5 Remuneration

The Remuneration Committee

This is my first report as Remuneration Committee chair following my appointment to the board of G4S in September 2019, and I would like to take this opportunity to thank my predecessor John Daly for all his hard work. I look forward to working with the other members of the committee as we build on the foundations John put in place and develop our approach to remuneration to align with the next phase of our strategy.

CLARE CHAPMAN
REMUNERATION COMMITTEE CHAIR

Responsibilities

The Remuneration Committee is responsible for determining the approach to and all elements of remuneration including incentive schemes for the executive directors, other members of the Group Executive Committee, the company secretary 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.

In considering decisions it takes into account the Group's need to attract, retain and incentivise executive talent, any legal or regulatory requirements, the relevant provisions of the UK Corporate Governance Code, investor expectations and market practice as well as the pay policies and practices throughout the Group.

The Remuneration Committee regularly reviews the underlying incentive schemes. Our scheme rules are in line with best practice in the UK and have been updated to reflect provisions of the 2018 UK Corporate Governance Code, in particular provisions relating to the discretionary powers of the committee. When determining incentive plan outcomes, the committee may adjust the formulaic outcome taking into account wider company and individual performance. No individual determines their own remuneration.

The committee's terms of reference, which were updated during the year to align fully with the Code, are available on the company's website at g4s.com/investors.

Committee Membership during 2019

	Member since
Clare Chapman[a] (chair)	September 2019
John Daly[b] (chair)	May 2015
Elisabeth Fleuriot	June 2018
Winnie Fok	January 2013
Barbara Thoralfsson	July 2016

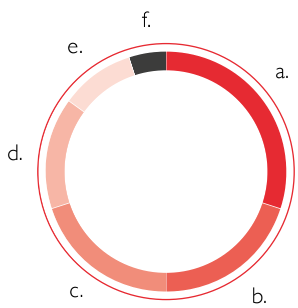
a. Clare Chapman joined the board and Remuneration Committee on 23 September 2019.
b. John Daly retired as a director on 16 May 2019.

There were three scheduled meetings held in the year ended 31 December 2019. Members' attendance at committee meetings is shown on page 102.

The committee consists entirely of independent non-executive directors whose biographies are set out on pages 92 and 93.

Following Mr Daly's retirement from the board in May 2019, Clare Chapman joined the committee and took over as chair upon her appointment to the board in September 2019.

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



a. 30% – Remuneration Policy review
b. 20% – Performance and incentives
c. 20% – Governance
d. 15% – Reporting
e. 10% – Pay below board
f. 5% – Executive's base pay/ chairman pay

Link to strategic priorities

People, culture & values
Growth
Profitability
Annual bonus scheme
Long term incentive plan

As G4S is one of the UK's largest employers the Remuneration Committee recognises the importance of keeping a focus on pay for performance as the business moves to the next phase of its strategy following separation. Considering workforce remuneration and related policies when determining remuneration arrangements for senior management, as well as having a clear understanding of the approach to pay and related policies throughout the business is also key.

During the year, the committee received a report from management providing information on pay rates and trends, benefits policy and variable compensation across different organisational levels and geographies. This now forms part of the committee's annual cycle and for 2020 will be developed to capture additional information relevant to the committee. The annual report on remuneration includes details of our CEO pay ratio on page 145 alongside information on our workforce remuneration principles.

Further information on how the committee took into account key factors highlighted in the UK Corporate Governance Code is set out on page 138. These are clarity, simplicity, risk, predictability, proportionality and alignment to culture.

Committee performance

The committee undertakes an assessment of its performance annually. This assessment identified the committee's depth and breadth of business experience as a particular strength. Going into 2020, the committee will focus on how it can enhance its performance further by taking into account the views of the employees in relation to executive pay.

2019 Business context and remuneration outcomes

During the year under review, the Group had two principal business segments; Secure Solutions and Cash Solutions. Significant progress was made – both in terms of top-line growth and strategic focus.

Following revenue growth of 1.0% in 2018, this accelerated to 4.7% in 2019, with the Secure Solutions business delivering 4.7% underlying revenue growth, 18% in Retail Technology Solutions and 1.0% in conventional cash. Adjusted PBITA margins in Secure Solutions decreased to 6.3% (2018: 6.7%) and by 0.1% in Cash Solutions to 12.2%.

This was achieved in the context of continued tightening labour supply and intense competition in manned security services in some geographies.

The net effect of the results of the two business segments was that Group Adjusted PBITA of £501m was in line with 2018. A £291m charge for goodwill impairment as well as restructuring and cash separation costs of £57m resulted in a statutory loss of £91m. Further details are set out in the chief executive officer's introduction to the Strategic Review on pages 4 to 7.

In this context, the pay outcomes for executive directors in respect of 2019 are summarised below:

Pay review

As reported last year, the salaries of both the CEO and CFO did not increase in 2019.

Annual bonus

The annual bonus for 2019 was determined by reference to the Group's financial performance, together with individual performance against strategic objectives.

During 2019 the Group delivered underlying revenue growth of 4.7% resulting in an outcome ahead of threshold target for this element, and good progress was made against a number of personal targets, however earnings and operating cash flow performance were below the stretching threshold set at the start of the year. On considering the overall outcome, in light of the financial performance of the Group and wider circumstances, it was agreed that no bonus would be payable in respect of 2019.

Long-term incentive plan (LTIP)

Vesting under the 2017 LTIP was 14.7% of maximum, reflecting operating cash flow performance over the last three years (2017 to 2019). There was no vesting in respect of the EPS nor TSR measures.

Total single figure

The overall change in the total single figure for 2019 compared with 2018 is a reduction of 49% and 54% for the CEO and CFO respectively.

Further information on the levels of executive remuneration earned in 2019, including performance against the relevant targets, is given on pages 140 to 146.

Directors Remuneration Policy review

Since my appointment in 2019, the primary focus of the Remuneration Committee has been on reviewing our Directors' Remuneration Policy ahead of its renewal at our upcoming AGM in line with the normal three-year cycle.

This review provided the opportunity for the committee, with input from key stakeholders within the business, to reflect on whether the current remuneration arrangements for Executive Directors and other members of the Group Executive Committee appropriately support the delivery of the Group's strategy. In particular, in the context of the sale of the majority of the conventional cash business, following which G4S will be a more focused business, with a strong strategic direction enabling us to capitalise on market-leading positions and to unlock substantial value for all our stakeholders. As part of this review, the Remuneration Committee undertook a comprehensive shareholder consultation exercise, taking feedback received into account as proposals were finalised.

To frame these discussions on our forward-looking remuneration approach, a set of key remuneration principles was developed to apply to the Group Executive Committee which are consistent with our workforce remuneration principles. While only applying to the Group Executive Committee initially, these have been adapted for our wider indirect workforce and will help shape our approach to remuneration for that population moving forward (see page 146). These principles are as follows:

Remuneration principles

- **We emphasise pay for performance:** We incentivise and reward employees for delivery of the Group's strategy through financial and non-financial objectives as we aim to make G4S the company of choice. Equity is the cornerstone of our executive pay programme driving the creation of long-term value for our stakeholders.
- **We align incentives to our purpose and values:** Our approach reflects G4S' purpose and values, which are core to shaping the culture of our organisation and delivering to our material stakeholders – including promoting the safety of all our colleagues and customers.
- **We value simplicity and effectiveness:** Paying people competitively in a way that is simple to understand, supporting our commitment to recruit, develop and deploy the best people in the industry.

The development of the remuneration principles enabled the Remuneration Committee to step back and reflect on what is appropriate in terms of the remuneration approach and incentives for our newly focused business. The proposed changes to our remuneration policy were considered with these principles in mind, and while it is intended that our new remuneration policy will apply for three years, the Remuneration Committee remains open to making adjustments to the policy ahead of 2023 should that be necessary as the priorities for the next phase of the G4S strategy evolve.

The Remuneration Committee considered the remuneration framework holistically to ensure it continues to reward delivery of the Group's on-going strategy, whilst aligning executives with the interests of our various stakeholders. Following the review, the committee determined that the current executive remuneration framework remains appropriate overall, with a significant portion remaining at risk subject to performance and delivered through shares, further promoting the long-term success of G4S.

The committee is therefore not proposing to make any substantial changes to the overall structure of the directors' remuneration policy at this time. However, a number of proposed changes have been made in order to better align incentives with our new remuneration principles and the growth of our core integrated security solutions business as well as to respond to the renewed UK Corporate Governance Code, evolving investor expectations and market practice. The committee is therefore proposing to make the following changes:

- **Reduce pension levels to a level in line with our indirect workforce in the UK.** For our incumbent executive directors this reduction will be phased, with full alignment by the end of 2022. Our UK workforce at G4S comprises both employees embedded directly in contracts with our customers and those that are not. The former includes the majority of our workforce who are typically "contracted-out" and therefore subject to pricing and contractual arrangements with our customers. In contrast, for our indirect staff, G4S has full control over the setting of remuneration arrangements, and it is to this population the committee is proposing to align executive pension levels.
- **Incorporate Environmental Social and Governance (ESG) metrics into the annual incentive scheme** to reinforce behaviours consistent with our strategy and values and which will contribute to the delivery of long-term sustainable value for our stakeholders. The inclusion of specific ESG metrics within the annual incentive scheme provides the opportunity to focus rewards on objective, non-financial, strategic measures for the Group. We will agree measures and targets on an annual basis, informed by board discussions and the wide-ranging materiality assessment of ethical and sustainability issues undertaken by the Group every two years – our existing goals are outlined on pages 50 and 51 of the Integrated Report and Accounts.
- **Change to our long-term performance measures and respective weightings for 2020 – 50% relative TSR, 30% EPS growth and 20% free cash flow.** The transaction to sell the majority of the conventional cash business enables G4S to focus on long-term value creation through the growth of our core integrated security solutions business as well as the further development of our remaining cash and payment technology business. Success of this will ultimately be measured through returns to shareholders. To support the long-term focus and future growth in the business, the committee considered that increasing the weighting on relative TSR was in the best interests of both the company and our shareholders.

  Relative TSR will be balanced by growth in earnings per share and delivery of free cash flow, which will be weighted 30% and 20% respectively, for 2020 to demonstrate our commitment to quality of execution. Cash flow remains part of the performance measure mix, particularly in light of recent exceptional events.

  Earnings per share remains a critical measure for the company and is one of our headline KPIs. Delivery of sustainable earnings growth will only be achieved through improvements in productivity and operational excellence, for example, through continued integration of our technology enabled security solutions with our manned security services. Improvements in cash flow will be driven by greater financial discipline across the Group, and stronger cash flow performance sustained through delivery of consistent, excellent service to our customers.
- **Strengthen our shareholding guidelines.** Increase in shareholding guidelines for our CEO from 200% to 250% of salary, further aligning his interests with those of our shareholders.
- **Formalise our policy on post-employment shareholdings,** which was introduced last year, further fostering long-term decision-making and alignment with shareholders.

At G4S we are committed to an open and transparent dialogue with our shareholders. Ahead of finalising proposals, the committee sought to engage with our key shareholders (representing 61.95% of total issued share capital), shareholder bodies and institutional proxy agencies regarding the proposed changes. A number of meetings and calls followed and we would like to thank all those who engaged. The committee valued all feedback received during this process and carefully considered matters raised when finalising decisions. In particular, in response to feedback from our shareholders we decided to review the shareholding guideline for the CEO and expand our proposals as detailed above.

Remuneration reporting

This year the Committee has also looked to enhance our remuneration reporting, through the inclusion of a new section aiming to give a view at a glance of how we paid our Executive Directors in the year and summarising the proposed implementation of our directors' remuneration policy for 2020. We have also tried, where possible, to simplify our disclosures throughout the Directors' Remuneration Report. We hope these enhancements help to provide a clearer understanding of how we approach executive remuneration at G4S.

Looking forward to 2020

For 2020, at the annual pay review, it was decided that Messrs Almanza and Weller's base pay would increase by 1.8%, in line with the general level of management pay increases in the UK, to £975,804 and £668,444 respectively. However, in light of the global crisis caused by the Covid-19 pandemic, management proposed and the committee agreed, that 2020 pay increases for executive directors and senior management be suspended with effect from 1 April 2020. Management also suspended their participation in the 2020 annual bonus plan. These suspensions will end once the impact of the pandemic has abated.

In line with our commitment to align pension provision for incumbent executive directors to the indirect workforce level by the end of 2022 (currently 8% of salary), pension arrangements for both the CEO and CFO will reduce by 5% of salary in 2020. This will result in the CEO and CFO receiving a pension in 2020 for the period following the company's AGM of 20% and 15% of salary, respectively.

Opportunity levels for the executive directors for the annual incentive will remain at the same level as for 2019.

Following the grant of LTIP awards on 3 April 2020 the Remuneration Committee has reviewed those grants in the context of the company's current share price. In line with the recommendation received from management, the Remuneration Committee has determined to exercise its discretion under the rules of the LTIP and reduce the number of shares under the 2020 LTIP awards by 25% in order to eliminate the potential for windfall gains. By making this adjustment upfront, participants are provided with clear targets and incentives in order to look beyond the current Covid-19 pandemic and to strive to achieve the demanding LTIP targets.

As mentioned above we will be incorporating new ESG focused measures into the annual incentive from 2020. For 2020, ESG metrics for our executive directors will focus on further improvements in health and safety, a reduction in GHG emissions, the further development of a sustainable organisation and relevant processes, social and human rights goals and further improvements in governance. All metrics will have measurable targets aligned to our KPIs, where applicable. With the exception of the introduction of ESG metrics into the annual incentive scheme, the Remuneration Committee is not proposing to alter performance measures for 2020 for the annual bonus.

As detailed earlier, the committee is proposing a change to the performance measures for the long-term incentive, in particular the respective weightings of measures. For 2020, the long-term incentive will be based 50% on relative TSR, 30% on EPS growth and 20% on free cash flow. The Remuneration Committee considered that these measures appropriately balance operational excellence, improvements in productivity and financial discipline with the creation on long-term sustainable returns for our shareholders. For both the annual bonus and LTIP, performance measures and targets are agreed by the committee on an annual basis to ensure they continue to support the overarching strategy of the company and reflect the business context for the relevant period. Targets are set to be stretching whilst remaining achievable and are compatible with the Group's risk appetite. When determining annual bonus and LTIP vesting levels, the committee will also consider other factors and has the discretion to override formulaic outcomes.

Voting on remuneration

In line with the remuneration reporting regulations, our proposed directors remuneration policy will be subject to a binding shareholder vote at our forthcoming AGM, and the directors' remuneration report will be subject to an advisory shareholder vote at the same time. I hope you will continue to support our approach to executive remuneration. As chair of the committee, I will be available to answer any questions you may have.

Clare Chapman
Remuneration Committee Chair

29 April 2020

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.

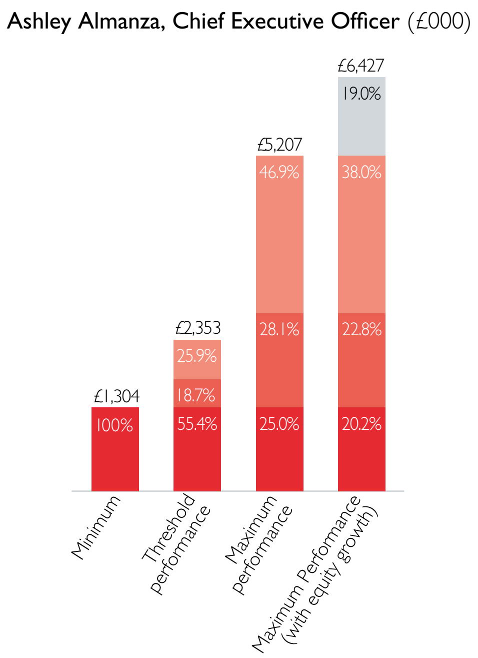
Corporate Action

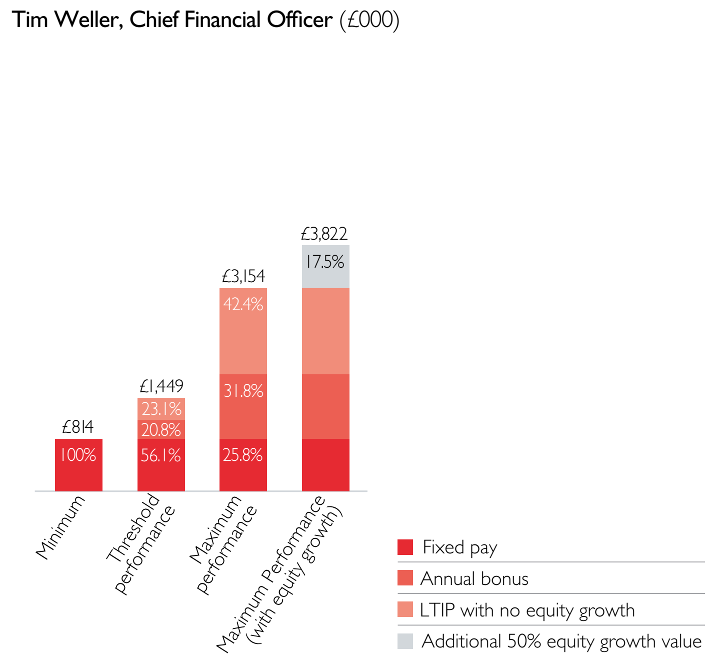
If the company is subject to a change in control, deferred shares would vest and the Long Term Incentive Plan provides that awards will vest subject to the performance targets having been satisfied up to the date of the change of control and, unless the committee determines otherwise, time pro-rating.

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.

Annual Report on Remuneration

Single total figure of remuneration (audited information)

Executive directors

£		Base pay	Benefits	Annual Bonus	LTIP	Pension related benefits	Total	Total Fixed Remuneration	Total Variable Remuneration
Ashley Almanza	**2019**	**958,550**	**131,155**	**–**	**147,702**	**239,638**	**1,477,045**	**1,329,343**	**147,702**
	2018	958,550	116,459	–	1,579,903	239,638	2,894,550	1,314,647	1,579,903
Tim Weller	**2019**	**656,625**	**32,270**	**–**	**80,943**	**131,325**	**901,163**	**820,220**	**80,943**
	2018	656,625	30,169	–	1,122,690	131,325	1,940,809	818,119	1,122,690

Notes:
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 sense. The grossed-up amounts for 2019 are £59,678 (2018: £40,343) for Ashley Almanza. Benefit values also include local travel costs of £19,656 (2018: £25,098) for Ashley Almanza who bears the tax thereon himself, and certain other business costs which HMRC deems to be benefits.

Values in the 2018 LTIP column relate to awards made in 2016, which vested on 15 March 2019. These values have been restated based on the share price on the date of vesting of 196.35p per share. On 15 March 2019, Mr Almanza received 804,636 shares vesting under the 2016 LTIP, of which he retained 426,457 after selling 378,179 shares to satisfy tax and NI liabilities arising out of such vesting. On the same date, Mr Weller received 571,780 shares vesting under the 2016 LTIP, of which he retained 303,043 after selling 268,737 shares to satisfy tax and NI liabilities arising out of such vesting.

Values in the 2019 LTIP column relate to the 2017 award which vested on 16 March 2020. These values have been calculated on the basis of the share price on the date of vesting of 97.44p per share. On 16 March 2020, Mr Almanza received 151,583 shares vesting under the 2017 LTIP, of which he retained 80,338 after selling 71,245 shares to satisfy tax and NI liabilities arising out of such vesting. On the same date, Mr Weller received 83,070 shares vesting under the 2017 LTIP, of which he retained 44,027 after selling 39,043 shares to satisfy tax and NI liability arising out of such vesting. Further information regarding performance and vesting of the 2017 LTIP is set out on page 142. The amount shown in relation to the vesting of the 2017 LTIP does not include any element of share price appreciation as the share price at vesting was lower than the price used to determine the number of shares under the awards. No discretion has been exercised to vary the vesting outcome in relation to the 2017 LTIP performance conditions.

Mr Almanza did not hold any external non-executive appointment during the year under review. Mr Weller received and retained £17,000 from the Carbon Trust for his non-executive directorship during the year under review (2018: £17,000).

Non-executive directors

The following table shows a single total figure of remuneration in respect of qualifying services for the 2019 financial year for each non-executive director, together with the comparative figures for 2018. Aggregate non-executive directors' emoluments are shown in the last column of the table.

	Base fee		SID		Chair of Committee		Benefits		Total	Total
£	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
John Connolly	**382,500**	382,500	**n/a**	n/a	**n/a**	n/a	**7,683**	3,216	**390,183**	385,716
Clare Chapman	**17,340**	n/a	**n/a**	n/a	**5,052**	n/a	**3,061**	n/a	**25,453**	n/a
John Daly	**23,928**	63,500	**n/a**	n/a	**6,971**	18,500	**2,077**	6,297	**32,976**	88,297
Elisabeth Fleuriot	**63,500**	34,270	**n/a**	n/a	**18,500**	9,984	**11,611**	5,611	**93,611**	49,865
Winnie Fok	**63,500**	63,500	**n/a**	n/a	**n/a**	n/a	**10,266**	18,403	**73,766**	81,903
Steve Mogford	**63,500**	63,500	**15,000**	15,000	**n/a**	n/a	**1,018**	1,990	**79,518**	80,490
John Ramsay	**63,500**	63,500	**n/a**	n/a	**20,000**	20,000	**4,342**	5,816	**87,842**	89,316
Paul Spence	**63,500**	63,500	**n/a**	n/a	**18,500**	18,500	**6,763**	12,897	**88,763**	94,897
Barbara Thoralfsson	**63,500**	63,500	**n/a**	n/a	**n/a**	n/a	**7,995**	20,790	**71,495**	84,290

Notes:
The above fees were pro-rated where the appointments or retirements were part way through the year.

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 sense.

For Clare Chapman, figures cover the period from the date of her appointment as a non-executive director and chair of the Remuneration Committee on 23 September 2019.

For John Daly, figures cover the period up to the date that he retired from the board on 16 May 2019.

For Elisabeth Fleuriot, 2018 figures cover the period from the date of her appointment as a non-executive director and chair of the CSR Committee on 18 June 2018.

Benefits figures for Winnie Fok, Barbara Thoralfsson and Elisabeth Fleuriot include professional fees in relation to tax and social security compliance.

2019 Annual bonus

In 2019, the maximum annual bonus opportunity for both executive directors was 150%. The Remuneration Committee set demanding performance targets at the start of the year. While year-on-year revenue growth was achieved and good progress was made against a number of personal targets, reflective of broader financial performance of the Group and wider circumstances, it was determined that no bonus would be payable in respect any element for 2019.

Details of the measures and targets applying to the financial year ended 31 December 2019 are set out below:

2019 annual bonus – Performance conditions and outcomes

Financial performance	Weighting (% of maximum bonus)	Threshold (30% of element)	Target (60% of element)	To achieve full vesting (100% of element)	Achievement	Score achieved (% of total for each measure)
Revenue	21%	£7,623m	£7,696m	£7,770m	£7,672m	11
Group Earnings	43%	£282m	£289m	£312m	£262m	nil
Group OCF	21%	£665m	£686m	£706m	£638m	nil
Total	85%	n/a	n/a	n/a	n/a	nil

Personal objectives

Messrs Almanza and Weller were able to earn up to 15% of their maximum bonus potential for achieving personal objectives.

Mr Almanza's personal objectives for 2019 covered two key areas of focus for the company, namely strategy and organisation including values & culture. The separation review was a major strategic project, the development of which was managed by Mr Almanza and his executive team. Alongside this work, Mr Almanza was 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 were focused on the separation review announced in December 2018. This review included important finance, tax, treasury and IT components, overseen by Mr Weller.

While good progress was made by both Messrs Almanza and Weller on the delivery of their personal objectives, in light of financial performance during the year and wider circumstances, it was agreed that no bonus would be payable.

Long term incentive plan (LTIP)

The 2019 values shown in the single-figure table relate to the LTIP awards made in March 2017. The performance measures and targets of these awards are set out below:

Performance measure	Weighting	Target for threshold performance[1] (25% of maximum)	Target for maximum performance[1] (100% of maximum)	Actual performance	Percentage of award vesting
Average annual growth in EPS period[4]	40%	5% p.a.	12%+ p.a.	3.2% p.a.	Nil
Relative TSR[2]	30%	Median	Upper Quartile	Lower quartile between 51st and 52nd	Nil
Average OCF[3]	30%	105%	125%	111%	14.7%
Total vesting outcome					14.7%

1. Straight-line vesting between threshold and maximum with no payout below threshold.
2. **TSR Comparator group** The bespoke comparator group consisted of the constituent companies of the FTSE 100 index excluding financial institutions and companies in the extractive sector, and including competitor companies which are outside that index. It consisted originally of 77 companies (not including G4S). During the three-year performance period, five of these companies were delisted (GKN, Merlin Entertainments, Shire, Sky and Worldpay), therefore these were removed from the group. Additional competitors included in the comparator group are Loomis, Prosegur, Securitas, Capita and Brink's.
3. **Operating Cash Flow:** the average OCF performance target is calculated by reference to the relevant definition set out in the LTIP rules approved by shareholders.
4. **EPS:** 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.

2017 award	Number of shares awarded	% of salary for shares awarded	Vesting outcome (% of max)	Number of shares vesting	Total for single figure[1]
Ashley Almanza	795,862	250%	14.7	151,583	£147,702
Tim Weller	436,144	200%	14.7	83,070	£80,943

1. The figures provided are actual calculated using the closing share price on the day of vesting of 97.44p per share. The *Number of shares vesting* column includes dividend shares accrued during the vesting period on the number of shares vesting.

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 for 2019 the CEO and CFO received 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 2019 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 143:

Director	Award type	Number of shares	Face value (£)	Performance condition	EPS, TSR and AOCF Performance period	% vesting at threshold
Ashley Almanza	Conditional shares	1,232,174	£2,396,375 (250% of salary)	40% EPS/30% TSR/30% AOCF	01/01/2019 – 31/12/2021	25%
Tim Weller	Conditional shares	675,250	£1,313,250 (200% of salary)	40% EPS/30% TSR/30% AOCF	01/01/2019 – 31/12/2021	25%

Notes:
The face-value calculation for all awards granted in March 2019 was based on a share price of 194.5p, which represents the average closing share price during the three business days following the announcement of the company's 2018 financial results.

Performance measures for long-term incentives awarded in 2019

Performance measure	Weighting	Threshold vesting (25% of max)1	Maximum vesting (100% of max)1
Average annual growth in EPS	40%	5% pa (15% over 3 years)	Greater than + 12% pa (36% over 3 years)
Ranking against the bespoke comparator group[2] by reference to TSR	30%	Median	Upper quartile
Average operating cash flow	30%	105%	125%

1. Straight-line vesting between threshold and maximum with no payout below threshold.
2. The bespoke comparator group consists of the constituent companies of the FTSE 100 index excluding financial institutions and companies in the extractive sector, and including competitor companies which are outside that index

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

The executive directors are required to build up a minimum shareholding in G4S of 200% of salary. For 2020 this is being increased to 250% for the CEO, as explained in the proposed directors' remuneration policy. Last year we also introduced a post-employment shareholding guideline which will be formalised in the directors' remuneration policy this year.

Shares in the table below are valued at the year-end price, which was 218.00p per share at 31 December 2019:

	2019	2018	Share ownership requirement (% of salary)	Shareholding requirement achieved at 31/12/19	Guideline met?	Number of Deferred shares held at 31/12/19 (not subject to performance conditions)	Total unvested shares under LTIP awards subject to performance at 31/12/19
Ashley Almanza	**1,840,117**	1,326,745	200%	418.5%	Yes	381,489	2,953,313
Tim Weller	**393,310**	90,267	200%	130.6%	No	72,574	1,618,459

Notes:
Includes any shares owned by persons closely associated with the directors.
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.

In accordance with the directors' 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 31/12/19*** column consists of, in the case of Mr Almanza, 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 2020, Mr Almanza received the aforementioned 221,116 shares as well as 26,860 additional shares to account for dividend entitlement during the period of deferral (before selling sufficient shares to pay the withholding taxes). Mr Almanza retained 131,427 shares. 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.

In relation to Mr Almanza, the ***Total unvested shares under LTIP awards subject to performance*** column consists of an award of 795,862 conditional shares granted under the 2017 LTIP, an award of 925,277 conditional shares granted under the 2018 LTIP and an award of 1,232,174 conditional shares granted under the 2019 LTIP. In relation to the 2017 LTIP, on 16 March 2020, Mr Almanza received 151,583 shares, which included 34,591 additional shares to account for dividend entitlement (before selling sufficient shares to pay the withholding taxes). Mr Almanza retained 80,338 shares.

In relation to Mr Weller, the ***Total unvested shares under LTIP awards subject to performance*** column consists of an award of 436,144 conditional shares under the 2017 LTIP, an award of 507,065 conditional shares under the 2018 LTIP and an award of 675,250 conditional shares granted under the 2019 LTIP. In relation to the 2017 LTIP, on 16 March 2020, Mr Weller received 83,070 shares, which included 18,956 additional shares to account for dividend entitlement (before selling sufficient shares to pay the withholding taxes). He retained 44,027 shares.

Executive directors' shareholdings and share interest following vestings under 2016 and 2017 incentive plans and share purchases as set out below:

At 29 April 2020	Shares held outright[1]	Number of deferred shares at 29 April 2020[2]	Total unvested shares under LTIP awards subject to performance as at 29 April 2020[3]
Ashley Almanza	2,151,882	160,373	4,084,326
Tim Weller	552,337	72,574	2,238,271

Notes:
1. This column consists of, in the case of Mr Almanza, 100,000 shares in G4S he purchased on 11 March 2020 as well as 80,338 shares (after withholding taxes) he retained following the 2017 LTIP vesting on 16 March 2020 and 131,427 shares (after withholding taxes) he retained following the vesting of deferred shares under 2016 annual bonus scheme on the same date. In the case of Mr Weller, the number includes 85,000 shares he purchased on 11 March 2020 as well as 44,027 shares (after withholding taxes) he retained following the 2017 LTIP vesting on 16 March 2020.
2. Figures in this column relate to the portion of Messrs Almanza and Weller's 2017 annual bonus, which was deferred into shares.
3. Figures in this column consist of, in relation to Mr Almanza, awards of 925,277 conditional shares granted under the 2018 LTIP, 1,232,174 conditional shares under the 2019 LTIP and 1,926,875 conditional shares under the 2020 LTIP. In relation to Mr Weller, this consists of awards of 507,065 conditional shares under the 2018 LTIP, 675,250 conditional shares under the 2019 LTIP and 1,055,956 under the 2020 LTIP.

The shareholdings for non-executive directors are shown below.

	As at 31 December 2019	As at 31 December 2018
John Connolly	**336,642**	336,642
John Daly	**n/a**	30,000
Elisabeth Fleuriot	**–**	–
Winnie Fok	**30,000**	30,000
Steve Mogford	**10,000**	10,000
John Ramsay	**38,000**	38,000
Paul Spence	**30,000**	30,000
Clare Chapman	**–**	n/a
Barbara Thoralfsson	**–**	–

Includes any shares owned by persons closely associated with the directors.

Mr Connolly purchased 275,000 shares in the company on 12 March 2020.

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

Payment for loss of office (audited information)

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

Payments to past directors (audited information)

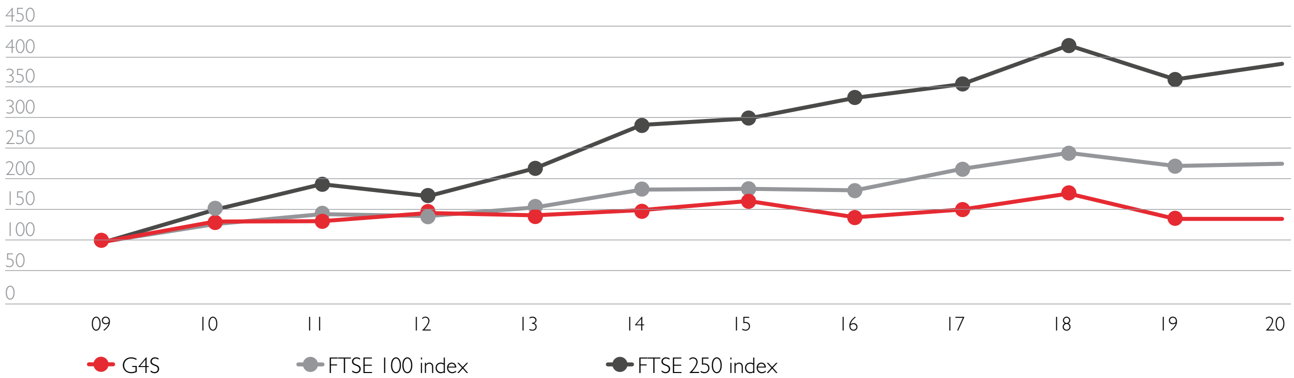
Himanshu Raja

Himanshu Raja stepped down from the board of the company and his role as chief financial officer on 1 October 2016. Awards made to Mr Raja under the company's long term incentive plan were pro-rated to the same date and continued to be subject to performance testing at the normal vesting dates. The last of such awards granted under the 2016 LTIP vested in March 2019. Since the Integrated Report and Accounts 2018 was finalised prior to the vesting date, the figure regarding this award contained in last year's Integrated Report and Accounts was an estimate. On 15 March 2019, Mr Raja received 74,593 shares which included additional shares for dividend (before 34,484 shares were sold to pay withholding taxes). Therefore Mr Raja retained 40,109 shares.

Performance graph and table

The line graph below shows the ten-year annual Total Shareholder Return (TSR) performance against both the FTSE 100 and FTSE 250 indices. While the company is currently a constituent of the FTSE 250, the directors believe that the FTSE 100 is also an appropriate form of broad equity market index against which to base a comparison, given the size and geographic coverage of the Group.

2009 – 2019 Total Shareholder Return



CEO's pay in last ten financial years

Year	2010	2011	2012	2013	2013	2014	2015	2016	2017	2018	2019
Incumbent	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Ashley Almanza	Ashley Almanza	Ashley Almanza	Ashley Almanza	Ashley Almanza	Ashley Almanza	Ashley Almanza
CEO's total single figure of annual remuneration (£'000)	2,823	1,542	1,186	514	1,459	2,521	2,738	4,790	3,754	2,895	1,477
Bonus % of maximum awarded	53%	0%	0%	0%	72%	98%	70%	97%	79.5%	0%	0%
PSP LTIP % of maximum vesting	58%	14%	0%	0%	n/a	n/a	27%	70%	62%	56%	15%

Notes:
Nick Buckles stepped down as CEO on 31 May 2013 and Ashley Almanza took over as CEO from 1 June 2013.

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.

The value of shares that vested in the relevant year under the company's now-expired Performance Share Plan (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.

The figures before 2013 did not include taxable expenses.

Bonus % of maximum awarded 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.

Bonus % of maximum awarded for 2018 takes account of the waiver by the executive directors of their bonus for 2018.

Percentage change in CEO's remuneration

The table below shows how the percentage change in the CEO's salary, benefits and bonus between 2018 and 2019 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 – 2018 and 2019 – as the group which should provide the most appropriate comparator, as the Group CEO is based in the UK.

	Percentage change in remuneration between 2018 and 2019		
	Salary	Benefits	Bonus
CEO	0%	12.6%	See note below
Average change for all other UK employees	3%	See note below	See note below

Notes:
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.
Information on bonuses is not readily available for all other UK employees.
As explained earlier in this report, Mr Almanza also waived his bonus in 2018 and did not receive a bonus for 2019.
Mr Almanza's increase in benefits relates to an increase in travel costs which HMRC treats as a taxable benefit and which the company does not consider to be benefits in the ordinary sense.

CEO Pay ratio

The company is required to disclose annually the ratio of its CEO's pay to the median, lower quartile and upper quartile pay of the UK employees.

Details of the ratio of the CEO's latest single total figure relative to the three representative roles listed below can be found in the table below.

Year	Method	25th percentile pay ratio (lower quartile)	50th percentile pay ratio (median)	75th percentile pay ratio (upper quartile)
2019	Method C	1 : 76	1 : 67	1 : 52

Our approach – method C

We have used the gender pay gap data as at 5 April 2019 for the purpose of the calculation. However, as the scope of the gender pay gap covers only the 10 group legal entities in scope for gender pay gap reporting purposes (with 250 employees or more) and excludes employees based in Northern Ireland, we have added to the dataset, the remaining seven UK employing entities with fewer than 250 employees. Both the Group CEO Ashley Almanza and Group CFO Tim Weller are included in the data to determine the three representative roles.

We have a large workforce of employees performing roles in support services and those who have similar roles and responsibilities for our clients will be paid on the same basis. For this reason, clustered around each of the three statistical points, there are many other employees doing similar roles and receiving the same hourly pay. Therefore, the three employees identified are representative of the lower quartile, median and upper quartile of group employee remuneration in the relevant financial year.

By ranking the data in terms of their hourly pay, the three representative roles that have been identified are as follows:

- The lower quartile employee is an Area Relief Officer in Secure Solutions with an hourly pay of £8.68
- The median employee is a Coin Store Operative with Cash Solutions with an hourly pay of £10.50
- The upper quartile employee is a Mobile Patrol Officer in Secure Solutions with an hourly pay of £12.54

Notes:
1. Details of the total pay and benefits, and annual base pay, are set out below in relation to the three representative roles that have been identified:

	Role	Annual base pay	Total pay and benefits figure
Lower quartile 25th percentile pay ratio	Area Relief Officer in Secure Solutions	£19,026	£19,446
Median 50th percentile pay ratio	Coin Store Operative in Cash Solutions	£20,990	£22,186
Upper quartile 75th percentile pay ratio	Mobile Patrol Officer in Secure Solutions	£27,475	£28,163

2. In calculating the annual base pay, we have used the standard monthly contractual working hours of 182 for Secure Solutions and 166 for Cash Solutions; these represent the full time equivalent, with no overtime.
3. In order to ascertain the ratio on the same basis as the CEO single figure (which includes salary, allowances, taxable benefits, pension and variable pay in respect of the relevant financial year), we have used the benefits to which these roles are eligible, rather than actual. This is because there are different legacy pension schemes and benefit structures relating to some employees who have certain protected terms following the transfer of their employment to G4S. For example, some employees are in the defined benefit pension schemes having transferred to G4S from the public sector or local government. These instances are in the minority however.
4. Both the lower quartile and the upper quartile employees are only eligible for auto-enrolment pension and life assurance at 1 time salary. The Coin Store Operative role is eligible for a higher level of pension and life assurance than the other two representative roles. This reflects the different offering by the different employing entities.
5. Other "pay and benefits" such as overtime, long service awards and recruitment bonuses are also available, however we chose not to include these, since they are not regularly available and are based on certain criteria being met. Employee discount schemes and financial wellbeing facilities which offer loans and a hardship fund for grants to employees are also available; none of these are included in the calculations above as their value, deemed subjective, is difficult to quantify.

Our workforce remuneration principles are consistent with those principles which apply to our executive directors and the committee feels the pay ratio figure is consistent with the pay, reward and progression policies for the company's UK employees taken as a whole.

Executives	Managers	Service and Support Teams
We emphasise pay for performance		
Incentivise and reward employees for delivery of the Group's financial and non-financial objectives as we aim to make G4S the company of choice. Equity is the cornerstone of our executive pay programme driving the creation of long-term value for our stakeholders.	Incentivise and reward employees for delivery of the Group's objectives as we aim to make G4S the company of choice.	Reward employees fairly for performing well and meeting the needs of internal and external customers as we aim to make G4S the company of choice.
We align incentives to our purpose and values		
Our approach reflects G4S' purpose and values, which are core to shaping the culture of our organisation and delivering to our material stakeholders – including promoting the safety of all our colleagues and customers.		
We value simplicity and effectiveness		
Paying people competitively in a way that is simple to understand, supporting our commitment to recruit, develop and deploy the best people in the industry.		

All three identified employees perform roles that are core to our direct workforce and we pay them what is typical for the industry and in accordance with pricing and contractual arrangements with G4S customers.

Workforce Pay

In line with the UK Corporate Governance Code, the committee has responsibility for reviewing the approach to remuneration arrangements for the wider UK workforce. During the year we developed our remuneration principles. While only applying to the Group Executive Committee initially, these have been adapted for our wider indirect workforce and will help shape our approach to remuneration in future.

Furthermore, the committee also received a report from management providing information on pay rates and trends, benefits policy and variable compensation across different organisational levels and geographies. This now forms part of the committee's annual cycle.

Relative importance of spend on pay

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

	2019	2018	Change
Dividends paid	£55m	£150m	(66.33)%
Total employee costs	£5,395m	£5,194m	3.86%

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

The increase in total employee costs is the result of a combination of increase in wages and salaries associated with fluctuating employee numbers during the year and the impact of foreign exchange rates on the 2019 figure with the 2018 figure stated at December 2018 average rates.

Statement of implementation of remuneration policy in 2020

As set out on pages 128 to 139 the committee is proposing to implement a new policy at the 2020 AGM. The committee is aware of evolving investor expectations and the changes to the UK Corporate Governance Code and has put forward the changes to the policy with this in mind.

Executive directors' remuneration

Base pay

For 2020, at the annual pay review, it was decided that Messrs Almanza and Weller's base pay would increase by 1.8% in 2020, in line with the general level of management increases in the UK, and would therefore increase to £975,804 and £668,444 respectively. However, in light of the global crisis caused by the Covid-19 pandemic, 2020 pay increases for executive directors and other senior management were suspended with effect from 1 April 2020. This suspension will be reviewed on an ongoing basis, with the intention that once the impact of the pandemic has abated salaries will revert to 2020 levels.

Annual Bonus Scheme

The annual bonus for the 2020 financial year will be determined on a basis consistent with that put forward in the new remuneration policy. The maximum bonus opportunity will remain at 150% of salary for both Messrs Almanza and Weller. The majority of the annual bonus opportunity for executive directors will be based on group financial measures. For 2020, in line with the approach taken in 2019, 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. Furthermore, in order for any bonus to be payable, group underlying earnings for 2020 must be at least equal to the underlying earnings in 2019.

Details of financial targets are considered to be commercially sensitive since they relate to the 2020 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 2020 integrated report and accounts.

The remaining 15% of the maximum bonus opportunity will be subject to the achievement of strategic objectives, including ESG objectives. Details of these objectives, together with weighting for each and targets, which were discussed with the Remuneration Committee at the beginning of 2020 are set out in the table below:

ESG metric	CEO Weighting	CFO Weighting	Target
Environment	10%	10%	Reduction in GHG emissions
Health & Safety	20%	20%	Reduction in the number of work related fatalities
Governance	30%	20%	Completion of strategic project
Governance	20%	50%	Implementation of sustainable organisation and process design
Human Rights	20%	N/A	Completion of migrant worker practice audits

In light of the global crisis caused by the Covid-19 pandemic, the executive directors have suspended their participation in the 2020 annual bonus plan. 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.

Long Term Incentive Plan

Following the grant of LTIP awards on 3 April 2020 the Remuneration Committee has reviewed those grants in the context of the company's current share price. In line with the recommendation received from management, the Remuneration Committee has determined to exercise its discretion under the rules of the LTIP and reduce the number of shares under the 2020 LTIP awards by 25% in order to eliminate the potential for windfall gains. By making this adjustment upfront, participants are provided with clear targets and incentives in order to look beyond the current Covid-19 pandemic and to strive to achieve the demanding LTIP targets.

Following the announcement of the disposal of the majority of our conventional cash businesses, the committee, with input from management and some of our shareholders, reflected on whether the LTIP measures remained appropriate and would drive growth as the Group moves into the next phase of its strategy. As a result of these discussions, the committee determined to adjust the performance measures so that for 2020 these will be based 50% on relative total shareholder return, 30% on earnings per share growth and 20% on free cash flow (previously 30% relative TSR, 40% EPS, and 30% operating cash flow). The cash flow measure was changed to focus on sustainable cash generation. Therefore the definition adopted consists of the net cash flow available to reduce net debt or for payment of dividends to equity shareholders.

The committee also reflected on the appropriateness of the targets in relation to each portion of the award, particularly in the context of the recent transaction. Target setting was challenging at a time of transition for G4S as well as considerable uncertainty globally in relation to the impact of Covid-19. As for all incentive schemes, at the end of the performance cycle the Remuneration Committee will carefully consider the formulaic outcome in the context of the overall performance of the Group from a variety of angles, including the company's financial and share price performance.

Performance measures for long-term incentives to be awarded in 2020

Performance measure	Weighting	Threshold vesting 25% of max)[1]	Maximum vesting (100% of max)[1]
Average annual growth in EPS period ending on 31 December in the third year	30%	5% pa (15% over 3 years)	(Greater than + 12% pa (36% over 3 years)
Ranking against the bespoke comparator group by reference to TSR	50%	Median	Upper quartile
Net free cash flow before the impact of acquisitions and disposals available to reduce net debt or for payment of dividends to equity shareholders	20%	£375m	£525m

1. Straight-line vesting between threshold and maximum with no payout below threshold.

The bespoke comparator group consists of FTSE 51 to 150 companies (excluding extractive and financial institutions as well as investment trusts) plus five of G4S' closest competitors.

Retirement benefits

In line with our new directors' remuneration policy, pension contribution levels for executive directors will be reduced to a level in line with our indirect UK workforce (currently 8%). For the current CEO and CFO this will see an initial 5% of salary reduction during 2020 to 20% and 15% of salary respectively with full alignment by the end of 2022.

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 March 2020 concluded that there would be no increase to the fees for the non-executive directors for the second consecutive year.

The table below, sets out the fees for the non-executive chairman and other non-executive directors applicable for 2020.

Annual fee	2020 £	2019 £	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 October 2019. 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	£124,800	Advice on organisational review, 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 2018 was passed at the company's annual general meeting held on 16 May 2019.

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

Resolution	For	Against	Withheld
Directors' Remuneration Policy – 2017 AGM	97.3%	2.7%	131,465
Directors' Remuneration Report – 2019 AGM	97.6%	2.4%	783,219