THE REMUNERATION COMMITTEE

JOHN DALY
Remuneration Committee Chairman

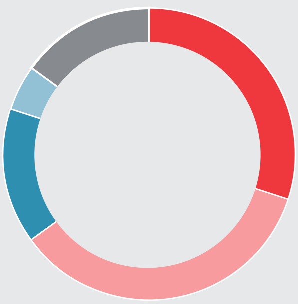
Committee membership during 2018

	Member since
John Daly (Chairman)	May 2015 (chair since May 2016)
Winnie Fok	January 2013
Clare Spottiswoode[1]	June 2010
Barbara Thoralfsson	July 2016
Elisabeth Fleuriot[2]	June 2018

1. Clare Spottiswoode retired as a director on 15 May 2018.
2. Elisabeth Feluriot joined the board and Remuneration Committee on 18 June 2018.

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

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



Performance and incentives	30%
Governance	35%
Reporting	15%
Executives' base pay/Chairman fee	5%
Below board level	15%

Links to strategic priorities

Our remuneration framework is aligned with the Group's strategic objectives, by rewarding the creation of sustainable value, with particular focus on our customers, shareholders, people and values.

The committee consists entirely of independent non-executive directors. Biographies of the members of the committee are set out on pages 74 and 75. Following Clare Spottiswoode's retirement from the board in May 2018, Elisabeth Fleuriot joined the committee upon her appointment to the board in June. Elisabeth is a welcome addition to the committee, bringing a wealth of international business experience.

Responsibilities

The Remuneration Committee is responsible for determining all elements of the remuneration of the executive directors, other members of the Group Executive Committee and the chairman of the board.

It also agrees, with the board, the framework and policy for the remuneration of other senior managers of the Group and reviews and recommends to the board the remuneration of the company secretary. From 2019, to comply with the new UK Corporate Governance Code, the committee will also be responsible for setting the remuneration of the company secretary.

In determining the executive remuneration policy, the committee takes into account the Group's need to attract, retain and incentivise executive talent, a variety of legal and regulatory requirements, the relevant provisions of the UK Corporate Governance Code and the pay policies and practices throughout the Group.

The committee also determines the policy on the duration, notice period and termination payments under the members of the Group Executive Committee' contracts, with a view to recognising service to the company whilst ensuring that failure is not rewarded and that the need to mitigate loss is recognised.

The committee approves the design and determines the measures and formulae for performance-related pay schemes operated by the company. It approves the eligibility of executive directors and other Group Executive Committee members for annual bonuses and awards under long-term incentive plans and the methods for assessing performance against the objectives of those plans. No individual determines their own remuneration.

The committee's terms of reference are available on the company's website at g4s.com/investors.

FIXED PAY

- Base pay
- Retirement benefits
- Other benefits

SHORT-TERM INCENTIVES

- Annual bonus plan (one year) with deferred element (three years)

LONG-TERM INCENTIVES

- Long-term incentive plan (three years)

Our remuneration approach

We seek to attract and retain the best people whilst ensuring that the remuneration policy and practice drive behaviours that are in the long-term interests of the company and its shareholders.

Business context and performance

The Group has two principal business segments; Secure Solutions and Cash Solutions.

In Secure Solutions, the Group delivered 3.1% underlying revenue growth and improved Adjusted PBITA margins from 6.2% to 6.5%. This performance was delivered in the context of tightening labour supply and intense competition in manned security services in some geographies.

In Cash Solutions the company continued to experience good demand for its cash solutions technology and ended the year with these products and services deployed at 23,300 locations across the world, up from 19,800 at the end of 2017. This progress was more than offset by the impact of bank branch and ATM closures in the UK and Europe and Adjusted PBITA for the year was 17.1% lower than in 2017.

The net effect of the results of the two business segments was that Group underlying revenues rose by 1.1% and that Adjusted PBITA of £474 million was in line with 2017.

Further details are set out in the chief executive officer's introduction to the Strategic Review on pages 2 to 15.

Good progress was made in the development of the Group's strategy during the year. In January 2018, management established a Global Cash Division and in December 2018 the Group announced a review of the Group's options to create two strong, independent companies via the separation of Secure Solutions and Cash Solutions. The board believes that this has the potential to strengthen strategic, commercial and operational focus to the benefit of customers, employees and shareholders.

2018 Remuneration outcomes

Pay review – As reported last year, the salaries of both the CEO and CFO were increased by 2% effective from 1 January 2018. The increase awarded to the executive directors was in line with the increase applicable to Group employees and most managers based in the UK.

Annual bonus – The annual bonus is determined by reference to the Group's financial performance, together with individual performance against strategic objectives.

During 2018 the Group faced strong competition and management maintained commercial discipline and increased profits and margins in the Group's largest business segment, Secure Solutions. However, this was partially offset by challenging market conditions in a number of Cash Solutions markets, which weighed on the overall financial performance of the Group. As a result, despite meeting a number of important strategic objectives, the executive directors notified the Committee of their wish to waive their entitlement to a bonus for 2018. The committee approved this recommendation from the executive directors and consequently no bonus is payable in respect of 2018.

Long-term incentive plan (LTIP) – In line with our commitment to ensure that our remuneration framework aligns with our strategy and promotes the long-term success of G4S, a significant part of performance-related reward is delivered through shares. Over the past three years (2016 to 2018), the Group has delivered strong growth in underlying earnings and strong operating cash flow and a portion of the awards which were granted in 2016 have therefore vested at a level of 55.8%.

Further information on the levels of executive remuneration earned in 2018, including performance against the relevant targets, is given on pages 116 to 119.

Total single figure - The overall change in the total single figure for 2018 compared with 2017 is a reduction of 21.9%.

Key areas of focus in 2018

Remuneration Policy and approach
Our remuneration policy, which received a high-level of support from shareholders at our 2017 AGM, continues to operate effectively. In light of the announcement of strategic changes to the business, the committee has chosen to defer a review of our remuneration policy until the required renewal at our AGM in 2020, in line with the usual three-year cycle.

However, the committee is cognisant of evolving investor views and changes to the UK Corporate Governance Code and in order to align our practice with these latest developments, the committee and board have agreed to make a number of changes to the executive remuneration framework;

- **Introduction of a holding period** – for all long-term incentive awards granted to executive directors and the group executive committee after the 2019 AGM, a two-year holding period will apply following the completion of the performance period. This extends the total time horizon to a period of five years.
- **Reduction in pension for future hires** – for future external executive director appointments, pension contributions will be reduced to 15% of salary in line with senior management in the UK and recent appointments to the group executive committee.

- **Increase in share ownership requirements** – our share ownership requirement for the CEO is already 200% of salary. The requirement for the CFO has been increased from 150% to 200%, so the minimum share ownership requirement is now 200% for both executive directors.
- **Introduction of a post-employment shareholding policy** – to reflect the requirement in the New Code and the views of shareholders, we are introducing a post-employment shareholding policy. Executive directors will be expected to retain shares equal to the share ownership requirements (or their actual shareholding at the date their employment ends if lower) for a period of two years post-departure.

The committee considers that the introduction of these changes will strengthen the alignment of the executives with the interests of our other stakeholders.

Our workforce

The committee recognises the need to consider workforce remuneration and related policies when determining remuneration arrangements for senior management. The committee has reviewed its approach during 2018 to ensure it has greater oversight of the most relevant information, which will include visibility of pay rates and trends, benefits policy and variable compensation across different organisational levels and geographies.

Governance

With a view to reflecting changes made by the 2018 UK Corporate Governance Code, the committee is in the process of reviewing its terms of reference. The current committee's terms of reference are available on the company's website at g4s.com/investors.

UK Code Compliance

The committee is conscious of the Code's requirement that executive directors' remuneration should be designed to promote the long-term success of the company - and that performance-related elements of remuneration should be transparent, stretching and applied rigorously.

As described above, the committee has introduced a number of features to the remuneration framework to ensure compliance with the New Code: new holding periods will apply consistently to the LTIP awards made to both the executive directors and to the Group Executive team after the 2019 AGM. The inclusion of deferral, share ownership requirements and malus and clawback within the policy provides suitable long-term alignment of interests between our senior executives and our other shareholders.

Implementation of remuneration in 2019

Pay review

The executive directors have recommended to the committee that no increases be made to their salaries with effect from 1 January 2019.

Incentives

The annual bonus opportunity and LTIP award levels remain unchanged for 2019, both of which are subject to maximum award sizes as set out in the Remuneration Policy on pages 108 to 115.

In relation to the annual bonus, the committee seeks to set targets that support the overarching strategy, reflecting the business context for the relevant period. Targets are also intended to be stretching whilst remaining achievable and are compatible with the Group's risk appetite. The committee is confident that the 2019 targets meet these criteria.

The long-term incentive plan introduced in 2014 received overwhelming support from shareholders and will continue to operate in 2019, with the addition of a two-year holding period for awards made after the company's 2019 annual general meeting.

The committee's performance

Consistent with our practice every year, a formal review of the committee's performance was carried out at the end of 2018.

Details of the process for board and committee performance evaluations are set out on page 84.

Overall, the review concluded that the committee continues to be effective and to perform well. It also highlighted the committee's role in ensuring pay appropriately reflects performance of the Group, taking account of our shareholders' views and expectations. In 2019, the committee will have a key role to play in ensuring that our remuneration practices continue to focus on and support the delivery of our strategic objectives, while retaining and rewarding the high calibre individuals and talent needed to deliver long-term sustainable success.

Voting on remuneration

The annual report on remuneration will be put to an advisory vote at this year's AGM, and we look forward to receiving shareholders' support once again this year.

I will be available to answer questions and listen to the views of our shareholders at the forthcoming AGM.

JOHN DALY
Remuneration Committee Chairman

12 March 2019

Remuneration policy

The company's remuneration policy for directors is set out on pages 108 to 115 of this report and on the company's website at g4s.com/investors/corporate-governance. It was approved by shareholders at the company's annual general meeting held on 25 May 2017 with 97.26% of all votes cast in favour. The long-term incentive plan referred to in the policy was approved at the 2014 annual general meeting with 96.88% of all votes cast in favour. The remuneration policy came into effect on 26 May 2017 and will continue to apply for up to three financial years unless a new or revised policy is approved by shareholders in the meantime.

DIRECTORS' REMUNERATION POLICY

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

Remuneration policy for executive directors

BASE PAY

Purpose and link to strategy

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

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

Operation

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

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

Maximum opportunity

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

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

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

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

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

Performance measures and clawback

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

BENEFITS

Purpose and link to strategy

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

Operation

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

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

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

Maximum opportunity

Maximum benefits per director per annum:

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

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

Performance measures and clawback

None.

ANNUAL BONUS

Purpose and link to strategy

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

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

Operation

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

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

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

Bonuses are not pensionable.

Maximum opportunity

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

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

Performance measures and clawback

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

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

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

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

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

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

LONG TERM INCENTIVE PLAN

Purpose and link to strategy

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

Operation

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

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

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

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

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

Maximum opportunity

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

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

Performance measures and clawback

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

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

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

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

RETIREMENT BENEFITS

Purpose and link to strategy

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

Operation

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

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

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

Maximum opportunity

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

Performance measures

None.

Remuneration policy for non executive directors

CHAIRMAN'S FEE

Purpose

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

Operation

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

Maximum opportunity

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

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

NON-EXECUTIVE DIRECTORS' FEES (EXCLUDING THE CHAIRMAN)

Purpose

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

Operation

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

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

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

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

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

Maximum opportunity

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

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

BENEFITS

Purpose

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

Operation

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

Maximum opportunity

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

Benefits and expenses will reflect the actual cost of provision.

Notes to the directors' remuneration policy

1. Performance measures

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

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

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

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

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

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

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

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

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

2. *Malus and claw-back mechanisms*

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

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

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

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

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

Principles and approach to recruitment and internal promotion of directors

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

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

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

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

Service contracts

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

Executive directors' service contracts all have the following features:

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

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

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

Non-executive directors' letters of appointment:

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

Loss-of-office payment

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

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

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

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

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

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

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

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

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

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

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

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

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

Corporate Action

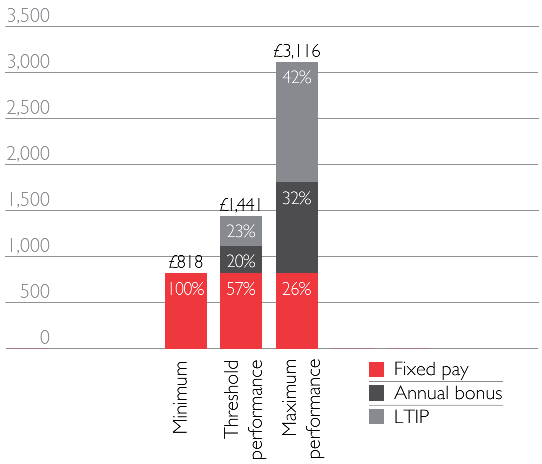
If the company is subject to a change in control, the Long Term Incentive Plan provides that awards will vest subject to the performance targets having been satisfied up to the date of the change of control and, unless the committee determines otherwise, time pro-rating.

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

Illustrations of application of remuneration policy

Ashley Almanza, Chief Executive Officer (£000)

Tim Weller, Chief Financial Officer (£000)



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

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

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

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

Statement of consideration of employment conditions elsewhere in the Group

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

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

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

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

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

Statement of consideration of shareholder views

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

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

ANNUAL REPORT ON REMUNERATION

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED INFORMATION)

Executive directors

	Base pay		Benefits		Annual Bonus		LTIP		Pension related benefits		Total	
£	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Ashley Almanza	**958,550**	939,755	**116,459**	110,112	**–**	1,120,168	**1,615,596**	1,349,155	**239,638**	234,939	**2,930,243**	3,754,129
Tim Weller	**656,625**	643,750	**30,169**	29,702	**–**	670,774	**1,148,054**	171,074	**131,325**	128,750	**1,966,173**	1,644,050

Notes:
1. Benefits include car allowance, business-related travel, healthcare, disability and life assurance. Benefit values include the cost of certain travel, overnight accommodation, meals and memberships which HMRC treats as a taxable benefit and on which the company has paid, or will in due course pay, tax as it does not consider such expenses to be benefits in the ordinary tax sense. The grossed-up amounts for 2018 are £40,343 (2017: £71,706) for Ashley Almanza. Benefit values also include local travel costs of £25,098 (2017: £10,420) for Ashley Almanza who bears the tax himself, and contain other business costs which HMRC deems to be benefits.
2. Any bonus due above 50% of the individual's maximum bonus entitlement is awarded as deferred shares, which vest after a period of three years unless the individual ceases employment prior to the third anniversary and qualifies as a good leaver, in which case release of such deferred shares occurs shortly after termination of employment. Mr Almanza's bonus pay-outs for 2017 consisted of £704,816 in cash and £415,353 in shares deferred for three years. Mr Weller's bonus pay-outs for 2017 consisted of £482,813 in cash and £187,961 in shares deferred for three years. For 2018, the executive directors notified the Committee of their wish to waive their entitlement to a bonus. The Committee approved this recommendation. Further information regarding 2018 bonus performance is set out on page 118.
3. For 2018, Ashley Almanza received a fee of $55,000 as well as shares valued at $356,314 from Noble Corporation, (2017: $88,500 in fees) which he retained for the part of the year prior to his stepping down from his non-executive directorship referred to on page 113 on 19 June 2018. Mr Weller received and retained £17,000 from the Carbon Trust for his non-executive directorship during the year under review (2017: £17,000).
4. Values in the 2017 LTIP column relate to the 2015 LTIP, which vested on 20 March 2018 and are calculated using the share price on the date of vesting of 247.7p per share. Values provided in the 2017 LTIP column of the 2017 directors' remuneration report were estimates. On 20 March 2018, Ashley Almanza had 544,673 shares vesting under the 2015 LTIP, of which he retained 288,676 shares after selling 255,997 shares to satisfy tax and NI liabilities arising out of such vesting. On the same date, Tim Weller had 69,065 shares vesting under the 2015 LTIP, of which he retained 36,604 after selling 32,461 shares to satisfy tax and NI liabilities arising out of such vesting.
5. Values in the 2018 LTIP column relate to the 2016 LTIP due to vest on 15 March 2019. Since the share price on the date of vesting is unknown at the date of this report, the figures provided are estimates calculated using the average market value over the last quarter of the year under review, i.e. 201.4p per share and the vesting level under the 2016 LTIP, which is 55.8%. Further information regarding performance and vesting of the 2016 LTIP is set out on page 119. The amount of executive directors' remuneration attributable to the company's share price growth over the three-year performance period is the difference between the share price of 183.8p per share used for the purpose of the awards made or deemed granted in March 2016 and the average market value over the last quarter of the year under review, i.e. 201.4p per share used to estimate value at the vesting date of 15 March 2019. On this basis, the amounts are £141,165 and £100,313 for Messrs Almanza and Weller respectively.
6. In relation to Mr Weller, the LTIP figure for 2018 includes estimates regarding three separate awards under the company's LTIP 2016 granted as part of his remuneration arrangement upon joining the company as CFO on 24 October 2016 and due to vest on 15 March 2019. These are:
   - an award made following his relinquishing the 2015 performance share plan aware from his previous employer,
   - an award made as compensation for the forfeiture of his annual bonus from his previous employer; and
   - an award on a pro-rata basis relative to his start date as CFO on 24 October 2016.

   Estimates were calculated using the methodology described in note 5 above.

Non-executive directors

The following table shows a single total figure of remuneration in respect of qualifying services for the 2018 financial year for each non-executive director, together with the comparative figures for 2017. Aggregate non-executive directors' emoluments are shown in the last column of the table.

£	Base fee		SID		Chair of Committee		Benefits		Total	Total
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
John Connolly	**382,500**	375,000	**n/a**	n/a	**n/a**	n/a	**3,216**	4,770	**385,716**	379,770
John Daly	**63,500**	61,750	**n/a**	n/a	**18,500**	18,500	**6,297**	3,259	**88,297**	83,509
Elisabeth Fleuriot	**34,270**	n/a	**n/a**	n/a	**9,984**	n/a	**5,611**	n/a	**49,865**	n/a
Winnie Fok	**63,500**	61,750	**n/a**	n/a	**n/a**	n/a	**18,403**	15,243	**81,903**	76,993
Steve Mogford	**63,500**	61,750	**15,000**	15,000	**n/a**	n/a	**1,990**	1,531	**80,490**	78,281
John Ramsay	**63,500**	n/a	**n/a**	n/a	**20,000**	n/a	**5,816**	n/a	**89,316**	n/a
Paul Spence	**63,500**	61,750	**n/a**	n/a	**18,500**	37,500	**12,897**	16,452	**94,897**	115,702
Clare Spottiswoode	**23,373**	61,750	**n/a**	n/a	**7,228**	18,500	**7,477**	2,315	**38,078**	82,565
Barbara Thoralfsson	**63,500**	61,750	**n/a**	n/a	**n/a**	n/a	**20,790**	24,101	**84,290**	85,851

Notes: The above fees were pro-rated where the appointments or retirements were part way through the year.
1. Benefit values include the cost of overnight accommodation, travel and meals, which HMRC treats as taxable benefits and on which the company has paid, or will in due course pay, tax as it does not consider such expenses to be benefits in the ordinary tax sense.
2. For Clare Spottiswoode figures cover the period up to the date that she retired from the board on 16 May 2018.
3. For Elisabeth Fleuriot figures cover the period from the date of her appointment as a non-executive director on 18 June 2018 and fees received for her role as chair of the CSR Committee.
4. Benefits figures for Winnie Fok, Barbara Thoralfsson and Elisabeth Fleuriot include professional fees in relation to tax and social security compliance.
5. During 2017, in addition to his role as chair of the Risk Committee, Mr Spence also chaired the Audit Committee.

2018 Annual bonus

During the financial year ended 31 December 2018, the performance measures relating to the annual bonus scheme rules were consistent with the Remuneration Policy, with 85% of the maximum bonus opportunity for Ashley Almanza and 80% for Mr Weller being based on achievement of challenging financial performance measures.

The financial performance measures were based on revenue, budgeted Group earnings (excluding specific and other separately disclosed items) and budgeted Group operating cash flow before capital expenditure for Mr Almanza and budgeted Group earnings (excluding specific and other separately disclosed items) and budgeted Group operating cash flow before capital expenditure for Mr Weller.

For threshold performance, 35% of maximum entitlement would pay out with on-target performance resulting in a payment of 60% of maximum entitlement, with 100% only being earned in the event of achievement of a stretch performance significantly in excess of budget. The element of bonus determined for each financial performance measure is calculated by interpolating actual achievement against the range between the minimum i.e. entry threshold and the maximum target to achieve maximum performance.

The remaining 15% of the maximum bonus opportunity for Mr Almanza and 20% for Mr Weller was linked to objectives relating to non-financial performance. These consisted of personal objectives or related to the organisation and were linked to specific elements of the Group's strategy for which the particular director had responsibility. Each executive director has a number of strategic performance measures linked to areas that the committee has agreed for the year. The committee reviews the progress in each area and then makes an assessment as to whether the executive has performed in accordance with expectations.

The maximum bonus potential remained unchanged from 2017 at 150% of base pay for both Messrs Almanza and Weller.

Bonuses are paid in cash up to 50% of maximum entitlement. Where the bonus amount is in excess of 50% of the maximum bonus potential, the amount which exceeds 50% is delivered in the form of a deferred share award which vests after a period of three years.

The tables below show how pay was linked to performance in 2018 and set out details of each of the financial measures, the targets in respect of these measures and the actual outcomes:

2018 annual bonus – Performance conditions and outcomes

ASHLEY ALMANZA

Financial measures	Weighting (% of maximum bonus)	Threshold to earn bonus	Target	To achieve full vesting	Achievement	Score achieved (% of total for each measure)
Revenue	10%	£7,583m	£7,818m	£8,052m	£7,512m	nil
Group Earnings	45%	£273m	£282m	£290m	£253m	nil
Group OCF	30%	£543m	£559m	£576m	£439m	nil
Total	85%	n/a	n/a	n/a	n/a	nil

Personal objectives

Mr Almanza was able to earn up to 15% of the maximum bonus potential for achieving personal objectives. Mr Almanza's personal objectives for 2018 covered three key areas, namely strategy, productivity and organisation, which were designed to align with the strategic priorities for 2018 (see pages 18 and 19) and were set out in the 2017 Directors' Remuneration report.

Further details on each personal objective, achievement and performance rating are set out in the table below:

Personal Objective	Achievement	Performance Rating
Strategy – Continue to develop the Group's use of technology in its products and services	▪ Increased security risk consulting and systems revenue ▪ Increased customer locations using G4S cash technology	A score of 10 points out of a potential maximum of 15 points.
Productivity – Develop and initiate the next phase of the Group productivity programme	Implemented programme of organisation efficiency with an in-year benefit during 2018 of £30m.	
Organisation – Embed new organisation to ensure new teams operate effectively	The new organisation structure introduced in 2018, resulted in clearer focus on strategy and performance in Cash Solutions and Secure Solutions, and created a strong foundation from which to consider the potential separation of the Cash Solutions businesses.	

TIM WELLER

Financial measures	Weighting (% of maximum bonus)	Threshold to earn bonus	Target	To achieve full vesting	Achievement	Score achieved (% of total for each measure)
Group Earnings	45%	£273m	£282m	£290m	£253m	nil
Group OCF	35%	£543m	£559m	£576m	£439m	nil
Total	80%	n/a	n/a	n/a	n/a	nil

Personal objectives

Mr Weller was able to earn up to 20% of the maximum bonus potential for achieving personal objectives. The personal objectives for the CFO role were set at the beginning of the year to align with the strategic priorities for 2018. These were set out in the 2017 Directors Remuneration report and focused on two key areas, namely productivity and IT. Further details about the personal objectives, as well as Mr Weller's achievement and overall performance rating are set out in the table below:

Personal Objective	Achievement	Performance Rating
Productivity – Contribute to Group programme with efficiency improvements in key support functions	Implemented changes to embed streamlined reporting and management information as well as de-layering which have resulted in sustained efficiency improvements.	A score of 10 points out of a maximum of 20 points.
Integrated IT systems – Deliver lean process IT project	Following the launch of the pilot of the Javelin IT-enabled operating model in Ireland during 2017, the enhanced version of Javelin encompassing all of the lessons learned was deployed into Ireland in 2018 and into the UK in February 2019.	

As mentioned earlier in the report, the executive directors communicated to the Remuneration Committee their wish to waive their entitlement to a bonus for 2018. The committee approved this recommendation and consequently, no bonus is payable in respect of 2018.

Long term incentive plan (LTIP)

The 2018 and 2017 values shown in the fourth column of the single-figure table relate to the LTIP awards made in March 2016 and 2015 respectively. The performance measures and targets of these awards are set out below:

Performance measures and targets for the LTIP awards

40% of each award granted		30% of each award granted		30% of each award granted	
Average annual growth in EPS period ending on 31 December in the third year	Proportion of allocation vesting	Ranking against the bespoke comparator group by reference to TSR	Proportion of allocation vesting	Average operating cash flow	Proportion of allocation vesting
Less than 5% pa	Nil	Below median	Nil	<105%	Nil
5% pa (15% over 3 years)	25%	Median	25%	105%	25%
+ 5 to 12% pa	Pro-rata between 25% and 100%	Between median and upper quartile	Pro-rata between 25% and 100%	Between 105% and 125%	Pro-rata between 25% and 100%
Greater than + 12% pa (36% over 3 years)	100%	Upper quartile	100%	125%	100%

The table below illustrates the company's performance against the 2015 award targets and the resulting pay-out as shown in the 2017 values in the fourth column of the single figure table:

Measure	Performance	Vesting (% of element)
Average annual growth in EPS	Increase of 10% pa	80%
Relative TSR	Ranked between 41st and 42nd in peer group	0%
Average OCF	125%	100%
Total vesting		62% of maximum

The table below illustrates the company's performance against the 2016 award targets and the estimated pay-out as shown in the 2018 values in the fourth column of the single figure table:

Measure	Performance	Vesting (% of element)
Average annual growth in EPS	Increase of 9.33% pa	72%
Relative TSR	Ranked between 40th and 41st in peer group	0%
Average OCF	123%	90%
Total vesting		55.8% of maximum

Vesting under the 2016 LTIP was 55.8% of maximum of the award. 90% performance was achieved for the average OCF component and 72% of the portion allocated to average annual EPS growth vested. Dividend payments to shareholders were maintained throughout and increased towards the end of the performance period, however relative TSR performance was affected by share price fluctuations so did not result in any pay-out for this measure.

TSR Comparator group

The bespoke comparator group consisted of companies constituent of the FTSE 100 index corrected to exclude financial institutions and companies in the extractive sector, and include competitor companies which are outside that index. It consisted originally of 66 companies (not including G4S). During the three-year performance period, six of these companies were delisted as a result of takeovers or mergers (ARM Holdings, British Sky Broadcasting, GKN, Rexam, SABMiller and Tui Travel), therefore these were removed from the group. Competitors included in the comparator group are Loomis, Prosegur, Securitas, Capita and Brink's.

Total pension entitlements (audited information)

None of the executive directors have any prospective entitlement to a group defined benefit pension nor is either a member of the Group's pension plan, which is a defined contribution group personal pension plan available to all UK employees. Instead the CEO and CFO receive cash allowances of 25% and 20% of their base pay, respectively.

SCHEME INTERESTS AWARDED DURING THE FINANCIAL YEAR (AUDITED INFORMATION)

Awards under the LTIP approved by the shareholders at the company's AGM in June 2014 were made in March 2018 consistent with the company's normal grant policy. Details of the awards made to the executive directors are summarised in the table below and further details are given in the table on directors' shareholdings and interests on page 121:

Director	Award type	Number of shares	Face value (£)	Performance condition	EPS, TSR and AOCF Performance period	% vesting at threshold
Ashley Almanza	Conditional shares	925,277	£2,396,375	40% EPS/30% TSR/30% AOCF	01/01/2018 – 31/12/2020	25%
Tim Weller	Conditional shares	507,065	£1,313,250	40% EPS/30% TSR/30% AOCF	01/01/2018 – 31/12/2020	25%

Notes:
1. The face-value calculation for all awards granted in March 2018 was based on a share price of £2.5899 which represents the average closing share price during the three business days following the announcement of the company's 2017 financial results.
2. Awards of conditional shares under the 2018 LTIP were granted in accordance with the Directors' Remuneration Policy. As a result, conditional share awards representing 250% of base pay and 200% of base pay were granted to Messrs Almanza and Weller respectively.
3. Further details of performance conditions are set out in the table below.

Performance measures for long-term incentives awarded in 2018

The bespoke comparator group consists of companies constituent of the FTSE 100 index corrected to exclude financial institutions and companies in the extractive sector, and include competitor companies which are outside that index.

The company's current policy is to use market-purchased shares to satisfy LTIP awards. Participants in the LTIP will receive a further share award with a value equivalent to the dividends which would have been paid in respect of LTIP awards vesting at the end of the performance period.

The company calculates whether the EPS performance target has been achieved by reference to the Group's audited accounts, which provide an accessible and objective measure of the Group's earnings per share. The average OCF performance target is calculated by reference to the relevant definition set out in the LTIP rules approved by shareholders. The committee may alter the terms of the EPS measure if it feels that it is no longer a fair measure and is no longer incentivising. TSR ranking will be verified externally.

40% of each award granted		30% of each award granted		30% of each award granted	
Average annual growth in EPS period ending on 31 December in the third year	Proportion of allocation vesting	Ranking against the bespoke comparator group by reference to TSR	Proportion of allocation vesting	Average operating cash flow	Proportion of allocation vesting
Less than 5% pa	Nil	Below median	Nil	<105%	Nil
5% pa (15% over 3 years)	25%	Median	25%	105%	25%
+ 5 to 12% pa	Pro-rata between 25% and 100%	Between median and upper quartile	Pro-rata between 25% and 100%	Between 105% and 125%	Pro-rata between 25% and 100%
Greater than + 12% pa (36% over 3 years)	100%	Upper quartile	100%	125%	100%

Statement of directors' shareholdings and share interest (audited information)

The executive directors are required to build up a minimum shareholding in G4S, as explained in the remuneration policy. Shares in the table below are valued at the year-end price, which was 196.95p per share at 31 December 2018.

	2018	2017	Share ownership requirement (% of salary)	Shareholding requirement achieved at 31/12/18	Number of Deferred shares held at 31/12/18	Total shares under LTIP awards subject to performance at 31/12/18
Ashley Almanza	**1,326,745**	907,678	200%	273%	527,899	2,980,253
Tim Weller	**90,267**	53,663	150%	27.1%	72,574	1,837,945

Notes:
1. Includes any shares owned by persons closely associated with the directors.
2. Deferred share awards and LTIP awards do not include the further shares with a value equivalent to the dividends which are paid in respect of shares received. The number of shares is gross and will be subject to tax when they are released.
3. In accordance with the Remuneration Policy, any bonus due above 50% of Messrs Almanza and Weller's maximum bonus entitlement is awarded in deferred shares, which although not subject to further performance conditions are subject to employment conditions and vest after a period of three years. The *number of deferred shares held as at 31/12/18* column consists of, in the case of Mr Almanza, 146,410 shares relating to the portion of his 2015 annual bonus deferred into shares, 221,116 shares relating to the portion of his 2016 annual bonus deferred into shares and 160,373 shares relating to the portion of his 2017 annual bonus deferred into shares. On 16 March 2019, Mr Almanza will receive the aforementioned 146,410 shares as well as additional shares to account for dividend entitlement during the period of deferral (before selling sufficient shares to pay the withholding taxes) relating to the deferred shares granted under the aforementioned 2015 annual bonus scheme. For Mr Weller, the 72,574 shares listed in this column relate to the portion of his 2017 annual bonus which was deferred into shares.
4. In relation to Mr Almanza, the *total shares under LTIP awards subject to performance* column consists of an award of 1,259,114 conditional shares under the 2016 LTIP, an award of 795,862 conditional shares granted under the 2017 LTIP, as well as an award of 925,277 conditional shares granted under the 2018 LTIP. In relation to the 2016 LTIP, on 15 March 2019, Mr Almanza will receive an estimated 802,062 shares, which includes additional shares to account for dividend entitlement (before selling sufficient shares to pay the withholding taxes).
5. In relation to Mr Weller, the *total shares under LTIP awards subject to performance* column includes the following as yet unvested awards made in accordance with Mr Weller's remuneration arrangement upon becoming CFO on 24 October 2016, further details of which arrangements are set out on page 90 of the Integrated Reports and Accounts 2016:
   - an award of 250,000 conditional shares granted on 8 November 2016, with a deemed date of grant of March 2016 following his relinquishing the 2015 performance share plan award from his previous employer and
   - an award of 544,736 conditional shares granted on 22 November 2016 under the company's LTIP on a pro-rata basis, with a vesting period of 36 months and a deemed date of grant of March 2016 relative to his start date as CFO on 24 October 2016.
   - an award of 100,000 shares on equivalent terms to the G4S 2016 LTIP was granted on 9 June 2017 as compensation for the forfeiture of Mr Weller's annual bonus from his previous employer.

   These awards are due to vest on 15 March 2019. Mr Weller will receive an estimated 569,951 shares which includes additional shares to account for dividend entitlement (before selling sufficient shares to pay the withholding taxes). Estimates are calculated using a vesting price of the average share price of the company for the last quarter of 2018, namely 201.4p per share multiplied by 55.8% (vesting level for the LTIP 2016) of the number of shares awarded under the LTIP 2016 and additional dividend shares.

   In addition, consistent with the company's normal grant policy, in March 2017 Mr Weller received an award of 436,144 conditional shares under the 2017 LTIP and in March 2018, an award of 507,065 conditional shares under the 2018 LTIP.
6. In addition to the above, each of the directors has a deemed interest in the total number of shares held by the company's Employee Benefit Trust. As at 31 December 2018, the trustees of the Employee Benefit Trust held 5,342,225 shares (2017: 4,362,068 shares).

The shareholdings for non-executive directors are shown below.

	As at 31.12.2018	As at 31.12.2017
John Connolly	**336,642**	336,642
John Daly	**30,000**	30,000
Elisabeth Fleuriot	**–**	n/a
Winnie Fok	**30,000**	30,000
Steve Mogford	**10,000**	10,000
John Ramsay	**38,000**	n/a
Paul Spence	**30,000**	20,000
Clare Spottiswoode	**n/a**	4,681
Barbara Thoralfson	**–**	–

There are no requirements for the non-executive directors to hold shares nor for any former directors to hold shares once they have left the company.

PAYMENT FOR LOSS OF OFFICE

There was no payment for loss of office during the year under review.

PAYMENTS TO PAST DIRECTORS (AUDITED INFORMATION)

Grahame Gibson

Grahame Gibson, who stepped down as a director of the company on 4 June 2015, ceased to be an employee on 20 October 2015. Details of payments for loss of office in prior years are set out on page 87 of the company's integrated report and accounts 2015 available at g4s.com.

Awards made to Mr Gibson under the company's long-term incentive plans were pro-rated to 20 October 2015. As disclosed in the 2017 Directors' Remuneration Report, the award made in 2014 vested on 20 March 2017, when Mr Gibson received 187,092 shares. The last remaining award under the 2015 LTIP was also subject to performance, which was tested at the normal vesting dates, with such award vesting on 20 March 2018 when Mr Gibson, who is no longer subject to shareholding requirements, elected to receive payment in cash and received a gross payment £141,541.

Himanshu Raja

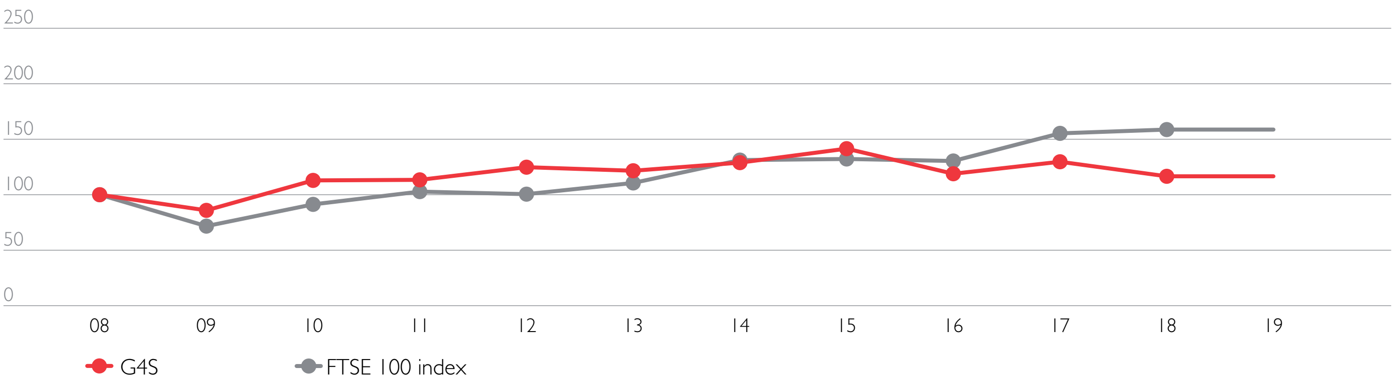
Himanshu Raja stepped down from the board of the company and his role as chief financial officer on 1 October 2016. He ceased to be an employee on the same date. Details of payments for loss of office in 2016 are set out on page 95 of the company's Integrated Report and Accounts 2016 available at g4s.com.

Awards made to Mr Raja under the company's long-term incentive plan were pro-rated to 1 October 2016. All such awards remained subject to performance, to be tested at the normal vesting dates. On 20 March 2017, Mr Raja received 344,499 shares (before selling sufficient shares to pay withholding taxes) following the vesting of the LTIP award made in 2014. On 20 March 2018, Mr Raja received a 152,997 shares (before selling sufficient shares to pay withholding taxes) following the vesting of the LTIP award made in 2015. The last remaining award under the 2016 LTIP remains subject to performance, which will be tested at the normal vesting date in March 2019. Such award is due to vest on 15 March 2019 and Mr Raja will receive an estimated 133,254 shares (before selling sufficient shares to pay withholding taxes).

PERFORMANCE GRAPH AND TABLE

The line graph below shows the ten-year annual Total Shareholder Return (TSR) performance against the FTSE 100 index. The directors believe this to be an appropriate form of broad equity market index against which to base a comparison, given the size and geographic coverage of the Group.

2008 – 2018 Total Shareholder Return



CEO's pay in last ten financial years

Year	2009	2010	2011	2012	2013	2013	2014	2015	2016	2017	**2018**
Incumbent	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Ashley Almanza	Ashley Almanza	Ashley Almanza	Ashley Almanza	Ashley Almanza	Ashley Almanza
CEO's total single figure of annual remuneration (£'000)	3,248	2,823	1,542	1,186	514	1,459	2,521	2,738	4,790	3,754	**2,930**
Bonus % of maximum awarded	74%	53%	0%	0%	0%	72%	98%	70%	97%	79.5%	**0%**
PSP LTIP % of maximum vesting	100%	58%	14%	0%	0%	n/a	n/a	27%	70%	62%	**56%**

Notes:
1. Nick Buckles stepped down as CEO on 31 May 2013 and Ashley Almanza took over as CEO from 1 June 2013.
2. After July 2011, the CEO's total single figure of annual remuneration included payment in lieu of pension. This was 40% of base pay for Nick Buckles and is 25% of base pay for Ashley Almanza. Prior to July 2011, a notional sum equal to 40% of relevant base pay has been included.
3. The value of shares that vested in the relevant year under the PSP (or a notional value in the case of shares vested but unexercised) has been included in the prior year's CEO's total figures, since that is the most relevant year for measurement of performance.
4. The figures before 2013 did not include taxable expenses.
5. *Bonus % of maximum awarded* figure for 2017 is the adjusted figure after a reduction equivalent to 10% of base pay was applied, as recommended by the executive directors and approved by the Remuneration Committee.
6. *Bonus % of maximum awarded* for 2018 takes account of the waiver by the executive directors of their bonus 2018.

PERCENTAGE CHANGE IN CEO'S REMUNERATION

The table below shows how the percentage change in the CEO's salary, benefits and bonus between 2017 and 2018 compared with the percentage change in the average of each of those components of pay for UK-based G4S employees. The Remuneration Committee has chosen all employees in the UK who were in employment during the two-year period – 2017 and 2018 – as the group which should provide the most appropriate comparator, as the Group CEO is based in the UK.

	Percentage change in remuneration between 2017 and 2018		
	Salary	Benefits	Bonus
CEO	2.0%	5.8%	See note below
Average change for all other UK employees	2.9%	See note below	See note below

Notes:
1. The core benefit composition and the underlying employee entitlements remain unchanged over the two-year period, with changes linked to increases in premium rates and costs of procurement of insurance and other benefits.
2. Information on bonuses is not readily available for all other UK employees.
3. As explained earlier in this report, Mr Almanza waived his entitlement to bonus in 2018.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below illustrates the relative importance of spend on pay compared with other disbursements from profit.

	2018	2017	**Change**
Dividends paid	**£150m**	£145m	**3.4%**
Total employee costs	**£5,194m**	£5,363m	**-3.2%**

There were no share buy-backs effected in either year.

The reduction in total employee costs is the result of a combination of a reduction in total employee numbers, due to disposals and restructuring, and the impact of foreign exchange rates on the 2018 figure with the 2017 figure stated at December 2017 average rates.

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN 2019

Decisions were taken on the basis of the directors' remuneration policy approved at the company's 2017 AGM set out on pages 108 to 115. However, as mentioned above, the committee is cognisant of evolving investor expectations and of the changes to the UK Corporate Governance Code applicable from 1 January 2019. Taking into consideration these developments, a number of changes to the executive remuneration framework, which have been agreed are set out below in the relevant components of remuneration.

The committee considers that the introduction of these features will increase the alignment of the executive directors with the interests of our other shareholders.

Executive directors' remuneration

Base pay

For 2019, at the annual pay review, it was decided that Messrs Almanza and Weller's base pay would not be increased in 2019 and would therefore remain at £958,550 and £656,625 respectively.

Annual Bonus Scheme

The annual bonus for the 2019 financial year will be determined on a basis consistent with the existing remuneration policy, with the maximum bonus opportunity remaining at 150% of salary for both Ashley Almanza and Tim Weller.

The majority of the annual bonus opportunity for executive directors will be based on Group financial measures. For 2019, in line with the approach taken in 2018, the measures used to assess Group financial performance will include underlying earnings, operating cash flow and revenue, as these metrics continue to support the company's key strategic objectives. When setting Group financial targets, the committee takes into account a number of factors to ensure that the targets set are aligned with the Group's strategy and are sufficiently stretching.

The board approves strategic objectives for the CEO and 15% of the maximum bonus is allocated to these objectives in 2019. The CEO recommended and the committee has approved a 15% allocation of the CFO's maximum bonus opportunity to non-financial objectives.

The Remuneration Committee will therefore determine final bonus outcomes for the Executive Directors based on overall Group financial performance and the attainment of non-financial objectives.

Details of performance measures and targets are considered to be commercially sensitive since they relate to the 2019 financial year. To the extent that they are no longer commercially sensitive, specific targets and performance against these will be disclosed in the company's 2019 integrated report and accounts.

The proposed target levels for 2019 have been set to be challenging and align with the Group's strategic priorities and business plan. In reviewing the targets, the committee took into account a number of factors, including for example the fact that in relation to group earnings, the minimum target that needs to be met in order for any bonus to be payable must be at least equal to the earnings in 2018.

In addition, the committee also considered the proposed non-financial objectives for each of Messrs Almanza and Weller and concluded that these were also demanding.

Mr Almanza's personal objectives for 2019 cover two key areas, namely strategy and organisation including values & culture. The separation review is a major strategic project, the development of which is managed by Mr Almanza and his executive team. Alongside this work Mr Almanza is accountable for leading the executive team's work to promote the Group's values and to build and sustain the organisation required for the successful execution of the Group's strategy.

Mr Weller's personal objectives for 2019 are focused on the separation review announced in December 2018. This review includes important finance, tax, treasury and IT components, overseen by Mr Weller.

As part of next year's review of the Directors' Remuneration Policy, the committee will review and will consult with shareholders on the future annual bonus approach.

Long Term Incentive Plan

The level of awards due to be granted in the 2019 financial year under the LTIP approved by shareholders at the 2014 AGM will be consistent with the existing remuneration policy. For all long-term incentive awards granted after the 2019 AGM a two-year holding period will apply following the completion of the performance period, which will have the effect of extending the total time horizon to a period of five years.

As for 2019, the committee considers that a combination of earnings per share growth, total shareholder return and average operating cash flow targets are the most appropriate performance measures for the 2019 awards, as they provide a robust method of assessing the company's performance, both in terms of underlying financial performance and returns to shareholders.

Awards granted under the LTIP during the 2019 financial year are subject to the performance conditions listed in the table overleaf.

Performance measures for long-term incentives awarded in 2019

40% of each award granted		30% of each award granted		30% of each award granted	
Average annual growth in EPS period ending on 31 December in the third year	Proportion of allocation vesting	Ranking against the bespoke comparator group by reference to TSR	Proportion of allocation vesting	Average operating cash flow	Proportion of allocation vesting
Less than 5% pa	Nil	Below median	Nil	<105%	Nil
5% pa (15% over 3 years)	25%	Median	25%	105%	25%
+ 5 to 12% pa	Pro-rata between 25% and 100%	Between median and upper quartile	Pro-rata between 25% and 100%	Between 105% and 125%	Pro-rata between 25% and 100%
Greater than + 12% pa (36% over 3 years)	100%	Upper quartile	100%	125%	100%

The company's current policy is to use market-purchased shares to satisfy LTIP awards.

Participants in the LTIP will receive a further share award with a value equivalent to the dividends which would have been paid in respect of LTIP awards vesting at the end of the performance period.

The company calculates whether the EPS performance targets have been achieved by reference to the Group's audited accounts, which provide an accessible and objective measure of the Group's earnings per share.

Adjustments to EPS will be made in respect of:

- Constant exchange rates – in line with previous years, these will be normalised to the rates in the base year
- Acquisitions – earnings will be added to the EPS base at the level used in the acquisition business case
- Disposals – earnings will be removed from the EPS base at the business plan rate
- Share buy-back – the company will only execute buy-backs if the investment is economically accretive and it is in the interest of the company. The adjusted EPS for the purposes of calculating performance against the LTIP target shall be further adjusted by:
  a. increasing the average number of shares in issue during the performance year by the number of shares bought back during the past three years
  b. decreasing the net interest cost in the performance year in respect of the interest charge on the cash cost of any share buy-backs during the past three years. Interest will be calculated at the Group's average costs of funds for the year.

The Remuneration Committee will apply discretion in the event of impairment. If the impairment is not a result of management failure, then it will not impact the pay-out.

The Remuneration Committee may alter the terms of the EPS measure if it feels that it is no longer a fair measure and is no longer incentivising.

Operating cash flow is a measure taken before capital expenditure and investments – to ensure that management is not incentivised to under-invest in growth opportunities – and before pension deficit repayment. Operating cash flow is expressed as EBITDA +/- working capital and provisions movement as a percentage of EBITDA. Average operating cash flow is the average over three years.

TSR ranking will be verified externally.

Retirement benefits

From 2019, pension contributions in relation to any future external executive director appointments will be reduced to 15% of base pay in line with senior management in the UK and recent appointments to the Group Executive Committee.

Other features

From 2019, the minimum share ownership requirement for the CFO has been increased from 150% to 200%. It is therefore aligned with that of the CEO and means that the minimum shareholding requirement is now 200% for both executive directors.

In addition, in order to reflect the requirement in the New Code and the views of shareholders, we are introducing a post-employment shareholding requirement for all LTIP awards made following the 2019 AGM. Executive directors will be expected to retain shares equal to the share ownership requirements (or their actual shareholding on the date of termination if lower) for a period of two years following their departure.

Non-executive directors' remuneration

The fees payable to the non-executive directors other than the chairman are set by the executive directors who receive input from the chairman. The fees payable to the non-executive chairman are set by the Remuneration Committee. In both cases, fees are reviewed annually. Non-executive directors' fees were last increased in January 2018.

The review carried out in December 2018 concluded that there would be no change to the fees for the non-executive directors, which was broadly in line with the approach adopted for the Group's senior management population.

The table below, sets out the fees for the non-executive chairman and other non-executive directors applicable for 2019.

Annual fee	**2019 £**	2018 £	Increase on prior year %
Chairman	**382,500**	382,500	No change
Basic fee	**63,500**	63,500	No change
Senior Independent Director	**15,000**	15,000	No change
Chair of Audit Committee	**20,000**	20,000	No change
Other chairs	**18,500**	18,500	No change

ADVISORS TO THE REMUNERATION COMMITTEE

Deloitte was appointed by the Remuneration Committee as its advisor in 2014. Such appointment is reviewed every year and was confirmed in August 2018. The committee received advice from Deloitte on executive and senior management remuneration matters throughout the year under review. The committee has satisfied itself as to the independence of Deloitte. Deloitte is a member of the Remuneration Consultants Group and operates voluntarily under its code of conduct in the UK.

Advisor	Appointment	Services provided to Remuneration Committee	Fees for services to Rem Co	Other services provided to Company
Deloitte	2014	Advice on executive remuneration	£30,200	Advice on controls, tax advice on expatriate and share plans, and other consulting services. These services were provided by different parts of Deloitte.

Fees for services to the Remuneration Committee are at an agreed rate based on time involved and paid as incurred.

The group chief executive, Ashley Almanza, provided guidance to the committee on remuneration packages for senior executives within the Group. Further guidance was received from the Group's HR director, Jenni Myles, and the director of compensation and benefits, Sok Wah Lee. Neither the group chief executive nor the group HR Director participated in discussions regarding their own remuneration.

The committee is satisfied that the advice it received during the year was objective and independent based on the experience of its members generally.

STATEMENT OF VOTING AT GENERAL MEETING

A resolution to approve the Directors' Remuneration Policy as set out in the company's annual report for the year ended 31 December 2016 was passed at the company's annual general meeting held on 25 May 2017. A resolution to approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the year ended 31 December 2017 was passed at the company's annual general meeting held on 15 May 2018.

The results of the votes on these resolutions are set out in the table below:

Resolution	For	Against	Withheld
Directors' Remuneration Policy – 2017 AGM	97.26%	2.74%	131,465
Directors' Remuneration Report – 2018 AGM	97.36%	2.64%	603,228