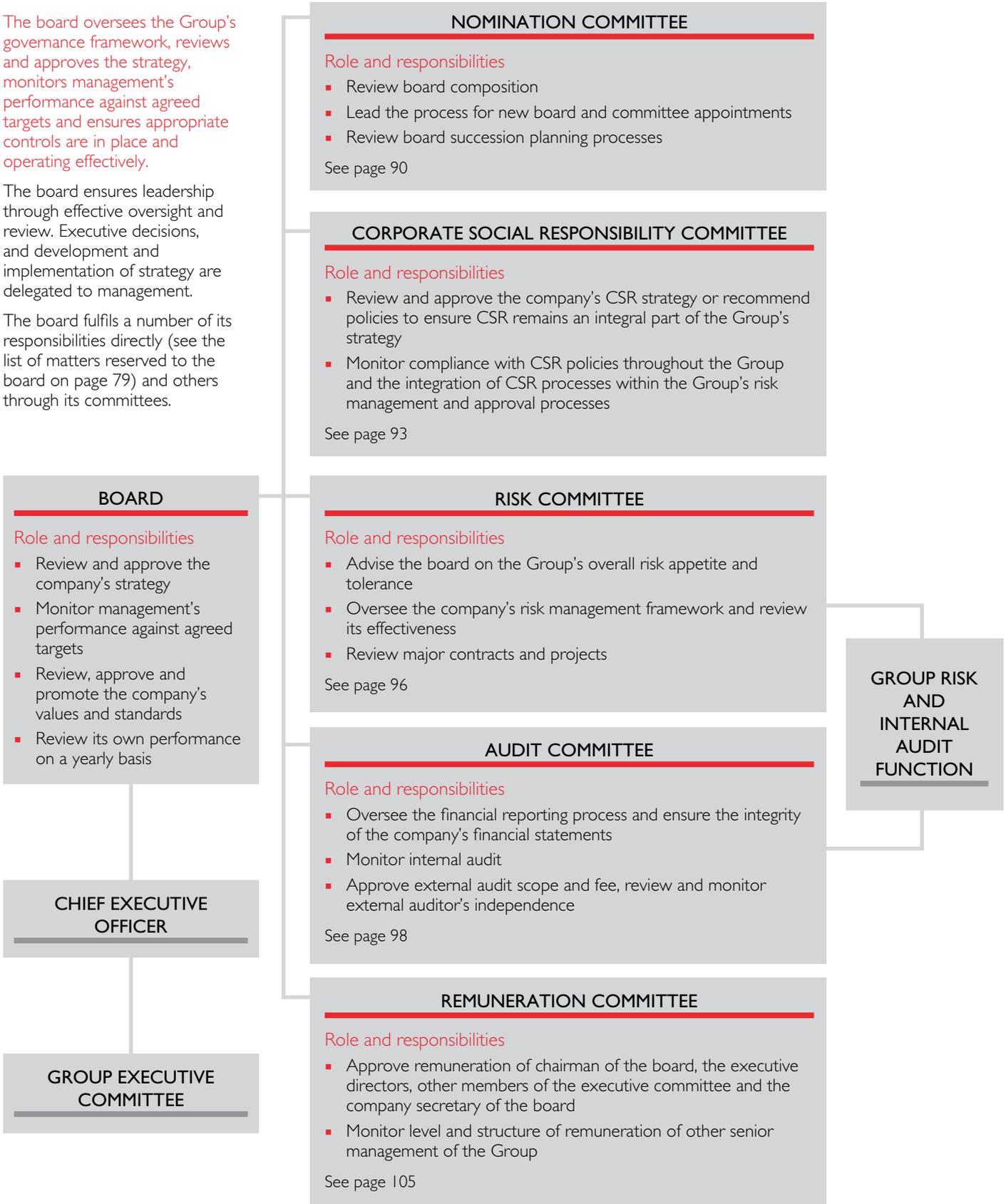


OUR GOVERNANCE FRAMEWORK

The board oversees the Group's governance framework, reviews and approves the strategy, monitors management's performance against agreed targets and ensures appropriate controls are in place and operating effectively.

The board ensures leadership through effective oversight and review. Executive decisions, and development and implementation of strategy are delegated to management.

The board fulfils a number of its responsibilities directly (see the list of matters reserved to the board on page 79) and others through its committees.



MATTERS RESERVED TO THE BOARD

The board is responsible for a number of specific matters in the following areas:

- Strategy and management
- Structure and capital
- Financial reporting and controls
- Risk appetite, risk management and internal controls
- Material contracts
- Major acquisitions and disposals
- Communication with shareholders
- Board membership and other appointments
- Delegation of authority
- Corporate governance matters
- Tax and treasury policies
- Other matters – such as settling material litigation

The work of the board's committees is described below in this report and the terms of reference of each of the committees are available on the company's website at g4s.com/investors.

KEY ROLES IN OUR GOVERNANCE FRAMEWORK

To ensure a clear division of responsibilities

Chairman of the board

- Leads the board, promoting good corporate governance and ensuring board compliance with regulatory requirements
- Ensures board effectiveness on all aspects of its role
- Promotes a culture of challenge, debate, openness and support
- Ensures NEDs receive a comprehensive induction, on going training to support the performance of their duties and timely and clear information
- Maintains regular contact with major shareholders and conveys their views to the board

Senior Independent Director

- Acts as a sounding board for the chairman and as an intermediary for the other directors when needed
- Maintains a balanced understanding of the views of major shareholders
- Maintains regular and effective communication with other directors
- Leads the yearly appraisal of the chairman's performance
- Chairs the Nomination Committee when it is considering issues directly affecting the chairman

Chief Executive Officer

- Responsible for developing and implementing the Group's strategy and plans
- Responsible for the overall management and promotion of the Group
- Manages the Group's risk profile in accordance with the risk appetite set by the board
- Ensures effective communication between the board and the business

Independent non-executive directors (NEDs)

- Provide constructive challenge and support
- Monitor management's performance against agreed targets
- Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and effective
- Determine appropriate levels of remuneration for executive directors
- Key role in appointing directors and in board succession planning

Chief Financial Officer

- Manages financial risks in accordance with the risk appetite set by the board and implements effective internal financial control processes across the Group
- Responsible for financial planning to support the company's strategic objectives
- Leads the Group's finance, internal audit, procurement, information technology, tax and treasury functions
- Provides regular financial reporting to the board

Company Secretary

- Secretary to the board and its committees
- Responsible for advising the board through the chairman on all governance, regulatory and legislative matters
- Ensures all directors have access to the advice and services of the company secretariat, and external advice if necessary
- Responsible for ensuring compliance with board procedures and processes
- Supports the chairman and chief executive officer in preparing and organising induction programmes for NEDs

BOARD BALANCE AND DIVERSITY

The Group's workforce reflects the wide range of countries, cultures and environments in which the Group operates.

The Group has long recognised that diversity can enhance decision making and performance and therefore it actively promotes diversity within the organisation.

More information about the Group's approach to diversity is set out on pages 22 and 23.

Mindful of its obligations under both DTR7.2.8A and Code Provision B.2.4, the board adopted, earlier this year, a formal board diversity policy to capture its approach to diversity and set out the principles it follows in considering board appointments, board composition, and succession planning.

The board diversity policy is available at g4s.com/investors and further information on how the board applies the principles set out in the policy is set out in the report of the Nomination Committee on pages 90 and 91.

The board's policy promotes diversity in terms of gender, ethnicity, nationality, skills, personal attributes and experience. Most board members have international experience, which is very important in a Group like G4S, with operations in over 90 countries.

Experience of a variety of industries, a mix of both long-serving and new members, gender diversity as well as five nationalities represented on the board, all contribute to greatly enrich debate in the boardroom, and bring fresh perspectives and understanding.

The board also considers diversity as part of its annual review of talent management and succession plans for the board and senior management team.

As part of this review, gender diversity, as well as initiatives in place or being developed to promote greater representation of women and an increase in cultural and ethnic diversity across the Group's global leaders are also discussed.

Board balance

Non-executive directors	80%
Executive directors	20%

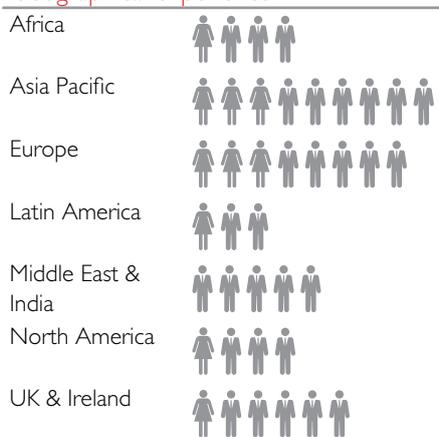
Gender

Male	70%
Female	30%

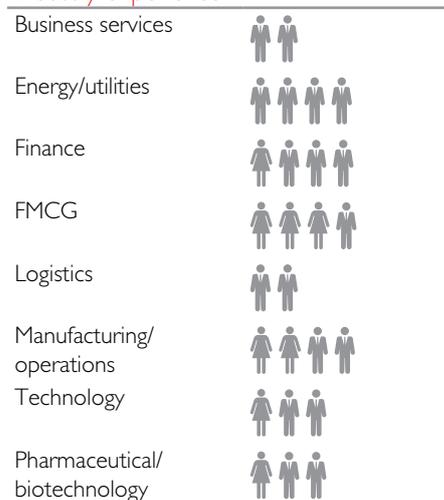
Board tenure 2018

2 years or less	20%
> 2 yrs < 4 yrs	30%
> 4 yrs < 6 yrs	30%
> 6 yrs < 8 yrs	20%

Geographical experience



Industry experience



Board composition

As at the date of this report, the board comprises 10 members: the non-executive chairman (John Connolly), seven other non-executive directors and two executive directors.

The names of the directors serving as at 31 December 2018 and their biographical details are set out on pages 74 and 75.

All these directors served throughout the year under review, apart from Clare Spottiswoode, a non-executive director who retired from the board on 15 May 2018, and Elisabeth Fleuriot, who was appointed to the board on 18 June 2018.

Independence

The board considers all the non-executive directors to be independent and to bring objective oversight and challenge.

The board acknowledges the recommended term within the Code and is mindful of the need for planned and orderly succession whenever possible. Therefore clear records of the tenure and skill-set for each non-executive director are maintained. In addition, a review is undertaken by the Nomination Committee at least once a year.

Director re-election

The company's articles of association require that all continuing directors are subject to election by shareholders at the next annual general meeting following their appointment and that they submit themselves for re-election at each annual general meeting, in accordance with the Code's provision on re-election of directors. With the exception of John Daly who will step down at the end of the 2019 AGM, all the continuing directors intend to stand for election or re-election, as the case may be, at the company's upcoming AGM.

Potential conflicts

Each of the directors has disclosed to the board any situations which apply to them as a result of which they have or may have an interest which conflicts or may conflict with the interests of the company. In accordance with the company's articles of association, the board has authorised such matters. Should a director become aware that they may have an interest in an existing transaction with G4S, they should notify the board in writing or declare it at the next meeting. The company has procedures in place for managing such situations. The affected director will not vote on a matter in which they have an interest and the board may impose additional conditions if deemed appropriate. The board reviews such matters on a regular basis.

Board composition, roles and attendance (as at 31 December 2018)

	Meetings attended					
	Board*	Nomination	CSR*	Risk*	Audit	Remuneration
Chairman						
John Connolly ¹	9/10	2/2	n/a	5/6	n/a	n/a
Executive Directors						
Chief Executive Officer						
Ashley Almanza	10/10	n/a	n/a	6/6	n/a	n/a
Chief Financial Officer						
Tim Weller ²	10/10	n/a	n/a	5/6	n/a	n/a
Non-Executive Directors						
John Daly ³	9/10	n/a	n/a	n/a	4/4	3/3
Elisabeth Fleuriot ⁴	5/6	n/a	4/4	n/a	n/a	2/2
Winnie Fok	9/10		6/6			3/3
Steve Mogford (Senior Independent Director) ⁵	10/10	2/2		5/6	4/4	n/a
John Ramsay ⁶	9/10	n/a	6/6	n/a	4/4	n/a
Paul Spence	10/10	n/a	6/6	6/6	4/4	n/a
Clare Spottiswoode ⁷	4/4	n/a	2/2	n/a	n/a	1/1
Barbara Thoralfsson	10/10	2/2	n/a	n/a	n/a	3/3

* There were seven scheduled board meetings and three additional meetings during the year. Four meetings of the CSR Committee and the Risk Committee were scheduled during the year and two additional meetings for each committee also took place.

1. Mr Connolly was unable to attend one board meeting and one Risk Committee meeting due to a temporary indisposition.
2. Mr Weller was unable to attend one unscheduled meeting of the Risk Committee due to a prior conflicting engagement. Prior to the meeting, he had signified his approval of the matters being discussed to the committee chairman.
3. Mr Daly was unable to attend one unscheduled board meeting due to a prior conflicting engagement. Prior to the meeting, he had provided comments and feedback on matters to be discussed to the chairman of the board.
4. Ms Fleuriot was appointed to the board and as chair of the CSR Committee and member of the Remuneration Committee with effect from 18 June 2018. She was unable to attend one board meeting due to a conflicting engagement made prior to her joining the board.
5. Mr Mogford was unable to attend one meeting of the Risk Committee due to a prior conflicting commitment. Prior to the meeting, he had signified his approval of the matters being discussed to the committee chairman.
6. Mr Ramsay was unable to attend one board meeting due to a conflicting engagement made prior to joining the board. Prior to the meeting, he had provided comments and feedback on matters to be discussed to the chairman of the board.
7. Ms Spottiswoode retired from the board and as chair of the CSR Committee on 15 May 2018.

Board meetings

Seven scheduled board meetings and three additional meetings took place during the year ended 31 December 2018. Each year, one of these meetings is an extended two-day meeting at which, in addition to normal board business, the board and executive committee review the Group strategy.

Prior to each board meeting, comprehensive papers are circulated to the directors addressing not only the regular agenda items on which the executives will report, but also details of any matters requiring approval or decisions, such as significant transactions or other matters reserved to the board.

At each meeting, the board receives regular reports and in-depth presentations from line and functional executives and the board makes visits to business sites from time to time.

After meetings of the board committees, the respective chairs report to the board on the matters considered by each committee.

After each board meeting the chairman holds a meeting attended solely by the non-executive directors.

There are seven board meetings scheduled for 2019 including a two-day board and strategy meeting.

2018 BOARD ACTIVITIES IN FOCUS

- Held a two-day strategy forum with the Group Executive Committee, in October
- Approved the launch of the review of separation options for the Cash Solutions business
- Appointed one new non-executive director
- Discussed succession plans for board members
- Approved half-year results and year-end results
- Received regular reports from the chair of the nomination, CSR, risk, audit and remuneration committees
- Reviewed and approved the Group Business Ethics Policy, Market Abuse Regime framework, Group treasury policy and Group tax strategy
- Approved the Group's slavery and human trafficking statement
- Monitored and reviewed developments in corporate governance and reporting
- Conducted visits to a G4S cash centre and G4S managed custodial facilities in the UK, as well as to Group operations in Northern Europe (see below)
- Took part in various engagements with shareholders and investors during the year – see page 86
- Reviewed the 2018 AGM proxy voting figures



TWO-DAY STRATEGY SESSION AT G4S DENMARK

SAFETY, SECURITY AND SERVICE EXCELLENCE

In October 2018, the board and Group executive team held a two-day strategy session at the Group's Danish headquarters, located just outside Copenhagen. The board and Group executive team met with the Danish senior management team as well as a number of employees focused on research and development and innovation.

The board received an in-depth presentation on the business model adopted by the Danish business. By placing the customer at the heart of their offering and involving the customer every step of the way, the team ensures the development of integrated security solutions which generate tangible value for customers and promote greater and closer collaboration.

A demonstration of drone technology took place at which the board and executive team learnt more about how such technology was being deployed to support and supplement other security solutions.

In addition, the board and executive team had the opportunity of meeting the Danish senior management team informally.



INDUCTION, INFORMATION AND DEVELOPMENT

A tailored induction is provided to new directors joining the board. The induction is designed to ensure new directors have the necessary understanding of their role and how they can maximise their effectiveness. It is therefore tailored to individual needs and those of the role they will fulfil on the board.

To build on the induction programme, directors receive further briefings both to help in their own development and to enhance

their awareness of the different elements of the business. In addition, non-executive directors learn about the Group's business and meet employees and management through site visits.

In 2018, induction programmes were run for two non-executive directors, namely Mr Ramsay who joined the board on 1 January 2018 and chairs the Audit Committee and Ms Fleuriot who joined the board on 18 June 2018 and chairs the CSR Committee.

Continued induction – Audit Committee chair

In addition to the steps set out on page 76 of the 2017 Integrated Report and Accounts, Mr Ramsay's induction also included several site visits, which were arranged throughout the year, including to two G4S run custodial facilities as well as the Group's largest cash centre in the UK. Mr Ramsay also attended a regional audit committee, thus gaining a better understanding of management processes, focus on controls and approach to judgmental areas.

Tailored induction – CSR Committee chair

Upon joining the board on 18 June 2018, a four step induction programme was prepared for Elisabeth Fleuriot, who also took on the role of chair of the CSR Committee.

Step 1 focused on promoting a good understanding of the company and the role and duties associated with the role of board director in the context of a UK quoted company. Access to information about the company, group structure, management team, board governance, minutes of board and committee meetings and risk management, briefing on directors' duties and other regulatory and legal matters was provided.

Step 2 sought to help Ms Fleuriot develop an understanding of the company's business, markets and main relationships. Over four days, Ms Fleuriot had individual sessions with members of the group executive team and senior managers. Areas covered included strategy, investor relations, governance, finance, legal and human resources.

Step 3 was designed to provide a deeper knowledge of corporate social responsibility matters from a G4S perspective. Ms Fleuriot met with her predecessor

Ms Spottiswoode, as well as the Group Corporate Affairs Director, the main executive sponsor for CSR matters. In addition, focused sessions with members of the senior management team with responsibilities or particular knowledge of CSR matters took place. These included a session with the Head of Government Relations & CSR. A series of meetings were also organised with the Group Director who has particular responsibility for the Group's health and safety programme. Such meetings included focused sessions with the Group Health & Safety Director who appraised Ms Fleuriot of the company's goal of zero-harm and related initiatives. Ms Fleuriot also met with the Head of Employee Relations, Diversity and Inclusion, to gain a better understanding of employee relations and engagement methods, as well as the Group's approach to diversity and inclusion.

Step 4 consisted of site visits and Ms Fleuriot together with other members of the CSR Committee visited the Gatwick Immigration Removal Centres in December 2018. Additional site visits are due to be arranged during the first half of 2019.

BOARD DEVELOPMENT PROGRAMME

Our board development programme focuses on promoting a greater awareness and understanding of our business and wider market issues as well as developing trends or topical issues relevant to their role as director of a UK quoted company with a secondary listing in Copenhagen.

Site visits, which allow directors to meet with local management and front-line staff, are organised once or twice a year. Some visits will involve the entire board, such as the visit to the Group's operations in Denmark. Others involve smaller groups, for example our CSR Committee visited a UK custodial facility during the year and another group of directors visited our largest cash centre in the UK. Meeting operational staff and local management is helpful both to gain a better understanding of challenges they face but also when reviewing succession planning below board level.

In addition, all non-executive directors are encouraged to visit our overseas businesses, if they happen to be travelling for other purposes.

During the year regular updates were also provided at board and committee meetings on developing trends and UK corporate governance changes which would need to be reflected in the Group's corporate governance arrangements.

April – UK cash centre visit

A group consisting of about half of the members of the board met with the management team of the cash centre and UK cash business and received a presentation on cash cycle management and outsourcing. Directors then toured the facility and watched a demonstration of vehicle security and protective solutions for cash transportation.

October – Denmark business visit

The two-day strategy session was held in Denmark (see case study opposite). This gave the board an opportunity to see the new products and services being developed by the Danish R&D teams.

December – UK immigration removal centre

The CSR Committee members visited Brook House, a G4S managed immigration removal centre (see page 94).

BOARD AND COMMITTEES PERFORMANCE REVIEW

In accordance with guidance from the Code, board and committees performance are assessed yearly with the support of an external facilitator. At least once every three years, the board conducts a fully externally facilitated exercise which was last carried out in 2017. In 2018, the board and committee evaluations were carried out by Oliver Ziehn of Lintstock. Oliver Ziehn and Lintstock have no other connection with the company.

The exercise consisted of tailored questionnaires sent to board members as well as a number of other internal and external stakeholders. The responses to the questionnaires were then compiled and analysed by Lintstock before they were shared with the board and each committee for consideration at meetings which took place in December.

Stage 1

The process started in September, with the development of tailored questionnaires in collaboration with the chairman of the board and each committee chair.

In late October, each of the directors, company secretary, Group HR Director, Group Corporate Affairs Director, Director of Risk and Internal Audit, Group Financial Controller, Director of Compensation and Benefits, other regular board committee attendees and external participants including audit partners from PwC (the Group's external auditor) and Deloitte (the Group's remuneration consultant) were invited to complete the questionnaires online.

The process was entirely confidential and designed to ensure open and valuable feedback was provided.

Stage 2

The Lintstock team compiled a report based on views gathered through replies to the questionnaires. Lintstock also reported on the performance of each of the directors and separately on that of the chairman.

Stage 3

The reports, conclusions and recommendations were considered and discussed by the board and each of the board's committees when reviewing their performance, and informed the planning for the board and committees' priorities in 2019.

As part of this process, the individual director reviews were used as the basis for the chairman's individual discussion with each of the directors about their performance and any training and development needs. The results of the board review were also considered as part of the review of the committees' composition by the Nomination Committee in December.

The report on the chairman was used to inform the discussion amongst the non-executive directors led by the senior independent director about the chairman's performance, without the chairman being present. The senior independent director also sought the views of the executive directors.

BOARD REVIEW OUTCOME

Board

The conclusions of this year's review confirmed that the board operates effectively, with the board dynamics enhanced by recent additions to the board. Other areas which received positive feedback included the board's relationship with the chief executive officer, time management of board meetings and board support.

A number of areas for further work were also identified. These included greater focus on succession planning, monitoring the implementation of strategy and the use of technology, gaining a better understanding of certain stakeholders' views, particularly those of customers, continued focus on corporate culture and directors' continuous development.

Committees

The effectiveness of the committees of the board was also reviewed and the results of the evaluation were also positive, with committees perceived to be running efficiently and making effective decisions.

Further information about the results of each committee review and how these results inform the following year's plan can be found in each of the board committee reports.

Chairman

The chairman's performance continued to be highly rated, in particular in managing individual directors' input. His relationship with the chief executive officer was also highly rated.



BOARD ACTION PLAN 2019

The board action plan for 2019 was informed among other things by the results of the board evaluation process and will include:

- Board oversight on execution of the strategy
- Maintaining the application of technology in the business
- Board and management succession planning
- Development of board members including interaction with executives
- Monitoring the effectiveness and performance of the organisation
- Implementing changes to the Group's corporate governance structure to comply with the New Code and reporting requirements
- Continued focus on corporate culture
- Maintaining an understanding of the Group's stakeholders, including customers, employees and shareholders

Stakeholders

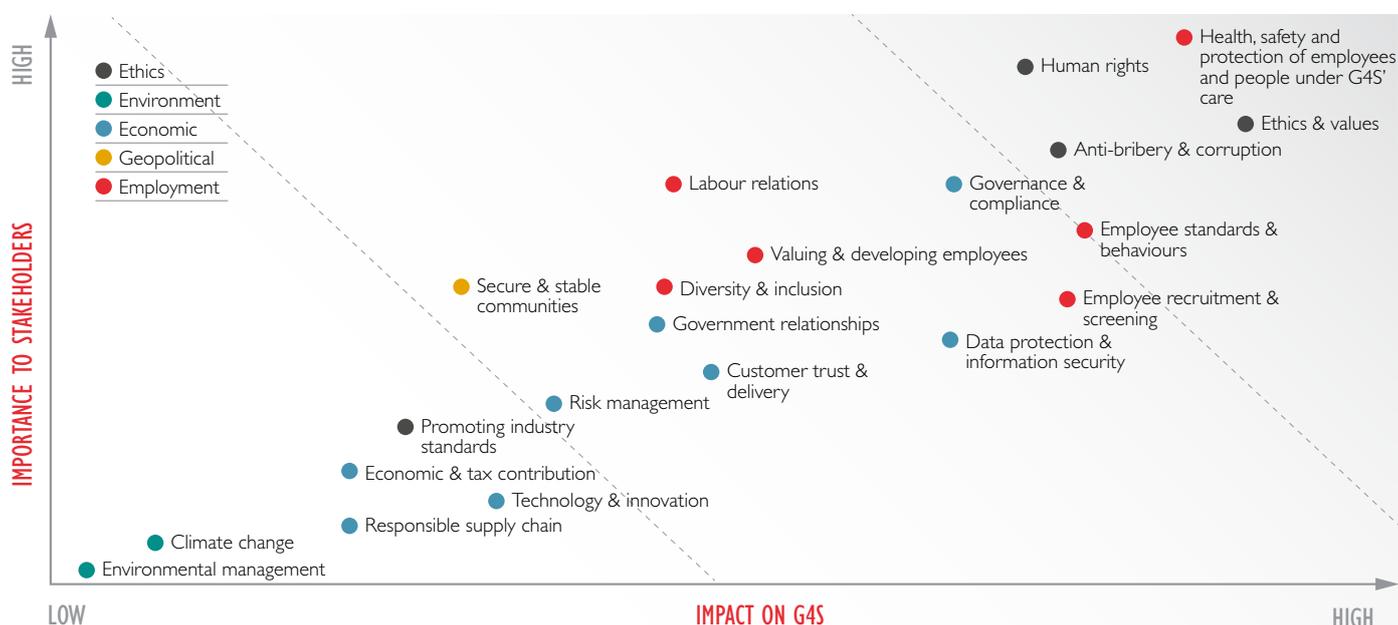
The board's engagement with the Group's stakeholders helps frame the Group's strategic direction, informs the board's decision making process and overall supports the board's duty to promote the success of the company as set out in Section 172 of the Companies Act 2006. Our formal engagement process for CSR matters is set out below. Other stakeholders engagement activities are described overleaf.

CSR Materiality Assessment

To ensure that G4S' approach to CSR remains focused on the areas that are most relevant to the business and its stakeholders, a wide-ranging materiality assessment of ethical and sustainability issues is undertaken every two years. The most recent assessment, completed in December 2017 confirms three core CSR priority areas during 2018 and 2019:

1. Health and Safety
2. Human Rights
3. Anti-Bribery and Corruption

Working in partnership with independent experts, we reviewed and identified issues and trends which may have the potential to have an impact on our business, our stakeholders and the wider security industry. Together with our partners, we conducted a series of interviews with the executive and non-executive members of G4S senior management team and a broad range of external stakeholders, including sustainability analysts, industry bodies, customers, suppliers, and NGOs. We sought views and opinions on which issues present the greatest risk or opportunity to the organisation's performance, strategy and reputation. The findings reinforce the importance that G4S' ethics, culture and values, and our employee's personal standards and behaviour have in preventing issues and poor performance across the core priorities and other CSR matters. Our next CSR materiality assessment is due in 2019.



ENGAGING TO DELIVER VALUE

Engagement activities with the Group's key stakeholders, what matters to each group and how we respond, are detailed on pages 16 and 17. This section focuses on how our board engages with stakeholder groups.

KEY STAKEHOLDERS

HOW THE BOARD ENGAGES



SOCIETY

Our employees touch the lives of others every day, providing crucial services to help keep society safe and secure.

- As part of its decision making process, the board takes into consideration a broad range of issues which are reported to the board through a variety of means.
- During the year under review, the board received regular updates on corporate governance reform and broader societal issues that were considered by the Financial Reporting Council and UK government.
- The board reviewed and approved a number of policies including the Business Ethics Policy (g4s.com/ethics) as well as the tax strategy (g4s.com/tax).
- The Audit Committee reviewed the potential impact of Brexit on the Group and the Company.
- The CSR Committee sought to understand whether certain societal trends, such as the MeToo movement were reflected in the reports coming through whistleblowing and other reporting channels.



CUSTOMERS

Through understanding our customers' needs we can offer value added, innovative, cost effective security solutions and build enduring relationships.

- The chief executive officer, chief financial officer and chairman attend a number of meetings with customers.
- The chief executive officer and other senior executives provide customer feedback and information to the board during the year.
- The board receives insights into customer constraints and requirements as part of its consideration of large contract bids or renewal.
- The board also reviews customers' changing expectations or needs as part of its strategy session every year.
- A number of major contracts were reviewed by the Risk Committee.



SHAREHOLDERS

The company actively seeks to engage with shareholders on a regular basis.

- The primary means used by the board for communicating with all company shareholders are the annual report, annual results and half-year results announcements and the AGM.
- The section of the website dedicated to investor relations is also a useful tool, facilitating communication with institutional and private investors. It can be found at g4s.com/investors and includes material shared with institutional shareholders and analysts at company meetings.
- The board receives reports on investor relations at each scheduled meeting.

Analyst and investor meetings and presentations

- Presentations as well as analyst and investor meetings are held following the release of the company's annual results and half-year results announcements. These are also streamed via live webcast for those unable to attend in person.
- After each such event, the presentation is made available in the Investor Relations section of the website.

Other shareholder meetings

- Each year, the chairman, director of investor relations and company secretary meet with major shareholders as part of an annual round of governance meetings. The chairman reports on those meetings to the board.
- The chief executive officer and the chief financial officer also have contact via one-on-one meetings, group meetings and telephone conference calls with current and potential shareholders as well as with analysts. These meetings tend to be focused primarily on the Group's trading performance and the implementation of its strategy.
- In addition, the senior independent director and the chairman of the Remuneration Committee also met with some shareholders.

Annual general meeting

- The company's annual general meeting is an important opportunity for communication between the board and shareholders, particularly private shareholders.
- The next annual general meeting is due to take place on 16 May 2019, at the Holiday Inn in Sutton, and details of the meeting and the resolutions to be proposed are set out in the Notice of Meeting available to download from the Group's website. It is intended that all the directors (other than Winnie Fok who has a conflicting engagement) will attend and be available to answer questions from shareholders.
- The meeting will be informed of the number of proxy votes cast and the final results of votes on the resolutions will be published subsequently on the website.

KEY STAKEHOLDERS



EMPLOYEES

With 546,000 colleagues, G4S is one of the world's largest private sector employers. Our success is underpinned by the way we lead and engage with our people.

HOW THE BOARD ENGAGES

- The board's engagement with the Group's 546,000 employees is facilitated through a variety of initiatives and channels.

Board visits and other engagements

- Throughout the year, board members had a number of opportunities to meet both front-line employees and managers in a number of geographies through various board visits. Board members met with staff working in UK custodial facilities as well as in immigration removal centres. Further details can be found on page 94. The board also met employees in the Cash Solutions division at the Group's largest cash centre in the UK. In October the board's visit to G4S' operations in Denmark afforded an opportunity for board members to meet the senior management team in Denmark, as well as employees focusing on integrated security solutions. Further details of the board's trip to the Danish business are on page 82.
- The board met with the members of the group executive team in October for a two-day strategy session.
- The chairman visited the headquarters of the North American business at the beginning of the year and provided an update to the board.

Health and Safety

- The board received regular health and safety reports. Specific briefings were also provided to the board in relation to serious incidents such as the incident in Kabul, Afghanistan, which resulted in five of our colleagues losing their lives.

Surveys and other forms of engagement

- The results of the employee surveys, as well as those of focus groups are reported and discussed by the board.
- The Remuneration Committee and the board reviewed and approved the Gender Pay Gap report.



SUPPLIERS

We have a responsible purchasing policy consistent with our business ethics.

- The Group CFO is the executive with responsibility for management of the group procurement function. With a supplier base of about 40,000 suppliers of varying sizes spread across the 90 countries the Group operates in, engaging with suppliers takes place in many different ways.
- One of the main ways in which the board considers key suppliers is as part of large contract bid or renewal approvals.
- Supplier management initiatives are also discussed as part of the annual review and approval by the board of the Slavery and Human Trafficking Statement.
- The Treasury Policy which sets out the Group's approach to managing its bank and other suppliers of financial services to the Group is also reviewed and approved by the board.

RISK MANAGEMENT AND INTERNAL CONTROL

The directors acknowledge their responsibility for the Group's systems of risk management and internal control and for reviewing their effectiveness each year. The main features of these control systems include clearly defined reporting lines and authorisation procedures, a comprehensive budgeting and monthly reporting system, written policies and procedures and the use of a single global consolidation system for internal management reporting, budgeting and planning as well as external reporting. While the Audit Committee has primary responsibility in this regard on the board's behalf, a separate committee of the board, the Risk Committee, was set up in 2013 as part of the Group's heightened focus on improving systems of internal control and risk management.

The board, through the Risk Committee, has carried out a robust assessment of the principal risks facing the company and of how those risks might affect the prospects of the Group. The principal risks, their possible impact and the mitigating actions taken, are set out on pages 67 to 71. Through the Audit Committee, the board conducted a review of the effectiveness of the systems of internal control during the year. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The enterprise risk management governance model, described on

page 66 sets out some of the key features of the Group's risk management process which was in place throughout the year under review.

During the year, the Risk Committee reviewed the Group's risk appetite, which was considered and approved by the board. Further information on the work of the Risk Committee in relation to the risk management framework, including the Group's risk appetite, can be found in the report of the Risk Committee on page 96.

Whilst further improvement has been made in the effective performance of internal controls during the year, given the number of countries in which the Group operates and the variety of systems used there is still opportunity for improvement in the operational effectiveness of mandated controls and this will continue to be an area of focus during 2019.

The Audit Committee has confirmed that, although it is satisfied that the Group's risk management and internal control processes are appropriate and effective, given the decentralised nature of the Group and the number of internal controls and processes which are manual, the need for continued focus on enhancing the internal control environment remains. The work of the Audit Committee in this respect can be found in the Audit Committee report on page 98. The board has reviewed the Group's risk management and internal control systems for the year to 31 December 2018 by considering reports from the Audit Committee and the Risk Committee and has also taken account of events since 31 December 2018.

FAIR, BALANCED AND UNDERSTANDABLE

The preparation of the Integrated Report and Accounts is coordinated by the finance, investor relations and company secretariat teams with group-wide support and input from other areas of the business.

Comprehensive reviews were undertaken at regular intervals throughout the process by senior management and other contributing personnel within the Group.

The preparation process was reviewed by the Audit Committee and the board has reviewed a paper prepared by management setting out the governance process relating to the preparation of the Integrated Report and Accounts.

The board has separately considered the disclosures in the Integrated Report and Accounts and has concluded that they are fair, balanced and understandable.

The statement required to be given by the directors by Code provision C.1.1 can be found on page 131.

VIABILITY

In accordance with provision C.2.2 of the UK Corporate Governance Code 2016, the directors have assessed the viability of the Group over a three year period, aligned with that of the Group's bottom-up rolling planning cycle, taking into account the Group's current position, the potential impact of the principal risks documented on pages 67 to 71 and the Group's business model. Extension of viability testing beyond three years is seen by the Group as being of limited value because of the following factors:

- The majority of the Group's contracts are less than three years in duration;

- The correlation of demand for security services with the global economy; and
- The impact of the Group's on-going productivity programme.

The analysis of the viability of the Group has been performed following a two-stage approach considering firstly the assessment of the Group's prospects, followed by an assessment of the Group's viability.

ASSESSMENT OF PROSPECTS

The Group's prospects are assessed primarily through its bottom-up strategic planning process. In 2013 the overall strategy for the Group was refreshed comprehensively and the board has monitored progress closely against this strategy as well as the risks to its success. The portfolio management programme has created a focused Group with two principal business segments: Secure Solutions and Cash Solutions, which resulted in the establishment of the Global Cash Solutions division on 1 January 2018. In December 2018, the Group announced that it was reviewing options for the separation of the Group's Cash Solutions businesses from the Group and the rationale for this is set out on page 3 of the strategic report. Nevertheless, this viability analysis addresses the Group as it is currently constituted and does not consider the potential impact of a cash separation.

The 2018 planning process commenced in May with each country and business unit updating its rolling

three-year strategic plan and considering the risks to achievement of that plan. These plans were reviewed and refined by regional management and then by the group executive committee before being reviewed by the board in October 2018. The key assumptions in the financial forecasts, reflecting the overall strategy, include:

- A continued demand for security services and a growing demand for technology-enabled and integrated security, as set out on page 10 of the strategic report;
- An ability to continue to drive through our productivity programmes to drive efficiency and operational improvement and to flex the cost base, as set out on pages 30 to 31; and
- Continued delivery of operating cash flow conversion in line with our targets as set out on pages 32 and 33.

ASSESSMENT OF VIABILITY

The output of the strategic plan was used as the baseline for analysing covenant headroom under different scenarios. This analysis included assessing the sensitivity of the financial performance of the Group to changes in trading conditions, the capital needs of the business, as well as the potential impact of the principal residual risks.

The vast majority of the Group's risks exist at an individual country level and are individually immaterial. The principal residual risks described on pages 67 to 71 are an aggregate view of individual risks captured in country, region and group functional risk registers. These wide-ranging risks are highly unlikely to crystallise simultaneously and it is therefore unlikely that such risks would have a material impact on the Group's financial position. Nevertheless, the Group has sensitised its three-year financial projections for the following risks:

- a. Potential loss of certain of the Group's top customers;
- b. Potential adverse changes in foreign ownership legislation resulting in cessation of material business lines;

- c. Potential working capital deterioration leading to operating cash flow being below expectation during the viability period;
- d. Potential claims in respect of major contracts resulting in material settlement payments; and
- e. Litigation or class action claims resulting in material legal costs and settlement payments.

The directors consider that this stress test assessment of the Group's prospects is reasonable in the circumstances. The directors have also considered the debt maturities in 2019 to 2021 as indicated on page 47 under the stress test scenarios and concluded that the Group would be able to meet its maturities as they fall due with the existing facilities currently in place, albeit with significantly lower levels of liquidity than are typically available to the Group, unless further debt capital market issuance takes place. In recent years the Group has had good access to the debt capital markets and the directors expect that such access will continue to be available, which mitigates the risk of tightening liquidity over the next three years in a stress test scenario.

VIABILITY STATEMENT

Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three financial years to 31 December 2021.

THE NOMINATION COMMITTEE



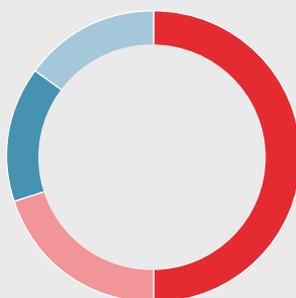
JOHN CONNOLLY,
Nomination Committee Chairman

Committee membership during 2018

	Member since
John Connolly (Chairman)	June 2012
Steve Mogford	May 2016
Barbara Thoralfsson	July 2016

The Nomination Committee meets on an ad hoc basis, when the need arises. In 2018, the committee met twice. In addition a number of decisions were made by written resolution. Members' attendance at committee meetings is shown on page 81.

Main activities of the Nomination Committee during the year (%)



Recruitment of NEDs	50%
Independence and extending terms of appointment	20%
Reviewing board committee membership	15%
Succession planning	15%

Link to strategic priorities



During the year, the work of the Nomination Committee was focused on refreshing the board and reviewing its composition as well as laying the foundations to ensure that the attributes, skills and experience needed to ensure the board continues to be effective, as the business enters a period of change, are clearly understood.

Responsibilities

The Nomination Committee's remit covers broadly five areas, namely, board composition, making recommendations to the board on appointments with a view to maintaining a balance of skills and experience on the board and its committees, succession planning, board performance evaluation and annual reporting.

The committee's terms of reference are available at g4s.com/investors.

Board composition

Following the announcement in December 2017 that Clare Spottiswoode would step down from the board and as chair of the CSR Committee at the conclusion of the AGM on 15 May 2018, the Nomination Committee initiated the recruitment process for the appointment of a new non-executive director to succeed Ms Spottiswoode.

The Zygos Partnership (Zygos) was appointed to assist the committee with the recruitment. Zygos was provided with a candidate specification setting out the requirements for the role and the preferred attributes of potential candidates. In selecting the candidates, consideration was given to the skills and competencies required for the role, including an interest in, and enthusiasm for, the CSR agenda and a strong corporate conscience. The ability to make a broad contribution to the board was also key. In addition, consideration was given to the need to enhance board diversity and to continue to attract individuals with relevant skills and strong international experience, as well as corporate culture and fit. Shortlisted candidates were interviewed by the chairman, other members of the Nomination Committee, and the CEO. Zygos (now part of Russell Reynolds) has no connection with the company other than as provider of recruitment consultancy services to the Nomination Committee.

The process resulted in Elisabeth Fleuriot joining the board as non-executive director and chair of the CSR Committee on 18 June 2018. In addition, she was appointed as a member of the Remuneration Committee. Information about the induction programme undertaken by Elisabeth is provided on page 83.

Following the announcement in March 2019 that John Daly would step down from the board and as chair of the Remuneration Committee at the conclusion of the company's 2019 AGM on, a recruitment process has been initiated for a new non-executive director to succeed him. Russell Reynolds, which has no connection with the company other than as provider of recruitment consultancy services to the committee, was appointed to assist with the recruitment.

Directors' length of service

As part of its annual review of board composition, the Nomination Committee reviews the directors' length of service. In line with our Remuneration Policy, executive directors have a rolling service contract, whereas non-executive directors are appointed for an initial term of two years.

The table below sets out the date of appointment and (where applicable) unexpired term remaining for current members of the board.

Independence and re-election to the board

During 2018, the committee considered the terms of appointment of five directors which were due to expire either during the year or early in 2019. Two of these directors (Steve Mogford and Barbara Thoralfsson) had been appointed in 2016 and were coming to the end of their initial two-year term. In May 2018 the Nomination Committee considered the extension of their term of appointment and, concluded that they had successfully developed a deeper understanding of the business and made active contributions to the board. At the same meeting, the term of appointment of the chairman, John Connolly, who had been appointed in June 2012, was also considered. In light of his length of service, taking account of provision B.2.3 of the Code, a rigorous review of his contribution to the board was carried out and it was concluded that the chairman continued to lead the board effectively.

Messrs Connolly and Mogford and Ms Thoralfsson did not participate in the committee's deliberations regarding their respective term of appointment.

The matter of the extension of two directors' terms of appointment was considered later in the year. The term of appointment of Winnie Fok, who was appointed to the board in October 2010 and first elected at the 2011 annual general meeting was due to expire in September 2018. That of Paul Spence

Director	Date of appointment	Unexpired term ^c
Executive directors		
Ashley Almanza	1 May 2013 ^a	n/a
Tim Weller	1 April 2013 ^b	n/a
Non-executive directors		
John Connolly	8 June 2012	16 months
John Daly	5 June 2015	3 months
Elisabeth Fleuriot	18 June 2018	16 months
Winnie Fok	1 October 2010	18 months
Steve Mogford	27 May 2016	15 months
John Ramsay	1 January 2018	10 months
Paul Spence	1 January 2013	20 months
Barbara Thoralfsson	1 July 2016	17 months

a. Ashley Almanza was appointed to the board on 1 May 2013 as chief financial officer and took on the role of chief executive officer on 1 June 2013.

b. Tim Weller joined the board on 1 April 2013 as a non-executive director until 24 October 2016, when he became chief financial officer

c. Unexpired term calculated on the basis of the current two-year term for non-executive directors.

was due to expire in January 2019. In relation to Winnie Fok, in evaluating her contribution to the board, the committee noted that the combination of Winnie's position and experience relating to the Group's Chinese and Asian markets combined with her general business experience and expertise remained valuable to the board in supporting the development of the business in its fastest growing market. As for Paul Spence, the committee noted that his government and large outsourcing contracts experience as well as his experience and knowledge of the US, one of the Group's largest markets, remained very relevant to the business. The in-depth knowledge he had gained as chair of the Risk Committee since January 2016 and as chair of the Audit Committee during 2017 was also noted.

The committee recommended to the board that the appointments of Messrs Mogford, Spence, Connolly and Mses Thoralfsson and Fok be extended for a further two-year term.

The committee was satisfied that the non-executive directors continue to remain independent and committed to their role as directors of the company. With regard to Winnie Fok specifically, both the committee and the board are satisfied that she will continue to remain independent when her tenure exceeds nine years, for the reasons set out above. The board further believes that her knowledge and experience of the business will provide helpful continuity at a time of great change for the Group. The committee and the board are mindful of the need to refresh the board however, and will keep the matter under review as a part of the overall board succession plan.

Succession planning

At its December meeting, the Nomination Committee reviewed the board directors' length of tenure, board committees composition as well as the current skills and experience available on the board. The committee also considered what further skills or experience may be useful to enable the board to support the developing needs of the Group. The results of the board evaluation were also considered. Reviewing these various parameters helps inform future board recruitment.

Diversity

Diversity is a matter for the board as a whole and is an integral part of succession planning and recruitment for the board and senior management team. The board's approach to diversity is set out on page 80.

The Nomination Committee seeks assistance from executive search agencies which are signatories of the Voluntary Code of Conduct to help ensure the most diverse talent pools are reached and an approach in line with best practice is adopted.

Diversity is also expressly included in the specification provided to search agencies for each recruitment.

Consideration is also given to diversity when reviewing board composition and the result of the annual board performance evaluation. In doing so, the committee took account of the results of the third Hampton-Alexander review into gender diversity on boards of FTSE 350 companies published, as well as the recommendations of the Parker review on ethnic diversity.

Committees composition

The composition of board committees was reviewed at the time of the appointment of Elisabeth Fleuriot in June, and her experience as a current serving member on the remuneration committee of another quoted company was thought to naturally lend itself to her joining the Remuneration Committee in addition to chairing the CSR Committee. The review concluded that the committees' composition remained effective and will be further reviewed during the first half of 2019.

Committee performance

The performance of the Nomination Committee was reviewed as part of the process undertaken by each of the board committees, with assistance from Lintstock.

Although considered to be effective, the committee acknowledged the need for greater focus and a more structured approach to succession planning for the board and executive team. The committee will also support the work of the board in taking a more active interest in talent management to ensure initiatives are in place to develop the pipeline and to promote diversity and inclusion in appointments to the board, executive team and senior management.

THE CSR COMMITTEE



ELISABETH FLEURIOT,
CSR Committee Chair

Committee membership during 2018

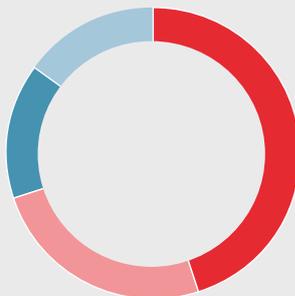
	Member since
Clare Spottiswoode (Chair) ¹	January 2012
Elisabeth Fleuriot (Chair) ²	June 2018
Winnie Kin Wah Fok	January 2012
John Ramsay	January 2018
Paul Spence	January 2013

1. Clare Spottiswoode retired as a director on 15 May 2018.
2. Elisabeth Fleuriot joined the board and was appointed chair of the CSR Committee on 18 June 2018.

Other regular attendees include the Regional President for the Africa region, the Group Corporate Affairs Director and the Group HR Director.

There were four scheduled meetings and two additional meetings during 2018. Members' attendance at committee meetings is shown on page 81.

Main activities of the CSR Committee during the year (%)



Current issues	45%
Health and safety	25%
CSR reporting	15%
Values/culture ethics/whistleblowing	15%

Link to strategic priorities



This is my first report, having joined the board in June 2018 and taking over as chair of the CSR Committee from my predecessor Clare Spottiswoode. I would like to thank Clare, for her dedication and focus on ensuring the integration of CSR as part of the Group's overall strategy during her tenure. A lot of good work has been done, but there remains scope to embed CSR further throughout the organisation and I am committed to ensuring that we continue to take a holistic and integrated approach in this regard. There are few businesses in the world which have as wide a geographic footprint, scale and diversity of workforce as G4S, with service offerings touching the lives of millions of people. Of crucial importance to me and to our Group is our continued drive to improve health and safety, and during 2019 our committee will continue to support our goal of zero harm. We operate in countries where the political and social environment is challenging, so we need to make sure we operate in line with our corporate culture and values to ensure the integrity of our organisation, the safety of our employees and those in our care and, the sustainability of our business.

Responsibilities

The Group takes a holistic approach to corporate and social responsibility and is mindful of our societal impact. Our 546,000 employees deliver services in complex and challenging environments and contribute to creating a safer and more connected society in which millions of people live and work. The CSR Committee was established in 2011 to review and monitor the Group's CSR approach, which includes developing policies on various CSR-related matters for consideration by the board and to review and monitor how the Group performs against relevant policies. It oversees reporting on CSR matters and progress made during the year. Over the last seven years, this holistic and integrated approach to CSR has been promoted successfully throughout the Group and during the course of 2018, the committee reviewed and considered amending its terms of reference accordingly. However, in light of the New Code, which came into force in early 2019, it was agreed that amending the terms of reference would be deferred to 2019. Further details of the committee's responsibilities can be found in the committee's terms of reference which are available at g4s.com/investors.

Health and safety

The safety of our employees and those in our care is of paramount importance. As part of its normal cycle of work, the committee received regular health and safety reports, including updates on on-going initiatives, details of future plans and summaries of incidents. The committee monitored the global programmes raising awareness across the spectrum of health and safety risks as well as those focused on addressing and eliminating specific recurring incidents. In addition, particular focus was given to health and safety challenges faced in custodial facilities and a presentation on these aspects was received.

The CSR Committee supports the Group's goal of zero harm. However sadly, in 2018, 24 employees lost their lives in work related incidents. There has been a clear reduction in road traffic related deaths as a result of improved vehicle management and training. In addition, following the embedding of High Potential Incident reporting across the Group, there is improved visibility of incidents and compliance issues and efforts are continuing to ensure consistency in reporting such incidents.

Specific issues

Brook House

During 2018, the CSR Committee received regular updates relating to Brook House Immigration Removal Centre following allegations regarding the conduct and behaviour of a number of staff at the facility, which had come to light in late August 2017. As part of these update sessions, the committee provided oversight and challenge to the management team responsible for this part of the business.

In parallel and as previously reported, the CSR Committee commissioned Verita, a specialist consultancy, to carry out an independent review to understand the extent and root causes of the issues which had arisen at Brook House. The review examined G4S' management, operational and staffing arrangements and the practices and behaviour of G4S' staff. It also assessed how G4S oversees the care and welfare of detainees, including mental health issues, self-harm, violence prevention, use of force and proper reporting of incidents.

The review was led by Kate Lampard CBE, a former barrister and vice chair of the South of England

Strategic Health Authority and of the Financial Ombudsman Services Limited. The CSR Committee met with Kate Lampard on three occasions to discuss progress, findings and recommendations. Members of the committee also visited Brook House and met with detainees, detainee custody officers and team leaders as well as the senior management team. While at Brook House, the committee was provided with an update on the action plan and initiatives to capture and share best practice across other similar facilities. In December 2018, G4S published the full report from Verita, as well as the action plan and progress to date. The CSR Committee continues to receive regular updates about the operational improvement plans implemented following the allegations and the findings and recommendations of the Verita investigation.

HMP Birmingham

Following a major disturbance at HMP Birmingham in December 2016, the inner city remand prison faced numerous challenges in returning to normal operation as a result of issues including drug usage by prisoners and increasingly high levels of violence towards staff and fellow prisoners. The CSR Committee was apprised of measures being taken following the incidents of 2016 to ensure the prison was fully operational, bearing in mind that the nature, age, condition and location of HMP Birmingham made it a particularly challenging environment.

In August 2018, G4S agreed with the UK Ministry of Justice (MoJ) that Her Majesty's Prison and Probation Service (HMPPS) would "step-in" and take over the management of the prison by appointing a Governor and providing additional resources. This status remains in place at the time of this report.

The CSR Committee led an internal review to assess the factors which led to the situation at the prison and ultimately to the "step-in" by HMPPS and identify any lessons that could be learnt and shared across the broader G4S custodial estate. The committee will continue to monitor the actions arising from the review.

Culture and values

Mindful that our values are integral to everything we do, the CSR Committee oversees the culture and values programme which is focused on embedding our values across the Group, to ensure that our culture and values are consistently reflected in behaviours and actions in all parts of the business. Values training is provided to new employees as part of the induction process and also to existing managers and front-line staff.

During the year, the committee reviewed the enhanced communication to all employees in respect of the whistleblowing facility, Speak Out, intended to create a culture in which people feel confident to report and raise ethical concerns. Data relating to whistleblowing trends and the usage of Speak Out is presented to the committee at each meeting and the committee supports the initiative to promote and encourage the use of Speak Out.

In addition, the committee has been keen to gain a better understanding of challenges faced by the Group in some geographies to ensure our culture and values are consistently applied. Reports on current situations and limitations in certain territories where the Group operates were discussed, with the committee seeking to provide constructive challenge and support to management initiatives to enhance the application of our culture and values in these geographies.

Integrated CSR reporting

In 2017, G4S set out to produce its first fully integrated annual report and accounts. Business leaders and governing bodies continue to promote integrated thinking and management in business practice and reporting. G4S has embraced this forward-thinking approach to highlight the Group's integrated and holistic approach to corporate social responsibility. In light of the success of the 2017 integrated annual report, which was highly commended for most effective integration of ESG at the UK IR Society awards and at the 2018 PwC Building Public Trust awards, the committee agreed that the fully integrated reporting approach will continue as best practice.

Committee performance

The assessment of the committee's performance, conducted as part of the overall board review process with assistance from Lintstock, concluded that the committee continued to provide challenge and good oversight over the Group's CSR strategy and the implementation of the global whistleblowing and case management system. This had resulted in the committee receiving a good level of information on whistleblowing cases and trends.

In addition to the positive enhancements to whistleblowing systems and processes, the committee believes there are further opportunities for the Group in identifying and understanding the early warning signs of potential issues within the business and in sharing best practice and learnings from incidents to prevent them recurring.

In 2019, in light of progress made since its creation in 2011 and the New Code, the committee will review the scope of its remit and activities and reflect any changes in its terms of reference.

The committee will also continue to support the communication of the Group's values and whistleblowing arrangements to enhance the environment for G4S employees and the people in our care and to support the various initiatives to achieve our goal of zero harm.

THE RISK COMMITTEE



PAUL SPENCE,
Risk Committee Chairman

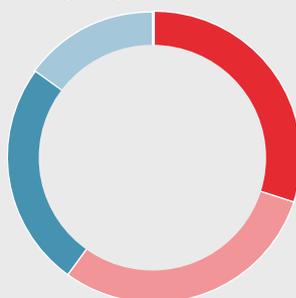
Committee membership during 2018

	Member since
Paul Spence (Chairman)	January 2013
Ashley Almanza	May 2013
John Connolly	January 2013
Steve Mogford	January 2018
Tim Weller	April 2013

Other regular attendees include the Group Director of Risk and Internal Audit.

There were four scheduled meetings and two unscheduled meetings held during the year ended 31 December 2018. Members' attendance at committee meetings is shown on page 81.

Main activities of the Risk Committee during the year (%)



Risk governance/internal control	30%
Contract risk management	30%
In depth review of specific high risk contracts/projects	25%
Committee governance and reporting	15%

Links to strategic priorities



Robust risk management processes and systems are essential to ensure sustainable performance for all our stakeholders, and it is the role of the Risk Committee to oversee the substantive assessment of the principal risks facing the Group. Throughout 2018 the committee reviewed the principal risks and assessed the processes and controls in place to mitigate those risks.

Responsibilities

Formed in 2013, the Risk Committee advises the board on the Group's overall risk appetite, reviews and approves the Group's risk management strategy, advises the Audit Committee and the board on risk exposures and reviews the level of risk within the Group. The Risk Committee also assesses the effectiveness of the Group's risk management systems and reports thereon to the Audit Committee.

The committee's composition ensures that a broad set of skills and experience comes together to consider how the Group manages risk in the business. Further details can be found in the committee's terms of reference available at g4s.com/investors.

Risk governance

As part of its continued focus on risk governance, the committee reviewed the governance processes and controls in place, including the risk and control matrix and the assurance resources available, to ensure appropriate risk governance across the Group. This review also included approval of the Group's risk management policy, which defines G4S' strategic approach to risk management. The committee also reviewed both the process and results of control self-assessments (CSAs) completed by business units across the Group on a regular basis. The CSAs, which cover many of the control standards addressing the Group's high inherent risks, are seen as a positive way in which to ensure that key controls specified by the Group to reduce such risks, are embedded and compliance enhanced. During the process, regional functional leaders review and challenge the results of business unit self assessments. The internal audit function also performs tests to identify and correct any potential discrepancy between the results of CSAs and its findings. The committee also reviewed the Group's risk appetite and recommended its approval by the board.

The committee also reported to the Audit Committee to confirm that it was satisfied that the Group's risk management processes were appropriate.

Principal risks

During the year, the Risk Committee received regular updates on the progress of mitigating the Group's principal risks set out on pages 67 to 71.

Presentations on cyber security, GDPR, geopolitical and people risks covering the inherent risks, mitigations in place and management of the residual risk, were also received. This also included a review of risk management best practice and improvements. Further details of the significant risks and uncertainties facing the business are set out on pages 67 to 71.

Major contracts and projects

Contract risk management continues to remain a key area of focus for the company and the committee, which undertakes a review of a major contract at each of its meetings. Managers from the relevant business attend the meeting to present an overview of the particular contract due for review. These sessions tend to focus on the key risks relating to that particular contract, whether operational, strategic, relating to people or otherwise. Management reports on how such identified risks are mitigated, and on how assurance is obtained that controls are in place and operate effectively. The level of residual risk is also discussed where relevant. These sessions give the committee the opportunity to gain a better understanding of the particular risks associated with these large contracts and to interact with those who manage such risks on a day-to-day basis.

The committee has delegated authority from the board to review and approve the acceptance and execution of those major contracts that require board approval due to their size or level of risk, as defined in the risk management policy. During the year under review, the Risk Committee considered several major contract bids, both during scheduled meetings and during additional meetings held specifically for this purpose.

In addition, the committee continues to have particular oversight for the project developing lean order-to-cash processes through the development and implementation of a standard IT system for the manned security operations, Project Javelin. The committee receives regular reports on this project and oversaw the launch of the pilot project in Ireland in the last quarter of 2017 and is overseeing the implementation of the project in the UK. Further information about this project is set out on page 30.

Committee performance

The assessment of the committee's performance, conducted with assistance from Lintstock, concluded that the committee had good oversight of the company's controls over significant risks and in relation to the Group's overall risk management strategy and policy.

The review also concluded that there was good alignment of the Group's risk management policies with the Group's overall strategy. The assessment highlighted the committee's desire for 2019 to focus on mitigating and eliminating operational risks. Another key area of focus identified for 2019 was to review the effectiveness of our compliance processes in relation to labour laws.

THE AUDIT COMMITTEE REPORT



JOHN RAMSAY
Audit Committee Chairman

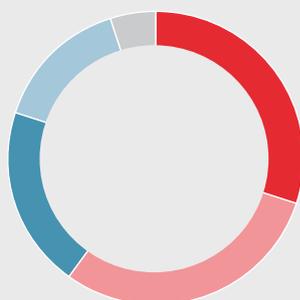
Committee membership during 2018

	Member since
John Ramsay (Chairman)	January 2018
John Daly	May 2015
Steve Mogford	May 2016
Paul Spence	January 2013

Regular attendees include the chief financial officer, the Group financial controller, the Group director of risk and internal audit, and representatives of the Group's external auditor.

There were four scheduled meetings held during the year ended 31 December 2018. Members' attendance is shown on page 81.

Main activities of the Audit Committee during the year (%)



Effectiveness of financial controls and risk management procedures	30%
Financial reporting	30%
Internal audit	20%
External audit and non-audit services	15%
Whistleblowing/fraud allegations	5%

Links to strategic priorities



This is my first year as chair of the Audit Committee and I am grateful for the support I have received, which has allowed me to settle rapidly into the role. In 2018, the committee continued to oversee the quality and integrity of the Group's financial reporting, financial control and compliance processes, with areas of particular focus including the use of Alternative Performance Measures, compliance with laws and regulations and financial results presentation. The adoption of IFRS 9 and IFRS 15 in 2018, as well as the preparation for the implementation of IFRS 16 in 2019 and related disclosures, were also reviewed.

Committee membership

The Audit Committee consists of four independent non-executive directors. The chief executive officer and chairman of the board also attend meetings when invited by the chairman. John Ramsay, who was appointed to the board and as chair of the Audit Committee with effect from 1 January 2018, is the member with recent relevant financial experience. Part of the induction process and on-going development for all directors seeks to ensure that committee members have knowledge relevant to the sector in which the company operates. Details of Mr Ramsay's further induction programme are set out on page 83. The board is satisfied that Mr Ramsay as well as the other members, taken together, bring significant and relevant experience gained at senior management level and that the committee's composition during the year met the requirements of both the Code and DTR7.1. Their skills and experience are set out on pages 74 and 75.

Responsibilities

The committee ensures that there is effective governance of the Group's financial reporting and internal controls to ensure the integrity of its financial statements and the adequacy of related disclosures, and assists the board in relation to its consideration of whether or not the annual report of the Group is fair, balanced and understandable. The committee also has oversight of the performance of both the internal audit function and the external auditor.

During the year, the terms of reference of the Audit Committee were reviewed. The terms are available at g4s.com/investors. The terms of reference will be reviewed again in 2019.

The committee has an annual agenda, which includes standing items that the committee considers regularly, as well as specific matters that require the committee's attention.

At the end of each meeting, a private session is held by the Audit Committee with representatives of the Group's external auditor or with the Group director of risk and internal audit, without members of the executive management team being present.

After each meeting, the chairman of the committee reports to the board on the matters which have been discussed.

SIGNIFICANT JUDGMENTS AND ISSUES CONSIDERED BY THE AUDIT COMMITTEE

The primary judgments and issues considered by the committee in respect of the 2018 financial statements, and how these were addressed, were:

ONEROUS CONTRACT PROVISIONS

Description

The Group delivers certain long-term outsourcing contracts that are complex in nature. Some of those contracts may evolve to become loss making, such that net unavoidable losses are expected over their life. In such a situation the net present value of estimated future losses needs to be determined in order to calculate an appropriate onerous contract provision. The identification and measurement of such provisions require significant judgment, given the extended time periods often involved and the number of variables that may impact on future losses.

In particular, judgment is required in assessing the future expected revenue and costs, including determining the expected impact of any profit improvement plans, the level of any related lifecycle funds and the estimated costs for the remaining life of the contract, and an appropriate discount rate to apply to future cash flows.

Details of the outcome of the assessment of contract provisions are set out in the Chief Financial Officer's Review on page 52.

Action taken

The committee discussed the process for the identification and assessment of onerous contracts and reviewed in respect of material low margin contracts as well as for each onerous contract, the critical assumptions made by management, and enquired about the robustness of the assumptions, the sensitivities to changes in the assumptions and the disclosure provided in relation to the key material judgments.

The committee also reviewed the disclosure provided in relation to these contracts.

Conclusion

The Audit Committee was satisfied that the level of provisions and the related disclosures as at 31 December 2018 were appropriate.

COMPLIANCE WITH FOREIGN OWNERSHIP RESTRICTIONS AND CONSOLIDATION OF UNDERTAKINGS

Description

In markets where foreign ownership restrictions (FORs) apply, the Group seeks to ensure that it complies with foreign ownership laws and regulations and relevant accounting standards (IFRS10). Professional advisors are typically retained to help establish and maintain contractual ownership structures, which comply with local laws and regulations relating to foreign ownership.

When restrictions apply to direct share ownership, the Group typically seeks to exercise influence or control through arrangements, including shareholder agreements.

Changes in FORs can limit the Group's ability to do business or invest in certain markets and may, in certain circumstances, result in a loss of management control.

Consolidation of any of these entities would be at risk if the Group's ability to enforce its rights of control were to be undermined by changes or different interpretations to FORs.

Action taken

The committee received reports in relation to FORs in a number of countries, which provided an update on relevant changes in law and regulations, their potential impact on the Group, and, where relevant, reviewed mitigation plans. During the year, the committee also reviewed the impact of changes in certain shareholder agreements and the accounting implications of these.

Conclusion

The committee was satisfied with the Group's processes and approach to foreign ownership and consolidation of undertakings.

This will remain an area of focus to ensure that the committee remains abreast of changes in laws, regulations and the relevant accounting standards.

ALTERNATIVE PERFORMANCE MEASURES

Description

The Group uses Adjusted PBITA and other alternative performance measures (APMs) for the purposes of consistent internal and external reporting, given that management views these measures as being more representative of the normal course of business and more comparable period to period. Adjusted PBITA excludes strategic restructuring costs, amortisation of acquisition-related intangible assets and specific and other separately disclosed items which the Group believes should be disclosed separately by virtue of their size, nature or incidence (see page 42 for further details). Judgment is required when defining those items to be disclosed separately and when applying the classification criteria to each period's results. Further details on separately disclosed items are set out in note 8.

Action taken

The Audit Committee reviewed guidance issued by the Financial Reporting Council (FRC) and the European Securities and Markets Authority (ESMA) together with management's response to the results of the FRC review of the 2016 Integrated Report and Accounts and enhanced disclosures that were included in the 2017 and 2018 Integrated Report and

Accounts (pages 40 to 42) in relation to APMs. The committee assessed whether the Group's accounting policies were being applied consistently from year to year, and considered whether specific items were being identified in line with Group policies and that these items included both debits and credits as appropriate.

The committee also reviewed information from management to satisfy itself that changes in estimates related to items that were classified as specific items were treated consistently as specific items, for both increases and decreases.

Conclusion

The committee was satisfied that the Group's definition of APMs, and in particular in relation to specific and other separately disclosed items, had been applied correctly and that the designation of specific items was subject to objective and balanced criteria. The committee noted the enhanced disclosure and explanation on APMs and considered that these give a meaningful and balanced view of the operations of the Group.

GOODWILL IMPAIRMENT TESTING

Description

The total value of the Group's goodwill as at 31 December 2018 was £1.9bn (£1.9bn at 31 December 2017), a significant proportion of which was generated by the merger of the security services businesses of Group 4 Falck and Securicor in 2004, which was accounted for as an acquisition of Securicor by Group 4 Falck.

The Group tests goodwill for impairment on an annual basis or more frequently if there are indications that an impairment may have occurred. The impairment analysis consists of the estimation of the recoverable amount of goodwill supported by the Group's cash generating units. This analysis requires significant judgment, primarily in relation to the achievability of long-term business plans and future cash flows. Such achievability is dependent on circumstances both within and outside management's control, in relation to the discount rates adjusted to reflect risks specific to individual assets used, and in relation to the macro economic assumptions and related modelling assumptions underlying the valuation process.

For 2018, the Group reassessed cash generating units used to determine the level at which goodwill is assessed for impairment in light of the changes to the Group's segments at 1 January 2018 when Cash Solutions businesses were separated to form a new reporting segment. The result of the annual review of the carrying value of goodwill did not identify any

impairment charge to goodwill as being required (see note 18 to the consolidated financial statements). The full methodology and results of the Group's impairment testing, including an analysis of the sensitivity of goodwill to the key assumptions, are provided in note 18.

Action taken

The Audit Committee reviewed the methodology for the reassessment of cash generating units as well as the methodology for and results of the impairment tests prepared by management.

The Audit Committee reviewed the assumptions used in relation to long-term growth, the resulting headroom and the sensitivities applied by management. In addition, these results were considered against alternative valuation bases such as reference to disposal values, less costs to sell, for similar assets in similar locations, both within the Group and external to the Group.

Finally, the Audit Committee considered the adequacy of the disclosures provided, particularly in respect of cash generating units where changes in key assumptions could give rise to an impairment.

Conclusion

The committee was satisfied with the carrying value of goodwill and related disclosures as at 31 December 2018.

TAXATION

Description

The Group operates in around 90 countries and is therefore subject to numerous reviews by individual tax authorities in the ordinary course of business. In some countries, tax legislation is not consistently applied and under some complex contractual structures, the responsibility for tax arising is not always clear. Judgments and estimates are required to determine the appropriate level of tax provisions and any required disclosure around contingent tax liabilities at each period end.

Provisions for tax liabilities are established for existing matters under dispute with local tax authorities, as well as for matters which it is considered may be disputed by them, where it is probable that a future liability will arise. In some instances, tax reviews may result in claims being raised by tax authorities. Any claims are handled by the local legal entity in the first instance. More complex cases are reviewed by the Group tax function and provisions are made, based on the best estimate of the likely outcome.

The Group recognises deferred tax assets in respect of temporary timing differences, mainly in relation to pension arrangements, fixed assets and carried forward losses. At 31 December 2018, total deferred tax assets were £248m (2017: £242m). Recognising such assets requires an assessment of their likely recovery through utilisation, which includes an assessment of the taxable profits expected to be

made in each of the relevant jurisdictions in the future. Deferred tax assets can be affected by changes in legislation and in tax rates.

Action taken

The Audit Committee reviewed the Group's tax strategy, including the tax report and tax risk management processes, and the board approved the tax policy, which complies with the UK Confederation of British Industry's seven tax principles.

The committee also reviewed information prepared by management in relation to existing or potential tax exposures, the adequacy of the provisions recorded, their treatment and disclosure in the financial statements and emerging matters arising from the OECD's Base Erosion and Profit Shifting framework.

The committee reviewed information prepared by management supporting the recoverability of deferred tax assets, considered the period of time under which these assets would be recovered and made enquiries of the external auditor on the appropriateness of the Group's tax position.

Conclusion

The committee was satisfied with the Group's approach to tax, with the assessment of recoverability of deferred tax assets and with the accounting treatment and disclosure in respect of tax exposures.

LAWS AND REGULATIONS

Description

The Group operates in many jurisdictions globally, with complex and diverse regulatory frameworks. As a result, the Group faces many associated risks, including litigation including class actions; bribery and corruption; obtaining and retaining operating licences; complying with local tax regulations; changes to and application of employment and employee remuneration legislation; complying with human rights legislation; and new or changed restrictions on foreign ownership. Furthermore, the Group may face new or changing regulations which may require modification of its processes and staff training. Not being compliant with applicable laws and regulations can have far reaching consequences, including higher costs from claims and litigation; inability to operate in certain jurisdictions; loss of management control; and damage to the Group's reputation.

Action taken

During the year the committee received regular updates on significant areas of exposure to claims and areas where labour laws and regulations are complex and there is therefore an inherent risk to the judgment made when determining how to ensure compliance with those laws and regulations. In light of the quantum of the California class action settlement, a review of on-going labour litigation across the Group was carried out and the level of provisioning required was confirmed with management.

Conclusion

The committee was satisfied that the provisions booked at 31 December 2018 were appropriate. The committee was satisfied that the enhanced disclosure around the judgments made in relation to contingent liabilities was clear and appropriate.

RISK OF ACCOUNTING ERRORS AND MANAGEMENT OVERRIDE OF INTERNAL CONTROLS

Description

The Group operates in around 90 countries and has around 600 legal entities, with a significant number of local financial systems and processes. This leads to an inherently diverse set of processes and controls that rely on local capabilities for implementation and maintenance of control. As set out on page 66, the Group has adopted a three-lines-of-defence model to control and manage risks across the Group.

Over the course of the last five years the Group has made significant investment in strengthening capability in finance, internal audit and risk, and has introduced additional internal controls and enhanced Group oversight to mitigate these risks. These include monthly reviews of the quality of earnings, a comprehensive internal audit plan and a regular cycle of reviews of local business unit or country balance sheets and controls.

Action taken

The committee oversaw the progress made in embedding the Group's Minimum Financial Controls and received regular updates on the overall control environment of the Group, including results of internal audits, training and up-skilling of capabilities across the Group, as well as regular reports from the external auditor and the Group's whistleblowing process.

The committee also considered progress made in reducing reliance on manual controls, by developing and integrating financial and operational systems across the Group.

Conclusion

The committee acknowledged the progress made in relation to the strengthening of controls and the plans in place to reduce the number of systems and reliance on manual controls across the Group, but noted that, although good progress has been made to date, significant work remains to be done.

Viability statement

At the February 2019 meeting, the committee reviewed a paper prepared by management which examined the longer-term solvency and viability of the Group. The committee tested the underlying assumptions and analysis performed by management, reviewed assurance work carried out and considered the appropriateness of the timeframe of the assessment. The committee also considered the work being performed in relation to the review of separation options for the global cash division and acknowledged that any decisions that may be made during 2019 as a result of this review might be expected to lead to a stronger Group.

The committee was satisfied that the three-year period covered by the viability statement remains appropriate in that it aligns with the Group's regular business planning period, over which management has a reasonable level of confidence in its projections reflecting the life cycle of the majority of the Group's contracts, and takes account of the limited visibility on material bidding opportunities in the pipeline beyond that period. The committee also reviewed and challenged the outcome of the stress testing of projections by management.

The committee recommended to the board that the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of the assessment, as set out on page 89.

Fair, balanced and understandable

One of the key compliance requirements in respect of a group's financial statements is for the annual report, taken as a whole, to be fair, balanced and understandable. Guidelines on APMs were issued by the ESMA and have been applicable since July 2016. In addition, the FRC issued a "Frequently Asked Questions" guidance document and published the results of its thematic review on this matter in November 2017. Attention was also paid to guidance on disclosure of judgments and estimates and other key areas of interest set out in the FRC's Annual review of corporate governance and reporting 2017/2018 published in October 2018. The committee considered each of the above in assessing whether the Group's annual report was fair, balanced and understandable.

The committee reviewed a paper setting out the approach taken by management in the preparation of the annual report to ensure it met the requirements of the FRC's Code and the ESMA guidance, including the reasons for and clear explanation of the non-GAAP measures used by the Group in reporting its results for the year. The paper described the process and procedures followed and detailed the steps taken in each of the sections of the annual report to ensure that the information presented was complete and accurate. This paper also described the review processes carried out internally to ensure that the annual report is fair, balanced and understandable. In addition, an external verification exercise was carried out to confirm that the information contained in the annual report is supported either by factual evidence, or by confirmation from management where such information is a statement of belief or intent.

The committee was satisfied with the work performed and advised the board that the annual report, taken as a whole, presents a fair, balanced and understandable view of the business and its performance for the year under review.

Internal control

Since 2013, the Group has had a heightened focus on improving its systems of internal control and risk management for financial reporting. The main features of these control systems include clearly defined reporting lines and authorisation procedures, a comprehensive budgeting and monthly reporting system, written policies and procedures and the use of a single global consolidation system for internal management reporting, budgeting and planning as well as for external reporting.

The system is designed to ensure the integrity of financial reporting and the committee's responsibility is to ensure that these internal controls remain effective. The committee does this primarily through receiving reports from management, from the internal audit function and from the external auditor.

The committee received an update on initiatives being implemented by the Group to continue its progress in strengthening internal controls and reviewed progress made. During 2018 Group Internal Audit followed a targeted audit plan for those areas where control issues had been identified.

Further details on internal controls are set out on page 66. The Audit Committee confirmed to the board that it is satisfied that progress continues to be made in improving the Group's risk management and internal control processes and procedures and that these are appropriate and effective. However, strengthening of the internal control environment remains a key area of focus for the Group.

As such, in January 2019 the Group reviewed and relaunched its financial controls. The new Group Financial Controls are a more comprehensive suite of controls that are expected to provide a higher degree of transparency to management, enabling a more effective control environment and decision making.

Internal audit

During 2018, the internal audit function continued to provide support and guidance to business units to improve awareness of and compliance with Minimum Financial Controls.

In addition internal audit also assessed the effectiveness of a broader set of mandated controls including HR core standards on screening, health and safety, driver and firearms controls, payroll and IT. A risk-based approach was used to determine coverage for HR core standards and human rights. The goal remains to focus local management on the most material control issues specific to their local environment.

The Group finance function and regional audit committees also provided support to assist in driving improvements where appropriate.

In 2019, internal audits will continue to test the operational effectiveness of the Group's standards and controls. This will include assessing compliance with the Group Financial Controls, which were relaunched in January. Precise coverage in each country will continue to be determined through

risk assessment.

External audit

Following an audit tender process during 2014 PricewaterhouseCoopers LLP (PwC) was appointed as the Group's new external auditor for the 2015 financial year. PwC was subsequently reappointed at the 2018 AGM to hold office until the next AGM. Richard Hughes has been lead audit partner since the beginning of 2015.

During the year, the committee reviewed PwC's Group audit plan including the scope to be undertaken as well as their reports on external audit findings, with particular focus on the areas set out above. The committee had private sessions with the external auditor both during the year and at the end of a number of Audit Committee meetings, and approved the fee for the external audit. The committee also considered and approved the representation letter to be issued to the auditor.

In addition, PwC updated the committee on current trends in the auditing market, including the Competition and Markets Authority's market study of the audit sector and the Kingman review of the FRC.

Non-audit services

To ensure that the independence of the external audit is not compromised, the committee has a policy in place covering the non-audit services that can be provided by the external auditor, the relevant approval process for certain services, and detailing those services which the auditor is prohibited from providing.

In essence, the external auditor is prohibited from providing services that could create a conflict of interest, result in the audit firm auditing its own work, or result in the performance of management functions. Examples of non-permitted services are actuarial services, book-keeping services, internal audit services and legal services.

The committee has pre-approved certain services which can be provided by the auditor subject to specified fee limits, above which further approval is required. All other services would require prior approval by the committee. The Audit Committee reviewed its policy on the provision of non-audit services by the external auditor in 2018 and concluded that no changes needed to be made. The committee will monitor any future changes which may be required in light of the results of the on-going audit sector reviews.

Details of the fees paid for audit services, audit related services and non-audit services can be found in note 10 to the consolidated financial statements.

Effectiveness of the external auditor

A combination of formal and informal processes is used in the assessment of the effectiveness of the external audit process.

A formal questionnaire is completed at the end of the audit by members of the Audit Committee, the Group Finance department and the finance directors of significant operations across the Group. The results of those questionnaires are reviewed by the Audit Committee. The assessment of the external audit for 2018 concluded that it remained effective and that the external auditor is independent. The auditor, PwC, has written to the Audit Committee confirming that, in its opinion, it was independent for the period through to 12 March 2019.

Regulators and our financial report

As previously reported, in 2017 the Group received a letter from the FRC confirming that the Annual Report for the year ended 31 December 2016 had been subject to a review by its Conduct Committee, which is responsible for reviewing and investigating the annual accounts, directors' and strategic reports of UK public companies for compliance with relevant reporting requirements and with a view to stimulating improvements in the quality of corporate reporting. Such reviews are based on the annual report and accounts and are conducted by staff of the Conduct Committee who have an understanding of the relevant legal and accounting framework but do not benefit from detailed knowledge of the business or an understanding of the underlying transactions entered into.

As a result of the correspondence with the FRC as part of its review, changes were made in the 2017 Integrated Report and Accounts, among other things, to improve reporting on Alternative Performance Measures and the commentary on IFRS measures in the Strategic Report. These changes have been maintained and, where possible enhanced, in the 2018 Integrated Report and Accounts. Enhanced disclosure and explanations can be found on pages 40 to 42. Subsequent to the issue of the 2017 Integrated Report and Accounts, the FRC confirmed that their enquiries into the 2016 Integrated Report and Accounts were closed.

CMA Order Compliance

The G4S group audit was put out to tender in 2014, following which PwC was appointed with effect from 2015.

The committee confirms that the company has complied with the Audit Services for Large Companies (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Committee performance

Again this year, the assessment of the committee's performance, conducted with assistance from Lintstock, concluded that the performance of the committee was rated highly overall, in particular in assessing the system of internal controls as well as in reviewing and assessing the work of the external auditors. The committee's oversight of the Group's whistleblowing arrangements was also positively rated.

In addition the good relationship and communication between the Audit Committee and key individuals in the company, such as the chief financial officer and the Group financial controller was commended again in 2018.

In 2019, the committee will continue to focus on the progress of Group Financial Controls and the quality of the Group's financial reporting.

JOHN RAMSAY
Audit Committee Chairman