

## Emerging risk

# Covid-19

### Link to strategy



## Risk

The global coronavirus pandemic involving the spread of Covid-19 presents a number of different risks to the business. The spread is rapid and the global economic outlook uncertain. We have a large workforce and operate in a wide range of business sectors in over 90 countries. It follows that the risks of adverse health and safety, operational and financial impacts arising from the pandemic and the associated governmental responses in the markets where we operate could be significant.

The safety of our employees and those in our care is our first priority and is at the forefront of our response to the pandemic.

The counter measures adopted by governments around the world as they seek to mitigate the impact of the pandemic, the resultant disruption and economic effect in the countries where we operate and the actions taken by our customers in response will impact on our operations and financial results leading to potential decreases in revenue, increases in costs and adverse effects on profits and cash flows.

The most material immediate reductions in demand for our services as a result of pandemic-related restrictions have arisen in the ports & airports, transport & logistics and leisure & tourism sectors, which, together, represent around 6% of our annual revenues and in respect of our retained traditional cash businesses which represent around 4% of our annual revenues. There may be further demand reductions in other sectors driven by the economic effect of governmental restrictions, although this is likely to vary substantially from market-to-market and, in some cases, we are seeing increased demand in other sectors (for example in healthcare-related services in the Americas and Europe & Middle East regions). Increased operating costs are also likely to result from additional investment in personal protective equipment, increased workforce sickness levels and the need to furlough staff, although, in a number of geographies the impact of this is being mitigated by government financial support arrangements.

## Risk mitigation

G4S has taken action across a wide range of fronts in mitigation of the risks presented by the pandemic. We have instituted protective measures for staff in the "frontline", which in some cases included wearing protective equipment and guidelines to follow in certain security situations.

All our regions have rolled out agreed Business Continuity Plans to ensure we are actively managing the disruption presented by this pandemic. We provide essential services for our customers and the continuation of these services is a key priority.

Contingency plans have been implemented in consultation with our customers on whose sites we operate and we are implementing a range of measures to mitigate operational and commercial risks as they emerge.

We are working closely with customers to understand their actions in response to the pandemic, in some cases requiring extra security services, in some reducing or suspending services. We are working diligently on redeploying and supporting our employees being affected by the change in demand from customers and ensuring we understand, and engage, the help and support available from various governments.

From a funding perspective, we are adopting a prudent stance in relation to our liquid resources. We have a favourable debt maturity profile and a strong liquidity position, which has been further enhanced by the sale of the conventional cash businesses. The Board has not recommended payment of the 2019 final dividend and we have implemented strict cost and cash flow management measures to ensure we protect the Group's financial position.

## Mitigation priorities for 2020

We are responding dynamically to the rapidly changing situation that the Coronavirus pandemic has created. We will continue with our current focused management approach to protect the company and its key stakeholders until the impact of Covid-19 abates.

Our priorities remain the health and safety of our staff, customer service, financial discipline and business continuity.

## Links to strategy



People, culture & values



Profitability



Growth



Financial discipline