Directors' remuneration policy

Remuneration policy
The company's current remuneration policy for directors 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 and is available on the company's website at g4s.com/investors/corporate-governance. 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 continues to apply for the following three years.

In accordance with the Companies Act 2006, a new remuneration policy will be submitted to shareholders for approval at the AGM on 17 June 2020, which will apply for another three years.

Remuneration policy review

Context

With the remuneration policy being due for renewal at the company's upcoming AGM, during 2019 the Remuneration Committee undertook a comprehensive review of the policy. Throughout the review, the committee was mindful of the importance of:

- remaining committed to the delivery of the Group's on-going strategy, including the future strategic focus on our Secure Solutions business,
- continuing to focus on the alignment of reward with our purpose and values to contribute to the delivery of long-term sustainable value for our stakeholders, and
- reflecting on the renewed UK Corporate Governance Code, evolving investor expectations and market practice.

The review process was led by the Remuneration Committee, which is composed exclusively of independent non-executive directors. A number of internal stakeholders, including the executive directors and Group HR Director, contributed to the review but were not involved in any aspect of the decision making process. Input from external stakeholders including major shareholders, shareholder bodies and institutional proxy agencies was also sought. The Remuneration Committee had access to Deloitte, as the independent Remuneration Committee advisor, throughout the process and held a session for committee members without the executives or senior management present to discuss the proposals.

Although employees were not consulted as part of review process, the committee considered the remuneration approach for the workforce across the Group as part of the review and during 2019 received a report from management on workforce remuneration across the different organisational levels and geographies.

Process

In the latter half of 2019, a working group consisting of the Remuneration Committee chair, representatives of the HR function, company secretariat and finance function as well as Deloitte was set up to review the effectiveness of the current executive remuneration framework and to develop proposals for Remuneration Committee consideration. Initial sessions led to the development of a set of key remuneration principles, which helped to frame the discussion as the working group reflected on what was needed in terms of remuneration approach and incentives during the next phase of the G4S strategy. All proposed changes to our remuneration arrangements were considered with these principles in mind.

Initial proposals developed by the working group were presented to the Remuneration Committee, and their feedback informed further discussions with internal stakeholders. These discussions led to the refinement of proposals and, following approval by the committee and support from the rest of the board, the chair of the Remuneration Committee initiated a shareholder consultation process. In early 2020, the views of shareholders (representing 61.95% of total issued share capital), shareholder bodies and institutional proxy agencies were sought on the proposed changes. This active engagement generated positive and useful feedback, which was taken into account by the committee when finalising the proposals. In particular, following feedback from investors, the committee is proposing to strengthen the existing share ownership requirements. Prior to finalisation of proposals, the committee also reviewed the remuneration approach in light of the announcement in late February 2020 to sell the majority of our conventional cash businesses. In particular, whether the long-term performance measures remain appropriate and would drive growth as the company moves into the next phase of its strategy. The committee approved the new Remuneration Policy at its March 2020 meeting. The board went on to consider and approve the new Remuneration Policy shortly thereafter.

Outcome

The committee determined that no material changes to the overall structure of the Remuneration Policy were required at this time, as the overall framework continues to support the delivery of the Group's strategic objectives, whilst aligning executives with the interests of our shareholders. However, the committee is proposing a number of adjustments that better align incentives with the G4S remuneration principles and the growth of our core integrated security solutions business as well as to respond to recent market developments. The proposed changes are set out below:

Proposed changes	Remuneration principle	Details of change	Rationale
Reduction in pension levels for both incumbent directors and new hires	We align incentives to our purpose and values We value simplicity and effectiveness	Pension for executive directors will be aligned over the next 3 years to a level consistent with that offered to the majority of our indirect UK workforce. Currently this is 8% of salary. For the current CEO and CFO this will see an initial 5% reduction in 2020 with full alignment by the end of 2022. The pension allowance for future executive directors will be set at a level consistent with that offered to the indirect UK workforce.	To reflect provisions in the new Code and recent investor guidance we have reduced pension provisions in line with the average offered to our indirect UK workforce.
Incorporation of Environmental, Social, and Governance (ESG) metrics in the annual scheme	We align incentives to our purpose and values We emphasise pay for performance	Incorporation of ESG measures into annual bonus framework, for example, measures focusing on technology, safety and succession. ESG measures to replace individual objectives for the CEO and CFO.	To drive behaviours which will contribute to the delivery of long-term sustainable value for our stakeholders
Change to long-term performance measures and respective weightings	We emphasise pay for performance	Long-term incentive for 2020 to be based 50% on relative TSR, 30% on EPS growth and 20% on free cashflow (previously 40% EPS, 30% TSR and 30% operating cashflow). Update of the relative TSR comparator group to consist of FTSE 51 to 150 companies (excluding extractive and financial institutions as well as investment trusts) plus five of G4S' closest competitors.	To drive long-term value creation of the newly focused G4S group.
Strengthening of shareholding requirements	We align incentives to our purpose and values We emphasise pay for performance	Increase in the minimum shareholding the CEO is required to build up and maintain, from 200% to 250% of base pay. This creates alignment between required share ownership levels and the maximum annual LTIP opportunity for executive directors under the Remuneration Policy.	To foster long-term decision-making and alignment with shareholders.
Formalisation of post-employment shareholding requirement	We align incentives to our purpose and values We emphasise pay for performance	Executive directors will be required to retain, for a period of 2 years post departure, shares equal to the level of share plan vestings from awards granted since May 2019, up to the level of the existing shareholding requirement.	To foster long-term decision-making and alignment with shareholders.

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.

Operation

Normally reviewed annually and fixed for 12 months commencing 1 January.

The salary decision will take into account role, experience, individual and company performance, internal relativities and increases for other employees in the Group. The committee may also consider market salary levels including those of appropriate comparator companies.

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.

Maximum opportunity

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 may be paid where relevant (for example, if an executive is recruited from or deployed overseas).

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

The cost of benefits will depend on the cost to the company of providing individual items which may vary year-on-year depending on circumstances. There is therefore no prescribed maximum opportunity. The company, however, will monitor the overall cost of benefits to ensure it remains appropriate.

Performance measures and clawback

None.

Annual bonus

Purpose and link to strategy

Rewards the achievement of annual financial and non-financial objectives.

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

Operation

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

Bonus outcome is determined by the committee after the year end, based on 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 and 125% of base pay per annum for any other executive director.

Performance measures and clawback

Typically executive directors' bonus measures are weighted such that the majority of the bonus will be based on the achievement of challenging financial performance measures (e.g. profit before tax and amortisation, revenue growth, cash flow measures, etc.).

In addition, up to 30% of the annual bonus may be 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 performance measures, as well as their relative weightings, and this will be disclosed in the annual remuneration report.

In the event that only threshold performance has been achieved, pay-out would not exceed 30% of maximum. For on-target performance, pay-out would not exceed 60% of maximum, and should achievement of a stretch performance level be achieved for all measures, full pay-out will occur.

When determining the bonus outcome, the committee shall exercise independent judgment and discretion taking account of any relevant factors it considers appropriate, including but not limited to broader company and individual performance.

The deferred element of the bonus, which is settled in shares, is subject to continued employment but not to any further performance measures. All released deferred shares (after tax) must be retained until the minimum share ownership requirement is met. Both the deferred part and the non-deferred part of the bonus, which is settled in cash, are subject to malus and clawback (see separate section on page 134).

Long term incentive plan

Purpose and link to strategy

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

Operation

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

Following completion of the performance period, a two-year post-vesting holding period will apply.

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

All the released shares (after tax) must be retained until the minimum share ownership requirement is met.

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.

The committee reviews the level of awards to be granted each year to ensure that they remain appropriate.

Performance measures and clawback

The Committee determines performance measures, weightings and targets governing an award on an annual basis prior to grant.

Typically, performance will be measured based on a combination of financial (e.g. EPS and free cash flow) and shareholder return (e.g. relative TSR) measures. However, the committee may determine to introduce strategic measures in line with business priorities at the time. In these circumstances financial and/or shareholder return measures will comprise the majority of the award.

The committee retains the flexibility to vary performance measures and specific weightings year-on-year to reflect any change in the group strategy.

For threshold performance, 25% of the award will vest increasing to 100% for performance in line with maximum.

When determining outcomes, the committee shall exercise independent judgment and discretion taking account of any relevant factors it considers appropriate, including but not limited to broader company and individual performance.

Awards are subject to malus and clawback in certain circumstances (see separate section on page 134).

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.

Maximum opportunity

The pension allowance for new executive directors will be set at a level consistent with that offered to the majority of the Group's indirect UK workforce (currently 8% of salary).

Pension allowances for current executive directors will also be aligned over time to a level consistent with that offered to the Group's indirect UK workforce. This will see an initial reduction in 2020 to 20% of base pay per annum for the CEO and 15% of base pay per annum for the CFO, with full alignment by the end of 2022.

Pension levels will be kept under review by the committee.

Performance measures and clawback

None.

Share ownership requirements

Purpose and link to strategy

To foster long-term decision-making and alignment with shareholders.

Operation

Executive directors are required to build up a minimum shareholding in G4S equal to 250% of base pay for the CEO and 200% of base pay for other executive directors.

All released shares under any of the company's share plans must be retained (on an after tax basis) until the minimum share ownership requirement is met.

Executive directors will be required to retain, for a period of two years post departure, shares equal to the level of share plan vestings from awards granted since May 2019, up to the level of the above shareholding requirement.

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 of the role.

Operation

The annual fee is an all-inclusive consolidated amount. The fees are typically reviewed annually by the committee. The committee retains the discretion to review the chairman's fee at any other time if appropriate.

The chairman's fee is reviewed taking into account experience of the individual, responsibilities and time commitment of the role as well as market fee levels.

There are no performance-related elements.

Maximum opportunity

Ordinarily, any increase in the chairman's fee would be no more than the average annual increase across the Group.

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 of the role.

Operation

With the exception of the chairman, the fees for NEDs are structured as:

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

Additional fees may be payable for other additional responsibilities, or in circumstances of increased time commitment.

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.

There are no performance-related elements.

Maximum opportunity

Ordinarily, any increase in the NEDs' fees would be no more than the average annual increase across the Group.

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.

Operation

Reasonable business expenses in line with G4S expenses policy (e.g. business travel, subsistence and entertainment and accommodation) will be reimbursed.

Additional benefits may be provided in connection with the chairman and other NEDs performing their roles, such as professional fees for tax and social security compliance.

Where appropriate, the associated tax will be borne by the company.

Maximum opportunity

Reasonable business expenses are not subject to a maximum, but are reviewed on a case-by-case basis and will reflect the actual cost of provision.

Notes to the directors' remuneration policy

Performance measures

Annual Bonus Plan

The actual performance measures and targets are agreed by the Remuneration Committee at the beginning of each year. The performance measures used will be selected to reflect the Group's key priorities in the year.

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 non-financial targets.

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 goals as well as incentivise executives to create sustainable, long-term value for stakeholders.

Legacy Arrangements

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

- before 5 June 2014 (the date the company's first shareholder-approved directors' remuneration policy came into effect);
- 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 (in particular, existing deferred bonus and share awards will continue to operate in accordance with the directors' remuneration policy in force at the time of grant); or
- 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.

Malus and claw-back mechanisms

Any cash and/or shares awarded under the annual bonus plan and awards under the Long Term Incentive 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. Details are provided in the table below.

The detailed terms of the malus and claw-back provisions, and how they may be applied to specific awards, are set out in the relevant plan documentation. 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	Long term incentive plan (LTIP)
Material misstatement of group financial accounts	up to 2 years after the payment of the cash element / until vesting for deferred element	up to 2 years after vesting
Misconduct (prior to payment/vesting)	up to 6 years after the payment of the cash element / vesting of deferred element	up to 6 years after vesting
Serious reputational damage	Up to 2 years after the payment of the cash element / until vesting of deferred element	Up to 2 years after vesting
Corporate failure	Up to 2 years after the payment of the cash element / until vesting of deferred element	Up to 2 years after vesting

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. In considering such package, the committee will be guided by the Remuneration Principles set out on page 125. The Remuneration Committee will ensure that the on-going remuneration package is designed in accordance with the policy above, taking into account a number of factors, including (but not limited to) external market practice, current arrangements for existing executive directors and other internal relativities. 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).

The Remuneration Committee however 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 relinquished 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 also be necessary to buy out long notice periods of previous employment.

The Remuneration Committee may agree that the company will meet certain relocation expenses (including legal fees), as set out in the policy. 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.

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 annually in accordance with the Corporate Governance Code.
- Initial period of appointment is three years.

Loss-of-office payment

Executive directors' service contracts are terminable on 12 months' notice by either party.

In the event of early termination, the executive director may be made a payment in lieu of notice.

In relation to Mr Almanza, payments in lieu of notice would be up to the amount of the balance of any salary and associated benefits due for the remaining notice period, the value of which will be determined by the Remuneration Committee. Payments would be made monthly subject to mitigation.

In relation to Mr Weller, payments in lieu of notice would be up to the amount of the balance of any salary due to be paid for the remaining notice period multiplied by 1.25 to represent the value of contractual benefits during such period. Payments would be made monthly subject to mitigation.

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.

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 variable 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 on the executive director ceasing employment.	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, normally on the original 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.	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.

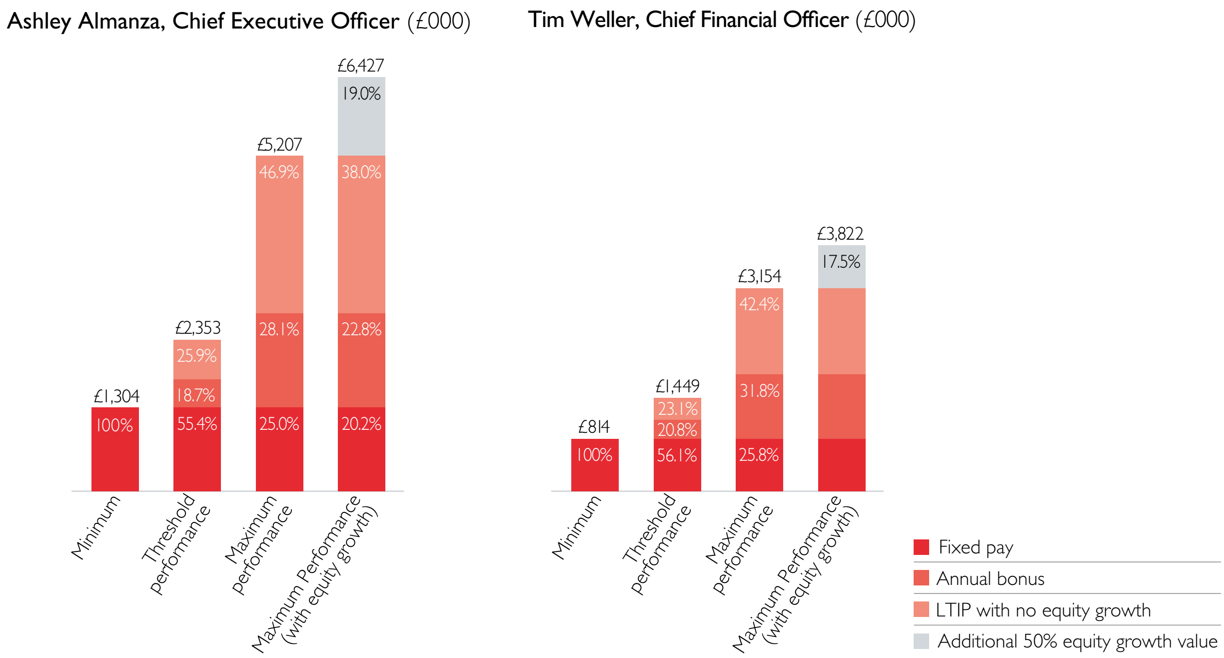
Corporate Action

If the company is subject to a change in control, deferred shares would vest and 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

The bar charts below set out the effect of the executive directors' remuneration policy as it will apply in 2020:



2020	CEO	CFO
Base pay	£975,804	£668,444
Benefits	£110,000	£30,000
Pension	£217,794	£115,771
Total Fixed Pay	£1,303,598	£814,215

Fixed pay

- Consists of total fixed pay including base salary, benefits and pension benefits
- Base salary – although salaries assume an increase of 1.8% effective as at 1 January 2020 for 2020, although this has been suspended from 1 April 2020 in light of the global crisis caused by the Covid-19 pandemic.
- Benefits – estimate of amount received by the executive directors in a typical year (2019 numbers were not used as not representative of a typical year due to increased business expenses classified by HMRC as benefits but which the company does not consider to be benefits in the ordinary sense associated with the separation of the cash business.
- Retirement benefits – 20% of salary for Ashley Almanza, 15% of salary for Tim Weller from date of 2020 AGM

	Minimum	Threshold	Maximum	Maximum performance with equity
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)	N/A
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)	The impact of 50% share price growth over the three year vesting period is shown.

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 elements of remuneration will reflect 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.

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 identify employees' views of their own pay and benefits, as well as those of colleagues in general. Furthermore, the committee's remit covers an annual review of workforce remuneration and related policies to provide context for executive pay decisions.

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. Over the last few months, shareholders and their other representatives played an active role in the development of the new remuneration policy which is being submitted for a shareholders' vote at the company's 2020 AGM.

Subject to any adjustment to the format in light of the Covid-19 pandemic, it is intended that the chair 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.

Executive pay summary

Performance highlights

Group underlying revenues rose by 4.7%	Underlying operating cash flow of £633m an increase of 8.8% on prior year	Agreement and subsequent disposal of majority of conventional cash business for c.£670m net cash proceeds	Year-on-year reduction in fatalities across the Group

How our executives were paid in 2019

Component of pay	Ashley Almanza	Tim Weller
Salary	£958,550	£656,625
Pension (% of salary)	25%	20%
Pension (£)	£239,638	£131,325
Bonus (£)	nil	nil
LTIP (£)	£147,702	£80,943
Total	£1,477,045	£901,163

Bonus payout % of max	nil
LTIP vesting % of max	14.7%

Remuneration Strategy

Along with G4S's remuneration principles, the committee also took into account the following Code principles when reviewing the remuneration policy and its implementation.

Clarity	The committee is committed to being open and transparent with pay and we seek to do this through our comprehensive disclosure and consultations with stakeholders in developing our policy.
Simplicity	We value simplicity and effectiveness: we pay people competitively in a way that is simple to understand, supporting our commitment to recruit, develop and deploy the best people in the industry. Our remuneration arrangements are in line with UK practice and are well understood by participants and shareholders.
Risk	The committee has discretion to adjust annual bonus and LTIP outcomes if it considers these inconsistent with overall company performance, taking into account any relevant factors. Malus and clawback provisions apply for both the annual bonus and LTIP whilst post-employment shareholding guidelines have been implemented.
Predictability	Maximum opportunity is set out in the policy, with actual outcomes depending on the level of performance achieved against specific measures. In line with our remuneration principles, we emphasise pay for performance. Actual incentive outcomes are set out in the DRR each year.
Proportionality	Our policy has been designed to strike a balance between long and short term measures, linked to the company's strategic plan and aligned with the company's creation of long-term value for stakeholders. A significant proportion of our remuneration arrangements for executive directors is tied to the achievement of stretching performance conditions to ensure individuals are rewarded fairly for success, while ensuring prevention of rewards for failure.
Alignment to culture	We align incentives to our purpose and values, which are core to shaping the culture of our organisation and delivering value to our key stakeholders. This includes – promoting the safety of our colleagues and customers. The inclusion of ESG metrics in our annual incentive plan will help to drive behaviours that contribute to delivering long-term sustainable value for our stakeholders.

Our remuneration principles, proposed changes to Remuneration Policy and its implementation for 2020

We emphasise pay for performance	We value simplicity and effectiveness	We align incentives to our purpose and values

Reduction in pension levels for both incumbent directors and new hires

ESG metrics replace the personal objectives in the annual scheme

Change to long-term performance measures and respective weightings

Increased shareholding requirement

Formalisation of post-employment shareholding guidelines

Implementation in 2020

	CEO	CFO
Salary	1.8% increase[1]	
Set at competitive levels in order to recruit and retain high calibre executives	£975,804	£668,444
Pension Aids the recruitment and retention of high calibre executives	reduction to 20%	reduction to 15%
Bonus	Based on a combination of financial measures (85%) and individual ESG objectives (15%)[2]	
Rewards the achievement of annual objectives. Deferred element encourages long-term shareholding and discourages excessive risk taking	150% of salary	150% of salary
LTIP[3]	Based 50% on relative TSR, 30 % on EPS growth and 20% on free cash flow	
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.	187.5% of salary	150% of salary
Shareholding	250% of salary	200% of salary
To foster long term decision-making and alignment with shareholders.	Executive directors are expected to retain, for a period of 2 years post departure, shares equal to the level of share plan vestings from awards granted since May 2019, up to the level of the shareholding requirement.	

1. The salary increase for 2020 has been suspended from 1 April 2020 in light of the global crisis caused by the Covid-19 pandemic. This suspension will be reviewed on an on-going basis, with the intention that once the impact of the pandemic has abated salaries will revert to 2020 levels.
2. Participation in the 2020 annual bonus plan has also been suspended in light of the global crisis caused by the Covid-19 pandemic. This suspension will be reviewed on an on-going basis, with the intention that once the impact of the pandemic has abated participation in the 2020 annual bonus plan will resume.
3. The Remuneration Committee exercised its discretion to reduce grants awarded on 3 April 2020, under the 2020 LTIP, by 25% in order to eliminate the potential for windfall gains. Therefore, this resulted in a reduction of the level of award from 250% of base pay to 187.5% for the CEO and 200% of base pay to 150% for the CFO. See page 147 for further details.