set at competitive levels in order to recruit and retain high calibre executives with the skills required in order to manage a company of the size and global footprint of G4S.

The level of pay will reflect a number of factors including individual experience, expertise and role.

Operation

Reviewed annually and fixed for 12 months commencing 1 January. Interim salary reviews may be carried out following significant changes in role, scope or responsibility or at any other time at the committee's discretion.

The final salary decision may also be influenced by role, experience, individual and company performance, internal relativities and increases for Group employees.

Maximum opportunity

Actual base pay for each executive director is disclosed each year in the Directors' remuneration report.

In determining salary increases, the committee considers market salary levels including those of appropriate comparator companies.

Ordinarily, annual salary increases would be no more than the average annual increase across the Group. However, in exceptional circumstances a higher level of increase may be awarded, for example:

- following a significant change to the nature or scale of the business;
- following a significant change to the nature or scope of the role; or
- for a new appointment, where the base pay may initially be set below the market level and increased over time, as experience develops and with reference to the individual's performance in the first few years in the role.

Where exceptional increases are made we will fully disclose and explain the rationale for such increases.

Performance measures and clawback

None, although individual performance may have a bearing on salary increases.

BENEFITS

Purpose and link to strategy

As with base salary, a suitable range of benefits is made available in order to recruit and retain high calibre executives.

Operation

Executives are entitled to a number of benefits comprising paid holiday, healthcare for themselves and their family and life insurance of up to four times base salary, car allowance, business related transport, limited financial advice from time to time and expatriate benefits where relevant. A relocation allowance reflecting reasonable costs actually incurred will be paid.

Other benefits may be granted at the discretion of the Remuneration Committee.

Reasonable business expenses in line with G4S' expenses policy (e.g. travel, accommodation and subsistence) will be reimbursed and in some instances the associated tax will be borne by the company.

Maximum opportunity

Maximum benefits per director per annum:

- holidays – 30 days
- car allowance – £20,000
- business related local transport – £40,000
- for financial advice, expatriate benefits and relocation expenses, the expense will reflect the cost of the provision of benefits from time to time but will be kept under review by the committee
- other benefits granted at the discretion of the committee up to 3% of base pay per annum per director
- reasonable business expenses are not subject to a maximum, since these are not a benefit to the director

Any allowance in relation to relocation will provide for the reimbursement of reasonable costs incurred.

Performance measures and clawback

None.

ANNUAL BONUS

Purpose and link to strategy

Rewards the achievement of annual financial and strategic business targets and delivery of personal objectives.

Deferred element encourages long-term shareholding and discourages excessive risk taking.

Operation

Awarded annually based on performance in the year. Targets are set annually and relate to the Group and/or the business managed by the executive.

Bonus outcome is determined by the committee after the year end, based on annual performance against targets.

Bonuses are paid in cash, but executives are required to defer any bonus payable in excess of 50% of their maximum bonus entitlement into shares. Deferral is for a minimum period of three years. Dividends or equivalents accrue during the deferral period on deferred shares.

Bonuses are not pensionable.

Maximum opportunity

Maximum opportunity of 150% of base pay per annum for the CEO and the CFO.

125% of base pay per annum for any other executive director.

Performance measures and clawback

Typically, executive directors' bonus measures are weighted so that:

- between 70% and 85% of the bonus is based on achievement of challenging financial performance measures (e.g. profit before tax and amortisation, organic growth, cash-flow measures, etc.), with each measure operating independently of the others; and the remainder is linked to personal and/or non-financial measures, which are strategic or operational in nature.

Each year, the committee may use its discretion to vary the exact number of measures, as well as their relative weightings, and this will be disclosed in the annual remuneration report.

As a result of the number of factors taken into account in determining bonus, there is no minimum pay-out level.

For illustrative purposes, in the event that only threshold has been achieved, pay-out would be 35% of maximum, rising to full pay-out should achievement of a stretch performance level be achieved for all measures assuming the non-financial performance measures were satisfied.

The deferred element of the bonus is not subject to any further performance measures but is subject to clawback in certain circumstances. The non-deferred part of the bonus, which is settled in cash, is also subject to clawback (see separate section on page 112).

LONG TERM INCENTIVE PLAN

Purpose and link to strategy

Incentivises executives to achieve the company's long-term financial goals, as well as focus on value creation, whilst aligning the interests of executives with those of shareholders.

Operation

Executive directors are granted awards on an annual basis, which vest over a period of at least three years subject to continued service and the achievement of a number of key performance measures.

The Remuneration Committee reviews the quantum of awards to be made to each executive each year to ensure that they remain appropriate.

Dividends or equivalents accrue during the vesting period on awards that vest.

The award is settled by the transfer of market-purchased shares to the executive directors.

All the released shares (after tax) must be retained until the minimum shareholding requirement is met. Currently, the minimum shareholding requirement is 200% of base salary for the CEO and 150% for the other executive directors.

Maximum opportunity

Maximum opportunity of 250% of base pay per annum for the CEO.

Maximum opportunity of 200% of base pay per annum for other executive directors.

Performance measures and clawback

Awards vest based on performance over a period of at least three financial years commencing with the financial year in which the award is made.

Performance will be measured based on a combination of earnings per share growth, total shareholder return against a comparator group and average operating cash flow. For awards made in 2017, these were in the proportion of 40%, 30% and 30% respectively. However, the committee retains the flexibility to amend these proportions, provided that no single measure will be a significantly greater proportion than the others.

At threshold, 25% of the relevant portion vests. This increases on a straight-line basis up to 100% for performance in line with maximum. Targets are set out on page 119.

Awards are subject to clawback in certain circumstances (see below on page 112).

RETIREMENT BENEFITS

Purpose and link to strategy

As with base salary and other benefits, making available a suitable retirement benefits package aids the recruitment and retention of high calibre executives, allowing such executives to provide for their retirement.

Operation

G4S operates a defined contribution Group-wide personal pension plan in the UK in which executives may participate. Alternatively, G4S may provide a cash allowance in lieu of a contribution into such plan.

The current executive directors receive cash allowances. The CEO receives 25% of base pay as a cash allowance; the CFO and other executive directors receive 20% of base pay.

The level of award is kept under review by the committee and is intended to be broadly market comparable for the roles.

Maximum opportunity

Maximum opportunity of up to 25% of base pay for the CEO and 20% for other executive directors.

Performance measures

None.

Remuneration policy for non executive directors

CHAIRMAN'S FEE

Purpose

To attract and retain a high calibre chairman by offering a market-competitive fee, which also reflects the responsibilities and time commitment. There are no performance-related elements.

Operation

The chairman's fee is disclosed each year in the Directors' remuneration report. The fees are reviewed annually by the committee. The annual fee is an all-inclusive consolidated amount. The committee retains the discretion to review the chairman's fee at any other time if appropriate. The chairman's fee is reviewed against other companies of a similar size.

Maximum opportunity

Ordinarily, any increase in the chairman's fee would be in line with other increases for similar roles in other companies.

Fees payable to the chairman and other non-executive directors in aggregate per annum shall not exceed the maximum specified in the company's articles of association for the relevant year.

NON-EXECUTIVE DIRECTORS' FEES (EXCLUDING THE CHAIRMAN)

Purpose

To attract and retain high calibre non-executive directors (NEDs) by offering market-competitive fees which should reflect the responsibilities and time commitment. There are no performance-related elements.

Operation

NED fees including any additional fee for any additional role listed below are disclosed each year in the Directors' remuneration report.

With the exception of the chairman, the fees for NEDs are structured by composition build-up consisting of:

- a base fee
- an additional fee for chairing a committee
- an additional fee for the role of senior independent director

The NED fees are reviewed annually by the executive directors. The board retains the discretion to review the NED fees at other times, as appropriate, to reflect any changes in responsibilities or commitment.

The basic fee covers committee membership and each NED is expected to participate in one or more board committees. All the fees are reviewed against other companies of a similar size.

Maximum opportunity

Ordinarily, any increase in the NEDs' fees would be in line with other increases for similar roles in other companies.

Fees payable to NEDs (including the chairman) in aggregate per annum shall not exceed the maximum specified in the company's articles of association for the relevant year.

BENEFITS

Purpose

Benefits may be provided from time to time in connection with the chairman and other NEDs performing their roles, such as business travel, subsistence and entertainment, accommodation and professional fees for tax and social security compliance, and other ancillary benefits.

Operation

Reasonable business expenses in line with G4S expenses policy (e.g. travel, accommodation and subsistence) will be reimbursed and in some instances the associated tax will be borne by the company.

Maximum opportunity

Reasonable business expenses are not subject to a maximum, since these are not a benefit to the director.

Benefits and expenses will reflect the actual cost of provision.

Notes to the directors' remuneration policy

1. Performance measures

Annual Bonus Plan – The actual performance measures and targets are set by the Remuneration Committee at the beginning of each year. The performance measures used for our annual bonus plan have been selected to reflect the Group's key performance indicators.

The committee aims to ensure that the measures appropriately encourage the executive directors to focus on the company's strategic priorities, whilst the targets are set to be stretching but achievable.

The aim is to strike an appropriate balance between incentivising annual financial and strategic business targets, and each executive director's key role-specific objectives for the year.

Long Term Incentive Plan – In choosing the performance measures for the Long Term Incentive Plan, the committee aims to find a balance of measures which reflect the company's long-term financial goals as well as incentivise executives to create sustainable, long-term value for shareholders.

Legacy Plans – The committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed

i. before 5 June 2014 (the date the company's first shareholder-approved directors' remuneration policy came into effect);
ii. before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved directors' remuneration policy in force at the time they were agreed; or
iii. at a time when the relevant individual was not a director of the company and, in the opinion of the committee, the payment was not in consideration for the individual becoming a director of the company.

For these purposes, payments may include the committee satisfying awards of variable remuneration. In cases where all or part of the variable remuneration award was in the form of shares, the payment terms are those agreed at the time the award was granted.

Details of the vesting of the awards will be published in the annual remuneration report each year.

The non-executive directors do not participate in any incentive schemes nor do they receive any benefits other than those referred to in the above table.

2. Malus and claw-back mechanisms

Since 2010, any cash and/or shares awarded under the annual bonus plans and the previous Performance Share Plan may be subject to clawback.

The Long Term Incentive Plan and the annual bonus plan may be subject to malus or clawback from the executive director concerned if the Remuneration Committee so determines and, in the case of misstatement of accounts, where the Audit Committee concurs.

The time period in which the clawback can be operated depends on the reason for the overpayment as set out in the table below.

The amount to be clawed back directly from the executive director will be the overpaid amount, but the Remuneration Committee retains the discretion to claw back the "net" (i.e. post-tax) amount of the award received by the executive director.

Malus and claw-back	Annual Bonus Plan (including deferred elements)	Long term incentive plan (LTIP)	
	Since 2015 plan	PSP (previous)	Current LTIP
Material misstatement of group financial accounts	up to 2 years after the payment of the cash element	up to 2 years after vesting (except where due to fraud or reckless behaviour when it shall be 6 years after vesting)	up to 2 years after vesting
Misconduct	up to 6 years after the payment of the cash element		up to 6 years after vesting
Fraud	unlimited		unlimited

Principles and approach to recruitment and internal promotion of directors

When hiring a new executive director, or promoting to the board from within the Group, the committee will offer a package that is sufficient to retain and motivate and, if relevant, attract the right talent whilst at all times aiming to pay no more than is necessary. Ordinarily, remuneration for a new executive director will be in line with the policy set out in the table summarised above. However, discretion may be required for exceptional circumstances such as dealing with remuneration relinquished in a previous job.

The maximum level of on-going variable pay that may be awarded to new executive directors on recruitment or on promotion to the board shall be limited to 400% of base salary as set out in the policy above (calculated at the date of grant, excluding any buy-out awards – see below). Remuneration and any buy-out arrangements will be announced as far as possible at the time a new executive director or chairman is appointed, or in the following Directors' remuneration report.

When determining the remuneration of a newly-appointed executive director, the Remuneration Committee will apply the following principles:

- The on-going remuneration package to be designed in accordance with the policy above.
- New executive directors will participate in the annual bonus scheme and Long Term Incentive Plan on the same basis as existing executive directors.
- The Remuneration Committee has discretion to grant one-off cash or share-based awards to executive directors where it determines that such an award is necessary to secure the recruitment of that executive director and where it is in the best interests of the company to do so. Such awards would only be made as compensation for remuneration relinquished under a previous employment (i.e. buy-out arrangements) and would be intended to mirror forfeited awards as far as possible by reflecting the value, nature, time horizons and performance measures attached. In such circumstances, the company will disclose a full explanation of the detail and rationale for such one-off awards.
- In certain circumstances, it may be necessary to buy out long notice periods of previous employment.
- With regard to internal promotions, any commitments made before promotion and unconnected with the individual's promotion may continue to be honoured even if they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled.
- For external and internal appointments, the Remuneration Committee may agree that the company will meet certain relocation expenses (including legal fees), as set out in the policy.
- In determining the approach for all relevant elements, the Remuneration Committee will consider a number of factors, including (but not limited to) external market practice, current arrangements for existing executive directors and other internal relativities.

Service contracts

Shareholders are entitled to inspect a copy of executive directors' service contracts at the company's head office and at the AGM.

Executive directors' service contracts all have the following features:

- Contracts are drafted in line with best practice at the time the executive directors were appointed.
- Terminable on 12 months' notice by either party.

Specific provisions for Ashley Almanza and Tim Weller's contracts (dated 2013 and 2016 respectively) include:

- Messrs Almanza and Weller are each allowed to hold one external non-executive appointment and retain the fees paid to them for such appointments. Mr Almanza has no external non-executive appointment having stepped down from the board of Noble Corporation in June 2018 and Mr Weller is a non-executive director of the Carbon Trust.
- Mitigation obligations on termination payments are explicitly included in the executive directors' contracts. Notice payments for Ashley Almanza and Tim Weller are payable monthly.

Non-executive directors' letters of appointment:

- Appointment is subject to the provisions of the articles of association of the company, as amended from time to time regarding appointment, retirement, fees, expenses, disqualification and removal of directors.
- All continuing non-executive directors are required to stand for re-election by the shareholders at least once every three years, although they have agreed to submit themselves for re-election annually in accordance with the Code.
- Initial period of appointment is two years.
- All reasonably-incurred expenses will be met.
- Fees are normally reviewed annually.

Loss-of-office payment

The duration of the notice period in the executive directors' contracts is 12 months.

The Remuneration Committee would consider the application of mitigation obligations in relation to any termination payments.

The contracts do not provide for the payment of a guaranteed bonus in the event of termination.

Neither Ashley Almanza nor Tim Weller will be eligible for bonus accrual during any period of garden leave.

In relation to Mr Almanza, the value of the termination payment would cover the balance of any salary and associated benefits payments due to be paid for the remaining notice period, the value of which will be determined by the Remuneration Committee.

In relation to Mr Weller, the value of the termination payment would amount to the balance of any salary due to be paid for the remaining notice period multiplied by 1.25 to reflect the value of contractual benefits during such period.

The Remuneration Committee would also retain the discretion to make appropriate payments necessary to finalise any settlement agreement, but in exercising such discretion the Remuneration Committee would remain mindful to ensure that there was no reward for failure.

The fees for outplacement services and reasonable legal fees in connection with advice on a settlement agreement may be met by the company.

The table below illustrates how each component of pay would be calculated under different circumstances:

Plan	Automatic "good leaver" categories	Treatment for "good leavers"	Treatment for other leavers
Annual bonus (cash element)	All leavers other than voluntary resignation and summary dismissal.	Executive directors may receive a bonus to be paid on the normal payment date and in accordance with the agreed performance measures but reduced pro-rata to reflect the time employed.	Bonus opportunity will lapse.
Annual bonus (deferred share element)	▪ Injury, disability or ill health ▪ Redundancy ▪ Retirement ▪ Death ▪ Termination without cause ▪ Change of control or sale of employing company or business ▪ Any other circumstances at the discretion of the Remuneration Committee	Deferred shares may be released if the executive director ceases employment prior to the third anniversary as a result of one of the good leaver reasons.	Deferred share awards will lapse.
Long Term Incentive Plan	▪ Injury, disability or ill health ▪ Redundancy ▪ Retirement ▪ Death ▪ Change of control or sale of employing company or business ▪ Any other circumstances at the discretion of the Remuneration Committee	Awards will vest on the relevant vesting date on a time-apportioned basis, unless the Remuneration Committee determines otherwise, and subject to the achievement of performance measures at the relevant vesting date. The vesting date for such awards will normally be the original vesting date, unless otherwise determined by the Remuneration Committee.	Awards will lapse.

As directors may leave employment for a wide range of reasons, the committee retains discretion to approve payments where the reason for leaving does not fall precisely within the prescribed "good leaver" category.

The committee will take account of the director's performance in office and the circumstances of their exit. The committee will seek to balance the interests of shareholders, the departing director and the remaining directors.

Any awards subject to performance conditions would be assessed at the end of the relevant period and be subject to time apportionment.

Corporate Action

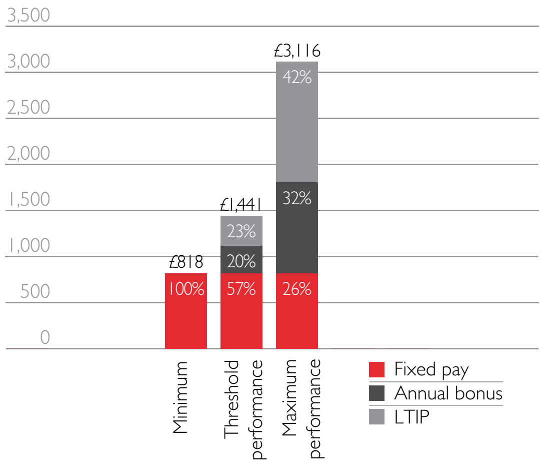
If the company is subject to a change in control, the Long Term Incentive Plan provides that awards will vest subject to the performance targets having been satisfied up to the date of the change of control and, unless the committee determines otherwise, time pro-rating.

On a variation of share capital, other reorganisation of the company, or a demerger of a substantial part of the Group's business, the committee may make such adjustment to awards as it may determine to be appropriate.

Illustrations of application of remuneration policy

Ashley Almanza, Chief Executive Officer (£000)

Tim Weller, Chief Financial Officer (£000)



2019	CEO	CFO
Base pay	£958,550	£656,625
Benefits	£110,000	£30,000
Pension	£239,638	£131,325
Total Fixed Pay	£1,308,188	£817,950

The benefits figures include taxable business expenses and associated tax and NIC payable by the company.

The bar charts above set out the effect of the executive directors' remuneration policy as it will apply in 2019 and based on the assumptions set out below:

	Minimum	Threshold	Maximum
Fixed pay	Consists of total fixed pay including base salary, benefits and pension benefits ▪ Base salary – salary effective as at 1 January 2019 ▪ Benefits – amount received by the Executive Directors respectively in 2018 including business expenses classified by HMRC as benefits but which the company does not consider to be benefits in the ordinary sense ▪ Retirement benefits – 25% of salary for Ashley Almanza, 20% of salary for Tim Weller		
Annual bonus	No payout	30% of the maximum payout (i.e. 45% of salary for Ashley Almanza and Tim Weller)	100% of the maximum payout (i.e. 150% of salary for Ashley Almanza and Tim Weller)
Long-term incentives	No vesting	25% vesting under the LTIP (i.e. 62.5% of salary for Ashley Almanza and 50% of salary for Tim Weller)	100% of the maximum payout (i.e. 250% of salary for Ashley Almanza and 200% of salary for Tim Weller)

Statement of consideration of employment conditions elsewhere in the Group

The structure of the executive directors' pay policy is generally in line with the policy for remuneration of the senior management within the Group, although the levels of award will be different.

The performance measures that apply in the variable element of remuneration will reflect the relevant areas of responsibilities. There may be one-off awards for retaining scarce and critical individuals below board level. Remuneration of employees globally will depend on local regulation and practice, taking any collective bargaining agreements into account, where they exist.

Elements of remuneration		Availability
Fixed pay	Pay	Available to all employees worldwide
	Pensions	Available to most employees in developed markets
Variable	Annual bonus	Available to all senior managers worldwide
	Long term incentive plan	Available to some senior managers worldwide
Benefits	Car or car allowance	Available to all senior managers worldwide
	Life/Income protection insurance	Available to most employees in developed markets
	Private Healthcare	Available to all senior managers in markets where it is commonly provided

Across the Group the company seeks to pay competitively, taking into account external benchmarking and internal moderation at each level to ensure that remuneration is in line with market practice. When determining base salary increases for executive directors, the Remuneration Committee pays particular attention to the data at senior manager level.

At G4S, the committee does not normally consult directly with employees as part of the process of determining the remuneration policy and pay decisions for executive directors and has not therefore done so in setting this remuneration policy. However, employee surveys are carried out biennially which help determine employees' views of their own pay and benefits, as well as those of colleagues in general.

Statement of consideration of shareholder views

We are committed to on-going engagement on key remuneration issues and seek our major shareholders' views prior to proposing any major change in policy. This provides us with valuable feedback and we take into consideration these views and seek to reflect them in our policy.

The chairman of the Remuneration Committee will be available to answer any questions and listen to the views of our shareholders at the forthcoming annual general meeting.