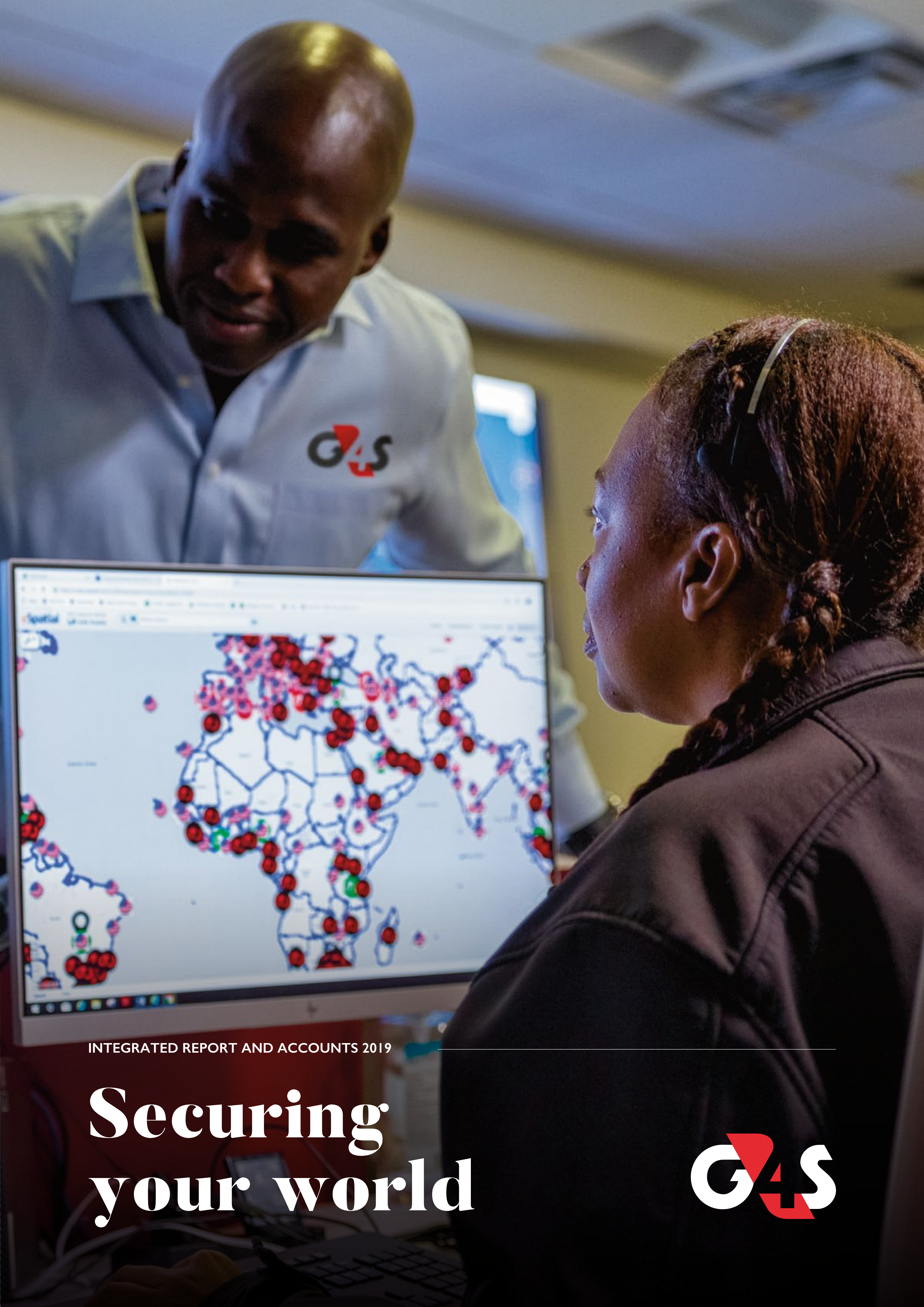


INTEGRATED REPORT AND ACCOUNTS 2019

Securing your world

Our purpose – securing your world

Who we are

G4S is the world's leading global, integrated security company. We offer a broad range of security services delivered on a single, multi-service or integrated basis across six continents. We have been investing in technology, software and systems. The Group's technology-related security revenues (see page 5) were over £3bn in 2019 (2018: £2.8bn).

What we do

G4S plays a valuable and important role in society. As a major global employer we make a difference by helping people to live and work in safe and secure environments. G4S takes a fully integrated approach to its strategy and Corporate Social Responsibility (CSR). See page 22 for more information on our CSR approach and impact on society.

Our Values

Our values underpin everything we do and are brought to life by the behaviours and services provided by our 558,000 people each and every day.

Highlights

On 26 February 2020, G4S announced a significant milestone in the execution of its corporate strategy with an agreement to sell the majority of its conventional cash solutions businesses (the "Transaction"), greatly enhancing our strategic, commercial and operational focus. As at 28 April 2020, around 71% of the Transaction had completed.

Statutory results[1]

REVENUE
£7.8bn
(2018: £7.5bn)
+3.4%

OPERATING CASH FLOW
£504m
(2018: £585m)
-13.8%

ADJUSTED PBITA[3]
£501m
(2018: £483m)
+3.7%

PROFIT BEFORE TAX[4]
£27m
(2018: £142m)
-81.0%

EPS[4]
(5.9p)
(2018: 5.2p)
-213.5%

DIVIDEND PER SHARE[5]
3.59p
(2018: 9.70p)

Underlying results[2]

REVENUE
£7.7bn
(2018: £7.3bn)
+4.7%

OPERATING CASH FLOW
£633m
(2018: £582m)
+8.8%

ADJUSTED PBITA[3]
£501m
(2018: £501m)
+0.0%

EARNINGS
£263m
(2018: £261m)
+0.8%

EPS
17.0p
(2018: 16.9p)
+0.6%

Non-financial KPI

HEALTH AND SAFETY
67%
REDUCTION IN ROAD TRAFFIC FATALITIES SINCE 2013

1. See page 168 for the basis of preparation of statutory results. The 2018 statutory results have been restated for the adoption of IFRS16 – Leases, as set out in note 3(u).
2. Underlying results are Alternative Performance Measures (APMs) as defined and described on page 52 and exclude results from disposed businesses and onerous contracts, and specific and other separately disclosed items. The 2018 underlying results have been restated for the adoption of IFRS16 – Leases, as set out in note 3(u). Underlying results are reconciled to statutory results on page 62.
3. Adjusted PBITA is an Alternative Performance Measure as described on page 53.
4. After goodwill impairments of £291m (2018: £nil) and restructuring and separation costs of £57m (2018: £31m), see page 55.
5. The board concluded the uncertainty relating to Covid-19 and its impact on economic activity in our key markets meant it was in the best interests of all stakeholders to suspend the final 2019 dividend.

Cover: G4S RISK360™, providing integrated security solutions through the combination of manpower, security systems and software and data analytics in South Africa and other countries including the United States (see page 40).

The Sustainable Development Goals (SDGs) call upon businesses to advance sustainable development through the investments they make, the solutions they develop and the practices they adopt. In this report, we have mapped case studies against the SDGs to highlight examples where G4S is helping to advance the Goals through our programmes and operations. For more information about the social and economic areas where G4S supports the realisation of the Goals and makes a positive difference to society and communities around the world, see page 23.

Visit g4s.com for more information

Key Strategic Milestone

The sale of the majority of the Group's conventional cash businesses represents a major milestone in the successful execution of the Group's corporate strategy.

– John Connolly, Chairman

People

As the impact of Covid-19 has spread across the globe, a key priority for us has been to ensure the health and safety of the Group's 558,000 employees, a large number of whom are delivering essential services and supporting critical operations and infrastructure for our customers and communities every day. I wish to thank the employees of G4S for their engagement and dedication in continuing to deliver such key services and supporting our customers in these exceptional circumstances. I am also very proud of the way everyone at G4S is responding. More information on how G4S is addressing challenges posed by Covid-19 can be found on pages 7 and 81.

Cash Separation – Strategic Milestone

This has been a significant year in G4S's history and a very busy one for the board.

In August 2019, the board completed its separation review and approved the separation of Cash Solutions from the Group in order to create two strong, focused businesses, each with the clear potential to capitalise on market-leading positions and to unlock substantial value for customers, shareholders and employees.

Whilst preparing for the demerger of Cash Solutions we also received expressions of interest from third parties to acquire parts or all of the Cash Solutions business. The company conducted a rigourous review to evaluate disposal options and the board was able to conclude that a sale of the majority of the Group's conventional cash businesses was superior to the demerger option. On 26 February 2020 we executed an agreement with The Brink's Company to give effect to this decision.

The sale represents a major milestone in the successful execution of the Group's corporate strategy, enabling G4S to focus on the growth of its core integrated security solutions business and to develop further its industry-leading payment and cash technology business.

When considering the offer, the board assessed carefully the broader implications of the transaction and its impact on the Group's key stakeholders. The board was confident that the transaction, in enabling the Group to focus on value creation through growing the core integrated security solutions businesses and the retail technology business, represented a positive outcome for G4S' shareholders, customers and employees as well as UK Pension Scheme members.

The proceeds from the sale of these conventional cash businesses will help us reduce financial leverage, and provide the Group with the flexibility to continue to invest.

2019 performance and dividend

In 2019 the Group posted an increase in underlying revenues of 4.7%.

Underlying Adjusted PBITA for the Group was in line with 2018 at £501m, and overall the Group delivered underlying earnings 0.8% higher than the previous year. A £291m charge for goodwill impairment as well as restructuring and cash separation costs of £57m resulted in a statutory loss of £91m (2018: profit of £81m). In August 2019, the board declared an interim dividend of 3.59p (DKK 0.2905) per share which was paid on 11 October 2019.

As announced on 23 March 2020, notwithstanding the Group's strong liquidity and robust business continuity plans, the board considers that the uncertainty relating to Covid-19 and its impact on economic activity in our key markets has increased substantially since the date of the Group's preliminary full year results announcement. In these circumstances, the board has concluded that it is prudent and therefore in the best interest of the company that G4S does not pay a 2019 final dividend. Accordingly, the board is not proposing to recommend the payment of a final dividend in respect of the full year 2019 at the forthcoming annual general meeting. Once the adverse impact of Covid-19 has abated, it is the board's intention to restore the dividend, taking into account the board's objective of attaining dividend cover of 2.0x and thereafter pursuing a progressive dividend policy.

Remuneration

As we move into the next phase of our strategy, we have ensured that our long-term performance measures continue to remain appropriate and aligned with our growth strategy. Environmental social and corporate governance (ESG) objectives that will contribute to the delivery of long-term sustainable value for all our stakeholders were introduced in the annual incentive scheme. The Remuneration Committee engaged extensively with our shareholders and other key stakeholders to review and update the Remuneration Policy, which will be subject to shareholder approval at the company's 2020 annual general meeting.

In light of the global crisis caused by the Covid-19 pandemic, executive directors and senior management have suspended their pay increases and participation in the 2020 annual bonus plan until the impact of the pandemic abates. More information can be found in the remuneration report on pages 128 to 148.

Directors

The board's composition and diversity are reviewed regularly and we continue to strengthen and increase the diversity of skills, knowledge and experience on the board. Succession planning remains a key area of focus for the board, as we move into the next phase of our strategy. In 2019, we welcomed a new independent non-executive director, Clare Chapman who took on the role of chair of the Remuneration Committee. The Nomination Committee led the appointment process. Following Paul Spence retiring from the board on 31 March 2020, we initiated a recruitment process and more information about the committee's work in this respect can be found on page 107.

With a significant part of the conventional cash transaction completed to date, we look forward to focusing on the next phase of our strategy. We will continue to monitor the development of Covid-19 closely and remain committed to the health and safety of our employees.

John Connolly
Chairman

29 April 2020

Directors' duties and Section 172 statement

The directors of G4S plc have a duty to promote the success of the company for the benefit of its members as a whole. Board processes are designed to support the directors in discharging their duty, particularly in relation to the board's decision-making process. Further information on how directors consider matters set out in section 172 of the Companies Act 2006 ('CA 2006') and related statement can be found on pages 96 and 97.

A more focused business

In February 2020 the board approved the agreement to sell the majority of the Group's conventional cash businesses for an enterprise value of £727m. The board concluded that the sale was superior to the demerger option as it provides the Group with the financial flexibility to invest in our core integrated security solutions businesses.

FOR MORE INFORMATION
SEE PAGES 16 AND 96

Reshaping the Group for long-term growth

2019 was a year of significant progress, both in terms of revenue growth, up 4.7% compared with 2018, and the subsequent announcement of the sale of the majority of our conventional cash businesses (the "Transaction"). This Transaction, which is now around 71% complete, is a major milestone in the execution of our corporate strategy, greatly enhancing our strategic, commercial and operational focus and strengthening our financial position. Our clear aim is to capitalise on this focus to strengthen our position as the industry-leading global security company. Our investment in technology solutions is delivering clear benefits to our customers and has driven growth in key markets. We plan to deepen and extend these capabilities further in order to support our goal of accelerating profitable growth. In the short term, our priority is to take appropriate action to protect employees, customers and the company in light of the Covid-19 pandemic.

– Ashley Almanza, Group Chief Executive Officer

Our vision

Our enduring vision is to be the world's leading global, integrated security company and the trusted partner of choice in our industry.

We differentiate G4S by investing in technology, our people and values, customer service and customer relationships. This enables G4S to provide industry leading solutions that protect and add value for our customers.

Reshaping the group

The sale of the majority of the Group's conventional cash solutions businesses (see page 16) represents an important milestone in the execution of our corporate strategy. It enables us to focus on the growth of our core integrated security solutions business and the further development of our rapidly growing Retail Technology Solutions business whilst providing an opportunity to simplify and streamline the Group which creates the opportunity to capture cost efficiencies.

G4S is a global market leader in security, providing both established and new technology-enabled security solutions to customers around the world.

Security is a growing service industry and we believe that G4S has the expertise and global footprint to grow core security revenues (81% of Group revenues) at 4-6% per annum and generate margins of 5-6% (excluding Risk Consulting and Security Technology Solutions). As a result of our investment in technology, we are deriving an increasing proportion of revenues from technology-enabled solutions and, at the end of December 2019, around 47% (2018: 45%) of our Secure Solutions revenues included at least one of our technology offerings in the customer service.

Our technology-enabled security solutions includes our Risk Consulting and Security Technology business (11% of the Group) where we are targeting revenue growth of 10-12% per annum and margins in the range of 8-15%. Our technology focus creates additional security and efficiency benefits for customers and increases our ability to differentiate G4S's offering in the security market, which in turn supports our goal of accelerating profitable growth.

Our vision 2025

The world's leading global, integrated security company

Trusted partner of choice providing innovative, industry-leading solutions that protect and add value for our customers

Differentiate G4S by investing in technology, our people and values and customer service and relationships

Shape of the Group going forward

	% of Group Revenue FY19 Proforma[1]	PBITA Margin%[2]	Revenue Growth Potential per annum%
Secure Solutions (excl. Security Technology)[3]	81%	5-6%	4-6%
Risk Consulting and Security Technology Solutions[3]	11%	8-15%	10-12%
Retail Technology Solutions[4]	4%	10-15%	14-16%
Conventional Cash	4%	9-10%	–

1. Proforma results are reconciled to underlying results on page 69.
2. Pre corporate costs.
3. Technology-enabled security solutions (47% of revenue) combines elements of Secure Solutions and Risk Consulting and Security Technology.
4. Includes Retail Cash Solutions, CASH360 and SA-Deposita.

G4S has retained certain cash technology businesses where we believe that we hold industry-leading positions. Our Retail Technology Solutions businesses are expected to grow very strongly at 14-16% per annum and generate margins of 10-15%. In addition, G4S has retained the UK Cash Solutions business as we believe that this is the most appropriate way to manage the associated pension fund obligation.

Strategic Priorities

As we look to the future, driving organic growth in our core services will remain a priority and alongside that we aim to accelerate growth in Risk Consulting and Security Technology Solutions. That in turn gives us the opportunity to offer higher-value services, earn higher margins and achieve a positive margin-mix

In addition to top-line priorities we will remain cost focused with the objective of delivering the existing programme of £10m cost savings per year and an incremental efficiency programme of a further £15m to £20m per year over the period to 2021. In the near term we have also taken action to reduce costs further in response to the Covid-19 pandemic – see below.

We achieved a strong underlying operating cash flow performance in 2019 and expect to sustain this in order to increase investment in our growth strategy and to support free cash flow generation.

People, Culture & Values

Achievement of our strategic goals relies upon our 558,000 colleagues delivering high-quality service to customers across a wide range of geographic markets and industry sectors across the world.

In order to achieve this in a safe, ethical and sustainable way, it is critical to the success of G4S that we embed the right culture across the company. Our values underpin our culture and are fundamental tools in setting, communicating and implementing our standards across the Group in order to shape the way that we work. For further information on how our values are embedded in the organisation, see page 27.

Our regular management and employee engagement surveys demonstrate that employees positively identify with these G4S values. With 90% of the c.450,000 employees who responded to the most recent survey confirming that the company's values have

£7.7bn

UNDERLYING REVENUE IN 2019

558,000

EMPLOYEES

90

AROUND 90 COUNTRIES OF OPERATION ACROSS SIX CONTINENTS

Strategic priorities

Growth	▪ Continue to drive organic growth in core services ▪ Accelerate growth in Risk Consulting and Security Technology Solutions
Profitability	▪ Higher-value solutions to drive positive margin mix ▪ Deliver efficiency programme benefits: 2020/21
Financial discipline	▪ Deliver free cash flow – see page147 ▪ Increase investment in growth strategy ▪ Resume Dividends post-Covid-19
People, culture & values	▪ Embed G4S values in the way we work ▪ Safe, ethical and sustainable performance ▪ Goal of Zero Harm

Our Values

Our people and values underpin everything we do.

been clearly communicated to them and 82% of employees saying that they feel able to speak up if they notice unethical behaviour (see page 35).

Employee fatalities have reduced significantly over the past seven years and we continue to invest in people, training and systems to enhance the group's health and safety performance and to focus on our goal of zero harm.

In addition to our people, culture and values and the health, safety and protection of employees and people under G4S care, our other corporate social responsibility priority areas are focused on human rights and anti-bribery and corruption. A summary of our performance and policies can be found on pages 50 and 51.

COVID-19

G4S has taken a number of actions since the start of the pandemic including:

- Implementing enhanced health and safety procedures, including the use of personal protective equipment, increased hygiene resources, social distancing and other measures to support the safe delivery of our services.
- Using an employee welfare fund to assist employees in greatest need of support.
- Offering additional services to support customers.
- Reducing direct and indirect costs by around £100m this year, including the acceleration of previously announced programmes.
- The Executive Directors and certain senior executives will not be paid bonuses for 2019, and are suspending their participation in the 2020 bonus programme and 2020 annual salary increases.
- Reducing LTIP awards for 2020 by 25%.
- Suspending the final 2019 dividend of £95m.
- Deferring around £50m tax payments to 2021 under a US federal social security programme.
- Targeting capital investment savings of around £20m.

The Group has adopted a prudent stance in relation to liquid resources. We have a favourable debt maturity model, and a strong liquidity profile, which are further boosted by the proceeds being realised from the previously announced sale of the majority of the Group's conventional cash businesses.

Underlying results

In 2019 the Group delivered underlying revenue of £7.7bn, an increase of 4.7%, which reflects our continued investment in developing and marketing integrated, technology-enabled solutions. Adjusted PBITA was in line with the prior year at £501m reflecting this investment. Lower interest costs offset by a higher tax rate meant that earnings rose by 0.8% whilst a strong focus on cash generation saw operating cash flow increase by 8.8% to £633m.

The Group's net debt to Adjusted EBITDA at the year-end was 2.88x (2018: 2.75x) and was 2.36x on a proforma basis post the sale of the conventional cash business. The proceeds from the sale will enable us to invest in the business, to reduce net debt and to target net debt to Adjusted EBITDA of 2.0x – 2.5x over time. The Group's earnings per share was up 0.6% at 17.0 pence per share (2018: 16.9p).

Statutory results

On a statutory basis, revenue increased by 3.4% and Adjusted PBITA was up 3.7%. Goodwill impairment charges of £291m and restructuring and separation costs of £57m resulted in profit before tax of £27m (2018: £142m) and a loss per share of 5.9 pence per share (2018: earnings per share of 5.2p).

Outlook

Notwithstanding the near-term uncertainty caused by Coronavirus, we have good reason to have confidence in the outlook for G4S.

The Group's diversified revenue base, financial strength and liquidity provide the Group with substantial and sustainable resilience. With the sale of our conventional cash businesses and the actions we are taking in response to the pandemic, we aim to emerge as a leaner and focused market leader in the global delivery of technology enabled security solutions.

The long-term, fundamental strength of the global security market, together with the competitive strength of our Secure Solutions and Retail Technology Solutions businesses, underpins our confidence in the outlook for the Group.

Combining technology with our established security offerings is strengthening our sales mix and contract retention, whilst the rapid development of our retail technology business is expected to be sustained. The Group is now even more strongly positioned to be the world's leading security company of choice for customers, employees and shareholders.

Our business plan reflects our commitment to remain soundly financed with a new target of maintaining net debt to EBITDA between 2.0x and 2.5x in the medium term.

I would like to thank all of our 558,000 colleagues for their continued hard work and customer service in 2019. I am particularly proud and grateful for their outstanding response to the Covid-19 pandemic.

Ashley Almanza
Group Chief Executive Officer

A more focused business

The sale of the majority of our conventional cash businesses (see page 16) enables G4S to be a more focused business, developing innovative industry-leading solutions that integrate consulting, technology, people and data analytics to deliver solutions that are relevant, valuable and effective for our customers.

Secure Solutions

92%*

Secure Solutions – focused on security and security technology

G4S is a global market leader in security, providing both established and new technology-enabled security solutions across six continents. Following the agreement to sell the majority of the Group's conventional cash businesses, 92% of group revenues will be from Secure Solutions.

Security is a growing service industry and we believe that G4S has the expertise and global footprint to grow revenues at 4-6% per annum. As a result of our investment in technology we are deriving an increasing proportion of revenues from higher growth and higher margin technology-enabled solutions (see page 5).

This creates additional security and efficiency benefits for customers and increases our ability to differentiate G4S's offering in the security market.

During 2019, the Group also announced it would be managing for value or exiting a number of additional businesses.

See page 12 for our Secure Solutions strategy in more detail.

Cash Solutions

4%* Conventional Cash

4%* Retail Technology Solutions

Cash Solutions – focused on cash management and cash technology

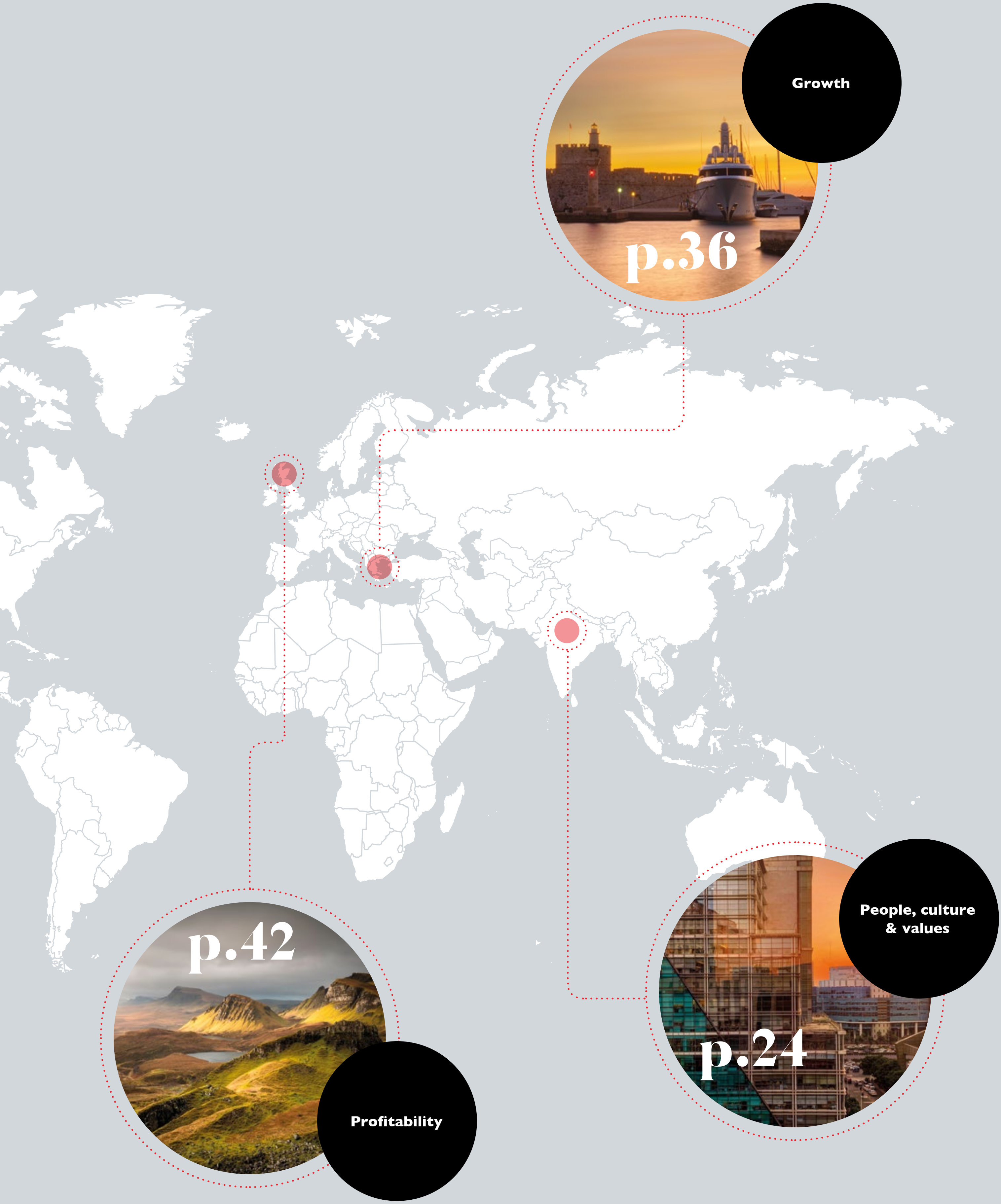
In February 2020, G4S announced it had reached agreement to sell the majority of its conventional cash businesses. Post the transaction, Cash Solutions will be around 8% of group revenues, with our market-leading and fast-growth retail technology solutions such as Retail Cash Solutions, CASH360, G4S Pay and SA-Deposita accounting for around half of that. See page 77 for the performance of the Cash Solutions business in 2019 and page 16 for the transaction details and for our Cash Solutions strategy.

* Percentage of proforma 2019 underlying revenues post the sale of the majority of the Group's conventional cash businesses.

Our strategy to secure your world

Our strategy is supported by the following strategic pillars (see page 18 for more details). Case study examples of the strategy in action can be found throughout the strategic review.

Financial discipline

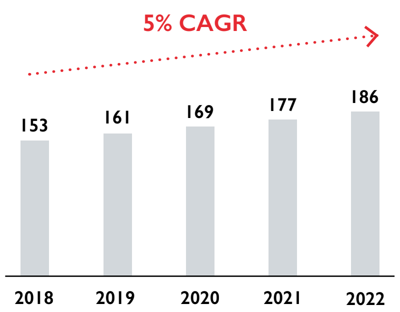

Growth
p.36
Profitability
p.42
People, culture & values
p.24

Our market drivers

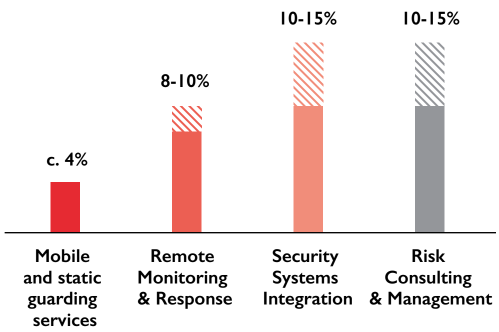
Strong market fundamentals

Structural growth market*

Global Secure Solutions market



Global security profit margins by service line*



* Source: Freedonia (2018, excluding China and Residential); company annual reports; analyst reports.

Key growth drivers

- Elevated safety/security risks
- Increase in wealth driven by urbanisation
- Global GDP growth

Key growth drivers

- Rising labour costs support demand for higher-value, technology-enabled, integrated security solutions
- Higher-value service lines drive positive revenue mix

SECURE SOLUTIONS

CASH SOLUTIONS

Strategic pillars

- People, culture & values
- Growth
- Profitability
- Financial discipline

How we respond

SECURE SOLUTIONS

- G4S is a security market leader and we provide a broad range of products and services across more than 90 countries. This breadth provides us with a strong understanding and clear visibility of how security trends are evolving around the world.
- We continue to invest in technology to meet the growing demand for integrated security solutions and to drive the development of innovative solutions for customers. As a result we have delivered a strong growth in technology-enabled security revenues, enabling significant efficiencies, data collection and analytics. We are combining risk consulting, security professionals, software and security analytics into integrated solutions.
- In the United States we are delivering market-leading security software and analytics. In Asia we have a cyber and risk security consulting business and in Africa we are pioneering centralised security operation centres in South Africa.

CASH SOLUTIONS

- Following the sale of the majority of our conventional cash businesses (see page 16) the Group will be more focused on providing innovative retail technology solutions such as Retail Cash Solutions, SA-Deposita and G4SPay.
- We have the opportunity to drive outsourcing of cash handling work for banks and retailers and improve efficiency and unit costs in our remaining conventional cash businesses.

2bn

PEOPLE GLOBALLY DON'T HAVE BANK ACCOUNTS

Global cash-usage trends

The importance of maintaining cash usage is typically driven by country-specific legislation, domestic non-cash payment initiatives and sovereign currencies. Across all markets, the availability of cash is important for the financial inclusion of all groups in society including those who do not have ready access to non-cash means of payment, including individuals and groups without bank accounts.

2-3%

GLOBAL GDP GROWTH PER ANNUM 2020 AND 2021

GDP growth, resource scarcity and population growth

Trade policy uncertainty, geopolitical tensions, and stress in some emerging market economies continued to weigh on global economic activity especially manufacturing and trade in 2019. Intensifying social unrest in several countries posed new challenges, as did weather-related disasters. These issues were compounded in 2020 as the scale of the Covid-19 pandemic developed which puts short-term economic growth at risk.

The world's population is growing, becoming more urbanised and increasingly prosperous, placing significant strains on raw materials, energy resources and food and water supplies.

(Source: OECD March 2020)

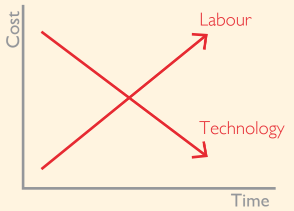
4-6%

GROWTH PER ANNUM FOR SECURITY SERVICES BETWEEN 2017-2027

Demand for security is increasing across the globe

International and domestic crime remains a significant threat to society, requiring protective security, heightened intelligence and analysis of risk and response. This heightened awareness supports growth in demand for security services. Lower labour costs continue to drive strong demand for security professionals in emerging markets. Barriers to entry in basic manned security are low, which can result in intense competition in some markets. The barriers to entry are much higher for integrated security where G4S has significant and growing capability which stems from our scale and resources.

(Source: Freedonia 2018 ex China and Residential)



Rapid advances in technology innovation driving technology-enabled security

Whilst labour costs have increased or are increasing, particularly in developed markets, the cost of sophisticated security technology is reducing. Combined with the additional data and assurance that comes with technology, these trends are reshaping the security industry. Advances in technology, such as drones, cloud technology and artificial intelligence, are influencing the development of solutions by G4S to deliver services.

80%

UP TO 80% IDLE CASH FREED UP WHEN RETAILERS USE CASH SOLUTIONS TECHNOLOGY

Retail Technology Solutions

Retailers are under pressure to be more efficient and lower the cost of cash handling. We have developed market-leading retail technology solutions which combine hardware, proprietary cash management software, real-time banking integration, same-day credit and customer service and support which enable a step-change in the efficiency of their cash operations.

$80bn

MARKET VALUE FOR SECURITY SYSTEMS INTEGRATION

Customers' buying processes are increasingly complex, driving increased need for consultative selling

Globalisation and the increasing use of technology create a complex set of security risks and threats which mean that the procurement of security services is a critical activity in an increasing number of customers' organisations. The global market for security systems integration is projected to be $80bn by 2021. This complexity is also driving an increased need for consultative selling and resulting in an evolving ecosystem of specialist partners, driven by regional needs.

(Source: IHS Markit)

Focusing on Secure Solutions

Our business model

How we are positioned

GLOBAL FOOTPRINT

90

COUNTRIES

G4S is a market leader and we provide a broad range of products and services across around 90 countries. This breadth provides us with a strong understanding and clear visibility of how security trends are evolving across the world.

DEEP UNDERSTANDING

100

YEARS' HERITAGE

We support our knowledge of global security trends with a deep understanding of our customers' unique needs. We have an enviable heritage with more than 100 years in the security industry.

SECURITY PROFESSIONALS AND EXPERTISE

526,000

COLLEAGUES

We recruit, screen and deploy over 200,000 new colleagues each year. We have around 526,000 colleagues in the Secure Solutions business.

TECHNOLOGY AND INNOVATION

£900m

REVENUE

We continue to invest in risk consulting and security technology solutions to meet the growing demand for integrated solutions and to drive the development of innovative new solutions for customers (see page 5).

CUSTOMER SERVICE

50,700

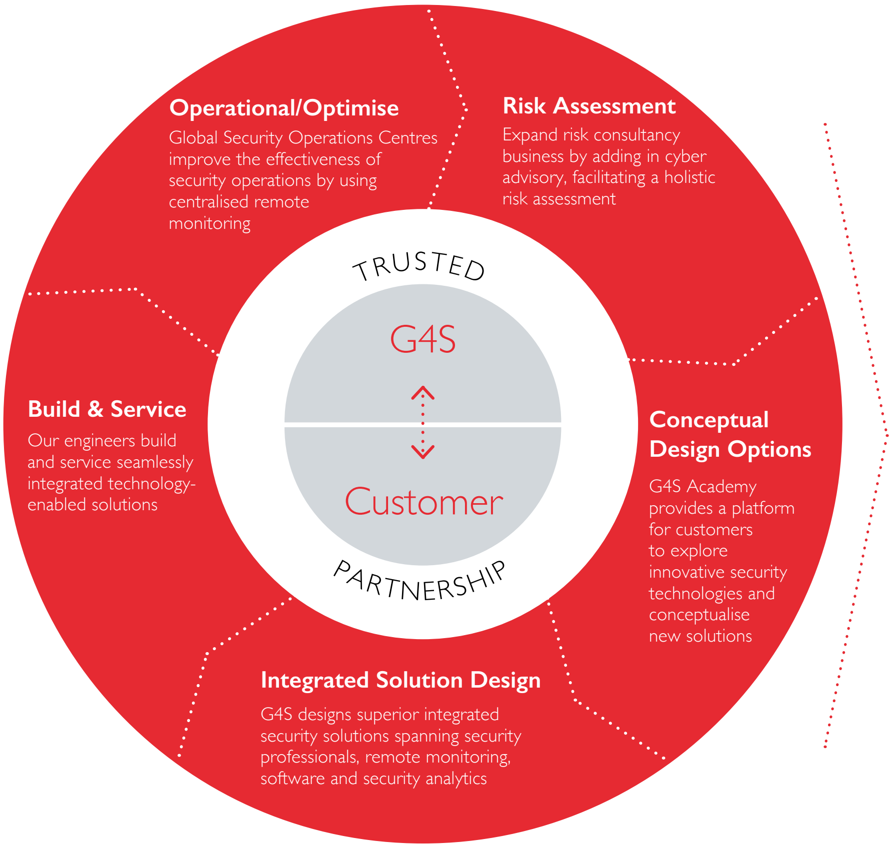
CUSTOMER SURVEYS

Service excellence is one of our core values and an area in which we continue to invest significantly. During 2019, our businesses received feedback from nearly 50,700 (2018: 49,000) customer surveys using Net Promoter Score with positive results.

Anticipating our customers' needs

We are investing in the resources, skills and capabilities needed to market, design, build, operate and maintain **technology-enabled integrated security solutions.**

This approach provides our customers with **industry-leading services and solutions** and in turn it enables G4S to earn a higher margin on these valuable services.



G4S People

Risk Consultants

+

Security Officers

+

Security and Data Analysts

G4S Technology

Technologists/Engineers

+

Security Technology and Software

+

Global Security Operations Centres

The value we create for our stakeholders

SOCIETY

G4S delivers a broad range of social and economic benefits to the communities in which we work, many of which are helping to realise the United Nations Sustainable Development Goals (see page 23).

CUSTOMERS

Serving customers in around **90 countries** across six continents.

SHAREHOLDERS

At 86% of Group underlying revenues and 76% of Adjusted PBITA (pre the cash solutions transaction), Secure Solutions has made a large contribution to the Group's **68% growth** in underlying EPS since 2014.

EMPLOYEES

526,000 colleagues employed by G4S Secure Solutions businesses around the world.

SUPPLIERS

G4S Secure Solutions businesses source services and products from around **26,500 suppliers** around the world.

READ MORE ABOUT OUR STAKEHOLDERS ON PAGE 20

The world's leading security company

The business is in strong shape to address the opportunities and risks in the future but we must continue to innovate, focus on key sectors and customers and streamline our operating model, focus investment in service lines, customer sectors and geographic markets where the business can meet group performance targets.

With 92% of proforma revenues (see page 69) now coming from Secure Solutions, the sale of the majority of the Group's conventional cash businesses enables G4S to focus on the growth of our core integrated security solutions business and the further development of our rapidly growing Retail Technology Solutions business (see page 17).

Purpose – Securing Your World

The world's leading security company

- Focus on higher growth and higher margin technology solutions per below
- Industry-leading innovation and best combination of risk and security personnel, technology and data to deliver superior security outcomes for our customers
- Security company of choice for customers, employees and investors

How we achieve this ambition

Risk Consulting and Security Technology Solutions

- 8-15% PBITA margin
- 10-12% Revenue growth potential per annum

Accelerate global innovation and local deployment

Grow risk consulting and management revenues

Grow global security operation centres and remote monitoring & response services

Leverage G4S expertise across global customers/high growth geographies

Portfolio management – growth and margin

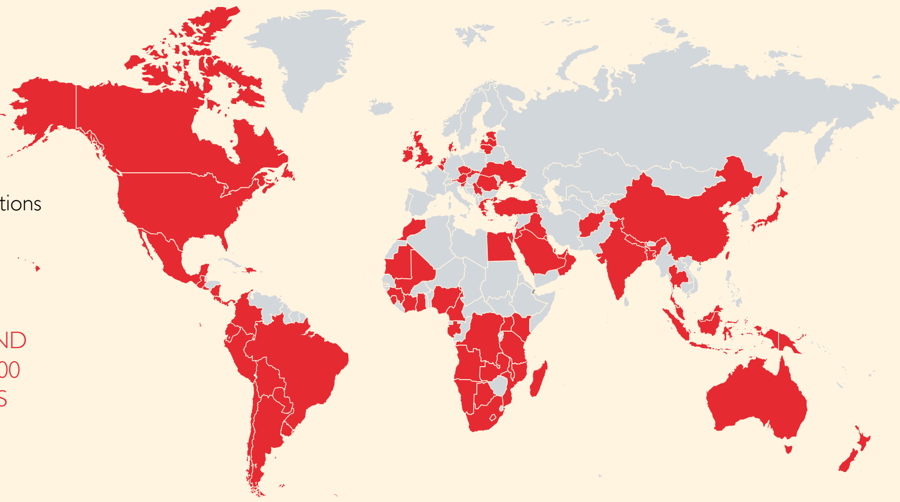
Our unmatched global footprint

G4S is an integrated security company with operations in around 90 countries as per the map below. Our businesses with the most embedded integrated security approach are in North America, the UK and Denmark.

We believe we can deepen penetration of technology with existing customers and new customers in these markets and are looking to build expertise more widely across the Group using the approach we have developed in those countries as a platform.

- Consulting and risk management
- Data analytics
- Solution design, integration and maintenance
- Software and hardware integration
- Remote monitoring and response
- Technology-enabled security officers

● Countries with G4S security solutions

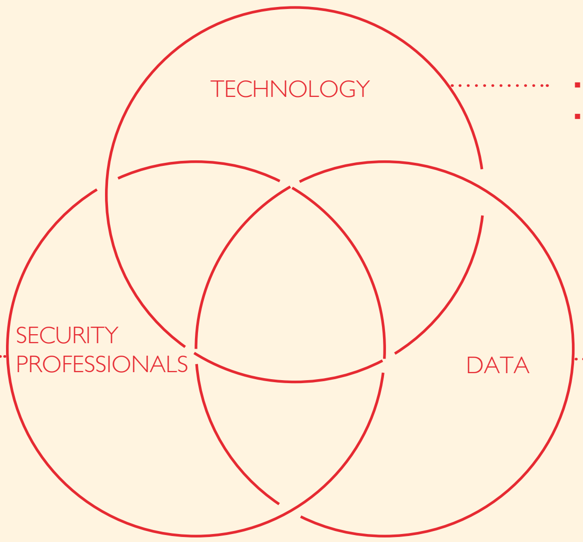


500,000

GLOBAL INFRASTRUCTURE AND CAPABILITY WITH OVER 500,000 MONITORING CONNECTIONS

Our integrated security capabilities

Our integrated offering combines the best security professionals with cutting-edge technology and data analytics



- Security technology and software
- Global security operations centres

- Security officers
- Remote monitoring operators
- Risk consultants
- Integration specialists
- Security software engineers

- Dedicated data analysts
- Data analytics software

Cash Solutions – focused on Cash Technology

A more focused business following the sale of the majority of the conventional cash businesses

In parallel with demerger preparations, during 2019 G4S conducted a thorough and comprehensive engagement with third parties interested in the Group's Cash Solutions businesses. This culminated on 26 February 2020 with the agreement to sell the majority of the Group's conventional cash businesses to The Brink's Company. As at 28 April 2020, around 71% of the transaction had completed. The board determined that the sale of the majority of the conventional cash businesses is superior to the demerger of the Group's Cash Solutions businesses and is in the best interests of G4S shareholders and other key stakeholders.

The transaction represents an important milestone in the execution of our corporate strategy. The sale of these capital intensive, conventional cash businesses enables G4S to focus on the growth of our core integrated security solutions business and the further development of our rapidly growing Retail Technology Solutions business whilst providing an opportunity to simplify and streamline the Group to capture potential cost efficiencies.

4%* Conventional Cash

On a proforma* basis, the remaining conventional cash businesses account for 4% of the Group's revenues in 2019. Around three quarters of that relates to the UK Cash Solutions business. The Group has retained the UK Cash Solutions business as it was in the best interests of both the pension fund members and the Group.

Having decided to keep this business we will look to optimise its value. We have a leading position in the UK market, and believe we are ideally placed to be the natural aggregator of bank processing volumes as banks look to outsource cash processing.

The remaining quarter of conventional Cash Solutions revenues is spread across 27 countries around the world. These businesses are individually small and highly integrated with, and hosted by, our Secure Solutions businesses which provide cost synergies for both businesses. The focus is to manage these businesses to generate free cash flow in the future.

* See page 69 for a reconciliation of proforma results to the Group's underlying results.

ON 20 FEBRUARY 2020, G4S CASH SOLUTIONS HELPED RELEASE A POLYMER £20 NOTE ACROSS THE UK. THE NEW NOTES WILL ULTIMATELY REPLACE TWO BILLION COTTON NOTES CURRENTLY IN CIRCULATION. LEARN MORE ON OUR WEBSITE AT WWW.G4S.COM/20POUNDNOTE

4%* Retail Technology Solutions

Unique customer value proposition

Retail Technology Solutions includes Retail Cash Solutions, CASH360 and South Africa-Deposita.
The benefits these technology solutions provide to customers are summarised in the graphic below:

Retail Cash, CASH360, SA-Deposita Solutions Underpinned by Proprietary Software

(Koyus™, COPS™, CATs™)

- Integrated to Partner **Recyclers and SmartSafes**
- Unique **forecasting tool** for retail cash operations
- **Optimisation** of cash inventory down to till level
- Integrated with retailers' **self check-outs**
- Unique **bank-owned-cash** and same day credit through partner banks
- **Automated** cash management and reconciliation
- **Cash-in-transit (CIT)** management and business continuity services
- Integrated with retailers' **back office**

Focus on growth and margin

We also have a very clear set of priorities for these businesses to focus on growth and margin improvement that are summarised below:

Retail Technology Solutions
- 14-16% Revenue growth potential per annum
- 10-15% PBITA margin

Grow 'large box'
Increase penetration in US/Canada with large retailers and 'large box' format stores

Grow addressable market in North America
Expand to large retailers with 'small box' format stores and medium sized retailers

Follow customers internationally
Provide 'end-to-end' solutions to existing retail customers across their international markets

Product and service expansion for banks
To cover bank branch automation and virtual branches

Estimated addressable retail market: ~$13bn across around 2 million outlets

* Proforma 2019 underlying revenues post the cash solutions transaction – see page 69.

Strategic priorities and performance overview

The combination of a growing integrated security business with an established global footprint and a unique and high-growth cash and payment technology business, strengthens the Group's growth prospects and margin profile for each business (see page 5).

This section summarises our strategic priorities and how we focus our resources and expertise in areas where we can achieve the best results for customers and sustainable growth and return for investors.

Our CSR approach covers a broad range of areas but we have four material priorities: health and safety, human rights, anti-bribery and corruption and people, culture and values which are covered in detail on page 22.

Strategic priorities

Underpinned by corporate culture based on group values and commitment to CSR.

Key risks

See Emerging and Principal risks on pages 81 to 87.

KPIs

See pages 48 to 51 for more detail and the progress in the Group's financial and non-financial KPIs and how they link to the Group's strategic priorities.

People, culture & values

We recruit, develop and deploy the best people in the industry

Strategic priorities

- Embed the right culture; promote our G4S values and sustain strong employee identification with those values
- Embed and reinforce correct health and safety behaviours
- Focus on talent acquisition, development and succession planning
- Engage to ensure best performance
- Incentivise and recognise success
- Harness and extend the diversity of our workforce and foster an inclusive workplace

Key risks

- Our trained and skilled people are hired by competitors or other companies or do not behave in line with the Group's values, resulting in adverse impact on customer service or those in our care
- Negative impacts on our employees' health and safety
- G4S managers not applying standards

KPI

84%

EMPLOYEES GAVE AN OVERALL FAVOURABLE RESPONSE IN 2019 EMPLOYEE SURVEY WITH C.450,000 RESPONSES

Growth

Customer excellence

We build long-term customer relationships based upon trust and understanding of customers' businesses and objectives

Strategic priorities

- Positive demand for security services driving revenue growth (see page 10)
- Investment in risk consulting expertise to lead initial customer engagement and develop excellent service and solution design
- Investment in technical and project management capability
- Investment in sales, marketing, account management teams, SalesForce CRM, embed G4S way of selling and contract retention programmes

Key risks

- Failure to understand customers' changing needs or falling short of customer expectations

KPI

£1.5bn

ANNUAL CONTRACT VALUE OF NEW BUSINESS WON IN 2019 (2018: £1.4BN)

Technology, innovation and data analytics

We design, market and deliver innovative, industry-leading technology and services that protect and add value for our customers wherever they operate

Strategic priorities

- We continue to invest in the resources, skills and capabilities to develop and deliver technology-enabled security and cash management solutions:
  - Secure Solutions – expand and upgrade technology-integration capability
  - Cash Solutions – further develop our market leading and fast growing payment and cash technology

Key risks

- Failure to market or deliver our services and technology effectively or failure to deliver adequate value for money

KPI

47%

TECHNOLOGY-ENABLED SECURITY REVENUES IN 2019 (2018: 45%)

Profitability

We have a growing proportion of revenues from higher growth and higher margin services and safe, secure, reliable and efficient operations

Strategic priorities

- The conventional cash transaction facilitates the creation of a simplified group and provides the opportunity to reduce overheads by an annualised £15-20m through 2020-2021
- Operational excellence and efficiency: implement lean, automated processes
- Continue to improve health and safety awareness and performance

Key risks

- Failure to comply with our standards results in harm, loss of expertise or investments failing to deliver benefit

KPI

-21%

REDUCTION IN HIGH POTENTIAL INCIDENTS IN 2019 COMPARED WITH 2018

Financial discipline

We manage risk effectively and ensure we provide profitable, cash generative services

Strategic priorities

- Driving improved cash flow
- New commitment to maintain net debt/ Adjusted EBITDA between 2.0x and 2.5x over the medium term
- Improved risk management, including contract risk management
- Established and embedded rigorous capital investment appraisal processes
- Manage for value or exit a number of non-core businesses to increase further our strategic, commercial and operational focus and efficiency

Key risks

- Inefficient capital management and failure to comply with group risk management standards

KPI

+8.8%

INCREASE IN UNDERLYING OPERATING CASH FLOW IN 2019

Our culture, values and commitment to corporate social responsibility underpin our strategy

Engaging to deliver value

Engagement with stakeholders is essential for G4S, given our role in society, the global nature of our business and our substantial workforce.

Understanding stakeholders' interests helps us define our strategic priorities, and guide our initiatives and remuneration policies. We undertake a formal exercise every two years to identify our material CSR priorities (see page 22).

The board's consideration of all stakeholders during the decision to sell the majority of our conventional cash businesses can be found on page 96.

Links to strategy

Strategic pillars

- People, culture & values
- Growth
- Profitability
- Financial discipline

Remuneration policy

- Annual bonus scheme – financial performance measures and personal/non-financial measures (see page 131)
- Long term incentive plan – based on EPS, free cash flow and total shareholder returns (see page 131)

CSR policies

PLEASE SEE PAGE 50

Society

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

How we engage

- Operations which promote secure and stable communities
- CSR Materiality Review with key stakeholders (see page 22)
- Community engagement programmes
- Substantial tax and economic contributions
- Government relationships and parliamentary engagement
- NGO and UN agency engagement
- Industry forums

Key areas of interest

- Ethical and sustainable business practice including:
  - People, culture and values
  - Health and safety
  - Human rights
  - Anti-bribery & corruption

Our response and KPIs

- Slavery and Human Trafficking Statement
- UN Global Compact: Communication on Progress
- UK socio-economic impact assessment identifying an economic impact of £1.7bn
- Global employee engagement survey with c.450,000 employees taking part in 2019
- Values awareness and training programmes
- Engagement with UK parliamentary committees and MPs, including site visits to custodial detention facilities
- Industry forums including: International Security Ligue, International Code of Conduct Association, British Security Industry Association, Confederation of British Industry

Customers

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

How we engage

- Consultative approach to selling and bidding for contracts
- Proactive relationship management
- Bidding processes
- Customer service
- Net promoter score

Key areas of interest

- Quality and price of service delivery
- Expertise and innovation
- Health and safety
- Business ethics

Our response and KPIs

- 4.7% underlying revenue growth in 2019 (2018: 1.0%)
- Around 50,700 customer surveys completed using net promoter score in 2019 with positive results in all markets (2018: 49,000)
- Feedback from unsuccessful contract bids

Shareholders

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

How we engage

- One-on-one meetings between management and shareholders
- Group investor meetings hosted by management
- Results announcements and trading updates
- Participation in investor relations association and best practice events
- Governance meetings with the Chairman
- Shareholder consultation with Chair of the Remuneration Committee on the Remuneration Policy (see page 125)
- CSR updates with the Chair of the CSR Committee
- Annual General Meeting

Key areas of interest

- Financial performance
- Strategic direction and coherence
- Governance and risk management

Our response and KPIs

- CEO and CFO met with shareholders representing over 63% of the share register and 171 institutions
- 4.7% underlying revenue growth in 2019
- £501m underlying Adjusted PBITA in 2019, unchanged from 2018
- £633m underlying operating cash flow in 2019 +8.8%
- The board did not recommend payment of the final 2019 dividend due to the uncertain impact of the Covid-19 virus on economic activity in our key markets

Employees

With 558,000 colleagues, G4S is one of the world's largest private sector employers. Our success is underpinned by the way we lead and engage with our people.

How we engage

- HR core standards set the framework for employee engagement
- Onboarding, induction and refresher training
- Biennial global all-employee and senior management engagement surveys
- Trade unions, works councils and employee representative forums
- Newsletters, videos, employee self-service portals, intranets, and local and global meetings
- Campaigns on health and safety, values and Speak Out whistleblowing arrangements
- Values recognition schemes

Key areas of interest

- Company performance and plans
- Compensation and benefits
- Training and career development
- Health and safety
- Human rights
- Diversity and inclusion
- Values, CSR and recognition

Our response and KPIs

- Implementing plans based on responses from c.450,000 employees through the 2019 global engagement survey
- Maintained overall favourable survey responses at 84% from 2017 to 2019
- Feedback from consultation committees and works councils
- Reduction in staff turnover from 24.7% in 2018 to 23.7% in 2019
- High potential incidents down 21% in 2019

Suppliers

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

How we engage

- We purchase goods and services from more than 40,000 suppliers
- Contract and relationship management
- Supplier Code of Conduct
- Purchase to Pay process

Key areas of interest

- Supplier performance – service delivery and product quality
- Payment terms
- SME engagement
- Business ethics
- Human rights

Our response and KPIs

- Rationalised suppliers
- Global approach to procurement
- Launched enhanced vetting and screening process with EcoVadis to help prevent modern slavery in our supply chain
- Commitment to the UK Prompt Payment Code
- Member of the UK Government Contract Finder portal to promote use of SME businesses

Managing our material issues

To ensure that G4S's approach to sustainability remains focused on the areas that are most relevant to the business and to its stakeholders, we regularly undertake a materiality assessment of ethical and sustainability issues.

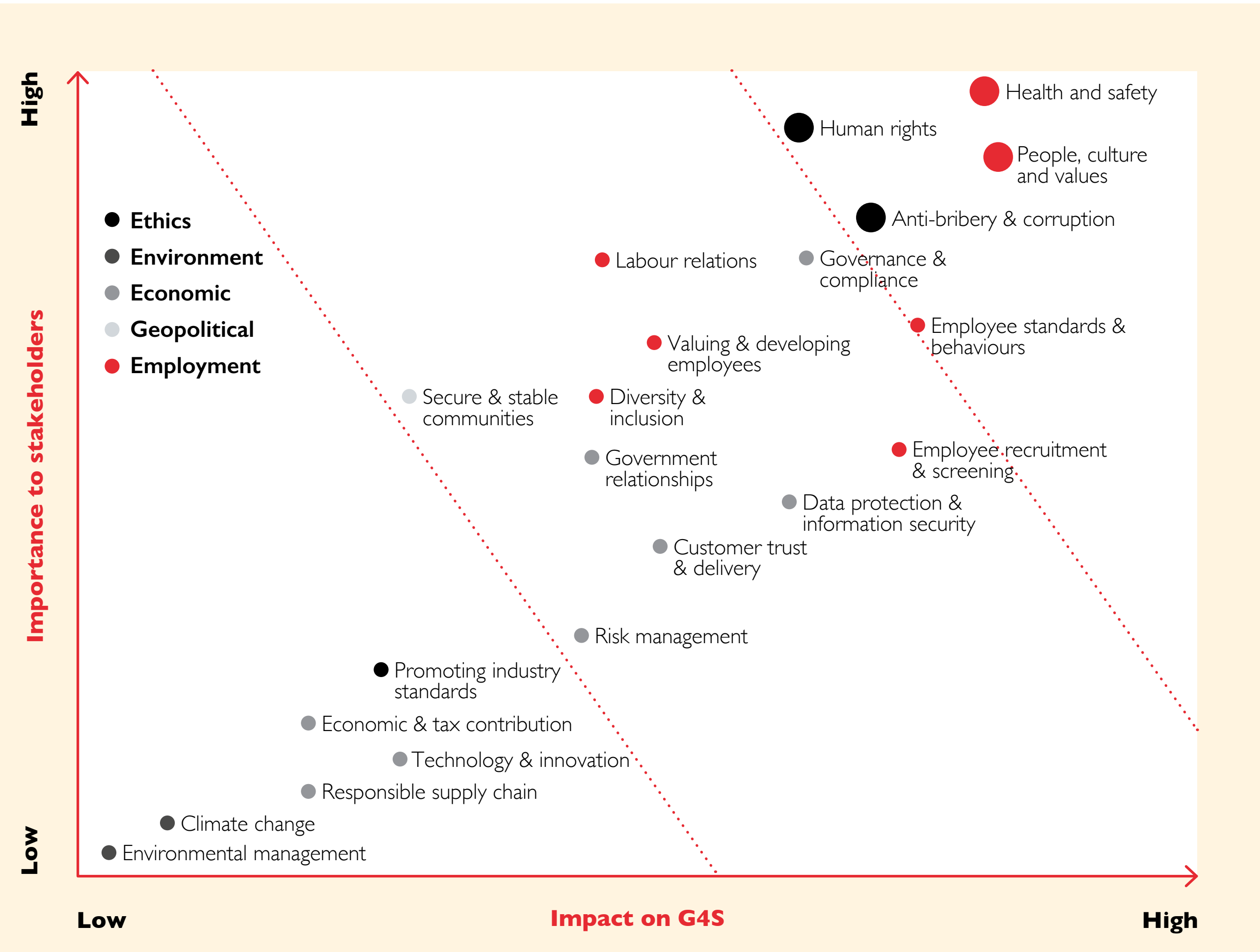
Our CSR priority areas

Based upon the feedback from a broad range of parties, including the executive and non-executive members of G4S's senior management, sustainability analysts, industry bodies, customers, suppliers and NGOs – our current assessment, confirms four core CSR priority areas:

- Health, safety and protection of employees and people under G4S's care
- Human rights
- Anti-bribery and corruption
- People, culture and values

The findings reinforce the importance that G4S's ethics, culture and values, and our employees' personal standards and behaviour have in preventing issues and non-compliance across the core priorities and other CSR matters.

In 2020 we will conduct a new assessment of the CSR issues most relevant to G4S and its stakeholders. This assessment has been postponed from 2019 to allow for organisational changes and potentially different issues and priorities following the disposal of the majority of our conventional cash businesses.



CSR priority areas

We touch the lives of millions of people every day, providing employment to hundreds of thousands around the world, and delivering crucial services to help keep society safe and secure.

Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) call upon businesses to advance sustainable development through the investments they make, solutions they develop and the practices they adopt. We have identified a range of social and economic impacts where G4S supports the realisation of the Goals and makes a positive difference to society and communities around the world. Within these, we have a specific focus on Goal 8 (Decent Work and Economic Growth) and Goal 16 (Peace, Justice and Strong Institutions) which closely align with our strategy, CSR priority areas and our operational expertise.

Health and Safety

PLEASE SEE PAGE 28

Human Rights

PLEASE SEE PAGE 33

Anti-Bribery and Corruption

PLEASE SEE PAGE 34

Underpinned by People, culture and values

PLEASE SEE PAGE 26

Zero harm

CONTRIBUTING TO THE REALISATION OF SDG 8.8.

The safety of our employees and those in our care is our first priority. Our goal is zero harm.

While we recognise that we still have a long way to go in order to achieve our goal, since the launch of our safety programmes in 2013, the number of work-related fatalities has reduced by 57%.

Ethical Employment Partnership (EEP)

CONTRIBUTING TO THE REALISATION OF SDG 8.5 AND 8.8.

Signed in 2008, G4S's Ethical Employment Partnership with UNI, the global union federation, helps to protect labour rights and promotes safe and secure working environments for G4S' 558,000 employees.

SEE G4S.COM/EEP FOR MORE DETAILS

Affordable and clean energy

CONTRIBUTING TO THE REALISATION OF SDG 7.2.

By securing facilities and other infrastructure producing clean energy, G4S is helping companies such as EDF and Lake Turkana Wind Power to increase the share of clean energy in the global energy mix.

Securing Your World

CONTRIBUTING TO THE REALISATION OF SDG 16.1.

G4S helps millions of people around the world to live and work in safe and secure environments. Through the protection of people and property, we support the reduction of injuries and violence-related deaths.

Landmines and unexploded ordnance

CONTRIBUTING TO THE REALISATION OF SDG 16.1.

Over the past two decades, our specialist teams have located and destroyed more than 20 million landmines and other items of unexploded ordnance from sites around the world.

Our work has returned almost 1,500km^2 of land to productive use, allowing communities to rebuild their shops, farms, hospitals and schools.

SEE PAGE 32

Industry, innovation and infrastructure

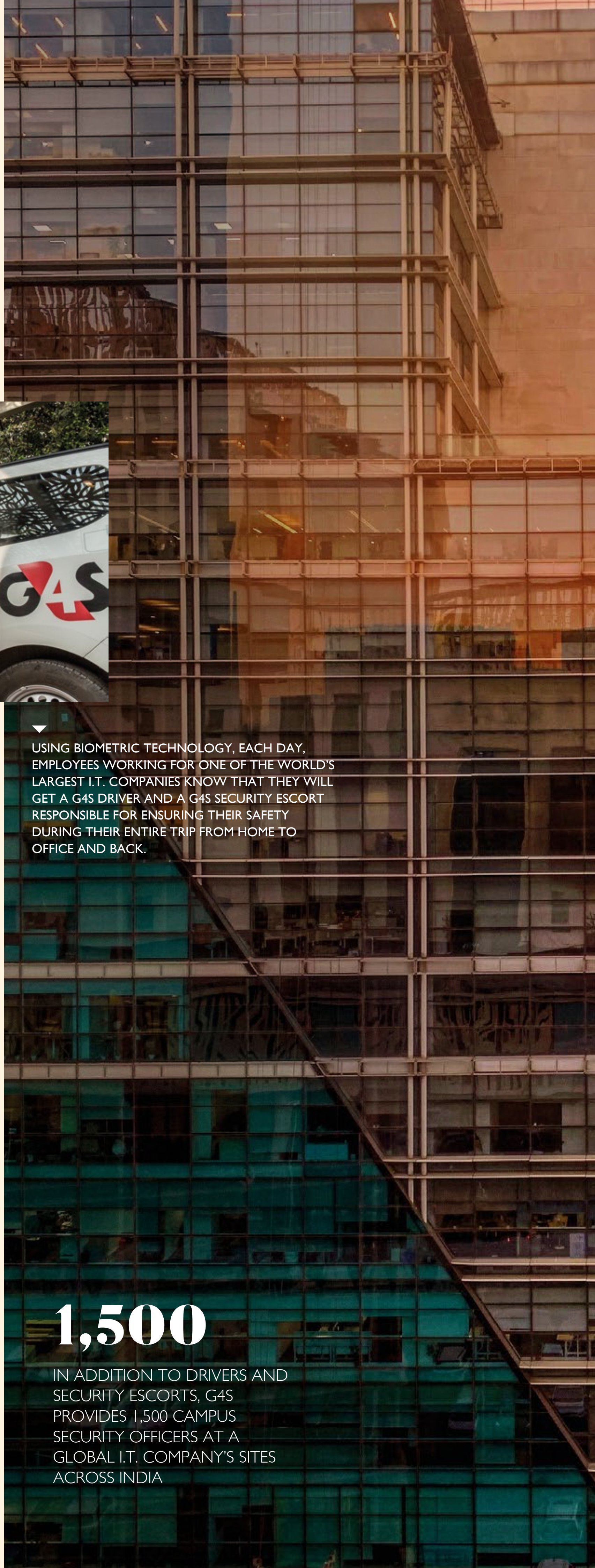
CONTRIBUTING TO THE REALISATION OF SDG 9.1.

G4S is helping its customers to implement resilient infrastructure and support economic development. For example, in Belgium, G4S is transforming the concept of truck parking with a pioneering secure facility for overnight parking.

SEE G4S.COM/KALKEN

FIND OUT MORE ABOUT OUR SUPPORT OF THE SUSTAINABLE DEVELOPMENT GOALS AT G4S.COM/SDG

People, culture & values



USING BIOMETRIC TECHNOLOGY, EACH DAY, EMPLOYEES WORKING FOR ONE OF THE WORLD'S LARGEST I.T. COMPANIES KNOW THAT THEY WILL GET A G4S DRIVER AND A G4S SECURITY ESCORT RESPONSIBLE FOR ENSURING THEIR SAFETY DURING THEIR ENTIRE TRIP FROM HOME TO OFFICE AND BACK.

INDIA

Using biometrics to transport Information Technology (I.T.) employees safely

From contract award in 2018, it took just three weeks for G4S to successfully deploy to all the sites in India for one of the world's largest I.T. companies. This is a considerable achievement given the scale of the solution and implementation of technology. This included carrying out verification on the 3,500 subcontracted drivers and G4S security escorts and training them under the scope of the new solution.

The vehicles use cloud-based technology and biometric fingerprint scanners to ensure that the identity of every driver, and every security escort, is authenticated before each journey.

In addition to drivers and security escorts, G4S also provides over 1,500 campus security officers at the customer's sites across India. These security officers are trained to provide full support during medical emergencies, fire and evacuations, and patrol the premises and secure the entrances and exits to each site. The campuses are secured with G4S's award winning AMAG access control systems, giving complete control over who is allowed to enter sites to ensure the safety of employees, visitors, assets and buildings.

LINK TO SDGS:

8 DECENT WORK AND ECONOMIC GROWTH

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

1,500

IN ADDITION TO DRIVERS AND SECURITY ESCORTS, G4S PROVIDES 1,500 CAMPUS SECURITY OFFICERS AT A GLOBAL I.T. COMPANY'S SITES ACROSS INDIA

People, culture & values

With 558,000 G4S employees working around the world, the standards we set and the way in which colleagues conduct themselves are fundamental to the success of the Group and are underpinned by the way we attract, develop and engage with our people.

Our approach *to both human resources (HR) and wider human rights matters is based upon accepted international standards, including the ILO Core Labour Conventions and the UN Guiding Principles on Business and Human Rights.*

We recognise the importance of our people to the company's long-term success, and have a comprehensive HR strategy that is structured around six HR work streams.

The execution of the HR strategy is facilitated by establishing industry leading employment practices such as:

Our Ethical Employment Partnership with UNI, the global union federation, which has been in place since 2008 to enable G4S and UNI to work together to raise employment standards in G4S and throughout the wider market.

Our global employee survey had an 84% favourable score in 2019, with responses from over c.450,000 employees. This valuable employee feedback is used to inform local engagement plans in addition to group-wide initiatives.

Our health and safety policy has been supplemented by additional expert resources, provision of training, and establishment of additional policies and guidance to help mitigate the risks particular to our industry.

Our values are reinforced through on-going communications and training, as well as embedding them in our management incentives to help drive the right behaviours.

For more information on our CSR progress, see the non-financial key performance indicators on pages 50 to 51.

Performance through people

Human Resources Work Streams

ORGANISE
Are we organised as efficiently and effectively as possible?

ACQUIRE
Do we have the right people in the right places?

PROTECT
Do we put the safety of our employees and those in our care first?

DEVELOP
Do our employees have the capability to deliver?

ENGAGE
Are our employees committed to doing a good job?

REWARD
Do our incentives support sustainable performance?

ORGANISE

Embedding our values and creating the right organisational culture

Our aim is to be the employer of choice for people in our industry and the supplier of choice for our customers. Our values help us to achieve this. Always acting with integrity and respect, being passionate about safety, security and service excellence and achieving success through teamwork and innovation, help to set us apart from many of our competitors in the marketplace.

We work hard to ensure these values are not just words on a page and have invested in initiatives to bring them to life, so that everyone understands them and knows why they are important. Regardless of where they work, what they do, and how long they have worked with G4S, we want our people to always behave in line with our values.

To achieve that we constantly reinforce our values with a range of bespoke online training and hard copy materials used at all levels of the organisation and all stages of the employee lifecycle.

We have aligned our global survey and recognition schemes so that they check for understanding of our values and reinforce the behaviours that demonstrate them. In 2020, we will refresh and extend our training programmes and materials, including the introduction of a new values-based calendar showcasing the behaviours that underpin them. We also plan to assess how successful our efforts to embed our values have been.

We act with..
INTEGRITY AND **RESPECT**

We are passionate about...
SAFETY, SECURITY AND **SERVICE EXCELLENCE**

We achieve this through...
INNOVATION AND **TEAMWORK**

Our Values

Our people and values underpin everything we do.

Actions for 2020

Organise

- Continue to measure progress on embedding the G4S values
- Board to complete G4S values training
- Launch values-based calendar for all employees which showcases our values and the behaviours that underpin them
- Sponsor initiatives to support further embedding of Integrity values across G4S
- Evaluate methods of engaging with 35,000 supervisors globally to embed the values, encourage best practice and further improve confidence in reporting behaviour which does not meet our standards

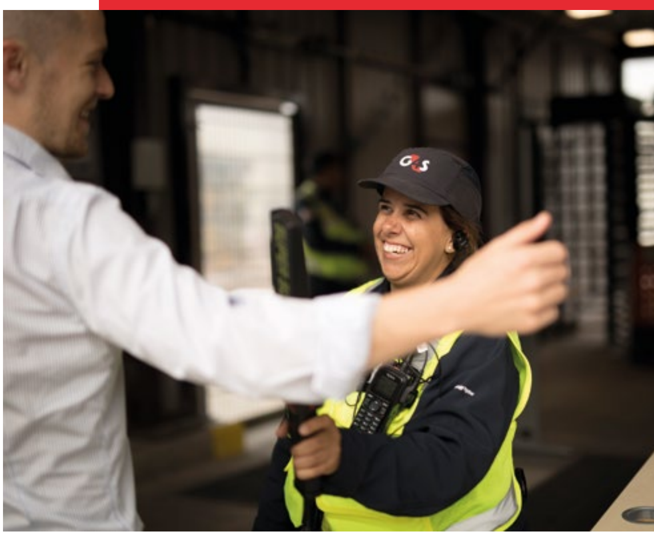
HINKLEY POINT C

The elite training and education keeping thousands of workers safe at Hinkley Point C, UK

Hinkley Point C is the first nuclear power station to be built in the UK in a generation. G4S has a multi-year contract to secure the construction site using an integrated security offering and Enhanced Security Officers (ESOs) – some of the most well-trained and well-equipped in the world.

The ESOs are put through a course that spans three months, during which time they are exposed to all the areas and elements of a site the size of a small town. They are taught the language to use over radio, real-time reporting, conflict management, how to manage a situation with protesters, and more.

The approach has improved staff morale and retention. The UK security industry has an average annual staff turnover of roughly 30%, but at Hinkley Point the team's turnover rate is just 2% and those who become ESOs continue to learn. Every year, each of the four teams of officers complete an off-site refresher course over two days that boosts their Incident Management, Physical Intervention, and Trespass and Protest Scenarios skills.



LINK TO SDGS:

ACQUIRE

Attracting, recruiting and retaining the best people

Ensuring we recruit the right people is a responsibility shared by the hiring manager and the relevant HR team member. Selection processes vary according to the level and type of role, and in accordance with the specific customer or contract requirements. As well as interviews, a range of psychometric tests are available to assess personality and abilities to ensure that new hires are equipped to consistently perform to the high standards we expect, and include bespoke reports for participants and managers on how the individuals' responses align with the G4S values.

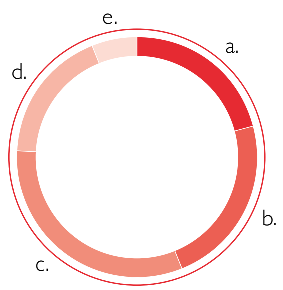
We are constantly looking to streamline our recruitment processes. We have updated our careers centres and applicant tracking systems as well as our links with external agencies to help us target our sourcing and support people through the application process. Utilising the latest technology, future plans include the use of digital assistants and artificial intelligence to help candidates through the recruitment and onboarding journey.

We look beyond people's disabilities and seek to make reasonable adjustments to our workplaces and working patterns to accommodate applicants and existing employees who become disabled during their career with G4S. We are proud of the work we do and our commitment to removing the complex barriers people with disabilities can face in securing employment, training and promotion.

Screening

Our employee selection process is underpinned by G4S' global screening policy which defines the standards required to confirm the applicant's identity, personal history, licence requirements and their suitability to work in a position of great trust and responsibility. The policy extends to subcontractors as well as direct employees. We regularly take the opportunity to assess whether the policy is appropriate, safeguarding against the risks while ensuring that we have a strong applicant pool of qualified candidates.

Employees by region



a. 21% – Africa (120,000)
b. 23% – Americas (126,000)
c. 32% – Asia (178,000)
d. 18% – Europe & Middle East (102,000)
e. 6% – Cash (32,000)

Employee turnover

For the third successive year we have achieved a reduction in our labour turnover rate (2019: 23.7%) as a result of our continued focus in this area, high levels of employee engagement and our continued commitment to employee development and competitive pay. Nevertheless, we are still recruiting around 200,000 employees each year, which is a significant task.

We use a number of mechanisms to reach the widest talent pools and generate interest about our people, our products and services. In 2019, our social media campaign ExploreG4S commenced, offering weekly insights on over 20 countries where we operate, with employees sharing their stories about the amazing work that they do to help attract others to follow in their footsteps. The campaign will continue into 2020.

Actions for 2020

Acquire

- Complete review of our screening policy and practices and update accordingly
- Undertake a review of the G4S onboarding programme to ensure culture, values and ethics are appropriately emphasised

PROTECT

Putting safety first (CSR PRIORITY AREA)

The safety of our people and those in our care continues to be our first priority. We pursue our goal of zero harm with relentless focus throughout the organisation, embedding safety in everything we do, from inducting new employees, to tracking business performance. Our passion for safety has also inspired others who are following our lead as we drive safety improvements across the wider security industry.

Our safety journey starts with our business leaders who all commit to annual safety improvement plans using our health and safety standards as the baseline. These standards reflect the key risks in our industry, and are reviewed and updated as we learn lessons and share experiences. Detailed investigations and post incident safety briefings provide important insights and help us to prevent recurrence, providing protection to our colleagues and customers where it is most needed. Specific deepdives and general oversight by the CSR Committee, frequent executive discussions and regular audits all contribute to the robust governance we apply to safety matters.

In our 2019 employee engagement survey, 82% of respondents felt that G4S takes health and safety in the workplace seriously.

Sadly, during 2019, 20 of our colleagues and one subcontractor lost their lives in work related incidents. These losses are widely felt and our thoughts are with their families and friends at such difficult times. While it represents a reduction from 24 fatalities in 2018, the loss of 20 colleagues means we have no cause to celebrate and we will continue to focus our efforts on achieving our goal of zero harm.

Thankfully, all four health and safety indicators suggest that our sustained focus on safety in 2019 and improved controls relating to attacks on employees are resulting in improvements with a reduction in the number of high potential incidents of 21%. This translated into a reduction in the number of attack-related fatalities to nine (2018: 14). For the fourth year running, there was a reduction in the number of our colleagues injured at work.

During 2019, the Group's lost time injury incidence rate was 5.7 per 1,000 employees (2018: 6.6). The change reflects improvements in Latin America and the Cash Solutions division. However, the seven road-traffic related fatalities (2018: seven) and four fatalities due to workplace incidents (2018: three) remind us that, although additional training on road safety has been introduced, there is still more work to do on both this and in reinforcing safe operating procedures.

There were two non-natural deaths in G4S custody in 2019 which were due to self-harm. All deaths in custody are investigated by the relevant authorities to determine the cause of death.

Since the start of 2020, our focus progressively shifted to managing the impact of the Covid-19 pandemic. In addition to following the advice of the local health authorities, we have introduced mandatory controls in all businesses. Work practices are being adjusted in consultation with our customers.

Actions for 2020

Protect
- Coordinate the response to the Covid-19 pandemic
- Review controls for road safety in high-risk countries
- Improve safety risk management in non-traditional services
- Review firearms policy

Keeping the Dutch railways safe

Every year, 10,000 employees of Dutch railway company Nederlandse Spoorwegen (NS) go through rigorous emergency first aid, fire and evacuation safety training courses tailor-made and delivered by G4S, so they are ready to meet the safety needs of millions of train users every day.

For NS, it is essential that their employees know how to respond in a variety of emergency scenarios to keep passengers and themselves safe, so they teamed up with our Dutch business – the Netherland's leading safety training provider – to design and deliver tailor-made training courses, unique to each job role.

LINK TO SDGS:

DEVELOP

Building a capable workforce

Our goal is to support our employees to grow in confidence and develop their capabilities at every stage of their career. We want them to progress within G4S, to share their journey and to inspire others to do the same. While investing in building their technological skills and the systems understanding required for our security businesses in the future, we are also encouraging our people to take responsibility for their own development and career advancement.

Our learning and development programmes are designed to do two things. Firstly, they give our front-line employees, many of whom may be new to security or just embarking on their careers, the confidence, base knowledge, skills and understanding to meet customer needs and satisfy the rigorous regulatory requirements. All of them will complete mandatory induction training on topics which include health and safety and our values. This is followed up with more bespoke training on customer and site requirements specific to each contract they are working on. Overall, the training builds confidence and ensures our people are equipped to do their jobs safely and well.

Secondly, there are programmes offering a wealth of self-managed learning on a vast array of topics. To encourage everyone to make the most of these tools and the opportunities to develop, they are available in a mixture of easily digestible and readily accessible formats. Our online, cloud-based learning platform enables us to host, share and record training completed and enables people to manage their own learning wherever and whenever suits them best.

Some notable learning and development achievements in 2019 include the continued success of the regional leadership programme with 106 delegates graduating. The programme has been fully reviewed and refreshed ready for re-launch as the G4S leadership programme early in 2020. Additionally, the materials utilised during a 16 week development programme in 2018 were refreshed and are now available in a structured online management development course. Promotion of the "learning at work" week in May provided great opportunities to showcase the tools and materials that are available and to encourage people to make the most of them.

Our UK based apprenticeship programme is flourishing. 65 employees completed their apprenticeship programmes in 2019 and 12 have completed so far this year. There are currently 420 apprenticeships scheduled to finish in 2020. With our employees undertaking more than 20 different apprenticeships there is plenty of choice for people looking to embark on a career with the company. Although we are well supported by a number of different apprenticeship providers, our longer-term plan is to co-facilitate apprenticeships using existing G4S learning and development specialists who already have the technical expertise and knowledge. Not only will this provide new development opportunities for the specialists, it will enable us to increase the volume of apprenticeships offered using the additional resources available.

2020 has started with a focus on employees affected by Covid-19, with the launch of additional learning in relevant areas such as leading remote teams and supporting employee wellbeing. Throughout the year we will continue to invest in a number of learning and development initiatives to support our business objectives and address any talent and skills gaps in our succession planning. As well as extending our apprenticeship programme, there are plans for a new onboarding course to ensure our culture and values are appropriately emphasised. Additionally, the anti-bribery and corruption training will be refreshed with updated scenarios and new unconscious bias training will be introduced for all delegates on leadership development programmes. A values-based 360 feedback review process, which complements the existing values based behavioural framework, is also planned.

Actions for 2020

Engage

- Communicate employee engagement results to all relevant stakeholder groups. Including employees, trade unions, customers and investors
- Develop and implement action plans for each business which take account of employee comments, demographics and trends

ENGAGE

Creating an inclusive and engaging workplace

Employee engagement survey

Evidence from our global employee engagement survey, which we believe is one of, if not the largest of its kind, indicates that our employees are highly engaged. This is good for our business, good for our customers and good for our brand. More importantly, it is good for employees. Being motivated, feeling a sense of belonging and pride in what you do at work is important for people's happiness and long-term wellbeing. Feedback from the survey and our improving retention rates suggest our colleagues want to stay working for G4S and continue to care passionately about the work that they do.

In 2019, over 84% (c.450,000) of our employees responded to our voluntary global survey, based on the average number of employees during the survey period. With 84% of them doing so favourably. The increase in response rate from 2017 (73%) was positive given the logistical challenges of reaching employees working remotely with no access to a mobile phone and limited internet connectivity. Managers across the business worked hard to ensure that all colleagues had the chance to participate and have their voice heard and our employees responded by taking the time and making the effort to share their views. Over 200,000 colleagues added suggestions, ideas and feedback as additional commentary on what they think and feel about working for G4S.

Not only did the results indicate high levels of employee engagement, they also indicated an overall increase in the favourable responses to questions on health and safety, which was reassuring given the priority placed on this by all our businesses. Combining these results with those from other survey questions on fairness and being listened to, will help guide our plans on employee wellbeing which is another area of focus for the next year.

Utilising the global survey, and a smaller management survey also conducted in 2019, we were able to identify areas for development across the organisation, enabling us to address concerns raised by employees. The Group Executive Committee and individual business leaders are committed to responding to the results and have taken responsibility for action to address the areas where the feedback indicates there is room to improve.

Diversity and inclusion

Our diversity and inclusion strategy recognises the importance of diversity and inclusion to our longer-term business success because the skills and talents needed to lead, develop and grow a global business are found in people from a diverse range of backgrounds. Whilst our brand and the benefits offered may be attractive to people from a diverse background, the nature of our work and the environments in which we operate are sometimes less so. To counter this, we are working hard to promote diversity in all that we do and ensure our working environment is an inclusive one.

In April 2019, we published our second UK gender pay gap report in which we confirmed that our average gender pay gap for the nine legal entities in scope was 1.3%, with an average bonus gap of 12.5%. Whilst the figures compare favourably with the national average of 17.9% and many other companies, we are not complacent and have set out our plans for increasing female representation at all levels of the organisation. For more information please see our UK gender pay gap report for 2018 at g4s.com/genderpaygap.

We have achieved the boardroom target set out in the Hampton Alexander Review with 40% female representation and have turned our attention to the leadership and management recruitment pipelines to ensure that we build on this success, not just for gender but for people from black, Asian and minority ethnic groups too who are also under-represented in these populations. Based on our current data (see charts below) we know that women comprise 17% of our senior leadership population and a smaller percentage identify themselves as a person of colour. In 2020, we will be setting some long-term targets to address the imbalances in this population.

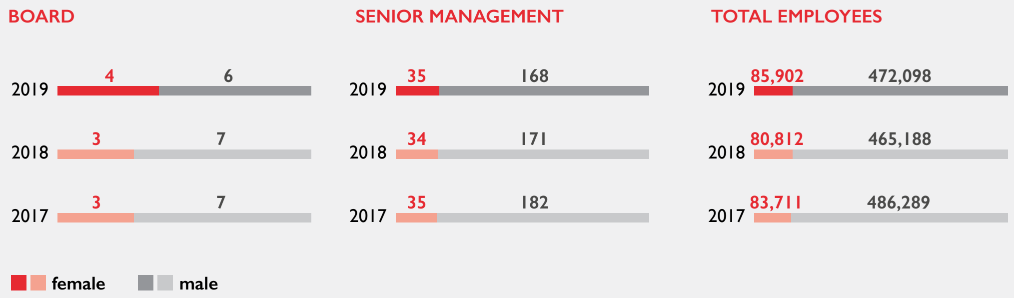
In 2019, we launched a pilot sponsorship programme, which, if successful, will be extended to a wider population in 2020. To help broaden the reach of our diversity and inclusion strategy, we have also set out our plans for an Inclusion Council which will enable us to gather more data and use it to tackle some of the barriers to inclusion that we know exist. In parallel with the work of the Council, we will continue other efforts to raise awareness of the strategy and the importance of creating an environment where all employees are inspired to do their best. Initiatives we started in 2019, such as our global celebration of Inclusion Week and the introduction of unconscious bias training will continue.

Employee engagement and representation

Keeping all of our employees updated during times of significant business change is always a priority. Throughout 2019 and in early 2020, news about the proposed separation and subsequent sale of our traditional cash businesses was regularly cascaded by the Group CEO, leadership teams and employee representatives. All available channels were used to ensure people were aware of the latest situation and had the opportunity to ask questions and raise concerns about the potential impact of this decision. This continues to be the case as the sale of the cash businesses is fully implemented.

With around 30% of our employees covered by collective agreements, the trade unions we work with via our Ethical Employment Partnership, the European Works Council and local recognition agreements provide important communication channels. Through them we receive insights and feedback on the company's performance and constructive challenge on potential decisions which may impact our employees, such as the company's approach to safeguarding our employees in the context of Covid-19. Based on their feedback, we have sought to establish a better rhythm and regularity for our communications via emails, newsletters and conference calls to bring certainty and clarity where we can at such a time of change.

Employee gender diversity



Ordnance clearance

For almost a quarter of a century, specialists from G4S ordnance management have successfully delivered clearance and security operations, training and mentoring local people in over 35 countries. So far, this has resulted in the clearance of almost 1,500 square kilometres of land and over 20 million items of unexploded ordnance.

G4S has held contracts in South Sudan since 2006, with teams delivering humanitarian mine action services in up to 20 locations across the country. As well as ensuring safety through clearing unexploded ordnance, their work is about restoring confidence within the community and empowering men, women and children to play an active part in driving change.

By clearing explosives and other forms of ordnance left behind from two decades of civil conflict, and by providing mine risk education, G4S helps keep communities and NGO workers safe so that local residents can continue rebuilding their lives.

In this way, G4S supports the achievement of the United Nations' (UN) Sustainable Development Goals, such as economic growth, no poverty, zero hunger, access to quality education, reduced inequalities and, especially, peaceful and inclusive societies.

FURTHER INFORMATION CAN BE FOUND AT WWW.G4S.COM/ORDNANCECLEARANCE

LINK TO SDGS:

REWARD

Incentivising and recognising success

Our aim is to recognise and reward employees' contributions to the success of G4S. Every day thousands of our colleagues do a fantastic job, keeping our customers, their assets and the people in their care safe and secure, sometimes putting their own lives on the line to achieve it. Historically, businesses have used their own mechanisms for recognising exceptional contributions in line with local practices.

At the end of 2019, we launched an additional scheme via an employee values recognition app, Awardforce. The scheme gives employees, at all levels in the organisation, the ability to nominate colleagues whose actions exemplify our values – those who really stand out from the crowd and deserve to be recognised for their actions. Exceptional nominees are being recognised by the Group CEO. In 2020, with the help of a community of values coordinators, the values recognition scheme will be brought to life with stories of how our people have demonstrated our values.

For all employees we provide fair and competitive pay and benefits, and are always looking at ways to enhance packages in areas which can make a meaningful difference. We regularly benchmark our pay rates to ensure they remain market competitive and offer flexibility in working patterns where we can to enable employees to meet the conflicting demands they face.

For those who participate in an annual bonus plan, the objectives set are tied to the achievement of financial performance underpinned by behaviours in line with our values. Regular updates about any factors affecting this business performance are vital in achieving common awareness and on-going motivation. Information on company performance is cascaded via the leadership population and also through our network of employee representatives.

During the first quarter of 2020, the Chair of the Remuneration Committee consulted with the Group's largest shareholders on proposed changes to the Remuneration Policy – for more detail see page 125.

Respecting human rights (CSR PRIORITY AREA)

Our ethos is based upon fairness and respect for human rights. We are proud of the role G4S and its employees play in society and the positive contribution that they make each day to the protection of human rights around the world.

We are also clear that we have a responsibility to ensure that we are not at risk of violating human rights through the services we provide, the customers with whom we work, the suppliers we use, or through the treatment of our colleagues and others in our care.

Everyone at G4S has a responsibility to respect and protect human rights and any abuse is completely unacceptable under any circumstances.

G4S's human rights policy and its related framework are based upon the UN Guiding Principles for Business and Human Rights. In parallel with our values, the framework reinforces the continued development of a business which supports the realisation of the UN Sustainable Development Goals through the creation of decent employment, the global improvement of industry standards and by helping to create secure and stable communities around the world (see page 22).

In 2018, we reviewed our human rights heat-map, identifying countries in which human rights may be at higher risk. Informed by this review, we have carried out 23 human rights control self-assessments during 2019. The feedback from these assessments highlights areas where more guidance or support may be required and is incorporated into our internal audit programme.

Respecting human rights in the supply chain

During 2019, we partnered with EcoVadis, a sustainability ratings agency, to design an international programme which will help us to ensure that our suppliers in high-risk categories, such as uniform manufacture, are meeting the ethical standards of our Supplier Code of Conduct.

The programme requires in-scope suppliers to complete an EcoVadis assessment tailored to their industry, size and location. EcoVadis analyses the assessment, providing both the supplier and G4S with a detailed report setting out the supplier's CSR performance. Where their performance does not meet the required levels, a corrective action plan must be submitted to address the shortcoming.

The programme has been implemented across our UK businesses, with 73 EcoVadis assessments being completed by December 2019. We aim to utilise this experience to apply the process internationally between 2020 and 2023, focussing on our top 15 highest spending businesses to cover 85% of G4S's total procurement spend.

Enhancing the protection of migrant workers

We have utilised a range of information sources to help us identify potential modern slavery risk areas, and as a result have focused our efforts on mitigating these risks in our supply chain and the employment of migrant workers. In May 2019, we published our third slavery and human trafficking statement, setting out the actions we have taken to help reduce these risks.

Since then, as well as implementing our supply chain due-diligence programme, we have taken additional steps to enhance our protection of migrant workers in the Middle East and Asia.

- Continuing to improve our migrant worker policy and code of conduct for migrant worker recruitment agencies:
  - Among the standards set by this policy and code is the prohibition of withholding an employee's passport or placing other restrictions on their freedom of movement that may prevent them from moving to another employer or returning home
  - The policy and code also set out G4S's requirements that all employees be provided with clear terms and conditions, in a language they understand, prior to employment
  - We have concluded detailed analysis of migrant worker recruitment fees and associated costs. Following this, G4S has committed to applying the standards adopted by the Leadership Group for Responsible Recruitment, including the 'Employer Pays' principle, in all group companies
- Created a new team of migrant worker coordinators to conduct a range of checks in both candidates' home and destination countries. By March 2020, they had completed more than 1,600 direct surveys with staff in the UAE and Saudi Arabia, to confirm their experience during the recruitment process was consistent with our standards
- Appointed new health and safety officers and welfare officers
- Launched modern slavery training for senior management and key functional roles, such as HR and Procurement departments

Actions for 2020

Respecting human rights

- Commence the implementation of the Employer Pays Principle throughout G4S businesses and migrant worker recruitment supply chain
- Establish a Modern Slavery Steering Group to advise members of the Group Executive Committee on best practices to combat all forms of modern slavery
- Embed an improved approach to risk assessment and due-diligence of suppliers across our global top 15 businesses, in partnership with EcoVadis
- Continue to build awareness of human rights responsibilities
- Conduct human rights control self-assessments in all businesses operating in high-risk countries and continue with our programme of internal audits

- Continued our engagement with the Council on Ethics for the Norwegian Government Pension Fund and other interested stakeholders, such as UNI, the global union federation, under our EEP to improve collective representation in the Middle East
- And, in the past two years, we have reviewed accommodation for migrant workers and made a number of changes to enhance the facilities

To ensure we are proactive and support commitments to prevent modern slavery, we are establishing a Modern Slavery Steering Group. Comprised of a cross-functional team of subject matter experts from G4S, the Steering Group will be charged with advising the Group Executive on best practices to combat all forms of modern slavery.

Anti-bribery and corruption (CSR PRIORITY AREA)

Business ethics

Living our values starts at the top of the organisation and extends to everything we do, whether it is securing a high profile sporting event being watched by millions of people around the world or keeping an individual who is vulnerable and existing on the margins of our society safe and well cared for.

We have a responsibility to all our customers, to the communities we serve and to the people we employ to follow our values and the standards we set for ourselves. Our Business Ethics Policy is central to this. The policy makes explicit reference to our commitments to the ILO Declaration and human rights as well as to our zero tolerance for any form of bribery and corruption. It is underpinned by anti-bribery and corruption training and issued with links to more detailed guidance on related matters such as commercial sponsorship, gifts and entertainment.

We publish the policy externally for transparency and distribute it widely internally, requiring all managers to commit to the ethical standards expressed within it and to ensure the wider application in their G4S businesses or departments. Both the policy and our anti-bribery training are due for review and refresh in 2020, ensuring that they remain consistent with the emerging risks and reinforce the culture and behaviours we expect.

Whistleblowing

A critical part of our Integrity value is ensuring that the company has an effective whistleblowing process in place and that colleagues know how to raise concerns and feel confident in doing so. Where there is any suggestion that our standards are not being met, we encourage employees to use Speak Out, our global whistleblowing channel, to report their concern.

Speak Out can be used by any employee, in confidence, in multiple languages, at any time of the day or night. We continue to promote Speak Out to employees across the Group, and in 2019, 555 cases were raised by colleagues (2018: 519).

The majority of matters raised via Speak Out are HR grievances, which are managed by the local HR team. Where appropriate, concerns regarding operational

Actions for 2020

Anti-bribery and corruption

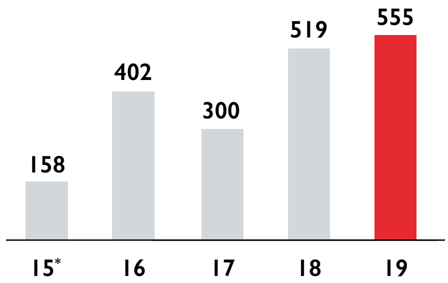
- Undertake a review of our Business Ethics Policy and guidelines and relaunch a refreshed policy and framework
- Refresh anti-bribery and corruption training with new scenarios
- Review, update and re-launch whistleblowing policy
- Evaluate and re-design whistleblowing case management, investigation and close out process
- Conduct end-to-end independent review of whistleblowing service by third-party experts, the charity Protect, and implement suggested improvements across the Group
- Refresh all whistleblowing promotional materials across the Group to raise the profile and confidence of the Speak Out service
- Conduct a review of the Group's external whistleblowing system provider

procedures are investigated by local management to ensure that relevant standards are being followed, Internal audit and other assurance functions may also assess operational compliance.

Matters which are classified as being of a serious nature are investigated at a senior and independent level, with 69% of investigations being completed during 2019. Work continues to complete the remainder in 2020.

The Group Ethics Steering Committee continues to oversee implementation of our whistleblowing policy and conducts regular reviews of serious cases, investigation progress and resulting actions. This year, G4S will carry out a review of its whistleblowing policy and practices and has commissioned the charity, Protect, to conduct an independent review of the company's whistleblowing process and its effectiveness.

Total number of whistleblowing cases



* Speak Out launched

2019 Progress against sustainability actions

Engage	Status
Conduct a sixth global employee engagement survey using the previous response rates and favourable scores as a benchmark	Complete (see page 30 and CSR KPI on page 50)
Implement actions arising from the employee research conducted on diversity and inclusion	On-going (see page 31)

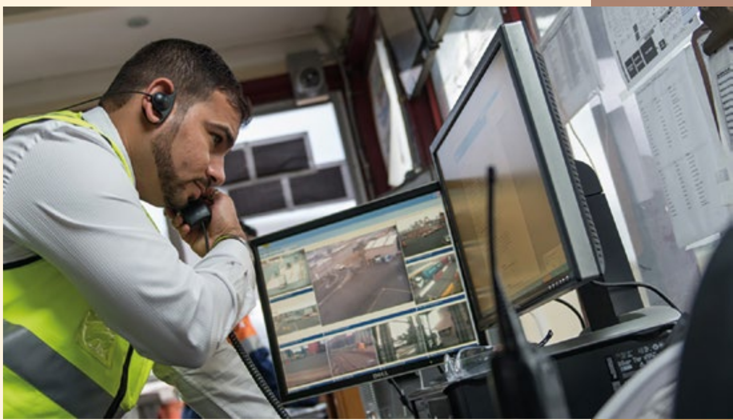
Develop	Status
Review and refresh the regional leadership programme and extend the offering of development materials to a wider internal audience	On-going (see page 30)

Protect (CSR PRIORITY AREA)	Status
Improve health, safety and security risk assessments process	Complete (see page 28)
Conduct a thematic review of High Potential Incidents in high priority businesses	Complete (see page 29)
Improve controls related to attacks on employees	On-going (see page 29 and CSR KPI on page 50)
Improve additional training on road safety	Complete (see page 29 and CSR KPI on page 50)

Anti-bribery & corruption (CSR PRIORITY AREA)	Status
Continue to increase awareness of Speak Out and increase the confidence of employees to raise concerns through available channels	On-going (see page 34 and CSR KPI on page 51)

Human rights (CSR PRIORITY AREA)	Status
Continue to build awareness of human rights responsibilities across the Group	On-going (see page 33 and CSR KPI on page 51)
Conduct human rights control self-assessments in all businesses operating in high-risk countries and continue with programme of internal audits	Complete (see page 33 and CSR KPI on page 51)
Complete implementation of enhanced supplier code of conduct risk assessment and due-diligence approach in the UK	Complete (see page 33)

Growth



LEARN MORE ABOUT THE PORT OF RHODES CONTRACT AT WWW.G4S.COM/RHODESPORTAUTHORITY

RHODES, GREECE

Keeping 700,000 tourists safe and secure as they pass through the Port of Rhodes

In 2019, G4S won the contract to supply and implement the complete technology security solution for Rhodes Port Authority that met the International Ship and Port Facility Security Code (ISPS).

As one of the busiest ports in Greece, with approximately 700,000 tourists travelling through the Port of Rhodes in 2019, it was important for G4S to offer an integrated technology security system to keep the port, and all the tourists passing through, safe and secure.

This intelligent, integrated system includes a variety of equipment such as a fibre optic network, CCTV, access control, security booths around the site that act as checkpoints, and x-ray screening for employees and passengers. The whole system is backed up by photovoltaic solar panels and generators, in the event of a power failure.

LINK TO SDGS:

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Our solution takes into consideration all the parameters, from both internal and external sources. By using the latest technology, G4S keeps the Port of Rhodes operating smoothly.

Growth

This sale of the majority of the conventional cash businesses enables us to focus on security and technology-enabled solutions and services and provides the Group with the financial flexibility to invest in an array of strong growth opportunities in our core businesses.

The combination of a growing integrated security business with an established global footprint and a unique and high-growth cash and payment technology business, strengthen the Group's growth prospects overall and particularly in higher growth and higher margin technology revenue – see table on page 5.

To deliver on our growth strategy we need to continue to provide excellent customer service.

Customer excellence

We build long-term customer relationships based upon trust and understanding of our customers' businesses and objectives. Through those customer relationships and connections we look to deliver sustainable long-term growth in revenues, earnings and cash flow.

Positive demand for security services

We believe that the long-term demand trends for our services remain positive, and we expect to grow revenues on average by around 4% to 6% per annum over the medium term. During 2019, we have seen improved contract retention rates above the norm of around 90%, have won substantial new business, and continue to focus, replenish and improve the quality of our sales pipeline.

Large diversified customer base and sales pipeline

One of the strengths of the Group is the diversified nature of our contracts and sales pipeline by service, geography and customer. We have a diverse customer base spread across many countries and customer segments. At the end of December 2019, we had won new business with an annual contract value of £1.5bn (2018: £1.4bn) and total contract value of £2.5bn (2018: £2.4bn).

We continue to increase our emphasis on pipeline qualification, ensuring we focus on the best opportunities and improve our contract win rate. We have key

£1.5bn

ANNUAL CONTRACT VALUE OF NEW BUSINESS WON IN 2019

Securing the leading global colocation data centre provider

G4S secures more than 250 data centre locations in the US. One customer is the world's largest data centre and colocation provider, whose platform provides unparalleled access to 53 global markets via 200+ International Business Exchange data centres. Building on a trusted relationship with our technology business, AMAG, combined with a strong security value proposition, G4S is now the sole North American security personnel provider, and a preferred electronic security provider, delivering services across multiple properties. We provide Custom Protection Officers and Security Officers at 59 locations across 12 US states and Ontario, Canada, AMAG access control, video, and systems integration. Since transitioning the security personnel, we have worked with the customer to reduce their breach rate substantially.

LINK TO SDGS:

expertise in market segments and increasingly our understanding of these market segments is data driven to help contract retention, risk assessment and win rates. In addition, as the Group has invested in innovative products and services, we also see an improvement in the quality of the sales pipeline with more technology-related, longer-term, higher-value-added opportunities. We aim to maintain an appropriate sales pipeline to fulfil our growth opportunities.

Net Promoter Score and contract retention

Since 2016, we have embarked on a group-wide Net Promoter Score (NPS) survey process with existing customers. In 2019, using a variety of survey tools, we increased the number of surveys conducted by almost 3.5% to 50,700 (2018: 49,000), including our top 20 customers in most countries. Significant improvements were shown in North America, Asia and Europe.

During 2020, with our focus on continuous improvement, we are upgrading our customer experience management tool. This should ensure a globalised and consistent approach to data collection and give us the ability to aggregate data and review trends consistently to help us further increase customer satisfaction, loyalty, and advocacy.

Investment in sales leadership and account management

Since 2013, we have invested in sales leadership, sales and service training, customer relationships, account management and a unified sales management and CRM system. Our understanding of customer requirements has increasingly resulted in opportunities to sell more technology-enabled solutions. This is particularly the case in developed markets, where higher wages and lower hardware costs have made technology solutions more cost effective.

In 2018, following great success in Europe and North America, we implemented a global sales coaching programme training more than 100 managers across 57 business units. In 2019, we trained another 100 managers across 48 business units.

Actions for 2020

- Improve market segmentation data
- Improve contract win rate
- Continue to implement the sales coaching initiative
- Maintain improved contract retention
- Continue to improve revenue forecasting and sales
- Continue to focus on contract risk assessment
- Globalise G4S Academy

During 2019, we continued to refine our online learning programmes for solution sales methodology that was launched in 2018. 1,677 sales people are enrolled in the programme to date (2018: 500).

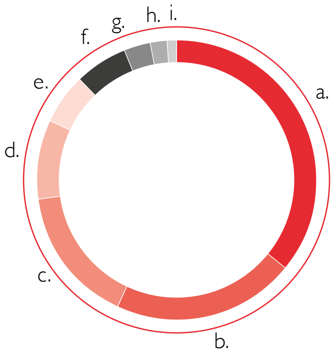
In addition we provided a number of structured workshops covering topics including solution selling for sales execution, collaborative sales negotiations and building value propositions. In 2019, 106 sales people attended such workshops.

The G4S Academy: Bringing intelligence into the future of security

The G4S Academy, which began in Denmark, has produced a cadre of integrated security experts, resulting in the G4S Denmark business now generating two-thirds of its revenues from security systems and one-third from manned security. The foundation of the Danish business was a consumer alarms business upon which, in recent years, we have very successfully built a complex security systems business.

The G4S Academy was established with the belief that, in an environment where security threats are dynamic, it is essential that our customers have access to our global knowledge of the newest, most sophisticated solutions that address these threats. Knowledge not only means creating a culture of awareness but also connecting security with core business strategies, making it an integrated and active part of a company's operations. This approach is now being globalised with seven markets currently rolling it out.

Revenue by customer type in 2019 (%)



a. 36% – Major corporates & industrials
b. 21% – Government*
c. 16% – Financial institutions
d. 9% – Retail
e. 6% – Private energy/utilities
f. 6% – Consumers
g. 3% – Ports & airports
h. 2% – Transport & logistics
i. 1% – Leisure & tourism

* Around one third of our work for Government is Care & Justice Services which we are looking to manage for value. The remainder is embassy security, local government, support for disaster relief, charity and NGO work, border protection and landmine clearance.

Technology, innovation and data analytics

G4S is a leader in integrated security, connecting manpower and technology, systems and software. Through our customer relationships and insight, we have increased focus on investing in the development and marketing of new technology and services to strengthen our service offering, to support growth and to improve margins over time.

Ensuring we are well positioned for more technology solutions with disciplined capital allocation

Increasingly our bespoke offering for customers includes technology in the form of systems and software. For some customers, we own the equipment in their facilities but for others, usually larger customers, we tend to sell the required equipment to the customer, underpinned by long-term management and maintenance contracts.

A number of our services and technology solutions, which have commercial momentum in key markets, are featured in this report.

Secure Solutions – Integrated security

G4S has security systems integration capability in many countries. Our businesses with the most embedded integrated security approach are in North America, the UK and Denmark. We believe we can deepen penetration of technology with existing customers and new customers in these markets and are looking to build expertise more widely across the Group using the approach we have developed in those countries as a platform, for example such as through the G4S Academy on page 39. As a result, we believe risk consulting and security technology can grow 10-12% per annum.

The agreement to sell the majority of our conventional cash businesses enables G4S to focus on security and technology-enabled solutions and services and provides the Group with the financial flexibility to invest in the array of strong growth opportunities in our core businesses to accelerate the penetration of technology more quickly, effectively and efficiently.

Investing in world-leading proprietary products and services

In our Secure Solutions segment, we continue to invest in product and service innovation combined with sales and marketing and operational support in the following areas:

- Software tools including evidence-based risk assessment, incident management and travel advisory systems such as RISK360
- Proprietary security systems such as Symmetry Connect access control systems and visitor management systems

10-12% p.a.
RISK CONSULTING AND SECURITY TECHNOLOGY REVENUE GROWTH POTENTIAL

Risk Operation Centre

Powered by big data, artificial intelligence and elite analysts, the G4S Risk Operations Center (ROC) combines the necessary resources to help customers prepare for, monitor, alert and respond to threats from one central location. The ROC, operated from G4S's Americas headquarters in Florida, provides fault-proof support to protect assets and people 24/7/365. The ROC is the first global centre to merge the management of risk intelligence services with remote video monitoring capabilities. By providing services from one dedicated site, the ROC decreases response time to manage critical incidents. When every second counts, you can rely on the ROC to effectively and efficiently minimise business impact from global threats.

LINK TO SDGS:

Cash Solutions – retail solutions and bank-branch automation

For our financial services and retail customers, we have developed a number of innovative and efficient services.

- Automated cash solutions for retailers – cash technology installations, often combined with our software and managed service, and have a strong and growing pipeline. This bespoke solution covers smart safes and cash recyclers for some of the world's largest retailers
- Automated bulk-teller solution for banks – the Deposita solution of hardware, proprietary software and managed service is also being used in bank ranches

Actions for 2020

- Continue to drive market penetration of integrated security solutions
- Continue to invest in innovative and efficient services for customers
- Cross-selling and up-selling within and across markets
- Continue to invest in people, technology, software, systems and sales and marketing
- Build on our market leadership in cash automation services with more customers in more markets

Our smart safe solution

Across the world, the availability of cash is important for the financial inclusion for all communities. Our retail technology solutions make handling cash cheaper and more efficient for retail and banking customers. Early in 2019, we launched a new offering in the small box/smart safe segment in the United States and, in October, we signed a five-year contract with one of the world's largest convenience store chains for our smart safe solution. The initial contract covers a significant number of stores in the United States and ties into the customer's corporate priority to increase store safety. It represents one of the largest single smart safe contracts signed in 2019. The solution is expected to be implemented through 2020.

LINK TO SDGS:

Profitability

LEARN MORE ABOUT OPERATIONAL EXCELLENCE ONLINE HERE: WWW.G4S.COM/GLENMORANGIE

UNITED KINGDOM

A Highland treasure – protecting Glenmorangie

Glenmorangie operates across numerous sites in Scotland, producing six million litres of whisky a year, which are distributed to retailers and consumers across the globe.

For the best part of a decade, Glenmorangie has worked with G4S. The contract initially provided manned guarding services, but later G4S was given the opportunity to introduce technology-based fire and security solutions across the company's Scottish estate.

A holistic risk-based solution was developed around the specific requirements of their business, with a high focus on fire detection and intelligent around-the-clock surveillance.

LINK TO SDGS:

8 DECENT WORK AND ECONOMIC GROWTH

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Over the past several years we have embarked on an exciting journey with Glenmorangie and we have proven our industry knowledge and expertise. We have invested time to build a true partnership for us to design and deliver the right solution.

Profitability

Part of the focus on improving profitability is focusing investment on higher margin/higher growth services such as our core integrated security solutions business and the further development of our rapidly growing Retail Technology Solutions business. The sale of the majority of the conventional cash businesses also provides an opportunity to simplify and streamline the Group which creates the opportunity to capture cost efficiencies.

Operational excellence

Our productivity programmes have generated material savings since 2016. Until 2017, most of the productivity savings were reinvested in sales and business development, technology and innovation and better systems and processes. During 2019, we started to see efficiencies come through in lower administration costs and we believe that there remain many more opportunities to be a more efficient organisation. We are on track to deliver the remaining £10m of the £70m to £80m cost efficiencies per annum by 2020 which we set as our goal in 2017 and the simplified Group creates the opportunity to reduce overheads by an annualised £15m to £20m through 2020-2021.

More focused business – cultural change

Historically, a significant part of the Group's strategy and development for growth was achieved through bolt-on acquisitions and, in many cases, these acquisitions were not fully integrated into the Group. With the Group offering similar services in a large number of countries, this resulted in an inefficient organisation, with many management layers built up over time, resulting in inefficiency and lack of accountability.

The sale of the majority of our conventional cash businesses simplifies the Group and enables G4S to focus on the growth of our core integrated security solutions business and the further development of our rapidly growing cash and payment technology business.

Reinvesting for growth

A significant proportion of the gains we have made from our efficiency programmes have been reinvested in the business to improve risk management, increase the opportunities for growth as well as in processes to drive further efficiency. As previously outlined, the simplified Group creates the opportunity for cost efficiencies and we expect these benefits to flow through to the bottom.

Efficient organisation design and management de-layering

The sale of the majority of the Group's conventional cash businesses and managing other non-core businesses for value provides the opportunity for a more streamlined operating model ensuring economies of scale from global functions.

Procurement

With 40,000 suppliers across around 90 countries supporting 558,000 employees, G4S operates an extensive supply chain that is truly global.

In 2019, the Procurement function underwent a review of its focus and goals. The updated focus revolved around capability of procurement to deliver value outside of Europe and the Middle East and the sustainability of its supply chains.

22,000

UK EMPLOYEES INCLUDED IN PROJECT JAVELIN ROLL-OUT IN 2019

A safe operating environment

The wellbeing and safety of our employees and those in our care remains a key priority for the Group. We work in an inherently hazardous industry, with many colleagues trained and deployed to protect our customers and their property. As a result, road-traffic accidents and criminal attacks are inherent risks we face in delivering some of our services. Our safety goal is zero harm. We have invested in many new processes in recent years and have seen a marked reduction in serious incidents.

PLEASE SEE PAGE 28 FOR MORE DETAILS

The opportunity to launch a truly global procurement function was taken in early 2019, with regions such as the Americas and Africa receiving an increased investment in their procurement capability, allowing them to better leverage the Group's supply chain knowledge and buying power. These changes will result in a step-change in the performance of procurement supported cost management projects.

The first results of the strengthening of G4S's procurement capability is in its distribution supply chains, with the appointment of a new workwear provider across Western Europe, which has allowed G4S to consolidate the number of suppliers in Western Europe by 95%, with the consolidation of warehouses and a material reduction in workwear unit price.

In the UK, G4S launched enhanced vetting and screening of its suppliers to prevent modern slavery in partnership with the CSR rating agency EcoVadis. The Group plans to roll this out further from 2020.

In the UK the number of suppliers has fallen below 3,000 from 10,000 in 2014, though due to growth in the Americas, Africa and Asia regions, the number of suppliers around the world remains stable at 40,000.

Operational excellence

Over recent years we have implemented a number of initiatives to introduce standardised operational and functional processes. We are also using IT-enabled automation and shared service centres to improve productivity and one example is Javelin.

Lean-process design – Javelin

Project Javelin is an operating model for our manned security business based on the best working practices and processes from across G4S. Javelin replaces and demonstrably improves our previous systems and processes for recruitment, HR, talent management, procurement, finance, contract management, payroll, billing, scheduling, tele-contact, interactive voice response and operational control systems with a single cloud-based platform.

The pilot for Javelin was launched in Ireland in November 2017. The pilot programme allowed us to learn how to best deliver this complex change programme within our business, identified areas of our combined processes that work well and captured areas for improvement before further roll out.

The enhanced version of Javelin reflecting the lessons learned was deployed into Ireland during 2018 and commenced implementation in the UK in early 2019 for over 22,000 employees serving over 700 customers. The implementation of the Javelin capabilities in the USA is scheduled for early 2021.

Javelin has had several major customer-facing enhancements such as biometric time & attendance and tablet/kiosk modes which we deploy at customer premises, driving improved operational performance for our customers. This customer-facing component of Javelin, known as Javelin Connect, is under deployment in India and Singapore.

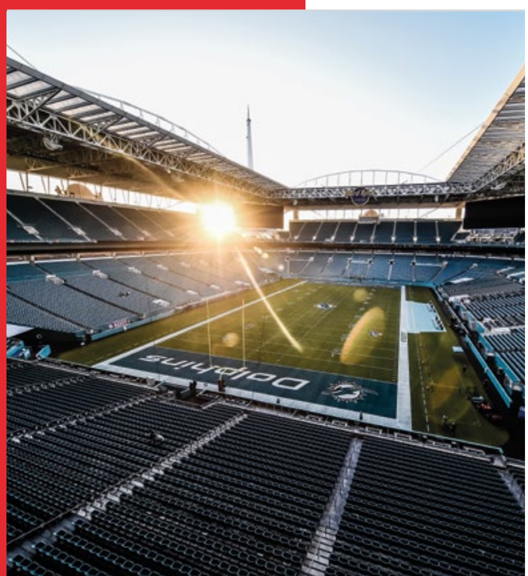
HARD ROCK STADIUM, UNITED STATES

Setting new standards for stadium security using smart tech to keep fans safe

At South Florida's Hard Rock Stadium, which is home to NFL's Miami Dolphins, spectators, athletes and staff are kept safe by our highly trained security guards and modern technology. The stadium is home to world class entertainment and sports events. With more than one million visitors each year there are many security challenges including multiple vendors, a major renovation programme and multiple hardware systems to be integrated.

Hard Rock Stadium chose G4S to deliver an integrated solution based on streamlined processes and modern technology. They use the AMAG Symmetry access control system for improved access and identity management, a Risk360 incident reporting platform for automated reports and alerts, a high resolution surveillance system across 400+ cameras and highly qualified security personnel. This ensures:

- Centralised information and analytics
- 24/7 monitoring
- Rapid response



LEARN MORE ON OUR WEBSITE AT WWW.G4S.COM/MIAMIDOLPHINS

LINK TO SDGS:

Financial discipline

We have continued to focus on cash management, improving underlying operating cash flow by 8.8% in the year. The conventional cash business disposal reduces proforma net debt to Adjusted EBITDA to 2.4x at December 2019.

Operating cash flow

Underlying operating cash flow in 2019 was £633m, an increase of 8.8%, with an improved performance from all regions. Our 2019 cash flow conversion was 126% of Adjusted PBITA (2018: 118%).

We continue to focus on improved working capital management through strengthening bid evaluation frameworks to increase focus on frequency of invoicing and shorter payment terms.

Portfolio management

The sale of the majority of our conventional cash solutions businesses is expected to generate net proceeds of £670m, of which around 71% has been received to date, reduce financial leverage and provide the Group with the flexibility to continue to invest in our core businesses. Portfolio review remains an important part of capital discipline and each business has to continue to earn its place in the Group's portfolio.

Reducing the time between event to billing

- Improving processes and automating event billing information such as hours worked (for example project Javelin on page 45), milestones met, collections and deliveries in the Cash Solutions business
- Centralising of billing events of global and strategic accounts in some countries
- Automation of invoices removing the resource and delay of a manual process
- Seeking to distribute invoices electronically, at lower cost and quicker than via post

Strengthening collections performance

- Updated incentive plans since 2016 with greater emphasis on cash flow generation
- Improved management information to increase accountability and influence behaviour
- Weekly calls with finance and operations to drive cash collection

Managing accounts payable

- The Group's days' payable outstanding is 38 days (2018: 39 days) which is shorter than days' sales outstanding of 54 days (2018: 55 days). This shows that despite some progress there is still an opportunity to improve further
- Ensuring that supplier contracts are linked with customer contracts
- Re-negotiating improved terms through procurement teams – please see page 44

Capital allocation – on-going priorities for use of cash

All investment is reviewed to ensure that the Group's return on investment targets are met, and all major capital investment projects are approved by the appropriate authority in line with delegation limits.

Other measures, such as whether we are able to achieve the benefits of the investment in line with the Group values and whether the commercial risks are acceptable, are also considered.

We intend to remain soundly financed with average operating cash flow conversion of between 110% and 125% of Adjusted PBITA and a net debt to Adjusted EBITDA ratio of between 2.0x and 2.5x in the medium term.

Capital allocation policy

- Net debt/Adjusted EBITDA of between 2.0x and 2.5x
- Proceeds from the conventional cash transaction to reduce leverage
- Priority uses of any additional surplus cash flow:
  - Investment in growth and productivity
  - Further leverage reduction
  - Dividend growth

Pension deficit repair plan

G4S operates a wide range of retirement benefit arrangements including funded defined contribution, multi-employer and funded and unfunded defined benefit schemes. The UK defined benefit scheme (which is largely closed for future accrual) accounts for approximately 70% (2018: 60%) of the Group's net defined benefit pension deficit for accounting purposes of £331m (2018: £302m) net of applicable tax.

During the year, the Group contributed £52m (2018: £41m) of scheduled deficit-repair contributions to its UK schemes. The triennial valuation of the Group's main UK pension scheme completed during 2019 and future deficit-repair contributions will continue in line with the previous schedule. The scheduled payment for 2020 is £53m. For more details of the Group's pension arrangements, see note 31.

Debt refinancing and credit rating

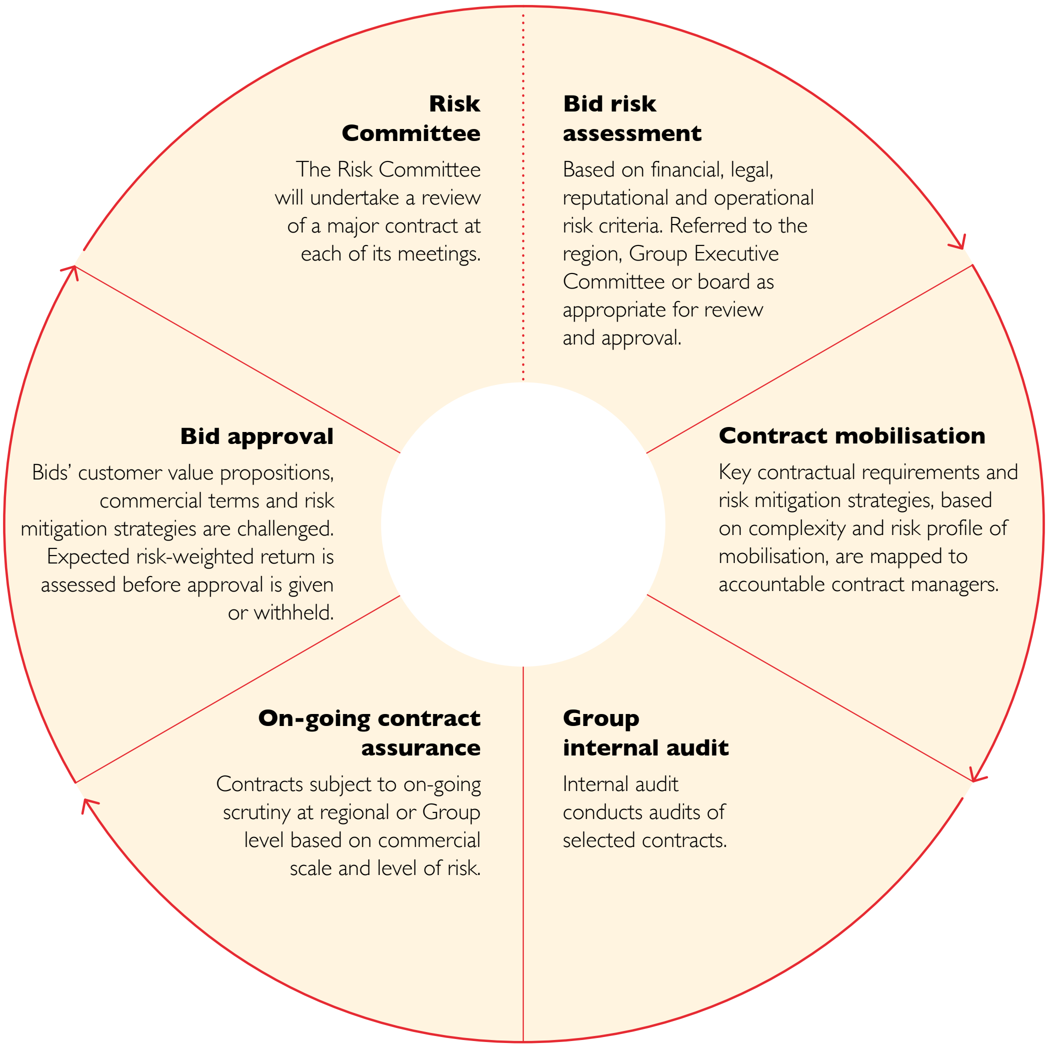
G4S had net debt of £2,092m at the end of 2019 (2018: £2,024m), with strong liquidity of £1,279m comprising cash, cash equivalents, bank overdrafts and unutilised but committed facilities. The Group has a diverse range of finance providers including public and private bonds along with bank facilities, and, as a result of refinancing of higher rate debt undertaken throughout the past few years, there has now been a material reduction in the Group's interest charge from 2019 onwards. The maturity profile of the Group's debt is spread out to 2029, with the next debt maturities being the $74.5m US private loan note due in July 2020 and the $350m term loan facility due in 2021.

On 31 March 2020, Standard & Poor's affirmed the Group's investment grade credit rating as BBB- with a stable outlook.

G4S contract risk management and governance model

Contract risk management

Our contract risk management model was implemented in 2014, and aims to ensure we sign contracts that we can deliver efficiently and effectively and is shown in the pie chart below. We believe this model is working well – we have significantly reduced the impact of legacy onerous contracts through stringent commercial and operational management and not signed new onerous contracts since 2013:



Key performance indicators

Financial – Underlying results[1,3]

Our progress in implementing our strategic objectives is measured using key performance indicators aligned to those objectives and to the group values:

Links to strategy

Strategy[2]

- People, culture & values
- Growth
- Profitability
- Financial discipline

Remuneration policy

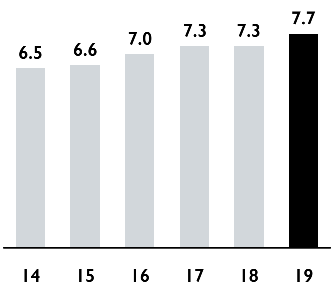
- Annual bonus scheme
- Long term incentive plan

Revenue[1]

£7.7bn

SINCE 2014

+18.5%



Description

We have an organic growth strategy based on strong market positions in structural growth markets. We have invested in improved customer service, innovation and sales and business development capabilities. There is also great potential to sell more complex solutions which tend to have longer contract terms and higher margins.

Performance in 2019

In 2019, revenues grew 4.7% to £7.7bn (2018: £7.3bn), with Secure Solutions organic growth of 4.4%, reflecting strong growth in Africa, Asia and the Americas and Cash Solutions organic growth of 2.9%.

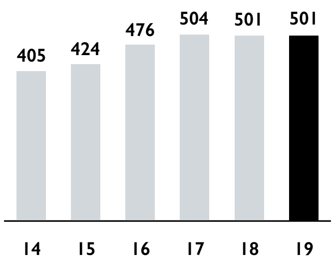
Link to strategy and remuneration

Adjusted PBITA[1]

£501m

SINCE 2014

+23.7%



Description

The Group has implemented a number of productivity programmes that are now driving efficiency and operational improvement across the Group. These include efficient organisation design, management de-layering, lean operating processes, efficient reporting and assurance processes, upgraded IT systems and efficient procurement. Over the medium term we expect to benefit from higher growth and higher margin technology solutions.

Performance in 2019

In 2019, Adjusted PBITA was unchanged compared with 2018 at £501m. Secure Solutions declined 1.7% whilst Cash Solutions increased 3.9%. See pages 71 to 77 for more detail.

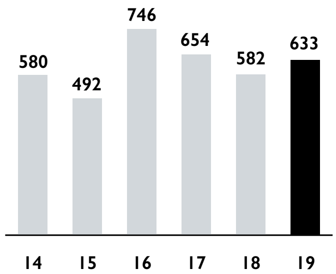
Link to strategy and remuneration

Operating cash flow[1]

£633m

SINCE 2014

+9.1%



Description

A key priority for the Group is to drive improved cash generation, through enhanced working capital management and capital discipline and embedding a "cash matters" culture throughout the Group.

Our guidance is for operating cash flow conversion of between 110% and 125% and for net debt to Adjusted EBITDA to be between 2.0x and 2.5x.

Performance in 2019

Operating cash flow was £633m (2018: £582m), an increase of 8.8%. The cash conversion rate was 126% (2018: 118%). Good cash flow and working capital management performances were delivered across most of the Group.

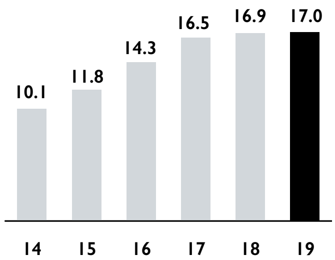
Link to strategy and remuneration

EPS[1]

17.0p

SINCE 2014

+68.3%



Description

G4S is aiming to deliver sustainable growth in underlying earnings over the long term. Underlying EPS growth is a component of both the annual and long-term executive management incentive plans.

Performance in 2019

Earnings increased by 0.8% to £263m (2018: £261m) in 2019.

EPS was 0.6% higher at 17.0p (2018: 16.9p).

Link to strategy and remuneration

1. For details of the basis of preparation of underlying results and an explanation of Alternative Performance Measures (APMs) used, see page 52. Underlying results are reconciled to statutory results on page 62.
2. For more details on the Group's strategic priorities please see pages 18 to 47.
3. For more detail on 2019 financial performance please see the Chief Financial Officer's review on pages 54 to 69.

Non-financial information statement

Our progress on sustainability.

Employees
pages 26-35

KPI	Goal	2019	2018	2017	2016
Number of employees	–	**558,000**	546,000	570,000	585,000
Percentage of female managers	Increase the number of female managers in the Group	**23.0%**	22.5%	22.8%	25.5%
Percentage of front-line female employees	–	**14.9%**	14.3%	14.2%	13.6%
Coverage by collective agreements	–	**30%**	33%	31%	32%
Voluntary turnover	Reduce global levels of employee turnover	**23.7%**	24.7%	25.3%	27.6%
Employee engagement	Increase response rate to the global employee survey*	**84%**	N/A	73%	N/A
	Increase overall favourable score in global employee survey	**84%**	N/A	84%	N/A
Migrant workers	Achieve assurance survey responses from at least 10% of migrant workers	**>10% (UAE)**	N/A	N/A	N/A

* Based on an average number of employees during the survey period.

Relevant policies

- Business Ethics Policy – g4s.com/ethics
- Ethical Employment Partnership – g4s.com/EEP
- Gender Pay Gap Report (UK) – g4s.com/genderpaygap
- HR Core Standards – g4s.com/HRstandards, including:
  - Migrant Worker Policy
  - Diversity and Inclusion Policy

Our impact and related principal risks	Page
Stakeholder Engagement	20
People, culture and values	26
CSR Materiality Assessment	22
Covid-19 (Emerging Risk)	81
Health and Safety (Principal Risk)	83
Culture & Values (Principal Risk)	82
People (Principal Risk)	85
Geopolitical (Principal Risk)	84
CSR Committee	109

Safety
pages 28-29

KPI	Goal	2019	2018	2017	2016
LTI rate per 1k employees	Reduction in the LTI rate	5.7	6.6	6.7	7.7
Work related fatalities	Zero harm	20	24	25	47
Attack		9	14	8	20
Non-attack		4	3	6	12
Road traffic incident		7	7	11	17
Non-natural deaths in custody (UK & Australia)		2	9	3	9

Relevant policies

- Business Ethics Policy
- HR Core Standards, including:
  - Health and Safety Policies

Our impact and related principal risks	Page
People, culture and values	26
CSR Materiality Assessment	22
Health and Safety (Principal Risk)	83

Human rights pages 33-34

KPI	Goal	2019	2018	2017	2016
Human rights control self-assessment	Assess all businesses operating in high-risk countries	22	48	65	54
Human rights audits in high-risk countries	–	–	15	37	N/A
Supply chain due-diligence assessments	Implement an improved approach to risk assessment and due-diligence of suppliers across top 15 of our highest spending businesses	73 (UK)	N/A	N/A	N/A

Policies	Our impact	Page
Business Ethics Policy	People, culture and values	26
Human Rights Policy	CSR Materiality Assessment	22
Slavery and Human Trafficking Statement	Laws & Regulations (Principal Risk)	83
Supplier Code of Conduct – g4s.com/suppliercode	Culture & Values (Principal Risk)	82
	Geopolitical (Principal Risk)	84
	CSR Committee	109

Speak Out: Whistleblowing pages 34-35

KPI	Goal	2019	2018	2017	2016
Employees "feel able to speak up on unethical behaviour"	Increase confidence of employees to raise concerns through available channels	83%	N/A	84%	N/A
Number of cases raised via Speak Out		555	519	300	402

Policies	Our impact	Page
Business Ethics Policy	People, culture and values	26
Whistleblowing Policy – g4s.com/whistleblowing	CSR Materiality Assessment	22
Human Rights Policy	Laws & Regulations (Principal Risk)	83
	Culture & Values (Principal Risk)	82

Environmental pages 150

KPI	Goal	2019	2018	2017	2016
GHG emissions per £m revenue (t/CO_2e)	3.5% reduction in carbon intensity (t/CO_2e per £m)	50.4	54.7	56.6	56.4
Total GHG emissions (t/CO_2e)	Decrease in total carbon emissions	422,461	444,556	470,727	479,191
Scope 1 t/CO_2e		246,910	263,703	260,688	253,350
Scope 2 t/CO_2e		95,502	98,948	112,003	115,927
Scope 3 t/CO_2e		15,338	14,354	15,446	15,045

Relevant policies	Our impact and related principal risks	Page
Environmental Policy – g4s.com/environment	CSR Materiality Assessment	22
Business Ethics Policy	Greenhouse Gas Emissions	150
Supplier Code of Conduct		

Social matters

KPIs /Relevant policies	Our impact and related principal risks	Page
Business Ethics Policy	Stakeholder Engagement	20
Supplier Code of Conduct	People, culture and values	26
Tax Strategy – g4s.com/tax	CSR Materiality Assessment	22
Whistleblowing Policy	Laws & Regulations (Principal Risk)	83
	Geopolitical (Principal Risk)	84
	CSR Committee	109
	Group Ethics Committee	98

Alternative Performance Measures (APMs)

The Group applies the basis of preparation for its statutory results shown on page 168. To provide additional information and analysis, which enables a full understanding of the Group's results and to identify easily the performance of the Group's on-going businesses, the Group also makes use of a number of Alternative Performance Measures (APMs) in the management of its operations and as a key component of its internal and external reporting. These APMs are prepared and presented in accordance with the following basis of preparation.

Whilst broadly consistent with the treatment adopted by both the Group's business sector peers and by other businesses outside of the Group's business sector, these APMs are not necessarily directly comparable with those used by other companies.

Adjusted results

In order to allow a full understanding of its results, the Group separately discloses the effects on profit of strategic restructuring activities, costs of major corporate restructuring, acquisition-related amortisation and expenses, goodwill impairments and profits or losses arising on the disposal or closure of businesses (together, "separately disclosed items"). The Group also discloses separately those items that the Group believes need to be shown separately to allow a more fulsome understanding of the results for the year because of their size, nature or incidence (specific items).

Adjusted measures of profit and earnings are stated before the effects of separately disclosed and specific items; the related tax effects; and tax-specific charges or credits which have a material impact, such as those arising from changes in tax legislation.

Adjusted measures of profit are provided to allow the trading results of the Group to be assessed separately from the effects of corporate actions (such as acquisitions, disposals and strategic restructuring) and the effects of significant or unusual items.

A reconciliation of Adjusted PBITA to operating profit is provided on page 55.

Underlying results

To provide a better indication of the performance of the Group's on-going business for the year, the Group separately presents its underlying results. Underlying results are defined as the adjusted results of the Group (i.e. stated before the effect of specific and separately disclosed items) excluding the results of onerous contracts and businesses that have been sold or closed in the current and comparative years. Underlying results include the results of the businesses subject to the conventional cash disposal, providing a clearer indication of the performance of the businesses that are controlled by the Group at 31 December 2019, and a consistent view of the way that the Chief Operating Decision Maker has reviewed the performance of the Group during the year.

Underlying results for the comparative year are re-presented to remove the effect of businesses disposed of or closed in the current year to enable a like-for-like comparison of the results of the Group's on-going activities at the end of the most recent reporting year.

A reconciliation of the underlying results to the statutory results is included on page 62.

Constant currency results

In order to allow readers to assess the performance of the Group's business, before the effect of foreign exchange movements, the Group also presents its comparative results (excluding cash flows) retranslated to Sterling using the average rates for the current year. Cash flows are not retranslated but are presented at historical exchange rates. Comparative results for hyperinflationary economies are translated at current year closing exchange rates when presenting constant currency results. For both 2019 and 2018 the only hyperinflationary economy in which the Group operated was Argentina.

A reconciliation of the constant currency results for the year to statutory results is included on page 71.

Business reporting structure

In line with its strategy for managing the business, the Group reports separately the underlying results of its Cash Solutions and Secure Solutions businesses. The results for the Secure Solutions business are further divided geographically into the following regions: Africa; Americas; Asia; and Europe & Middle East.

The Group reports separately the results of onerous contracts and the results of its disposed businesses, being those that have been sold or closed in the current or prior years.

These components, together with the impact of restructuring costs, specific items and other separately disclosed items constitute "continuing operations". Discontinued operations, in accordance with IFRS 5, are areas of the business which are being managed for sale or closure but which represent separate major lines of business. The Group has not classified any operations as discontinued in any of the periods presented. All amounts recorded as discontinued relate to businesses sold prior to 1 January 2017.

Financial performance indicators

The key financial measures used by the Group in measuring progress against strategic objectives are set out below. Underlying revenue, Adjusted PBITA, operating cash flow, earnings and earnings per share are reconciled for the current and prior year to the Group's statutory results on page 62:

Revenue

Statutory revenue arising in each of the underlying, onerous contract and disposed business components. Underlying revenue is a Key Performance Indicator (KPI).

Organic revenue growth

Organic revenue growth is calculated based on revenue growth at constant currency, adjusted to exclude the impact of any acquisitions during the current or prior years.

Adjusted profit before interest, tax and amortisation (Adjusted PBITA)

The Group uses Adjusted PBITA as a consistent internal and external reporting measure of its performance, as management views it as being more representative of financial performance from the normal course of business and more comparable year-to-year. Adjusted PBITA excludes the effect of separately disclosed items (being restructuring and separation costs, goodwill impairment, amortisation of acquisition-related intangible assets and profits or losses on disposal or closure of businesses) and specific items, which the Group believes should be disclosed separately by virtue of their size, nature or incidence, as explained below.

Restructuring costs

These costs relate to the wider strategic transformation of the Group and are excluded from group and regional Adjusted PBITA since they reflect group decisions and are not considered to be reflective of the underlying financial performance of the individual businesses. In 2017 the Group announced a three-year plan to 2020 to implement efficient organisational design and leaner processes, which is likely to require further restructuring investment. This programme is of a strategic nature and, as such, is monitored and approved by the Group Executive Committee. Local, non-strategic restructuring costs in the businesses continue to be reported within Adjusted PBITA, consistent with prior years.

Goodwill impairment and amortisation of acquisition-related intangible assets

The goodwill and acquisition-related intangible assets (mainly related to the capitalised value of customer lists), which these charges were made against, arose when the Group acquired a number of its current businesses. As a contrast, organically-developed businesses in the Group, whilst clearly benefitting from intangible assets such as talent and customer relationships, do not have any associated goodwill or acquisition-related intangible assets recognised in the Group's consolidated statement of financial position.

Impairment of goodwill and amortisation or impairment of acquisition-related intangible assets are excluded from Adjusted PBITA as they relate to historical acquisition activity rather than the underlying trading performance of the business, and this presentation enables effective comparison of business performance across the Group, regardless of whether businesses were acquired or developed organically. This approach provides management with comparable information for day-to-day decision making. The income and trading profits earned from previously-acquired businesses are, however, included within Adjusted PBITA, and this treatment may differ from how other groups present profits and amortisation of intangible assets relating to businesses acquired.

The Group reports amortisation of all non-acquisition-related intangible assets, which are mainly related to development costs and software, as a charge within Adjusted PBITA, to reflect the amortisation of capital expenditure invested in these assets to deliver the day-to-day operations, consistent with the treatment of depreciation of capital expenditure invested in property, plant and equipment.

Specific items

These items are those that, based on management's judgment, need to be disclosed separately in arriving at operating profit by virtue of their size, nature or incidence. They are excluded from the Group's adjusted performance measures since they are not considered to be representative of the underlying financial performance of the business. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

All specific items are evaluated and approved by the Group's Audit Committee prior to being separately disclosed. The Group seeks to be balanced when reporting specific items for both debits and credits, and any reversal of an excess provision previously created as a specific item is recognised consistently as a specific item. The associated tax impact of specific items is recorded within the specific items tax charge. In addition, tax-specific charges or credits, such as those arising from changes in tax legislation which have a material impact, and which are unrelated to net specific items, are also included within the specific items tax charge. Consistent with the treatment of pre-tax specific items, significant tax charges or credits that occur, which are not related to core businesses but which would have a significant impact on the Group's tax charge, would also be classified as tax-specific items.

Profits/losses on disposal/closure of subsidiaries and losses from discontinued operations

These items are excluded from the Group's adjusted performance measures since they are not reflective of the underlying financial performance of the Group.

Further details regarding these excluded items can be found in note 8 on page 186.

Underlying Adjusted PBITA is a KPI.

Operating cash flow

Net cash flow from operating activities before tax. Underlying operating cash flow excludes restructuring and separation spend and is a KPI.

Operating cash flow conversion

Operating cash flow presented as a percentage of Adjusted PBITA.

Earnings

Profit attributable to equity shareholders of G4S plc. Underlying earnings is a KPI.

Earnings per share (EPS)

Profit attributable to equity shareholders of G4S plc, per share, from continuing operations. Underlying EPS is a KPI.

Net debt to Adjusted EBITDA

The ratio of total net debt, including net debt reported within net assets of disposal groups held for sale, to adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA). This ratio is a factor in the board's assessment of the financial strength of the Group, and forms the basis of a key measure of compliance with covenants in respect of the Group's borrowing facilities.

Certain of these financial performance indicators in respect of underlying results also form a significant element of performance measurement used in the determination of performance-related remuneration and incentives, as follows:

- *Adjusted PBITA* – annual bonus plans for senior managers in regional management;
- *Operating cash flow* – annual bonus plans and long-term incentive plan for all senior management including executive directors;
- *Adjusted earnings* – annual bonus plans for executive directors and functional directors who are members of the Group Executive Committee; and
- *Adjusted EPS growth* – long-term incentive plan for all senior management including executive directors.

Financial highlights

Our underlying results in 2019 were in line with 2018 with improving revenue momentum in the second half of the year and an improved operating cash flow performance.

– **Tim Weller,** Group Chief Financial Officer

Statutory results[a]

REVENUE
£7.8bn +3.4%
(2018: £7.5bn[e])

ADJUSTED PBITA[b]
£501m +3.7%
(2018: £483m[e])

PROFIT BEFORE TAX
£27m -81.0%
(2018: £142m[e])

EARNINGS/(LOSS)[c]
£(91)m -212.3%
(2018: £81m[e])

NET DEBT: ADJUSTED EBITDA[b]
2.9x
(2018: 2.8x[e])

Underlying results[d]

REVENUE
£7.7bn +4.7%
(2018: £7.3bn[e])

ADJUSTED PBITA[b]
£501m +0.0%
(2018: £501m[e])

EARNINGS[c]
£263m +0.8%
(2018: £261m[e])

OPERATING CASH FLOW
£633m +8.8%
(2018: £582m[e])

Chief Financial Officer's review

Introduction

	Statutory results[a] Actual foreign exchange rates			Underlying results[d] Constant foreign exchange rates		
	2019	2018 Restated[e]	YoY %	2019	2018 Restated[e]	YoY %
Revenue	**£7,758m**	£7,505m	+3.4	**£7,672m**	£7,330m	+4.7
Adjusted PBITA[b]	**£501m**	£483m	+3.7	**£501m**	£501m	–
Adjusted PBITA[b] margin	**6.5%**	6.4%		**6.5%**	6.8%	
Earnings/(loss)[c]	**£(91)m**	£81m	(212.3)	**£263m**	£261m	+0.8
Earnings/(loss) per share[c]	**(5.9)p**	5.2p	(213.5)	**17.0p**	16.9p	+0.6
Operating cash flow	**£504m**	£585m	(13.8)	**£633m**	£582m	+8.8

a. Statutory results reflect the entire Group including the results of the businesses subject to the conventional cash disposal. See page 168 for the basis of preparation of statutory results.
b. Adjusted PBITA and net debt to Adjusted EBITDA are Alternative Performance Measures as defined and explained on page 53.
c. Earnings/loss is defined as profit/loss attributable to equity shareholders of G4S plc. Underlying earnings and underlying earnings per share (EPS) are adjusted to exclude specific and other separately disclosed items, as explained on page 52, and are reconciled to statutory earnings/loss and EPS on page 62.
d. Underlying results are Alternative Performance Measures as defined and explained on page 52 and include the results of the businesses subject to the conventional cash disposal. Underlying results are reconciled to the Group's statutory results on page 62. The underlying results are presented at constant exchange rates other than operating cash flow which is presented at actual rates for both 2018 and 2019.
e. Restated for the adoption of IFRS 16 – Leases, see note 3(u) on page 176.

Basis of preparation

The following discussion and analysis on pages 55 to 71 is based on, and should be read in conjunction with, the consolidated financial statements, including the related notes, that form part of this annual report. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU, as explained on page 168. Prior year results have been restated for the impact of adopting IFRS 16 – Leases, as described in note 3(u).

Business performance – statutory results

Statutory results at actual exchange rates	2019 £m	2018 Restated[a] £m	YoY %
Revenue	**7,758**	7,505	+3.4
Adjusted profit before interest, tax and amortisation (Adjusted PBITA)	**501**	483	+3.7
Specific items – charges	**(38)**	(32)	
Specific items – credits	**25**	11	
Restructuring and separation costs	**(57)**	(31)	
Guaranteed minimum pension equalisation charge	**–**	(35)	
California class action settlement	**18**	(100)	
Loss on disposal/closure of subsidiaries/businesses	**(7)**	(15)	
Goodwill impairment	**(291)**	–	
Acquisition-related amortisation	**(6)**	(4)	
Operating profit	**145**	277	(47.7)
Net interest costs	**(118)**	(135)	
Profit before tax	**27**	142	(81.0)
Tax	**(107)**	(55)	
(Loss)/profit after tax	**(80)**	87	(192.0)
Profit from discontinued operations	**–**	2	
(Loss)/profit for the year	**(80)**	89	(189.9)
Non-controlling interests	**(11)**	(8)	
(Loss)/profit attributable to equity holders of the parent ("statutory earnings")	**(91)**	81	(212.3)
EPS	**(5.9)p**	5.2p	(213.5)
Operating cash flow	**504**	585	(13.8)

a. 2018 results have been restated for the effect of adopting IFRS 16 – Leases, see note 3(u).

Revenue

Revenue increased by 3.4% compared with the prior year statutory results. Of the increase, 0.8% (£61m) was due to movements in average exchange rates. At constant exchange rates revenue increased by 2.5%, which includes decreases in revenue from businesses disposed of during the year (£114m reduction) and from onerous contracts (£36m reduction). Excluding the effects of movements in exchange rates, disposed businesses and onerous contracts, revenue grew by 4.7% at constant exchange rates.

Adjusted PBITA

Adjusted PBITA of £501m (2018: £483m) was up 3.7%. Of the increase, 1.0% (£5m) was due to movements in exchange rates. At constant exchange rates, Adjusted PBITA increased 2.7%, which includes a £13m increase in Adjusted PBITA from onerous contracts and disposed businesses. Excluding the effect of movements in exchange rates, Adjusted PBITA from disposed businesses and onerous contracts, the Group's Adjusted PBITA was in line with the prior year.

Business performance is discussed in more detail by service line and region on page 71.

Specific items – charges

The specific items charge was £38m (2018: £32m). During 2019, the Group updated its HR policy formally to waive its rights to recover certain recruitment-related costs under local law in the Gulf states and as a result incurred a non-recurring, non-cash expense of £15m. Also included within the specific items charge was a £14m charge in respect of legacy labour claims in the US and Brazil, and an amount of £5m that was incurred in relation to investigation activities and legal advice in connection with the on-going investigation by the Serious Fraud Office in respect of the Group's Electronic Monitoring services between 2004 and 2013 (see note 32). An additional £4m onerous contract provision was recorded as a specific item relating to a facilities management contract in the UK.

Specific item charges incurred during the year ended 31 December 2018 of £32m related to legacy employee claims in Asia and the Americas and a £9m onerous contract charge related to two UK Care & Justice Services contracts, reflecting estimated future losses over their expected remaining terms.

Specific items – credits

During the year the improved performance of three UK onerous contracts together with the review of their related provisions led to a £22m gain being recognised as a specific item credit. In addition, a specific item credit of £3m was recorded in respect of the recovery of a legacy claim in North America.

Specific items credits recorded during the year ended 31 December 2018 of £11m included a £5m release of onerous contract provisions in the UK for which the related charges had previously been recorded as specific items, following the implementation of operational efficiencies in the contracts leading to a reduction in expected future losses. In addition, a further £6m, primarily related to successful court claims made by the Group in the Americas, was credited as a specific item.

Restructuring and separation costs

Charges of £57m (2018: £31m) were recorded for restructuring and separation during the year ended 31 December 2019. Restructuring costs of £19m (2018: £30m) related to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group, mainly in Europe and the Middle East, the Americas and Cash Solutions. During the year, the Group also incurred costs of £38m in respect of the Cash Solutions separation. In addition, the Group incurred non-strategic reorganisation costs of £11m (2018: £9m) which are included within Adjusted PBITA.

Guaranteed minimum pension equalisation charge

Following the UK High Court Ruling in the case of Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc (and others) in October 2018, the Group recorded a charge of £35m for the year ended 31 December 2018 in respect of the equalisation of benefits for historical guaranteed minimum pension obligations between males and females in the UK.

California class action settlement

In January 2019, the Group agreed the settlement of a class action relating to claims for employee meal and rest breaks for the period 2001 to 2010 in California, for which a provision of £100m ($132m) had been recorded in the year to 31 December 2018. The settlement was approved by the Superior Court of the State of California in October 2019. The amount finally determined in court and paid was £87m ($110m) which was lower than the existing provision. As a result, the excess remaining provision of £18m ($22m) was released to the income statement and recognised as a credit within specific and other separately disclosed items.

Loss on disposal/closure of subsidiaries/businesses

During the year, the Group recognised a net loss of £7m (2018: £15m) reflecting costs incurred on business closures and historical disposals, primarily relating to disposals made by the Group during 2018, offset by a small profit recognised on the disposal of a parking management business in Estonia. Disposals during the year ended 31 December 2018 included the Group's businesses in Hungary and the Secure Solutions business in the Philippines, its archiving business in Kenya and its Cash Solutions businesses in the United Arab Emirates, Colombia and Saudi Arabia.

Goodwill impairment

During the year, the Group recognised a goodwill impairment of £205m (2018: £nil) to fully impair the goodwill in respect of its UK Cash Solutions business. The Group's UK Cash Solutions business continues to be profitable and the Group believes that cash in the UK will continue to represent an important form of payment for the foreseeable future with G4S well placed to exploit new opportunities as the market evolves. Nevertheless, given the rate of decline in cash volumes in the UK market experienced in 2019, the annual end-of-year impairment test has led to the need to impair the historical goodwill balance that was allocated to the business at the time of the merger between Group 4 Falck and Securicor in 2004.

The Group has also recognised a goodwill impairment of £35m (2018: £nil) in respect of its Brazil Secure Solutions business that was acquired in 2012. The impairment charge reflects the adverse macro-economic environment affecting the business that is expected to continue for a prolonged period.

A goodwill impairment of £40m (2018: £nil) has been recognised in relation to the Group's Facilities Management business in the UK reflecting the Group's strategy of managing this business for value and therefore bidding selectively for new work.

A goodwill impairment of £11m (2018: £nil) was also recognised to fully impair the goodwill in respect of the Group's Secure Solutions business in the United Arab Emirates reflecting a material contraction in the scale of that business in the year.

Acquisition-related amortisation

Acquisition-related amortisation was £6m (2018: £4m).

Operating profit

Operating profit for the year of £145m (2018: £277m) decreased by 47.7% which includes the 3.7% increase in Adjusted PBITA and the non-recurrence of the California claim of £100m and the pension equalisation charge of £35m incurred in 2018, offset by the Cash Solutions separation costs of £38m together with the £291m goodwill impairment charge in 2019.

Net interest costs

Net interest payable on net debt decreased to £103m (2018: £119m) reflecting the Group's refinancing programme replacing certain loan notes bearing high interest rates with new loan notes issued at lower rates since 31 December 2018 (see page 59 for details) and a reduction in interest on lease liabilities to £24m (2018: £27m). Net other finance costs were £4m (2018: £5m) and the pension interest charge, related to the unwinding of the discount in relation to long-term pension liabilities, was £11m (2018: £11m), resulting in a total net interest cost of £118m (2018: £135m).

Tax

The statutory tax charge of £107m (2018: £55m) for 2019 included a tax charge of £103m (2018: £92m) on the Group's underlying profits, as explained on page 63, a tax charge on onerous contracts of £3m (2018: £nil), a tax charge of £nil in respect of disposed businesses (2018: £1m), a tax credit of £8m (2018: £6m) in respect of restructuring and separation costs and a net tax charge of £9m (2018: credit of £32m) in respect of tax-specific items and tax charges and credits in respect of specific and other separately disclosed items (as discussed on page 66).

The Group's statutory tax charge represented an effective rate of 396% (2018: 39%) on profit before tax of £27m (2018: £142m). The very substantial increase in effective tax rate year-on-year reflects the nature of specific and other separately disclosed items in each year, where, in 2019 the majority of the items were non-tax deductible (being goodwill impairment) and in 2018 a significant element related to the California class action settlement which attracts a tax deduction in the US.

In general, the effective tax rate is a function of a variety of factors, with the most significant being (i) the geographic mix of the Group's taxable profits and the respective country tax rates; (ii) changes in the value, and recognition of, deferred tax assets and liabilities; (iii) permanent differences such as expenses disallowable for tax purposes; (iv) irrecoverable withholding taxes; (v) the level of provision required for potential tax liabilities not agreed with tax authorities; (vi) the impact of one-off items; and (vii) the overall level of profit against which the preceding items are measured.

In particular, the higher effective tax rate compared with the prior year is primarily driven by the impact of goodwill impairments (see note 18) for which no tax benefit is available, the level of provision required for potential liabilities not agreed with tax authorities, changes in the recognition of deferred tax assets and the geographic mix of profits.

Non-controlling interests

Profit attributable to non-controlling interests was £11m in 2019 (2018: £8m). The increase primarily reflects the renegotiation of shareholder agreements for certain businesses primarily in the Middle East and Asia during the second half of 2018 and the first half of 2019, resulting in the Group recognising new non-controlling interests in these businesses, offset by £6m of specific item charges recorded in statutory non-controlling interests.

Profit/loss attributable to equity holders of the parent ("statutory earnings")

The Group's loss for the year attributable to equity holders of the parent ("statutory earnings") was £91m (2018: profit of £81m) reflecting the goodwill impairment charge of £291m.

Earnings/loss per share

Statutory loss per share[a] was 5.9p (2018: earnings per share of 5.2p), based on the weighted average number of shares in issue of 1,547m (2018: 1,547m). A reconciliation of the Group's statutory profit for the year to EPS is provided below:

Earnings per share	**2019** **£m**	2018 at constant exchange rates[c,d] £m	2018 at actual exchange rates[d] £m
(Loss)/profit for the year	**(80)**	89	89
Non-controlling interests	**(11)**	(8)	(8)
(Loss)/profit attributable to equity holders of the parent (earnings)	**(91)**	81	81
Average number of shares[b] (m)	**1,547**	1,547	1,547
Statutory (loss)/earnings per share[a] (p)	**(5.9)**	5.2	5.2

a. Basis of preparation of statutory results is shown on page 168.
b. Stated net of the average number of shares held in the Employee Benefit Trust of 5m (2018: 5m).
c. Refer to page 52 for a definition of constant currency results.
d. 2018 results have been restated for the effect of adopting IFRS 16 – Leases, see note 3(u).

Review of the Group's consolidated statement of financial position

Significant movements in the consolidated statement of financial position

Current loan notes reduced to £56m (31 December 2018: £464m), reflecting the repayment of certain loan notes during the year, as explained on page 59. In addition, non-current bank loans increased to £533m (31 December 2018: £299m) reflecting the increased draw-down of the Revolving Credit Facility (RCF) in 2019.

Total assets of £734m and liabilities of £280m were transferred to assets and liabilities held for sale in the Group's consolidated statement of financial position at 31 December 2019 in contemplation of the conventional cash disposal, refer to note 24.

The following movements in the Group's consolidated statement of financial position are set out elsewhere in this report, as follows:

- cash, cash equivalents and overdrafts are explained below;
- goodwill impairment recognised during the year is set out in note 18;
- retirement benefit obligations are explained in note 31;
- provisions are analysed in note 32; and
- net debt is analysed in note 36.

Total equity

Total equity at 31 December 2019 was £302m (31 December 2018: £740m). The main movements during the year were: a loss for the year of £80m (2018: profit of £89m), other comprehensive loss of £185m (2018: income of £44m), and dividends declared in the year of £174m (2018: £170m). The other comprehensive loss of £185m included a re-measurement loss on retirement benefit schemes of £148m (2018: gain of £38m) as explained on page 61, an exchange loss on translation of foreign operations of £99m (2018: gain of £45m) and a fair value gain in respect of net investment and cash flow hedging financial instruments of £33m (2018: loss of £31m).

Review of the Group's cash flow and financing

Consolidated statement of cash flows

Net cash flow from operating activities before tax was £504m (2018: £585m). Net cash flow from operating activities was £414m (2018: £487m) reflecting underlying operating cash flow, the settlement of the California class action and restructuring and separation costs. Net cash used in investing activities was £85m (2018: £48m), including net capital expenditure of £110m (2018: £102m) and £12m (2018: £45m) of net business disposal proceeds. Net cash outflow from financing activities was £430m (2018: £381m) with the difference compared with the prior year being mainly the repayment of borrowings of £460m (2018: £658m). Cash, cash equivalents and overdrafts at 31 December 2019 were £519m (2018: £673m), a net decrease compared with 31 December 2018, including the impact of exchange rate movements, of £154m (2018: increase of £102m). The Group's statutory cash flow is presented in full on page 167.

Net debt

Net debt as at 31 December 2019 was £2,092m (2018: £2,024m). The Group's net debt to Adjusted EBITDA ratio increased to 2.88x (2018: 2.75x) reflecting the increase in net debt and lower EBITDA compared with the prior year. A detailed reconciliation of movements in net debt is provided on page 67. Net debt to Adjusted EBITDA calculated on a proforma basis to reflect the sale of the majority of the conventional cash businesses of 2.36x is reconciled on page 69.

Net debt maturity

In March 2020, the Group's credit rating was re-affirmed by Standard & Poor's as BBB-, with a stable outlook. As at 31 December 2019 the Group had liquidity of £1,279m (2018: £1,423m) comprising cash, cash equivalents and bank overdrafts of £519m (2018: £673m) and unutilised but committed facilities of £760m (2018: £750m).

During the year, the Group issued $162m of US private loan notes maturing in May 2026, and $188m of US private loan notes maturing in May 2029. The Group also repaid £350m of GBP public bonds bearing interest rates of 7.75%, and $145m of US private loan notes bearing interest rates of 5.96%. As at 31 December 2019, the Group had drawn down £240m from the RCF (2018: undrawn). In June 2019, the Group exercised an option to extend the term of £716m of the £750m RCF by a further year, taking it to 2024. In July 2019 the Group entered into a £300m bridge facility for 12 months with an option to extend for a further six months, amended in December 2019 to £250m with a 3 month extension so that final maturity is October 2020. This was undrawn as at 31 December 2019.

The next debt maturities are the $74.5m US private loan note due in July 2020 and the $350m term loan facility due in 2021. The Group has good access to the capital markets and a diverse range of finance providers. Borrowings are principally in Sterling, US dollars and Euros, reflecting the geographies of significant operational assets and earnings.

The Group's main sources of finance and their applicable rates as at 31 December 2019 are set out below:

				Year of redemption and amounts (£m)[b]								
Debt instrument/Year of issue	Nominal amount[a]	Issued interest rate	Post-hedging average interest rate	2020	2021	2022	2023	2024	2025	2026	2029	Total
US PP 2007	US$105m	6.06%	2.73%			79						79
US PP 2008	US$74.5m	6.88%	6.88%	56								56
US PP 2019	US$162m	4.90%	3.83%							124		124
US PP 2019	US$188m	5.12%	4.32%								144	144
Public Bond 2016	€500m	1.50%	2.25%				438					438
Public Bond 2017	€500m	1.50%	3.24%					423				423
Public Bond 2018	€550m	1.88%	2.80%						476			476
Term Loan Facility 2018	US$350m	3.44%	3.13%		264							264
Revolving Credit Facility 2018[c]	£750m (multi-currency)	1.71%	1.71%				11	229				240
Bridge facility	£250m	Undrawn	–									–
				56	264	79	449	652	476	124	144	2,244

a. Nominal debt amount, for fair value carrying amount see note 30.
b. Translated at exchange rates prevailing at 31 December 2019, or hedged exchange rates where applicable.
c. Of the £750m revolving credit facility, £34m matures in August 2023 with the remaining £716m maturing in August 2024. As at 31 December 2019, the Group had drawn down £240m from the facility.

The committed bank facilities and private loan notes are subject to a financial covenant of 3.5x net debt to Adjusted EBITDA ratio as explained in note 30 on page 212.

The Group's average cost of gross borrowings, net of lease liabilities and interest hedging, was 3.6% (2018: 3.9%).

Financing and treasury activities

The Group's treasury function is responsible for ensuring the availability of cost-effective finance and for managing the Group's financial risk arising from currency and interest rate volatility and counterparty credit. Group Treasury is not a profit centre and is not permitted to speculate in financial instruments. The treasury department's policies are set by the board and the treasury function is subject to the controls appropriate to the risks it manages which are discussed in note 30 on pages 211 to 216.

To assist the efficient management of the Group's interest costs, the Group operates a multi-currency notional pooling cash management system with a wholly-owned subsidiary of an A-rated bank. The Group presents pooled cash and overdrafts gross in the consolidated statement of financial position.

Other information

Significant exchange rates applicable to the Group

The Group derives a significant portion of its revenue and profits in the following currencies. Closing and average rates for these currencies are shown below:

	As at 31 December 2019	Year to 31 December 2019 average rates	As at 31 December 2018	Year to 31 December 2018 average rates
£/US$	**1.3263**	**1.2774**	1.2746	1.3336
£/€	**1.1813**	**1.1412**	1.1130	1.1294
£/South Africa Rand	**18.5415**	**18.4364**	18.3288	17.5598
£/India Rupee	**94.49**	**89.8276**	88.8104	90.9294
£/Brazil Real	**5.3336**	**5.0283**	4.9461	4.8621
£/Saudi Riyal	**4.9759**	**4.7978**	4.7807	5.0098
£/Canada Dollar	**1.7213**	**1.6939**	1.7365	1.7268

Applying December 2019 closing rates to underlying results for the year to 31 December 2019 would result in a decrease in revenue of 2.9% to £7,448m (for the year ended 31 December 2018: decrease of 2.9% to £7,119m) and a decrease in Adjusted PBITA of 3.2% to £485m (for the year ended 31 December 2018: decrease of 3.0% to £486m).

Applying December 2019 closing rates to the Group's statutory results for the year to 31 December 2019 would result in a decrease in revenue of 2.9% to £7,534m (for the year ended 31 December 2018: decrease of 2.1% to £7,351m) and a decrease in Adjusted PBITA of 3.2% to £485m (for the year ended 31 December 2018: decrease of 1.9%, to £474m).

The movements in average exchange rates led to an increase in statutory revenue of 0.8% and an increase in Adjusted PBITA of 1.0%. The impact of exchange rate movements decreased the Group's net debt by £10m compared with the prior year.

Dividend

In assessing the dividend, the board considers:

- future investment requirements;
- the Group's pension obligations;
- net debt to Adjusted EBITDA;
- the availability of distributable reserves in the parent company; and
- reward to shareholders.

As announced on 23 March 2020, notwithstanding the Group's strong liquidity and robust business continuity plans, the board considers that the uncertainty relating to Covid-19 and its impact on economic activity in our key markets has increased substantially since the date of the Group's preliminary full year results announcement. In these circumstances, the board will not be proposing the payment of a final dividend in respect of the full year 2019 at the forthcoming Annual General Meeting. Once the adverse impact of Covid-19 has abated, it is the board's intention to restore the dividend, taking into account the board's objective of attaining dividend cover of 2.0x and thereafter pursuing a progressive dividend policy. For the year ended 31 December 2019, the interim dividend was 3.59p (DKK 0.2905) per share (for the year ended 31 December 2018, the interim dividend was 3.59p; DKK 0.2969 and the total dividend was 9.70p; DKK 0.8290).

Pensions

As at 31 December 2019 the net defined benefit pension obligation in the consolidated statement of financial position was £411m (2018: £364m) of which £292m (2018: £248m) related to material funded defined benefit schemes. Net of related deferred tax balances, the Group's net pension obligation was £331m (2018: £302m). In addition, pension deficits of £57m included within businesses in disposal groups held for sale (primarily reflecting a net deficit in the Netherlands Cash Solutions pension scheme of £46m) were transferred to liabilities relating to disposal groups held for sale.

Following the agreed sale of the majority of the Group's conventional cash businesses, the defined benefit scheme in the UK accounts for all (2018: 86%) of the net balance sheet liability for material funded defined retirement benefit schemes. The scheme has approximately 26,000 members and further details of the make-up of the scheme are given in note 31 on page 218.

	2019 £m	2018 £m
Scheme assets	**2,425**	2,219
Obligations	**(2,717)**	(2,432)
Net UK obligations	**(292)**	(213)

The UK scheme's pension liabilities increased compared with the position as at 31 December 2018 primarily reflecting the decrease in discount rates to 2.00% (31 December 2018: 2.85%) used to compute the scheme obligations following a reduction in corporate bond rates offset by the payment of scheduled deficit repair contributions of £52m (2018: £41m) during the year.

The triennial valuation in respect of the UK scheme has concluded, as a result of which the Group has agreed to pay future deficit repair contributions in line with the previous schedule. The schedule sets the deficit repair payment for 2020 at £53m.

Interest rate risk and interest rate swaps

The Group's investments and borrowings at 31 December 2019 were a mix of fixed rates of interest and floating rates of interest linked to LIBOR and EURIBOR.

The March 2007, July 2008 and May 2019 private placement notes along with the November 2016, June 2017 and May 2018 public notes were all issued at fixed rates, whilst the Group's investments and bank borrowings were all at variable rates of interest linked to LIBOR and EURIBOR.

The Group's interest-risk policy requires treasury to maintain a proportion of the Group's debt at fixed rates within the range of 25% to 75%, using the natural mix of fixed and floating interest rates arising from the bond and bank markets and by utilising interest rate and cross currency swaps. As at 31 December 2019, 64% (2018: 69%) of the Group's debt is held at fixed rates.

Part of the private placement and public notes have been swapped to floating interest rates and accounted for as being part of fair value hedges, with a net loss in the hedging instruments at 31 December 2019 of £1m (2018: £6m). At 31 December 2019, the market value of the outstanding pay-fixed receive-variable swaps and the pay-fixed receive-fixed cross currency swaps, that were subject to hedge accounting, was a net liability of £24m (2018: asset of £32m).

Foreign currency hedging

The Group has many overseas subsidiaries and joint ventures, denominated in various different currencies. Treasury policy is to manage significant translation risks in respect of net operating assets and its consolidated net debt to Adjusted EBITDA ratio by holding foreign-currency denominated loans and cross currency swaps.

At 31 December 2019, the Group's US dollar and Euro net assets were approximately 69% and 88% respectively, hedged by foreign currency debt. Net debt held in US dollars and Euros, and in those currencies officially pegged to these two currencies, equated broadly to a ratio of 2.8x Adjusted EBITDA generated from these currencies (2018: 2.5x Adjusted EBITDA).

Tax policy

The Group's tax strategy can be found at g4s.com.

Corporate governance

The Group's policies regarding risk management and corporate governance are set out in the Risk management section on pages 78 to 87 and in the Corporate governance report on page 114.

Business performance – Alternative Performance Measures (APMs)

Summary Group results

Year ended 31 December 2019 (at 2019 average exchange rates)

£m	Underlying results[a]	Onerous contracts	Disposed businesses[c]	Restructuring and separation	Specific and other separately disclosed items[d]	Statutory
Revenue	7,672	86	–			7,758
Adjusted PBITA[b]	501	–	–			501
Net specific and other items[d]	–	18	–	(57)	(317)	(356)
Profit before tax	383	18	–	(57)	(317)	27
Tax	(103)	(3)	–	8	(9)	(107)
Profit/(loss) after tax	280	15	–	(49)	(326)	(80)
Earnings/(loss)[e]	263	15	–	(49)	(320)	(91)
EPS[e]	17.0p	1.0p	–	(3.2)p	(20.7)p	(5.9)p
Operating cash flow[f]	633	5	–	(47)	(87)	504

Year ended 31 December 2018 (at 2019 average exchange rates) – restated[g]

£m	Underlying results[a]	Onerous contracts	Disposed businesses[c]	Restructuring	Specific and other separately disclosed items[d]	Constant currency results[h]
Revenue	7,330	122	114			7,566
Adjusted PBITA[b]	501	(4)	(9)			488
Net specific and other items[d]	–	(4)	–	(30)	(175)	(209)
Profit before tax	367	(10)	(10)	(30)	(175)	142
Tax	(93)	–	(1)	6	33	(55)
Profit after tax	274	(10)	(11)	(24)	(142)	87
Earnings[e]	261	(10)	(6)	(24)	(140)	81
EPS[e]	16.9p	(0.6)p	(0.4)p	(1.6)p	(9.0)p	5.2p
Operating cash flow[f]	582	30	(1)	(26)	–	585

Year ended 31 December 2018 (at 2018 average exchange rates) – restated[g]

£m	Underlying results[a]	Onerous contracts	Disposed businesses[c]	Restructuring	Specific and other separately disclosed items[d]	Statutory
Revenue	7,271	122	112			7,505
Adjusted PBITA[b]	495	(4)	(8)			483
Net specific and other items[d]	–	(4)	–	(31)	(171)	(206)
Profit before tax	363	(10)	(9)	(31)	(171)	142
Tax	(92)	–	(1)	6	32	(55)
Profit after tax	271	(10)	(10)	(25)	(139)	87
Earnings[e]	258	(10)	(5)	(25)	(137)	81
EPS[e]	16.7p	(0.6)p	(0.3)p	(1.6)p	(8.9)p	5.2p
Operating cash flow[f]	582	30	(1)	(26)	–	585

a. Underlying results are Alternative Performance Measures as defined and explained on page 52 and exclude the results of businesses disposed of during the current or prior year (but include the businesses subject to the conventional cash disposal), the effect of onerous contracts and specific and other separately disclosed items.
b. Adjusted PBITA is an Alternative Performance Measure as defined and explained on page 53 and excludes specific and other separately disclosed items.
c. Disposed businesses include the results of all businesses that have been sold or closed by the Group before 31 December 2019 and are excluded from underlying results to present the underlying result of the current and comparative years on a like-for-like basis.
d. Other separately disclosed items include goodwill impairment, net profit/(loss) on disposal/closure of subsidiaries/businesses, the California class action settlement and acquisition-related amortisation. The associated tax impact is included in the tax charge within "other separately disclosed items". In addition, tax-specific charges or credits, such as those arising from changes in tax legislation which have a material impact, and which are unrelated to net specific items, are included within the tax charge within "other separately disclosed items". The accounting policy for specific and other separately disclosed items is provided on page 53.
e. Earnings/loss is defined as profit/loss attributable to equity shareholders of G4S plc. Underlying earnings and underlying EPS exclude specific and other separately disclosed items as described on page 53 and are reconciled to statutory earnings and statutory EPS above.
f. Operating cash flow is defined on page 53 as net cash flow from operating activities of continuing operations and is stated after pension deficit contributions of £52m (2018: £41m). For the year ended 31 December 2018 it is presented at 2018 average exchange rates. Operating cash flow is reconciled to the Group's movements in net debt on page 67.
g. Restated for the adoption of IFRS 16 – Leases, see note 3(u). Results for the year ended 31 December 2018 are reconciled to previously reported results on page 68.
h. Constant currency amounts show the 2018 statutory results retranslated at 2019 average exchange rates as described on page 52. Constant currency amounts should not be considered as or used in place of the Group's statutory results. Constant currency operating cash flow is translated at 2018 average exchange rates.

Basis of preparation of underlying results

The following review discusses the Group's underlying results, which are an Alternative Performance Measure as described on page 52 and are reconciled to statutory results on page 62. Throughout this review, to aid comparability, 2018 results are presented on a constant-currency basis by applying 2019 average exchange rates, unless otherwise stated. The results for the year ended 31 December 2018 have been restated for the adoption of IFRS 16 – Leases, as explained in note 3(u).

Underlying results

At 2019 average exchange rates	2019[a] £m	2018[a,b] Restated[c] £m	YoY %
Revenue	**7,672**	7,330	4.7%
Adjusted profit before interest, tax and amortisation (Adjusted PBITA[a])	**501**	501	–
Adjusted PBITA[a] margin	**6.5%**	6.8%	
Interest	**(118)**	(134)	
Profit before tax	**383**	367	4.4%
Tax	**(103)**	(93)	
Profit after tax	**280**	274	2.2%
Non-controlling interests	**(17)**	(13)	
Earnings[a] (profit attributable to equity holders of the parent)	**263**	261	0.8%
EPS[a] (p)	**17.0**	16.9	0.6%
Operating cash flow[a,b]	**633**	582	8.8%

a. Underlying results, Adjusted PBITA, earnings, EPS and operating cash flow are Alternative Performance Measures as defined and explained on pages 52 and 53. They exclude the effect of specific and other separately disclosed items, the results of onerous contracts and the results of businesses sold or closed before 31 December 2019, but include the results of businesses subject to the conventional cash disposal, and are reconciled to the Group's statutory results on page 62.
b. 2018 comparatives are presented at 2019 average exchange rates as described on page 52, except for operating cash flow which is presented at 2018 average exchange rates.
c. The 2018 results have been restated for the effect of adopting IFRS 16 – Leases, see note 3(u).

Revenue

The Group's revenue increased by 4.7% year-on-year. Secure Solutions revenues were 4.7% higher than the prior year, as explained on page 72. Cash Solutions revenue increased by 4.6% following a strong performance in North America Retail Cash Solutions, offset by challenging market conditions in the UK.

Adjusted PBITA

Adjusted PBITA of £501m (2018: £501m) was in line with the prior year. This reflects a reduction in Adjusted PBITA of £7m in Secure Solutions and an increase in Adjusted PBITA in Cash Solutions of £5m, which reflected an £8m one-off benefit in 2018 relating to the early completion of a bullion centre contract in the UK.

Interest

Net interest payable on net debt decreased to £103m (2018: £118m) reflecting the Group's refinancing programme replacing certain loan notes bearing high interest rates with new loan notes issued at lower interest rates since 30 June 2018 (see page 59 for details) and a reduction in interest on lease liabilities to £24m (2018: £27m). Net other finance costs were £4m (2018: £5m) and the pension interest charge, related to the unwinding of the discount in relation to long-term pension liabilities, was £11m (2018: £11m), resulting in a total net interest cost of £118m (2018: £134m).

Tax

A tax charge of £103m (2018: £93m) was incurred on profit before tax of £383m (2018: £367m) which represents an effective tax rate of 27% (2018: 25%). In general, the effective tax rate is a function of a variety of factors, with the most significant being (i) the geographic mix of the Group's taxable profits and the respective country tax rates; (ii) changes in the value, and recognition of, deferred tax assets and liabilities; (iii) permanent differences such as expenses disallowable for tax purposes; (iv) irrecoverable withholding taxes; (v) the level of provision required for potential tax liabilities not agreed with tax authorities; (vi) the impact of one-off items; and (vii) the overall level of profit against which the preceding items are measured.

The higher effective tax rate compared with the prior year is primarily driven by the level of provision required for potential liabilities not agreed with tax authorities, changes in the recognition of deferred tax assets and the geographic mix of profits.

Non-controlling interests

Profit attributable to non-controlling interests was £17m in 2019, an increase from £13m in 2018, primarily reflecting the increased share of profits due to non-controlling interests in certain businesses in Europe & Middle East and Asia.

Earnings

The Group generated profit attributable to equity holders ("earnings") of £263m (2018: £261m) for the year ended 31 December 2019.

Earnings per share

Earnings per share was 0.6% higher than the prior year at 17.0p (2018: 16.9p), based on the weighted average of 1,547m (2018: 1,547m) shares in issue[a]. A reconciliation of profit for the year to earnings per share is provided below:

Underlying earnings per share	2019 £m	2018 at constant exchange rates Restated[b] £m	2018 at actual exchange rates Restated[b] £m
Underlying profit for the year	**280**	274	271
Non-controlling interests	**(17)**	(13)	(13)
Underlying profit attributable to equity holders of the parent (earnings)	**263**	261	258
Average number of shares[a] (m)	**1,547**	1,547	1,547
Underlying earnings per share (p)	**17.0**	16.9	16.7

a. Stated net of the average number of shares held in the Employee Benefit Trust of 5m (2018: 5m), see note 35.
b. Restated for the impact of IFRS 16 – Leases, see note 3(u).

Onerous contracts

The Group's onerous contracts generated revenues of £86m (2018: £122m) for the year ended 31 December 2019, which are lower than the prior year reflecting the finalisation of two UK contracts during the year. This included the COMPASS contract that ended in August 2019, which was managed to completion within existing provisions. Onerous contracts reported Adjusted PBITA of £nil for the year ended 31 December 2019. For the year ended 31 December 2018 onerous contracts reported Adjusted PBITA of £(4)m, which mainly represented the write down of the value of the assets and the recognition of an onerous contract provision in respect of two UK Care & Justice Services contracts.

During the year the improved performance of three UK contracts together with the review of their related provisions led to a £22m gain being recognised as a specific item credit in the income statement. In the prior year the Group recognised a £5m specific item credit following the implementation of operational efficiencies in respect of certain onerous contracts that had led to a reduction in expected future losses.

In 2019, the Group also recognised a £4m additional onerous contract provision recorded as a specific item relating to a facilities management contract in the UK. In 2018, the Group recognised a £9m charge related to two UK Care & Justice Services contracts, reflecting the estimated losses over the expected remaining contract terms.

Operating cash flow in respect of onerous contracts was £5m for the year ended 31 December 2019 (2018: £30m) excluding lease payments of £27m (2018: £41m) which, following the Group's adoption of IFRS 16, are reported outside of operating cash flows.

Disposed businesses

In early 2019 the Group sold a parking management business in Estonia which had not generated any material revenue or Adjusted PBITA in 2019 to the date of disposal. The Group did not dispose of any other significant businesses during the year.

Businesses sold during the year ended 31 December 2018 included the Group's businesses in Hungary and the Secure Solutions business in the Philippines, an archiving business in Kenya and the Cash Solutions businesses in the United Arab Emirates, Colombia and Saudi Arabia, and these businesses, together with the parking management business in Estonia sold in 2019, generated revenue of £114m and Adjusted PBITA of £(9)m for the year ended 31 December 2018.

Restructuring and separation

Charges of £57m (2018: £30m) were recorded for restructuring and separation during the year ended 31 December 2019. Restructuring costs of £19m (2018: £30m) related to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group, mainly in Europe and the Middle East, the Americas and Cash Solutions. During the year the Group also incurred costs of £38m in respect of the Cash Solutions separation. In addition, the Group incurred non-strategic reorganisation costs of £11m (2018: £9m) which are included within Adjusted PBITA.

Specific and other separately disclosed items

	2019 £m	2018 at constant exchange rates Restated[a] £m	2018 at actual exchange rates Restated[a] £m
Specific items – charges	**(34)**	(24)	(23)
Specific items – credits	**3**	6	6
Guaranteed minimum pension equalisation charge	**–**	(35)	(35)
California class action settlement	**18**	(104)	(100)
Net loss on disposal/closure of subsidiaries/businesses	**(7)**	(14)	(15)
Goodwill impairment	**(291)**	–	–
Acquisition-related amortisation	**(6)**	(4)	(4)
Specific and other separately disclosed items before tax	**(317)**	(175)	(171)
Tax credits arising on specific and other separately disclosed items	**2**	35	34
Tax charges for tax-only specific items	**(11)**	(2)	(2)
Total tax (charges)/credits arising on specific and other separately disclosed items	**(9)**	33	32
Specific and separately disclosed items after tax	**(326)**	(142)	(139)
Profit from discontinued operations	**–**	2	2
Non-controlling interests' share of specific and other separately disclosed items	**6**	–	–
Total specific and other separately disclosed items – charge to earnings	**(320)**	(140)	(137)

a. Restated for the impact of adopting IFRS 16 – Leases, see note 3(u).

Specific items

The specific items charge was £34m (2018: £24m). During 2019, the Group updated its HR policy formally to waive its rights to recover certain recruitment-related costs under local law in the Gulf states and as a result incurred a non-recurring, non-cash expense of £15m. Also included within the specific items charge was a £14m charge in respect of legacy labour claims in the US and Brazil, and an amount of £5m that was incurred in relation to investigation activities and legal advice in connection with the on-going investigation by the Serious Fraud Office in respect of the Group's Electronic Monitoring services between 2004 and 2013 (see note 32).

Specific item charges incurred during the year ended 31 December 2018 of £24m related to legacy employee claims in Asia and the Americas.

The specific items credit of £3m (2018: £6m) relates to the recovery of a legacy claim in North America. The specific items credit in 2018 of £6m primarily related to successful legal claims made by the Group in the Americas.

Guaranteed minimum pension equalisation charge

Following the UK High Court Ruling in the case of Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc (and others) in October 2018, the Group recorded a charge of £35m for the year ended 31 December 2018 in respect of the equalisation of benefits for historical guaranteed minimum pension obligations between males and females in the UK.

California class action settlement

In January 2019, the Group agreed the settlement of a class action relating to claims for employee meal and rest breaks for the period 2001 to 2010 in California, for which a provision of £100m ($132m) had been recorded in the year to 31 December 2018. The settlement was approved by the Superior Court of the State of California in October 2019. The amount finally determined in court and paid was £87m which was lower than the existing provision. As a result, the excess remaining provision of £18m ($22m) was released to the income statement and recognised as a credit within specific and other separately disclosed items.

Net loss on disposal/closure of subsidiaries/businesses

During the year, the Group recognised a net loss of £7m (2018: £14m) reflecting costs incurred on business closures and historical disposals, primarily relating to disposals made by the Group during 2018, offset by a small profit recognised on the disposal of a parking management business in Estonia. Disposals during the year ended 31 December 2018 included the Group's businesses in Hungary and the Secure Solutions business in the Philippines, its archiving business in Kenya and its Cash Solutions businesses in the United Arab Emirates, Colombia and Saudi Arabia.

Goodwill impairment

During the year the Group recognised a goodwill impairment of £205m (2018: £nil) to fully impair the goodwill in respect of its UK Cash Solutions business. The Group's UK Cash Solutions business continues to be profitable and the Group believes that cash in the UK will continue to represent an important form of payment for the foreseeable future with G4S well placed to exploit new opportunities as the market evolves. Nevertheless, given the rate of decline in cash volumes in the UK market experienced in 2019, the annual end-of-year impairment test has led to the need to impair the historical goodwill balance that was allocated to the business at the time of the merger between Group 4 Falck and Securicor in 2004.

The Group has also recognised a goodwill impairment of £35m (2018: £nil) in respect of its Brazil Secure Solutions business that was acquired in 2012. The impairment charge reflects the adverse macro-economic environment affecting the business that is expected to subsist for a prolonged period.

A goodwill impairment of £40m (2018: £nil) has been recognised in relation to the Group's Facilities Management business in the UK reflecting the Group's strategy of managing this business for value and therefore bidding selectively for new work.

A goodwill impairment of £11m (2018: £nil) was also recognised to fully impair the goodwill in respect of the Group's Secure Solutions business in the United Arab Emirates reflecting a material contraction in the scale of that business in the year.

Acquisition-related amortisation

Acquisition-related amortisation was £6m (2018: £4m).

Tax charges/credits arising on specific and other separately disclosed items

Total tax charges arising on specific and other separately disclosed items were £9m (2018: credits of £33m).

Tax credits arising on specific and other separately disclosed items were £2m (2018: £35m). The credits for the year ended 31 December 2018 primarily related to amounts owed to class members and their advisors under the proposed California class action settlement for which a deferred tax asset was established at 31 December 2018. The California class action was settled for less than anticipated. The deferred tax asset reversed in 2019 in specific items follows the release of the excess provision resulting from the reduced settlement. Tax credits are not available for goodwill impairments (see note 18) and as such no tax benefit has been provided for these impairments.

The tax charge for tax-only specific items was £11m (2018: £2m) and includes a reduction in the value of deferred tax assets following tax reforms in India, a provision for a tax dispute in Indonesia regarding the deductibility of certain operating expenses, a provision against the recoverability of withholding taxes suffered in Brazil and credits arising from the release of deferred tax liabilities relating to the California class action settlement no longer required following agreement with the UK and US tax authorities.

Non-controlling interests' share of specific and other separately disclosed items

Non-controlling interests' share of specific and other separately disclosed items of £6m (2018: £nil) represents the non-controlling interests' share of the recruitment-related specific item in certain countries in the Middle East.

Reconciliation between statutory operating profit and net debt

A reconciliation between operating profit, as presented in the Group's consolidated income statement, to movement in net debt is presented below with 2019 amounts presented at actual rates for the year and the prior year amounts presented at 2018 average exchange rates.

	2019 £m	2018 Restated[a] £m
Operating profit	145	277
Adjustments for non-cash and other items (see page 167)	373	385
Net working capital movement	(14)	(77)
Net cash flow from operating activities before tax (see page 167)	504	585
Adjustments for:		
Restructuring and separation spend	47	26
California class action settlement	87	–
Cash flow	638	611
Analysed between:		
Underlying operating cash flow	633	582
Disposed businesses	–	(1)
Onerous contracts	5	30
Investment in the business		
Purchase of fixed assets, net of disposals	(110)	(102)
New leases	(78)	(125)
Restructuring and separation spend	(47)	(26)
Disposal/closure of subsidiaries/businesses (see note 8)	12	45
Acquisition of subsidiaries	(4)	(4)
Net debt in disposed businesses	3	(21)
Net investment in the business	(224)	(233)
Net cash flow after investing in the business	414	378
Other uses of funds		
Net interest paid	(122)	(124)
Tax paid	(90)	(98)
Dividends paid	(172)	(170)
Purchase of own shares	(11)	(11)
Transactions with non-controlling interests	(14)	(1)
California class action settlement	(87)	–
Other	4	7
Net other uses of funds	(492)	(397)
Net increase in net debt before foreign exchange movements	(78)	(19)
Net debt at the beginning of the year	(2,024)	(1,965)
Effect of foreign exchange movements	10	(40)
Net debt at the end of the year	(2,092)	(2,024)

a. Restated for the adoption of IFRS16 – Leases, see note 3(u).

Movement in net debt during the year

The Group generated underlying operating cash flow of £633m (2018: £582m) after pension deficit repair contributions of £52m (2018: £41m) during the year. Underlying operating cash flow represents 126% (2018: 118%) of Adjusted PBITA. The Group invested £188m (2018: £227m) in net capital expenditure including £78m (2018: £125m) in leased assets that are capitalised in accordance with IFRS 16. The relatively high level of new leases in 2018 reflected the timing of the renewal of fleet lease vehicles in North America as well as significant new leases of accommodation for guards to service contracts in Europe & Middle East. The Group received net proceeds of £12m (2018: £45m) from the disposal of businesses and made no significant acquisitions in the year.

Net cash flow after investing in the business was £414m (2018: £378m). The Group's net increase in net debt before foreign exchange movements was £78m (2018: £19m) after net interest of £122m (2018: £124m), tax paid of £90m (2018: £98m), the payment of £87m (2018: £nil) to settle the California class action claim (see page 65) and dividends paid of £172m (2018: £170m).

The Group's net debt as at 31 December 2019 was £2,092m (December 2018: £2,024m).

Tim Weller
Group Chief Financial Officer

Reconciliation of underlying results by segment – for the year ended 31 December 2018

Revenue by reportable segment (£m)	Underlying as previously reported	Movements in onerous contracts[a]	Movements in disposed businesses[b]	Restatement for IFRS 16[c]	Underlying results at actual rates[e]	Exchange differences[d]	Underlying results at constant rates[e]
Year ended 31 December 2018							
Africa	405	–	–	–	405	(5)	400
Americas	2,443	–	–	–	2,443	41	2,484
Asia	881	–	–	–	881	19	900
Europe & Middle East	2,501	(4)	(7)	–	2,490	4	2,494
Cash Solutions	1,059	–	–	(7)	1,052	–	1,052
Total Group revenue	**7,289**	**(4)**	**(7)**	**(7)**	**7,271**	**59**	**7,330**

Adjusted PBITA by reportable segment (£m)							
Year ended 31 December 2018							
Africa	32	–	–	2	34	(2)	32
Americas	129	–	–	4	133	3	136
Asia	63	–	–	2	65	2	67
Europe & Middle East	179	–	(1)	7	185	2	187
Cash Solutions	121	–	–	7	128	1	129
Adjusted PBITA before corporate costs	**524**	**–**	**(1)**	**22**	**545**	**6**	**551**
Corporate costs	(50)	–	–	–	(50)	–	(50)
Total Group Adjusted PBITA	**474**	**–**	**(1)**	**22**	**495**	**6**	**501**

Other financial KPIs (£m)							
Year ended 31 December 2018							
Profit before tax	365	–	(1)	(1)	363	4	367
Profit after tax	272	–	(1)	–	271	3	274
Earnings	259	–	(1)	–	258	3	261
Earnings per share – p	16.7	–	(0.1)	0.1	16.7	0.2	16.9
Operating cash flow	453	–	(2)	131	582	–	582

a. During 2019, one UK government contract became onerous and has therefore been re-classified from underlying results to onerous contracts, and prior year comparatives have been re-presented to reflect this.
b. To present results on a consistent and comparable basis, the results from any businesses sold or closed in either the current or prior years are excluded from the underlying results in both the current and prior years. The movement in disposed businesses reflects the disposal of a parking management business in Estonia which was sold in 2019.
c. With effect from 1 January 2018 the Group has adopted IFRS 16 – Leases, as explained in note 3(u), which has resulted in certain 2018 income statement line items being restated.
d. The results for the year ended 31 December 2018 were previously reported at average exchange rates for the year ended 31 December 2018. The comparative results have been re-presented at average exchange rates for the year ended 31 December 2019 as described on page 52.
e. Underlying results are an APM and are explained on page 52 and reconciled to the Group's statutory results on page 62.

Proforma segmental analysis of underlying revenue and Adjusted PBITA of the businesses subject to the conventional cash disposal

On 26 February 2020 the Group announced that it had entered into an agreement to sell the majority of its conventional cash businesses (the "conventional cash transaction"), with 2019 revenues of £0.6bn, to Brink's for an enterprise value of £727m. Under the agreement, completion of the sale is phased with expected total net cash proceeds of approximately £670m, of which the Group has received around 71% as at 28 April 2020. A further 27% is due to be received in H2 2020 and 3% after 2020. Timing of completion of further phases is subject to customary consultations and approvals.

Set out below is a proforma segmental presentation of underlying 2018 and 2019 revenue and Adjusted PBITA for the Group split between the conventional cash businesses which the Group has agreed to sell to Brink's (the "Disposal Group"), and the retained businesses, together with a proforma calculation of the Group's net debt to Adjusted EBITDA based on the balance sheet position of the Group as at 31 December 2019. The estimated net cash proceeds of £670m noted above is based on the projected balance sheet position of the disposal businesses at completion.

Underlying results at constant rates Revenue by reportable segment (£m)	**Retained Group 2019**	**Disposal Group 2019**	**Total 2019**	Retained Group 2018 Restated[a]	Disposal Group 2018 Restated[a]	Total 2018 Restated[a]
Africa	425	–	425	400	–	400
Americas	2,696	7	2,703	2,477	7	2,484
Asia	916	24	940	876	24	900
Europe & Middle East	2,453	51	2,504	2,458	36	2,494
Cash Solutions	559	541	1,100	544	508	1,052
Total Group revenue	**7,049**	**623**	**7,672**	**6,755**	**575**	**7,330**
Adjusted PBITA by reportable segment (£m)						
Africa	30	–	30	32	–	32
Americas	136	–	136	136	–	136
Asia	69	1	70	66	1	67
Europe & Middle East	175	4	179	185	2	187
Cash Solutions	60	74	134	60	69	129
Adjusted PBITA before corporate costs	**470**	**79**	**549**	**479**	**72**	**551**
Corporate costs	(44)	(4)	(48)	(46)	(4)	(50)
Total Group Adjusted PBITA	**426**	**75**	**501**	**433**	**68**	**501**

a. Restated for the effect of IFRS 16 – Leases, see note 3(u).

Proforma Group net debt to Adjusted EBITDA ratio	**2019 £m**	**Disposal Group £m**	**2019 Proforma £m**
Adjusted PBITA (page 163)	**501**	**(75)**	**426**
Add back:			
Depreciation	204	(43)	161
Amortisation of non-acquisition-related intangible assets	22	(1)	21
Adjusted EBITDA	**727**	**(119)**	**608**
Net debt per note 36	**2,092**	**(657)**	**1,435**
Net debt to Adjusted EBITDA ratio	**2.88x**		**2.36x**

Basis of preparation:

1. Proforma revenue is the revenue of the Group for the year excluding the third-party revenue of the businesses subject to the conventional cash transaction.
2. Proforma Adjusted PBITA and EBITDA are the Adjusted PBITA and EBITDA of the Group excluding the Adjusted PBITA/EBITDA of the businesses that are subject to the conventional cash transaction respectively. Proforma Adjusted PBITA/EBITDA reflects the intercompany recharges and cost allocations made during the year.
3. Proforma net debt to EBITDA represents the Group's net debt less the anticipated proceeds from the conventional cash transaction and net debt that is transferring to Brink's as part of that transaction based on the Group's balance sheet position as at 31 December 2019, divided by proforma Adjusted EBITDA.
4. Disposal Group net debt of £657m reflects the balance sheet position at 31 December 2019. The estimated net cash proceeds of £670m are based on the balance sheet position forecast at completion of the transaction during 2020.

Regional reviews

The following pages provide an overview of the Group's regional and service line financial performance. To aid comparability, 2018 comparative results are presented on a constant currency basis by applying 2019 average exchange rates.

2019 Regional and segmental review – underlying results

At 2019 average exchange rates	Revenue 2019 £m	Revenue[a] 2018 £m	YoY %	Organic growth[b] %	Adjusted PBITA 2019 £m	Adjusted PBITA[a] 2018 £m	YoY %	Adjusted PBITA margin 2019 %	Adjusted PBITA margin[a] 2018 %
Africa	**425**	400	6.3	6.3	**30**	32	(6.3)	**7.1**	8.0
Americas	**2,703**	2,484	8.8	8.8	**136**	136	–	**5.0**	5.5
Asia	**940**	900	4.4	4.4	**70**	67	4.5	**7.4**	7.4
Europe & Middle East	**2,504**	2,494	0.4	(0.2)	**179**	187	(4.3)	**7.1**	7.5
Secure Solutions	**6,572**	6,278	4.7	4.4	**415**	422	(1.7)	**6.3**	6.7
Cash Solutions	**1,100**	1,052	4.6	2.9	**134**	129	3.9	**12.2**	12.3
Total Group before corporate costs	**7,672**	7,330	4.7	4.2	**545**	551	(0.4)	**7.2**	7.5
Corporate costs					**(48)**	(50)	(4.0)		
Total Group	**7,672**	7,330	4.7	4.2	**501**	501	–	**6.5**	6.8

a. Restated for the effect of IFRS 16 – Leases, see note 3(u) and include businesses subject to the conventional cash disposal.
b. Organic revenue growth has been calculated by adjusting underlying constant currency revenue growth to remove the effect of acquisitions in the current and prior years. In computing organic revenue growth, 2019 revenue has been adjusted by £10m to reflect the acquisition of a small Cash Solutions business in the Netherlands during the year. Revenue in 2018 has been adjusted by £23m to reflect the consolidation of a business that was first consolidated in 2018 following the renegotiation of its shareholder agreement.

Regional and segmental financial performance (see pages 72 to 77)

The Group's business performance for internal management reporting presents underlying results, onerous contracts and disposed or closed businesses, analysed between segments. The Group's segmental results are presented above, excluding onerous contracts and disposed or closed businesses, but including the results of the conventional cash businesses subject to the Brink's transaction. A reconciliation between underlying results and statutory results by segment is presented below. All commentary, results and tables on pages 71 to 77 are based on underlying results, with prior year comparatives presented at constant exchange rates, as described on page 52, unless stated otherwise.

The Group's revenue increased by 4.7% year-on-year. Secure Solutions revenues were 4.7% higher than the prior year, reflecting growth of 4.9% in security partially offset by 1.6% lower revenues in our ancillary Care & Justice Services. Cash Solutions revenue increased by 4.6% following a strong performance in North America Retail Cash Solutions offset by challenging market conditions in the UK.

Adjusted PBITA of £501m (2018: £501m) was in line with the prior year. This reflects a reduction in Adjusted PBITA of £7m in Secure Solutions and an increase in Adjusted PBITA in Cash Solutions of £5m which reflected a one-off benefit of £8m in 2018 relating to the early completion of a bullion centre contract in the UK. The Group's Adjusted PBITA margin reduced to 6.5% (2018: 6.8%).

Corporate costs

Corporate costs comprise the costs of the G4S plc Board and the central costs of running the Group including executive, governance and central support functions and were 4% lower at £48m (2018: £50m).

	For the year ended 31 December 2019				For the year ended 31 December 2018					
	Statutory results £m	Disposed businesses £m	Onerous contracts £m	Underlying results £m	Statutory results £m	Disposed businesses £m	Onerous contracts £m	Underlying results at 2018 average exchange rates £m	Exchange movements £m	Underlying results at 2019 average exchange rates £m
Revenue										
Africa	**425**	–	–	**425**	406	(1)	–	405	(5)	400
Americas	**2,703**	–	–	**2,703**	2,443	–	–	2,443	41	2,484
Asia	**940**	–	–	**940**	882	(1)	–	881	19	900
Europe & Middle East	**2,590**	–	**(86)**	**2,504**	2,644	(32)	(122)	2,490	4	2,494
Cash Solutions	**1,100**	–	–	**1,100**	1,130	(78)	–	1,052	–	1,052
Total Group revenue	**7,758**	–	**(86)**	**7,672**	7,505	(112)	(122)	7,271	59	7,330
Adjusted PBITA										
Africa	**30**	–	–	**30**	33	1	–	34	(2)	32
Americas	**136**	–	–	**136**	131	2	–	133	3	136
Asia	**70**	–	–	**70**	65	–	–	65	2	67
Europe & Middle East	**179**	–	–	**179**	183	(2)	4	185	2	187
Cash Solutions	**134**	–	–	**134**	121	7	–	128	1	129
Total Group before corporate costs	**549**	–	–	**549**	533	8	4	545	6	551
Corporate costs	**(48)**	–	–	**(48)**	(50)	–	–	(50)	–	(50)
Total Group Adjusted PBITA	**501**	–	–	**501**	483	8	4	495	6	501

Secure Solutions

During 2019, our Secure Solutions business delivered good organic revenue growth of 4.4% (2018: 2.9%), with organic revenue growth in security of 4.9%, partially offset by 1.6% lower revenues in our ancillary Care & Justice Services.

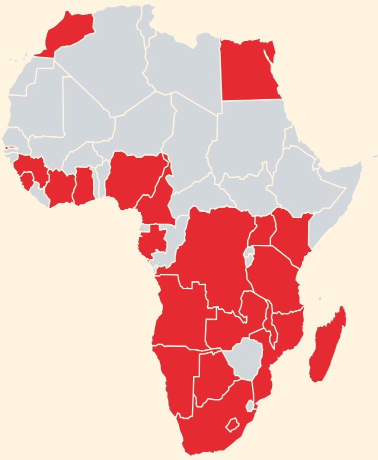
We delivered strong organic revenue growth in the Americas 8.8% (2018: 4.6%) and Africa 6.3% (2018: 5.9%) driven by our technology solutions, with improved momentum in Asia 4.4% (2018: 6.1%) and broadly flat revenues in our Europe & Middle East markets.

We increased investment in our sales and marketing and technology-enabled solutions capabilities to support our growth strategy and Adjusted PBITA was £415m, down 1.7% (2018: £422m) and the Adjusted PBITA margin decreased to 6.3% (2018: 6.7%).

A GLOBAL SECURITY OPERATIONS CENTRE IN AFRICA COMBINING PEOPLE, TECHNOLOGY, DATA ANALYTICS AND SOFTWARE SUCH AS RISK360.

TO SEE HOW WE ARE RESPONDING TO INCREASING DEMAND FOR 'ALWAYS-ON' SECURITY COVERAGE USING BIG DATA, ARTIFICAL INTELLIGENCE AND ELITE ANALYSTS, LEARN MORE HERE: WWW.G4S.COM/BIGDATA

Africa



2019 highlights
Underlying results

+6.3%
ORGANIC REVENUE GROWTH

120,000
EMPLOYEES

$8bn
AFRICA SECURITY MARKET IN 2017*

Revenue £m			Adjusted PBITA £m		
2019	2018	YoY	**2019**	2018	YoY
425	400	6.3%	**30**	32	(6.3)%

* Freedonia Security Services Report, October 2018.

Key customer sectors – mining, oil and gas, retail, energy, agriculture and financial services. G4S is the largest provider of integrated security solutions in the region, with operations in 24 African countries. The region's largest countries by revenue are South Africa, Morocco and Kenya.

Revenue growth across our Africa region was 6.3% and Adjusted PBITA decreased by 6.3% reflecting our investment in sales and solutions development and statutory wage increases in some countries during the second half of 2019. We are working with customers to progressively recover increased wage costs during in 2020.

We made very good progress developing and delivering integrated security offerings and strengthening our monitoring and response services which are generating good growth in our key markets. We have won new contracts in the FMCG, mining, infrastructure and embassy sectors and with a good sales pipeline we believe that the business is well positioned to make further progress in 2020.

A trusted partner to mining companies in Africa

We have a deep understanding of the specific security challenges for the mining industry in Africa. These challenges include illegal mining, access to infrastructure (protecting people, expensive equipment and intellectual property), theft and labour disputes. We are a trusted partner of most of the mining companies operating in the region, with 288 contracts securing mines in 18 African countries. A key element of our partnerships is helping mining companies take a more holistic approach to risk, investing in operating systems that are able to audit risks more effectively, offer predictive analytics and leverage a more digital approach where issues can be flagged in real-time. We provide services covering project management, risk consultancy, secure facilities management, physical security, intelligent systems and high quality security-trained personnel to ensure that all possible security and safety contingencies and requirements are addressed.

LINK TO SDGS:

Americas

2019 highlights
Underlying results

+8.8%
ORGANIC REVENUE GROWTH

126,000
EMPLOYEES

$65bn
AMERICAS SECURITY MARKET IN 2017*

Revenue £m			Adjusted PBITA £m		
2019	2018	YoY	**2019**	2018	YoY
2,703	2,484	8.8%	**136**	136	–

* Freedonia Security Services Report, October 2018.

G4S North America Secure Solutions is the Group's largest integrated security business.

Key customer sectors – financial services, extractive, retail, government, embassies and manufacturing. In Latin America, G4S is a leading integrated Secure Solutions provider for commercial and government customers across 18 countries, with Brazil, Colombia and Peru our largest markets by revenue.

Revenues in our Americas region grew by 8.8% overall, driven by very strong growth in North America. Adjusted PBITA was in line with the prior year due to challenging market conditions in Latin America, especially in Brazil and Chile and higher mobilisation costs in the US related to new contract wins.

Our Secure Solutions revenues in North America grew 10.2%, as our consultative approach to designing and delivering integrated security solutions continues to gain traction with large enterprise customers and in regulated sectors. We saw strong demand for our risk and security consulting services, security analytics, regulated security services, executive protection and investigative services. This was across a broad range of sectors including IT, construction, data centres, critical national infrastructure, construction and financial services. North America PBITA increased by 11.0% in the year resulting in a full year margin of 6.3% (2018: 6.2%).

In Latin America we continued to be disciplined in our bidding and our revenues increased by 4.5%. We continued to re-position our contract portfolio towards market segments where security is a premium service and as a result, we incurred significant one-off severance and de-mobilisation costs and PBITA was significantly lower. We are implementing price and efficiency programmes designed to enhance margins in 2020.

Our on-going investment in sales, business development and customer service has enabled G4S to sustain a substantial pipeline in the Americas which supports our organic growth programme.

Securing telecommunications

Since 2011, G4S has been a trusted security provider for a major US privately held global conglomerate. We are the primary security provider for large parts of the customer and renewed a contract for one of its subsidiaries during 2019. The customer has operations spanning cable TV, broadcasting, publishing and automobile listing services. They serve about six million customers with TV, internet and phone services. By having a single point of contact, issues reach the correct teams within two hours rather than days or weeks. Technology such as SecureTrax and systems engineers are embedded within the contract to save time and money and false alarms have reduced by over 50%.

LINK TO SDGS:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Asia Pacific

2019 highlights
Underlying results

+4.4%
ORGANIC REVENUE GROWTH

178,000
EMPLOYEES

$55bn
ASIA SECURITY MARKET IN 2017*

Revenue £m			Adjusted PBITA £m		
2019	2018	YoY	**2019**	2018	YoY
940	900	4.4%	**70**	67	4.5%

* Freedonia Security Services Report, October 2018.

Key customer sectors – banking, retail, manufacturing, government and energy. G4S is the leading security provider in the Asia region with operations in 16 countries.

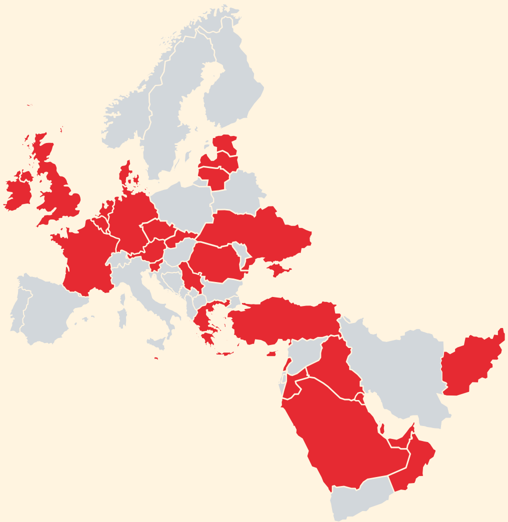
Revenue growth in Asia was 4.4% with growth across all of our major security markets, including India, and Adjusted PBITA for the region increased by 4.5%.

We generated good growth in security system solutions in Hong Kong and secured new contracts in sectors including property services, technology and transport and logistics. Across our Asia markets we have a diverse and substantial set of new business opportunities.

Using a risk-based approach to secure Singapore schools

During 2019, as part of the Singapore Government's Industry Transformation Program to encourage the greater use of technology over manpower via 'Outcome Based Contracting', G4S won a new three-year contract to provide integrated security solutions involving technology and manpower to secure 62 schools in Singapore for the Ministry of Education. The successful Threat, Vulnerability and Risk Assessment (TVRA) risk-based solution combines access control, visitor management systems, biometric time & attendance, patrol and response, incident reporting, CCTV remote monitoring at a G4S Security operations centre (SOC) and security officers.

Europe & Middle East



2019 highlights
Underlying results

-0.2%
ORGANIC REVENUE GROWTH

102,000
EMPLOYEES

$41bn
EUROPE AND MIDDLE EAST SECURITY MARKET IN 2017*

Revenue £m			Adjusted PBITA £m		
2019	2018	YoY	2019	2018	YoY
2,504	2,494	0.4%	179	187	(4.3)%

* Freedonia Security Services Report, October 2018

Key customer sectors – automotive, energy, financial services, aerospace, defence, chemicals, biotechnology, food, aviation and retail.

G4S Europe Secure Solutions has activities in the UK & Ireland, Denmark, Benelux, Southern Europe and Eastern Europe. G4S Middle East Secure Solutions is the leading security provider in the Middle East, with operations in 11 countries.

Revenue in our Europe & Middle East markets was 0.4% higher with a return to good growth in the Middle East offsetting lower revenues in UK Care & Justice Services and UK security where we continued to apply commercial discipline in our bidding. Revenue in our Continental European businesses was broadly flat as expected. In relation to UK Care and Justice we will continue to apply stringent criteria to new business to ensure that we deliver a good service at an appropriate margin.

Adjusted PBITA in these markets was lower at £179m (2018: £187m) and Adjusted PBITA margin was 7.1% (2018: 7.5%). This was principally a result of lower UK revenues (see above) and the cost of implementing a new ERP system in the UK.

Our Europe & Middle East security pipeline has been rebuilt and our focus for 2020 is on increasing revenue momentum and overall margins.

We are working with our co-shareholders and partners in the Middle East to update our migrant worker policy in line with best international practice. As part of this high priority programme, G4S is committed to applying the standards adopted by the Leadership Group for Responsible Recruitment in all group companies and we have introduced an enhanced supply chain policy that is being implemented through the re-tendering of key supplier contracts in Gulf countries.

Global car manufacturer chooses G4S to deliver enhanced security under new five year contract

A major new contract, put in place earlier this year, sees G4S securing major manufacturing sites across the UK for the next five years, including an enhanced emergency fire and medical response provision, as well as manned guarding, access control and reception services.

G4S has also been providing specialist consultancy work to optimise the current security arrangements and ensure production is not interrupted at the largest site of the multi-million pound contract.

LINK TO SDGS:

8 DECENT WORK AND ECONOMIC GROWTH

Cash Solutions

Following a thorough and comprehensive engagement with third parties interested in the Cash Solutions businesses which ran in parallel with demerger preparations, on 26 February 2020, G4S announced the sale of the majority of its conventional cash businesses to Brink's. As at 28 April 2020, around 71% of the Transaction had completed with the rest to materially complete during 2020. The following performance narrative covers all of the Cash Solutions businesses which we held throughout the course of 2019.

18%

INCREASE IN RETAIL TECHNOLOGY SOLUTIONS REVENUES IN 2019 COMPARED TO 2018

2019 highlights
Underlying results

+2.9%

ORGANIC REVENUE GROWTH

32,000

EMPLOYEES

$13bn

ADDRESSABLE GLOBAL RETAIL MARKET FOR RETAIL TECHNOLOGY SOLUTIONS ACROSS 2 MILLION OUTLETS*

Revenue £m			Adjusted PBITA £m		
2019	2018	YoY	**2019**	2018	YoY
1,100	1,052	4.6%	**134**	129	3.9%

* Company analysis and research reports

During 2019, we continued to experience very good demand for our Cash Solutions technology. In North America, our operational scale grew in Retail Cash Solutions including an important large win in the smart safe market which will be mobilised in 2020. Retail Technology Solutions revenue grew by 18.0% in all our markets in 2019. Excluding Retail Technology Solutions, Cash Solutions revenues grew by 1.0%, in line with expectations.

Adjusted PBITA increased by 3.9% which, when adjusted for the £8m benefit from the early completion of a bullion centre contract in the UK in the first half of 2018, represented Adjusted PBITA growth of 10.7%.

The Group has agreed to sell the majority of its conventional cash businesses during 2020 that contributed Cash Solutions revenue during 2019 of £541m (2018: £508m) and PBITA of £74m (2018: £69m). In addition, a number of smaller Secure Solutions businesses that are deeply integrated with the conventional cash businesses with revenue during 2019 of £82m (2018: £67m and PBITA of £5m (2018: £3m) will also be sold along with their conventional cash businesses. The results of the businesses included in this conventional cash disposal are analysed by region on page 69.

We believe good growth opportunities exist in all of our markets where we possess the infrastructure, technology, licenses and a strong track record of reliable and efficient delivery, for banks and retailers to outsource more of their cash management activity to G4S. In addition, we expect our network and operational efficiency programmes to contribute to profitability through 2020.

NatWest and Intelligent Safe, UK

During 2019, NatWest launched Intelligent Safe, an innovative cash management system in partnership with G4S that will allow businesses to benefit from same day crediting of their cash without having to deposit that day's takings in their local bank branch. The cash is held securely until it triggers a collection from a cash-in-transit provider. NatWest has chosen G4S to provide this integrated solution including equipment, software and services to the participating businesses.

Risk management and our principal risks

Our aim is to identify material risks that could impact us, and to focus management attention on effective mitigation of the significant risks to achievement of our strategic objectives and safeguard our reputation.

A global risk environment

G4S operates in around 90 countries across the world. The risk landscape is dynamic, changing with the global trends facing businesses today. Shifts in economic power, technology advancement, climate change, demographic profiles and rapid urbanisation have an impact on how we do business. Political uncertainty, terrorism, weakening economies and cyber warfare are just a few of the factors influencing the risk environment.

These factors have created risks and opportunities for the security industry. G4S continues to face the operational and health and safety risks often particular to the security industry, along with financial and commercial risks common to all multinational companies. Regulations continue to be tightened with high penalties for non-compliance.

We continue to monitor global emerging risks through our risk and governance framework.

The UK's decision to leave the EU creates risk around the uncertainty over the terms of the UK's exit and the shape of any future trading relationship. It is also possible that the continuing uncertainty will have an adverse impact on economic growth in the UK and Europe, further affecting both our customers and our competitors. Our global business does provide a natural hedge to this particular risk.

The coronavirus pandemic is a global emerging risk that is still evolving, and demands intense management attention. G4S has a large workforce internationally and it is their health and safety that is our priority focus during this pandemic. We discuss the risk and our plans for mitigation on page 81.

What we did in 2019

Progress continued to be made on increasing risk awareness and accountability for risk management on the part of business management teams. The Group's mandated control standards have been further enhanced to ensure they address our key risks, with appropriate training and challenge to facilitate their effective implementation. Control self-assessments in a number of financial and operational areas were completed by all businesses. These were reviewed, challenged and best practice shared by region and group functional experts, with compliance tested through internal audits. Our quarterly Regional Audit Committees continued to focus on financial judgments, adherence to internal control standards and addressing internal and external audit findings, which has enabled further improvement in internal control awareness and effective performance of risk mitigating controls.

What we will do in 2020

The focus on internal control effectiveness will be enhanced through a number of measures, namely: improved understanding of our standards, policies and internal controls; rigorous challenge of our control self-assessment process; and refining controls to meet the needs of the changing control environment. We will review the effectiveness of our three lines of defence model, and enhance the model to suit the effective operation of the system of internal control. Our IT estate continues to be upgraded to enable more effective preventative and detective controls.

Regional Audit Committees will continue to review, challenge and direct improvements in the performance of control standards, financial judgments and reporting. Through continued engagement and review by country, region and group management, we will enhance the quality and timeliness of the identification of our principal and emerging risks and the delivery of mitigating actions. Our detailed actions as a result of the coronavirus pandemic is an example of this.

After a review of separation options of our Secure Solutions and Cash Solutions businesses to establish two independent businesses, a trade sale of the majority of our conventional cash businesses is taking place. The sale introduces new challenges and opportunities to G4S in the short term. These include: risks associated with a carve-out of parts of the business; distracting management attention from delivering results in the remaining business; disruption to existing transformation projects; and reduced focus on continual improvement in control and risk mitigation. We will continue to focus direct management attention on mitigating the risks arising as a result of the completion of the sale process.

Risk management and appetite

We have undertaken a bottom-up review of major risks and mitigation actions with each business completing their own assessment. These reviews require management teams to identify the key controls needed to mitigate high inherent risks to acceptable residual risk levels, in line with the Group's risk appetite, further encouraging effective compliance with the Group's core standards and controls. These risk assessments are reviewed, challenged and amended as necessary by regional teams, who are also responsible for monitoring delivery of required improvements.

We also conduct a top-down review led by group functional leaders, to ensure that the risks captured are complete, have consistency and clarity in their description, and are appropriately assessed. The risks are then summarised and presented to the Risk Committee for consideration before being presented to the board for review. The resulting principal risks, with explanations and mitigating actions, are outlined in the following pages 82 to 87. The Group's risk appetite continues to be monitored, discussed and adjusted as appropriate by the Risk Committee and the board during the year.

G4S operates in high-risk areas of business, in which our core competence and value-add to customers is managing those risks effectively. We have a higher risk appetite for growing and transforming our businesses where we have the expertise to deliver and to achieve a good commercial return for the risk we are accepting.

We have a low to very low risk appetite for non-compliance with laws and regulations, appropriate culture and values, health and safety and people risks, as these are priority areas for our stakeholders and failure in these key risk areas could have a material impact on our business.

E-BIKES ARE INCREASINGLY POPULAR BUT VULNERABLE TO THEFT – G4S IS HELPING MITIGATE THAT RISK IN PLACES SUCH AS THE NETHERLANDS USING A NEW TRACK AND TRACE SYSTEM. LEARN MORE ABOUT THIS SERVICE AT WWW.G4S.COM/EBIKES

Links to strategy

- People, culture & values
- Growth
- Profitability
- Financial discipline

Enterprise risk management governance model

Board

The board has responsibility for ensuring risk-management processes are effective by reviewing the most critical risks and controls.

Risk Committee

The Risk Committee meets four times per year and reviews the Group's risk appetite, assesses the Group's principal risks and assesses the overall enterprise risk management process.

Audit Committee

The Audit Committee meets four times per year and ensures the Group's control framework is operating effectively.

Group Executive Committee

The Group Executive Committee oversees the management of the Group's principal risks.

Regional Audit Committees

The committees, also attended by the external auditor, meet four times a year and review:
1. The progress of closing internal and external audit findings; and
2. Reports on status of financial controls and significant accounting judgments.

Group and Regional Ethics Committees

The committees are responsible for whistleblowing and related investigations across the regions.

Operating Companies and Shared-Service Functions

Our operating companies and shared-service functions identify and assess the risks to achievement of their business objectives and plan appropriate mitigating actions. These are recorded in our group-wide risk management tools. A thorough review is conducted as part of the annual planning process with updates made in senior management team meetings and trading reviews. Self-assessments of compliance with group control standards are completed annually (bi-annually for financial control standards).

Operating companies

We employ three lines of defence to control and manage risks across the Group.

1st Line: Business Operations and Support

Responsibility for the first line sits with the managers of our businesses, whether line management or support. The senior management team within each business is responsible for implementing and maintaining appropriate controls across their business.

Result: Ensures standards expected by the Group, our customers and other stakeholders are met.

2nd Line: Control and Oversight Functions

The second line consists of oversight functions at both regional and group level including: risk, finance, legal, human resources, operations, information technology, commercial and CSR.

Result: Provides support to business managers.

3rd Line: Internal Independent Assurance

The third line comprises the internal audit function. As part of its annual programme of work, internal audit conducts regular reviews of risk management processes and gives advice and recommendations on how to improve the control environment.

Result: Provides independent assurance over the design and operation of controls.

External Audit

Financial reporting risks are considered as part of the external audit.

Emerging risk

Covid-19

Link to strategy

Risk

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

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

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

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

Risk mitigation

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

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

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

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

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

Mitigation priorities for 2020

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

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

Links to strategy

- People, culture & values
- Growth
- Profitability
- Financial discipline

Principal risk

Culture and values

Link to strategy

Risk

G4S operates in around 90 countries, and provides security for people, premises and valuable assets. Inevitably, our employees, customers and services are impacted by many different cultures that this scenario brings. Furthermore, we operate security services and solutions in environments involving detainees, victims of crime, people needing assistance, and other members of the public. Having an appropriate set of values strongly embedded as our corporate culture is very important to ensure employees meet our high expectations including compliance with our ethical business conduct standards. Failure to do so risks not delivering on our commitment to our colleagues, customers and other stakeholders and may fail to comply with legislation and international standards. In some cases, this could impact the Group's performance, have an adverse effect on the Group's reputation and lead to penalties or criminal action.

Risk mitigation

Our values, detailed on page 27, are continually reinforced to all employees through a variety of key processes including recruitment, induction training, and recognition schemes as well as communications materials. Our values-based training materials have been developed to reflect common experiences or particular challenges which come to light from whistleblowing cases, internal grievances or feedback from the global employee-engagement survey (most recently conducted in 2019). There are HR controls in place to ensure that the way we organise, acquire, protect, develop, engage and reward our employees is in line with our values, our expectations and applicable laws and regulations. Values ambassadors in businesses are helping to cascade values-related communications. For managers, the enhanced competency framework has helped guide the development of mandatory on-line training, which uses realistic scenarios to guide participants to make values-based decisions from a range of options in order to achieve the right outcomes in real situations. We continue to build awareness of the importance of living our values in our day to day activities and reward and recognition schemes continue to be aligned to our values.

In everything we do, no matter how challenging the circumstances, we require our people to behave in line with our values and to be prepared to use our whistleblowing facility, Speak Out, if they become aware that others are not living up to our values.

In 2019, we received 555 reports through Speak Out (2018: 519). All matters are reviewed and follow a standard process of consideration and potential investigation. Those of a serious nature are investigated at a senior and independent level. We have finalised our investigations in respect of 69% of those cases opened in the year, and will work to complete the remainder in 2020.

Mitigation priorities for 2020

During 2020, we will embark on a review and refresh of our policies around employee screening and vetting, our G4S onboarding programme, our bribery and corruption awareness training programme and our whistleblowing programme, including our investigation and close-out procedures. We aim to pursue a best-practice approach to business ethics, and to driving the appropriate behaviours in a global workforce. Specific actions relating to these programmes are covered throughout this report. We will devise methodologies and processes to measure our success in embedding the G4S values.

Links to strategy

- People, culture & values
- Growth
- Profitability
- Financial discipline

Principal risk

Health and safety (H&S)

Link to strategy

Risk

The provision of security services to protect people and valuable assets, presents a unique mix of health and safety risks. The main categories are armed attacks, road safety, accidents on customer sites and firearms management. In addition to the potential to harm individuals, a breach of H&S regulations or not meeting customers' standards could disrupt the Group's business, have a negative impact on our reputation and lead to financial and regulatory costs. In 2019, 20 (2018: 24) employees lost their lives in work-related incidents, of which 9 (2018: 14) were as a result of armed attacks and 7 (2018: 7) were road-traffic incidents. There were 2 (2018: 9) non-natural deaths of people in our custody and one work-related death of a subcontractor.

Risk mitigation

Our goal is Zero Harm and we prioritise safety management to protect the health and well-being of our colleagues and those around us. Our controls reflect the risk profile of our industry and lessons from investigating incidents, including standards for road safety and firearm management.

We have minimum requirements for H&S and firearms training, including bespoke modules for front-line staff. Performance is measured retrospectively through injury rates and more proactively through high potential incidents and compliance scores. All sites are inspected prior to deploying security officers to ensure the risks do not exceed our risk appetite.

All businesses are expected to have workplace audits and inspections in place, and business leaders complete statements of compliance to G4S standards for H&S and firearms where applicable. Targeted reviews and support are provided by the corporate H&S function. Key controls are included in the scope of Internal Audit.

During 2019 we continued to refine our controls such as the process of assessing site risks as well as training on road safety. We have utilised lessons learned from serious incidents to drive actions to prevent reoccurance, conducted mandatory induction training, firearm safety awareness training and conducted targeted reviews of high priority businesses.

Mitigation priorities for 2020

Since the start of 2020, our focus has progressively shifted to managing the impact of the Covid-19 pandemic (see page 81). In addition to following the advice of local authorities, we have introduced mandatory controls in all businesses. Work practices are being adjusted in consultation with our customers.

Where possible we will continue to focus on our workplace inspections. We will strengthen our risk assessment processes for service lines which represent a different risk profile to our core manned guarding and cash services.

We will investigate every serious H&S incident and strive to continuously refine our standards, policies, controls and training materials where we see an opportunity to reduce H&S risks further, using lessons learned from serious incidents to drive actions to prevent reoccurance.

Principal risk

Laws and regulations

Link to strategy

Risk

G4S operates under many complex and diverse regulatory frameworks, some of which have extraterritorial reach and many where regulations change frequently. Risks include: new or changed restrictions on foreign ownership; difficulties obtaining all relevant licences to operate; complying with employment legislation covering a wide range of requirements; complying with often complex and broad ranging local tax regulations; increasing litigation and class actions; bribery and corruption and complying with human rights legislation. Failure to meet the required standards can lead to higher costs from claims and litigation; inability to operate in certain jurisdictions, through either direct ownership or joint ventures; loss of management control; damage to our reputation; and loss of customer confidence.

The investigation opened by the Serious Fraud Office (SFO) in 2013 in the UK, in respect of the Group's Electronic Monitoring contract remains on-going and we are unable to predict the outcome with certainty. The Group continues to engage and co-operate fully with the SFO investigation, however based on currently available information and the broad range of possible adverse outcomes (including any one or a combination of the SFO prosecuting individuals and/or the G4S Group companies involved and ultimately if convicted, the imposition of significant financial penalties, possible debarment from future UK Government contracts, or the entering into a deferred prosecution agreement between the SFO and relevant G4S entities, with the potential, in certain circumstances, should a G4S entity or one or more of the Group's current or former employees face criminal charges, to allow the Ministry of Justice to reopen the £108.9m settlement agreed and paid in 2014), the Group is unable to make a reasonable determination and a reliable estimate of the outcome of the on-going process.

Risk mitigation

Our policies and procedures clearly set out the requirement for local management teams to comply with all relevant laws and regulations. Group and regional leadership, together with our Ethics Committees at group and regional level provide oversight and support our businesses to mitigate the risks. We continue to conduct compliance reviews to enhance our understanding and compliance with legislation, including Human Rights legislation, ethical practices and codes of conduct.

Group legal and regional leadership closely monitor changes in foreign ownership laws and make appropriate plans to respond. G4S continues to liaise with relevant governments and authorities to influence positively the regulatory environments in which we work.

Mitigation priorities for 2020

Given the complexity and impact of non-compliance in respect of this risk, the board and Executive team will focus on the enhancement of compliance with laws and regulations across all jurisdictions we operate in. We have enhanced our compliance structures to improve our three lines of defence in managing and monitoring the associated risk. This will include direct enquiry and oversight by group and region of local management to ensure these risks are fully understood and ensure that concerns are addressed appropriately with mitigation plans implemented promptly.

Principal risk

Geopolitical

Link to strategy

Risk

We operate in many countries across the world, with wide-ranging government and political structures, different cultures with varying degrees of compliance with laws and human rights, particularly within conflict and post-conflict zones. We operate in varying and often volatile political environments, doing difficult and dangerous work for high profile customers. At the strategic level we acknowledge these risks as a part of the business we are in, and ensure we carefully assess the risks before entering a new country and keep the situation in high risk countries under review. At an operational level we deploy our expertise, take great care to monitor the situation and respond to threats appropriately, and employ effective operational controls to protect our business and our employees. The risk factors include: political volatility, including the outcome of elections and referendums affecting trade rules and regulations and changes in policies towards business, revolution, terrorism, military intervention, mistreatment of migrant workers and employees working for our suppliers. These risks impact us in many ways: the health and safety of our staff and customers; the continued operation of our businesses; and the ability to secure our assets and protect our financial performance.

Risk mitigation

In markets where potential policy or trade agreements have a significant impact on our ability to trade we engage with national and international governments to promote the benefits that G4S brings to a market and an economy, to ensure that we minimise the impact of any trade restrictions or trade policy.

We collaborate with our local partners; conduct early risk assessments before and during security assignments; develop robust operating procedures; and work closely with our local and global customers in managing the risks of operating in such environments. Our G4S Risk Management business has particular expertise in providing secure solutions in very high risk, low infrastructure environments.

We have a clear commitment to respect human rights, which all businesses must comply with. All business units are required to annually self assess their compliance with human rights standards which are reviewed by group management and included in internal audits for the higher risk countries. We have also built awareness of human rights responsibilities across the business and our partners and are increasing engagement with suppliers to ensure they are also complying with international human rights standards. This is governed by a mandatory supplier code of conduct which includes anti-bribery and modern slavery requirements. A set of HR core standards which businesses have to confirm compliance with each year, include explicit reference to HR policies on screening, migrant workers (including their recruitment and accommodation) and practices which underpin the fair treatment of employees such as redundancy, grievances, and discrimination.

Mitigation priorities for 2020

In markets where potential government policy or trade agreements may have a significant impact on our ability to trade we will continue to engage with national and international governments to promote the benefits that G4S brings to a market and an economy, to ensure that we minimise the impact of any trade restrictions or trade policy. We will continue to monitor the results of human rights control self-assessments providing support with training and guidance where needed to further embed awareness and understanding of expectations. We will also continue to increase engagement with suppliers to ensure their compliance with human rights standards.

Links to strategy

- People, culture & values
- Growth
- Profitability
- Financial discipline

Principal risk

People

Link to strategy

Risk

As one of the world's largest employers, we recognise that there are challenges in attracting and retaining employees in such a diverse range of regions and countries. We face risks associated with recruiting, training, engaging, rewarding and managing people, as well as ensuring we retain critical talent to deliver increasingly sophisticated services through our employees. Screening and vetting is a particular challenge in some territories, which lack supporting infrastructure from the relevant authorities. Any incident where our people fail to meet expectations of customers and other stakeholders could lead to financial and reputational damage. Whilst our controls are robust we still face the risk of an employee not behaving in line with our values.

Risk mitigation

The Group's mandatory human resource standards cover core requirements for delivering the HR strategy, such as ensuring there are effective organisational structures in place, that employees are screened, inducted and trained to perform their jobs, and that there are appropriate mechanisms in place for managing on-going performance and recognising great performance. Compliance is self-assessed annually and reviewed by local, regional and group teams. Additionally, key HR controls are tested by internal audit during visits to the businesses. The HR Screening Policy has been revised and implemented and forms part of the assessment process for 2020. The performance and potential of managers across the Group is reviewed to identify development needs and build succession plans. We also deliver leadership programmes to nurture talented individuals early in their careers, and help them develop into more senior roles as they move through the organisation. Feedback from our global employee survey is used to develop initiatives which support employee engagement and development at all levels of the organisation.

Staff turnover is a key indicator to us of employee satisfaction, and reducing it improves service excellence and reduces recruitment costs. During the year staff turnover reduced from 24.7% in 2018 to 23.7% in 2019.

Mitigation priorities for 2020

Compliance with our Core HR Standards will again be self-assessed during 2020 and reviewed by local, regional and group teams as well as tested by internal audit. Particular focus will be placed on the revised Screening and Vetting Policy, as well as reviews of in-country labour supply, laws and regulations. Direct support will be provided as necessary to enhance compliance with our standards. More detailed training is being prepared to ensure HR teams have a really good understanding of the core standards, why they are important and what actions they need to take to ensure compliance if there are any gaps.

Principal risk

Growth strategy

Link to strategy

Risk

Our focus is on the development and offering of innovative, integrated products and services and improving business efficiency to strengthen service excellence and support improved margins. We are focusing on higher value security solutions underpinned by technology, in addition to core service areas. We target territories where we feel we can grow our market offerings, as well as concentrate on overall customer service using an integrated service oriented approach to differentiate us from competitors.

There are risks with adopting such a strategy: that we fail to create higher-value solutions that differentiate us from local commoditised competitors; that we fail to deliver our core services effectively and consistently; that we lose contracts or growth opportunities through price competition and market changes; that we fail to enter target markets successfully; that we become over-reliant on large customers; and that our business transformation initiatives do not deliver as expected.

Risk mitigation

We focus on delivering excellent service through the best-practice service delivery guidelines in place for both Secure Solutions and Cash Solutions service lines. We have implemented an effective sales methodology focused on consultative selling which enables our customers to view our innovative integrated solutions offerings.

We continue to innovate our product offering, including proprietary security systems, video and intelligent camera systems, video management systems, global security intelligence systems and software tools including incident-management systems such as RISK360 in our Secure Solutions business. For Cash Solutions, development would include: retail solutions, CASH360 and solutions for smaller retailers.

Our global accounts programme supports and promotes our multinational accounts initiatives and our consistent focus on delivering excellent service to customers helps to drive customer satisfaction, retention and future growth.

Mitigation priorities for 2020

We will continue to drive the focus on customer needs and how our innovative and integrated service will add value. We will leverage the existing structural approach to understand customers requirements and proactively improve relationships and customer satisfaction. We will continue to innovate our product offering. We will focus energy on identifying emerging risks and take appropriate action as soon as practicably possible. The customer service and management structure is robust and effective, but continues to be enhanced and adapted to the changing environments.

Principal risk

Information security

Link to strategy

Risk

Information Security remains a focal point for many organisations. Regulations and sanctions relating to the potential failure to secure sensitive and confidential data, which we are entrusted with by customers, staff, suppliers and other stakeholders, drive risk in this area. Like all organisations, we face cyber attacks from a variety of sources which, if successful, could result in censure and fines by national governments; loss of confidence in the G4S brand and specific loss of trust by customers, especially those in government and financial sectors. Additionally, we face the risk of disruption to service delivery from system failures, incomplete backup routines, inadequate business continuity and disaster recovery plans.

Risk mitigation

The IT function is centrally managed to control the way our systems are supported and run. We have "defence-in-depth" technologies (i.e. multiple layers of defence) in key systems to protect information entrusted to us. This helps to ensure policies and standards are applied consistently across all operating businesses. We are in Phase 3 of our cyber defence investment programme, which involves moving to a managed cloud platform, upgrading our operating systems and endpoint computing structures, further enhancing the security of our IT systems and infrastructure. We continue to manage cyber security threats through the use of managed cyber security products, centralised infrastructure management tools and cyber vulnerability assessments. We maintain and monitor our use of information security standards and guidance to ensure compliance with General Data Protection Regulation (GDPR) across the UK and Europe.

Mitigation priorities for 2020

We are more than halfway through the final phase of our Cyber Investment strategy, which is due to complete in Q2 2020. We are confident of achieving our objectives on a timely basis, enabling a more effective and agile cyber defence programme.

We have developed a G4S Cyber Risk Assessment methodology enabled by a set of powerful tools that assess the enterprise risks caused by PC's and user behaviour in real time. We will further develop and embed this methodology in 2020.

Principal risk

Major contracts

Link to strategy

Risk

The Group operates a number of long-term, complex, high-value contracts with multinational companies, governments or strategic partners. Key risks include; accepting onerous contractual terms; poor mobilisation of contracts; not transitioning effectively from mobilisation to on-going contract management; not delivering contractual requirements; losses exceeding contractual liability limits; inaccurate billing for complex contracts; ineffective contract-change management; and not managing sub-contractors appropriately.

Risk mitigation

We have strict thresholds for the approval of major bids, involving detailed legal review and senior management oversight. For a selection of our most significant contracts, independent reviews of all aspects of contract management and performance are completed with appropriate actions agreed and monitored to completion. We also perform a quarterly financial review of the top 25 and low-margin contracts in each region.

For our large multinational customers, account managers oversee performance of these contracts across relevant countries and have regular updates with customers to ensure we deliver against contractual terms. We develop and maintain strategic partnerships in order to fulfil global customer needs in markets where G4S does not operate directly and maintain regular monitoring and communication processes to manage effective delivery.

We have embedded into the Salesforce opportunity management tool our updated approval requirements to make compliance and monitoring more effective, and have introduced a global reporting platform for global strategic customers monitoring key performance metrics and risk indicators.

Mitigation priorities for 2020

While great improvements have been made in reducing the risk of taking on onerous contracts, we will continue to enhance the quality of the analysis used in the bidding process and ensure that lessons are learned from underperforming contracts. Internal audit will perform more contract reviews to ensure the risks in those contracts are appropriately mitigated.

Links to strategy

- People, culture & values
- Growth
- Profitability
- Financial discipline

Principal risk

Business separation

Link to strategy

Risk

After an intensive review, the Group announced the approval of the separation of Cash Solutions from the business. As a result, various options for the separation were considered, including demerging to create two companies, a Global Secure Solutions business and a Global Cash Solutions business. However, we were approached by various investors interested in our conventional cash business and, as announced on 26 February 2020, we agreed to sell the majority of the conventional cash businesses to Brink's (see page 16).

A separation of this nature is always accompanied by risks such as: transformation risk borne out of the need to separate the business systems and processes; people and change risk, such as distraction from normal business focus, anxiety surrounding future roles; and future needs. Furthermore, operational and financial risk, project delivery risk, and strategic risks exist which may impact on customer and investor confidence and share price.

Risk mitigation

The Cash Solutions business is a distinct and identifiable operation around the world which reduces much of the operational and financial risks. The agreement reached between the parties sets out a phased approach to handover of the affected businesses, with clear understanding of timelines and process. As is usual for a large transformation project, there are many dynamic workstreams and timelines, which are refreshed and reported on at regular intervals. The workstreams are risk assessed, managed and communicated to ensure clear activity in delivering the separation.

Mitigation priorities for 2020

The strategic priority is to deliver the separation of the disposal businesses within the timelines set, in a controlled and organised manner, and with the least possible disruption to the remaining business. Our transformation team is engaged and focused and has clear plans on the key separation areas such as systems, people, and the change agenda. Around 71% of the Transaction has completed as at 28 April 2020.

Principal risk

Cash losses

Link to strategy

Risk

We provide a wide range of cash-management services across the Group, including cash processing, fit-sorting of notes for recycling, holding funds on behalf of customers, secure storage, ATM services, as well as transporting high values of cash and valuables including international shipments. Our Retail Cash Solutions offering provides full outsourcing of the cash cycle.

Our Cash Solutions business faces risks related to external attacks, internal theft, and administrative failure. This can lead to reputational damage, loss of profit, increased cost of insurance and health and safety considerations for our employees and the public.

Risk mitigation

Our Cash Solutions business focuses on the effective operational performance of the cash cycle, including physical security, cash reconciliations and cash management throughout our cash businesses, to reduce both the number and value of losses.

We have continued to improve the Reconciliation and Operational Cash Controls procedures throughout our cash businesses and have concentrated on implementing the right processes through direct support from regions and the Group. Self assessments against these standards are performed twice a year by each branch and head office and compliance is supported and monitored by regional teams and through internal audit. We have clearly-defined, mandatory security principles and standards to secure our employees, cash holding facilities and vehicles. The region and local cash security teams are responsible for monitoring compliance with these security principles through self-assessments performed by local management. Internal audit conducts yearly audits to verify compliance based on individual country risk profiles and loss records. There are processes in place for monitoring attacks and cash losses to ensure early detection and lessons learned are communicated across the Group. Innovative security-defence products are enabled in the tracking of secure boxes, employees and vehicles.

Mitigation priorities for 2020

We will continue to drive excellence and improvement in our Reconciliation and Operational Cash Controls process, through a continuous improvement programme of reviewing and adapting standards, monitoring and assessing performance against those standards, and maintaining an effective cash management cycle.

See page 16 for the details of the disposal of the majority of our conventional cash solutions businesses during 2020. This principal risk will be reviewed in 2020, as the Transaction completes.

Corporate Governance

In what was a busy year, the board maintained a keen and effective oversight of the cash separation review, which resulted in the disposal of the majority of the Group's conventional cash businesses, thus opening the prospect of a more focused group.

Dear shareholder,

I am pleased to present our Corporate Governance Report for the year ended 31 December 2019, on behalf of the board.

Board Governance

The board is committed to ensuring that corporate governance is an integral part of our organisation and we have taken steps to ensure adherence with the new 2018 Corporate Governance Code, (the "2018 Code" or the "Code") as described in this report. As part of our annual corporate governance review, the board considered the principles contained within the 2018 Code, which applied to the company with effect from 1 January 2019, and has concluded that the company complied with the principles and provisions of the 2018 Code throughout the 2019 financial year except where noted in the statement opposite. A copy of the 2018 Code is available from frc.org.uk.

The 2018 Code promotes the importance of establishing a corporate culture that is aligned with the company's purpose and business strategy and promotes the company's values. It also places greater emphasis on engagement with stakeholders.

Performance evaluation

Our externally-facilitated board performance evaluation conducted between September and December 2019 is described on page 105. As in prior years, I led the performance evaluation process with assistance from the company secretary. Again this year, the results were very useful and insightful and were incorporated into the board plan for 2020.

Board changes

During the year the board continued to review the board's capabilities and increasing the diversity of skills, experience and backgrounds of our board members was of continuing importance to the board through its Nomination Committee during 2019.

In May 2019, after four years on the board, John Daly stepped down after the company's annual general meeting. The board acknowledges John's valuable contribution to the work of the board and Audit Committee, and his leadership of the Remuneration Committee. On 23 September 2019, Clare Chapman joined the board and took over the role of chair of the Remuneration Committee. Clare's experience of large workforce and large international groups is a great addition that has further strengthened our board. The work of the Remuneration Committee is described on pages 124 to 148.

On 31 March 2020, Paul Spence stepped down from the board. Paul made a significant contribution to the board over his seven year tenure, having also been a member of the CSR and Audit committees, as well as chairman of the Risk Committee for last three years and interim chairman of the Audit Committee for a year.

Planning for the future requires us to maintain our focus on ensuring that the board composition remains fit to support the Group, as it evolves. As noted in the Nomination Committee Report (page 106), board succession planning remains a priority for 2020, particularly as we look to ensure the board and senior management team have the right set of skills and experience to support the Group in the next phase of its strategy.

In addition to the board reviewing the board's succession plan annually, the Chief Executive and Group HR Director engage with the board on talent management and succession plans.

Purpose and culture

Our purpose is at the core of our strategy. As the world's leading global, integrated security company, G4S plays a valuable and important role in society, helping people to live and work in safe and secure environments.

The company has 558,000 employees and one of the key roles for the board is to provide leadership for them and maintain the highest possible standards of corporate governance. Our people and values underpin everything we do and the board promotes the importance of establishing a corporate culture that is aligned with the company's purpose and business strategy, promotes integrity and values diversity. Further information on our purpose, strategy and culture can be found in the Strategic Report.

The board recognises the importance of its role in embedding our values and creating the right organisational culture. Always acting with integrity and respect, being passionate about safety, security and service excellence and achieving success through teamwork and innovation. The standards we set and the way in which we conduct ourselves are fundamental to the success of the Group. Further information on our people, culture and values can be found on pages 24 to 35 of the Strategic Report.

Culture is reviewed and monitored through a number of mechanisms, including policy and compliance procedures, internal audit, and formal and informal channels for employees to raise concerns, including our employee engagement survey, our ethical employment partnership with the global union federation UNI and engagement with European works councils.

We also promote the use of "Speak Out", our independent and confidential whistleblowing system. For further information please refer to page 34 of the Strategic Report as well as page 51 for KPIs on whistleblowing cases. This is an important tool to help us monitor adherence with our values and to take steps to ensure values and behaviours are closely aligned wherever we operate.

Stakeholder engagement

In promoting the success of the company for the benefit of its members, the board takes account of other stakeholders' interests, in accordance with the requirements of section 172 CA 2006. The board continues to have regard to the interests of the company's employees and other stakeholders, including the impact of its activities on society, the environment and the company's reputation, when making decisions, seeking in good faith to consider what is most likely to promote the long-term success of the company.

We seek to engage with our stakeholders and we value greatly the feedback we received throughout the year.

c.450,000 (84%) of our employees took part in the biennial employee survey, which is an important source of feedback, and also allows the board to gauge how effectively our values are being embedded across the Group. We recognise the role shareholders play in supporting G4S and shaping our corporate governance. We are committed to ensuring there is a continued dialogue with our shareholders. I would like to thank all the shareholders who have engaged with the company during the year, in particular as part of the review of our Directors' Remuneration Policy ahead of its renewal at our upcoming AGM in line with the normal three-year cycle. We appreciate the input received.

More information about the board's engagement with stakeholders is set out on pages 96 and 97 of the Governance Report and on pages 20 and 21 of the Strategic Report. While the Covid-19 pandemic restricts our ability to engage in person with shareholders at the upcoming AGM, we will continue to promote meaningful shareholders' engagement and input.

John Connolly
Chairman

Compliance with the UK corporate governance code

In respect of the year ended 31 December 2019, the company has complied with the principles and provisions of the July 2018 edition of the UK Corporate Governance Code (the "Code"), except in relation to provision 38 (alignment of executive director pension contribution rates with those available to the workforce) and further information in this respect can be found in the remuneration report on page 126. The Code is available on the Financial Reporting Council's website (frc.org.uk).

The corporate governance report examines how we have applied these provisions.

1 Leadership – p90

- Establish purpose, values and strategy and monitor culture
- Framework of prudent and effective controls to assess and manage risk
- Effective stakeholder engagement

2 Division of Responsibilities – p98

- The chairman leads the board and is responsible for its overall effectiveness in directing the company
- Non-executive directors challenge, support, advise and hold management to account

3 Composition, Succession, Evaluation – p101

- Process for appointments to the board promotes diversity
- Board composition and succession to meet company's needs
- Externally facilitates board, committee and individual evaluations

4 Audit, Risk and Internal Control – p112

- Independence and effectiveness of internal and external audit
- Fair, balanced and understandable assessment of the company's position and prospects.
- Risk management and internal control

5 Remuneration – p124

- Policies to support strategy and promote long-term sustainable success of the company
- Formal and transparent procedure on executive remuneration
- Exercise of independent judgment and discretion on remuneration outcomes

1 Leadership

Our board

1. JOHN CONNOLLY, 2. ASHLEY ALMANZA, 3. CLARE CHAPMAN, 4. ELISABETH FLEURIOT, 5. WINNIE KIN WAH FOK, 6. STEVE MOGFORD, 7. JOHN RAMSAY, 8. PAUL SPENCE (RETIRED FROM THE BOARD ON 31 MARCH 2020), 9. BARBARA THORALFSSON, 10. TIM WELLER

1. John Connolly
N Ri

Non-Executive Director/Chairman of the board

Appointment to the board:
June 2012

Skills and experience: A chartered accountant with extensive experience working in a global business environment and in sectors with strategic relevance to the Group.

Career experience: Spent his career until May 2011 with global professional services firm Deloitte, was Global Managing Director and then Global Chairman between 2007 and 2011. He was Senior Partner and CEO of the UK Partnership from 1999 until his retirement from the firm.

Current external commitments:
Chairman of a number of private companies.

2. Ashley Almanza
Ri

Chief Executive Officer

Appointment to the board:
May 2013

Skills and experience: Extensive board and executive management experience in complex international businesses. Holds an MBA from the London Business School.

Career experience: Senior executive roles at BG Group from 1993 to 2012, including CFO from 2002 to 2011 and Executive Vice President from 2009 to 2012, during which time he led BG Group's UK, European and Central Asian businesses and the group's commercial strategy in Central Asia. Formerly non-executive director (chair of Risk and Audit) of Schroders plc between 2011 and 2016 and Noble Corporation Inc between 2013 and 2018. He previously served as Chairman of the Hundred Group and was a member of the Advisory Board for the Oxford University Centre on Business Taxation.

Current external commitments:
Chairman of the International Security Ligue.

3. Clare Chapman
Re

Non-Executive Director

Appointment to the board:
September 2019

Skills and experience: Clare has international expertise from a series of high-profile leadership roles and through her mix of executive and non-executive experience and in private and public sectors, Clare has become an influential voice nationally and internationally on work, governance, remuneration and business transformation.

Career experience: Prior to becoming a NED, Clare was the Group People Director at BT. She began her career in fast moving consumer goods with Quaker Oats and PepsiCo in the UK, USA and mainland Europe. She was then appointed as the Group HR Director for Tesco. Between 2007 and 2011 Clare was the Director General of Workforce for the NHS and Social Care covering a workforce of over 2.2 million people.

Current external commitments:
Non-Executive Director at the Weir Group in the UK and at Heidrick & Struggles, Co-Chair of The Purposeful Company (Task Force established in 2015 with the support of the Bank of England). Clare is also a Low Pay Commissioner representing business and a Trustee of the Lambeth Partners supporting the Archbishop of Canterbury.

4. Elisabeth Fleuriot
C Re

Non-Executive Director

Appointment to the board:
June 2018

Skills and experience: BA in Economy, Finance and Marketing and an MA in Economic Sciences from the Institut d'Etudes Politiques de Paris. Awarded the title of Chevalier de L'Ordre national de la Légion d'honneur.

Career experience: Over 20 years' experience as President and CEO in FMCG multinational companies based in Europe, the USA and Asia. Served as CEO of Thai Union Europe & Africa between 2013 and 2017. Prior to this, she spent 12 years with the Kellogg Company, in various roles including Regional President and Senior Vice President Emerging Markets. Earlier in her career she was General Manager, Europe for Yoplait, having spent the first 18 years of her career with the Danone group.

Current external commitments:
Non-executive director of Stora Enso Oyj, a company listed on the Helsinki and Stockholm stock exchanges, board member of a private company investing in foodtech start ups and board member of Fondation Caritas.

5. Winnie Kin Wah Fok
C Re

Non-Executive Director

Appointment to the board:
October 2010

Skills and experience: An auditor by training, with a Bachelor of Commerce degree from the University of New South Wales, Australia and fellowship or membership of accounting bodies in Australia, Hong Kong and England.

Career experience: International board and senior management experience with extensive knowledge of Asian markets and strong involvement in Scandinavia. Involved in management positions in finance, audit and corporate advisory work and has held a wide range of roles in private equity firms with a particular focus in Asia.

Current external commitments:
Senior advisor to Wallenberg Foundations AB; non-executive director of Volvo Car Corporation and SEB AB and a director of a number of private companies.

6. Steve Mogford

A N Ri

Non-Executive Director/ Senior Independent Director

Appointment to the board: May 2016

Skills and experience: First Class BSc Honours Degree in Astrophysics, Maths and Physics from Queen Elizabeth College, University of London. Extensive experience of delivery of complex programmes in the defence, infrastructure and utilities market.

Career experience: Served a 30-year career with British Aerospace, later BAE Systems, during which time he held several senior management positions before becoming COO, with particular responsibility for programmes, major projects and customer support, and a member of the BAE Systems plc board. Chief executive of SELEX Galileo for four years prior to joining United Utilities Group plc in 2011 as CEO.

Current external commitments: CEO of United Utilities Group plc.

7. John Ramsay

A C Ri

Non-Executive Director

Appointment to the board: January 2018

Skills and experience: A chartered accountant with extensive international experience in innovation-focused businesses.

Career experience: Began his career at KPMG and developed his experience in emerging markets, working in Malaysia, Hong Kong and Latin America for the manufacturer ICI. In 1993 was appointed Finance Head, Asia Pacific for Zeneca Agrochemicals and later promoted to Global Financial Controller. In 2000 he joined Syngenta AG, as Group Financial Controller, later being promoted to CFO until his retirement in 2016. Whilst at Syngenta he also served as interim CEO for nine months.

Current external commitments: Member of the Supervisory Board of Koninkijke DSM N.V and a non-executive director of RHI Magnesita N.V. and Croda International plc.

9. Barbara Thoralfsson

A N Re

Non-Executive Director

Appointment to the board: July 2016

Skills and experience: MBA in marketing and finance, Columbia University, New York and a BA in psychology, Duke University, North Carolina. International executive with experience using technology to meet customers' needs and develop new business models. Strong knowledge of North America, Latin America and Scandinavia.

Career experience: After an early career in marketing in North America, held senior management roles in the consumer goods and telecommunications sectors including CEO of NetCom ASA, Norway's second largest mobile network operator. Extensive board experience with global companies including several international technology companies.

Current external commitments: Non-executive director of Svenska Cellulosa Aktiebolaget SCA (publ), Essity Aktiebolag (publ) and Hilti AG.

10. Tim Weller

Ri

Chief Financial Officer

Appointment to the board: October 2016 having previously served as non-executive director since April 2013.

Skills and experience: BSc (Hons) Engineering Science degree from the University of Exeter. An accountant by training and a Fellow of the Institute of Chartered Accountants in England and Wales with significant experience of the energy and utilities sectors.

Career experience: Joined KPMG in 1985, rising to partnership in 1997 before joining Granada plc as director of financial control. Held CFO positions with Innogy, a leading integrated energy company at the time, RWE Thames Water and United Utilities Group plc. Was CFO of Cable & Wireless Worldwide plc between 2010 and 2011 and CFO of Petrofac Limited between 2011 and October 2016.

Current external commitments: Non-executive director of the Carbon Trust.

8. Paul Spence

Retired from the board on 31 March 2020

Non-Executive Director

Appointment to the board: January 2013 to March 2020.

Was chair of the Risk Committee and a member of the Audit Committee and CSR Committee.

Skills and experience: Degree in economics and decision science from the Wharton School, University of Pennsylvania. In-depth knowledge of outsourcing in both the public and private sectors and extensive international experience in emerging markets.

Career experience: Served a 30-year career with Capgemini, starting as managing partner of mid-Atlantic information and technology for Ernst & Young. He went on to gain significant international experience for 16 years as managing partner of Ernst & Young Consulting Australia, CEO of Capgemini Ernst & Young in Asia and then CEO in the UK. Then served on Capgemini's executive management committee for eight years as deputy group CEO and then CEO of Capgemini Global Outsourcing Services.

Committee membership key:

- N Nomination Committee
- C CSR Committee
- Ri Risk Committee.
- A Audit Committee
- Re Remuneration Committee
- Committee chair

Our executive committee

Ashley Almanza

Chief Executive Officer

SEE PAGE 92 FOR FULL BIOGRAPHY

Mel Brooks

Regional President, Africa

Appointed: May 2015

Skills and experience: Mel joined G4S in 2012 and his roles included Group Strategy & Commercial Director and CEO India and South Asia, where he led the transformation of the business, improving operations, customer service and sales. Prior to joining G4S, Mel held a number of senior line and functional roles in the defence and technology industries where he was responsible for service line and commercial strategies, technology development and leadership of a number of business unit turnaround programmes.

John Kenning

Regional CEO, Americas

Appointed: January 2018

Skills and experience: John has extensive commercial experience. He holds a bachelor's degree in business from Miami University and prior to joining G4S in 2014, John's previous roles included Executive Vice President and President, Commercial Business for the global division of OfficeMax. He was also President, North America Commercial for ADT/Tyco Security Services, where he led the transformation of the business to a technology services leader. He is a member of Miami University Advisory Athletic Board and a past board member of the Make-a-Wish Foundation.

Tim Weller

Chief Financial Officer

SEE PAGE 93 FOR FULL BIOGRAPHY

Graham Levinsohn

Regional CEO, Europe and Middle East

Appointed: November 2017

Skills and experience: Graham has more than 20 years' experience in the security industry. He has held a number of commercial and line management positions in our cash and security businesses. Graham was responsible for the creation of the UK cash centres outsourcing business in 2001. He became Group Strategy and Development Director in 2008 and joined the executive committee in 2010. He was appointed Regional CEO, Europe in 2013 and the Middle East was added to his portfolio in 2017. He is a director of CoESS and a director of the International Security Ligue. Graham is a Fellow of the Chartered Institute of Marketing.

Søren Lundsberg-Nielsen

Group General Counsel

Appointed: 2001

Skills and experience: Søren began his career as a lawyer in Denmark and has had a wide range of legal experience as general counsel for international groups in Europe and the US before joining the Group in 2001 as Group General Counsel. Søren has overall responsibility for all internal and external legal services for G4S Group and the Group's insurance programme. Søren is non-executive director of Basico A/S, a member of the Danish Bar and Law Society, a member of the advisory board of the Danish-UK Association and author of the book Executive Management Contracts, published in Denmark.

Jenni Myles

Group HR Director

Appointed: July 2015

Skills and experience: Jenni has extensive experience in employee engagement, talent management and organisational development, having held HR leadership roles in G4S business units and regions across both developed and emerging markets. She also spent a number of years in head office as Director of Employee Engagement & HR, leading the Group's employee engagement and labour relations strategy. Prior to joining G4S in 1998, Jenni held HR positions in a variety of business sectors such as automotive, FMCG and consulting. She is a Fellow of the Chartered Institute of Personnel & Development (FCIPD).

Jesus Rosano

Divisional CEO, Global Cash Solutions

Appointed: January 2018

Skills and experience: Jesus joined G4S in March 2014 as Chief Operating Officer, Latin America. In January 2016 Jesus joined the executive committee as Group Strategy and Commercial Director and was appointed to his current role, on 1 January 2018. Jesus holds a bachelor's degree in Engineering and Administration from ITESM University, Mexico. Prior to joining G4S he held senior line, functional and regional roles at DHL, in Latin America and North America. Before DHL, Jesus worked in strategy consulting and investment banking.

Stephane Verdoy

Group Sales and Marketing Director

Appointed: February 2018

Skills and experience: Stephane joined G4S in May 2014 in the role of Regional Sales Operations Director and moved in to the role of Sales Director, Europe shortly afterwards. Stephane holds a bachelor degree in Marketing and Distribution.

Prior to joining G4S he held many different roles in sales, sales operations and field marketing at Fedex. His last position at Fedex was Vice President Global Sales and Sales Operations Europe.

Sanjay Verma

Regional CEO, Asia Pacific

Appointed: January 2018

Skills and experience: Sanjay joined G4S in May 2017 as Regional President Secure Solutions – Asia Pacific. Sanjay has extensive business experience operating across Asia Pacific having been based in India, China and Hong Kong. Sanjay joined G4S from Cushman & Wakefield, a global real estate services firm. During his 17 years in that company he held a number of leadership roles including CEO, Asia Pacific and Chief Executive, Global Occupier Services, covering the Asia Pacific region. Sanjay is a graduate in electrical engineering and has a MBA in finance & marketing.

Debbie Walker

Group Corporate Affairs Director

Appointed: March 2004

Skills and experience: Debbie is responsible for the corporate communications team which focuses on the Group's key audiences – media, government, employees and customers. She is also responsible for the Group's CSR and human rights strategies.

Prior to the merger between Group 4 Falck and Securicor, she held a number of senior marketing and communications roles within the Securicor group, having joined in 1993.

Engaging to deliver value

Engagement activities with the Group's key stakeholders, what matters to each group and how we respond, are detailed on pages 20 and 21. This section focuses on how our board engages with stakeholder groups and how their interests are considered as part of its decision-making process.

Case study: Cash Transaction

On 26 February 2020, G4S announced the sale of the majority of the Group's conventional cash businesses to The Brink's Company. In considering the Transaction and whether to approve it, the board considered the interests of G4S's key stakeholders and the impact of the Transaction was reviewed and discussed as part of the decision-making process.

Shareholders – The board believes the Transaction to be in the shareholders' best interest, as it helps reduce financial leverage and provides the Group with the flexibility to continue to invest.

Customers – Continuity of service and service quality following the disposal were key considerations for customers and the board felt confident that the buyer's experience and organised transition of the relevant businesses addressed these points.

Employees – In considering the Group's employees' interests, the board had to balance employees' natural preference for a process providing clarity and certainty with the confidential nature of the Transaction, with limited information, which could be shared in the period of negotiations. The board concluded that a sale to a market-leading cash solutions provider was in the best interests of employees working for the Cash Solutions businesses in scope of the Transaction who would be joining a provider whose business' entire focus is on cash solutions.

UK pension scheme members – The board considered the impact of the sale on the UK pension scheme members and concluded that it is in both their and G4S's interest that the UK Cash Solutions business is retained within the Group.

The board also considered the likely consequences of the Transaction over the long term and desirability of maintaining a reputation for high standards of business conduct.

Other considerations - The board concluded that the Transaction would allow the Group to focus on the growth of the core integrated security solutions business and the further development of the Retail Technology Solutions business, whilst providing an opportunity to simplify and streamline the Group and to capture cost efficiencies, which supports the board's goal of accelerating profitable growth. This would in turn enable the Group to focus on strengthening its position as an industry-leading global security company.

Society

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

How the board engages

- As part of its decision making process, the board takes into consideration a broad range of issues which are reported to the board through a variety of means.
- During 2019, the board received regular updates on evolving practice in areas of governance and broader societal issues considered by the Financial Reporting Council, UK Government or Competition and Markets Authority.

Informs the board and committees' work and decisions

- The board reviewed and approved a number of policies including the Business Ethics Policy (g4s.com/ethics), Board Diversity Policy as well as the tax strategy (g4s.com/tax).
- The Audit Committee reviewed the potential impact of Brexit on the Group and the company.
- The CSR Committee approved the review of the Group's whistleblowing and other reporting channels and oversaw the review of the migrant workers' policies.
- The board reviewed the Group's approach to the Covid-19 threat.

Customers

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

How the board engages

- The chief executive officer, chief financial officer and chairman attend a number of meetings with customers and provide customer feedback and information to the board during the year.
- Insights into customer constraints and requirements is also part of large contract bids or renewal process.
- The board also reviews customers' changing expectations or needs as part of its strategy session every year.

Informs the board and committees' work and decisions

- A number of major contracts were reviewed by the Risk Committee as part of its yearly cycle. Customer considerations and key risks were reviewed and discussed with the relevant management team.
- The board or the Risk Committee, in some instances, approved a number of major bids during the year, as part of which process the customers interest was reviewed and taken into account in the decision making process.

Shareholders

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

How the board engages

- The primary means used by the board for communicating with all company shareholders are the annual report, annual results and half-year results announcements and the AGM. The section of the website dedicated to investor relations is also a useful tool, facilitating communication with institutional and private investors. It can be found at g4s.com/investors and includes material shared with institutional shareholders and analysts at company meetings.
- The board receives reports on investor relations at each scheduled meeting. Presentations as well as analyst and investor meetings are held following the release of the company's annual results and half-year results announcements. These are also streamed via live webcast for those unable to attend in person. After each such event, the presentation is made available in the Investor Relations section of the website.
- The CEO and CFO met with shareholders representing over 63% of the share register and 171 institutions. They also engaged with potential shareholders as well as with analysts. These meetings tend to be focused primarily on the Group's trading performance and the implementation of its strategy.
- In addition, the chairman engaged with shareholders representing around 50% of the total share register on governance matters and reported to the board in due course.
- During the consultation on the Remuneration Policy, the chair of the Remuneration Committee engaged with shareholders representing around 62% of the total share register (which includes passive funds).

Informs the board and committees' work and decisions

- Following feedback from investors, the Remuneration Committee strengthened the existing share ownership requirements and expanded the strategic objectives of the annual bonus scheme to include additional ESG objectives.

Employees

How the board engages

- With 558,000 employees, located in around 90 countries and services often delivered by a significant number of our employees embedded directly with our customers, ensuring meaningful two-way engagement with the Group's employees is difficult to achieve by using the methods set out in provision 5 of the Code or a combination of these.
- Instead, the Group and the board rely on a variety of initiatives and channels, primarily led by the human resources function, the results of which are reported to and discussed by the board and its committees.

Informs the board and committees' work and decisions

- The results of the employee surveys, as well as other engagement channels are reported to and discussed by the board. Follow-up action plans are also monitored and discussed by the board.
- The board met with the members of the group executive team in June for a two-day strategy session.
- The board and CSR committee received and discussed regular health and safety reports, with the CSR Committee engaging with local management on their health and safety initiatives and challenges.
- The Remuneration Committee reviewed workforce remuneration policies to better inform decisions on executive and senior management remuneration.
- Diversity workshops helped inform the development of the diversity and inclusion initiatives, which was presented to and approved by the board.
- The Remuneration Committee and the board reviewed and approved the Gender Pay Gap report.
- Details of the most serious whistleblowing cases are provided to and discussed by the Audit Committee and the CSR Committee.

Suppliers

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

How the board engages

- The Group CFO is the executive with responsibility for management of the group procurement function.
- With a supplier base of about 40,000 suppliers of varying sizes spread across the 90 countries the Group operates, engaging with suppliers takes place in many different ways.
- The Group Procurement Director reported to the CSR Committee on supplier chain management.
- The Group HR Director provided several updates to the board and CSR Committee on suppliers used in relation to migrant workers.
- Supplier management initiatives are also discussed as part of the annual review and approval by the board of the Slavery and Human Trafficking Statement.
- Suppliers' interests are also reviewed as part of the yearly two-day board and management strategy session.

Informs the board and committees' work and decisions

- The CSR Committee approved the supply chain due diligence programme using EcoVadis for implementation across the Group, starting with the UK. The implementation of this initiative will be monitored by the committee.
- One of the main ways in which the board considers key suppliers is as part of large contract bid or renewal approvals. Supplier interests and risks form part of the information provided to the board or relevant committee and is taken into account in the decision-making process.
- The CSR Committee and the board reviewed and approved the company's Modern Slavery Act Statement.
- The Treasury Policy which sets out the Group's approach to managing its bank and other suppliers of financial services to the Group was also reviewed and approved by the board.

2 Division of Responsibilities

Our Governance Framework

Governance framework

The board oversees the Group's governance framework, reviews and approves the strategy, monitors management's performance against agreed targets and ensures appropriate controls are in place and operating effectively. The board ensures leadership through effective oversight and review. Executive decisions, and development and implementation of strategy are delegated to management.

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

Board responsibilities

- Review and approve the company's strategy
- Monitor management's performance against agreed targets
- Review its own performance on a yearly basis

Matters reserved to the board

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

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

Board committees

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

Nomination Committee

Reviews board composition, leads the process for new board and committee appointments and reviews board succession. (see page 106)

Corporate Social Responsibility Committee

Reviews and approves the company's CSR strategy, monitors compliance with CSR policies throughout the Group. (see page 109)

Risk Committee

Advises the Audit Committee and the board on the Group's overall risk appetite and tolerance, oversees the company's risk management framework and reviews its effectiveness and also reviews major projects. (see page 114)

Audit Committee

Oversees the financial reporting process and ensures the integrity of the company's financial statements, monitors internal audit, approves external audit scope and fee, reviews and monitors external auditor's independence. (see page 116)

Remuneration Committee

Approves remuneration of the chairman, executive directors, other members of the group executive committee and the company secretary.

Monitors level and structure of remuneration of senior management of the Group.

Reviews policies on workforce remuneration and ensures they align with the company's culture. (see page 124)

Executive Committees

Group Executive Committee

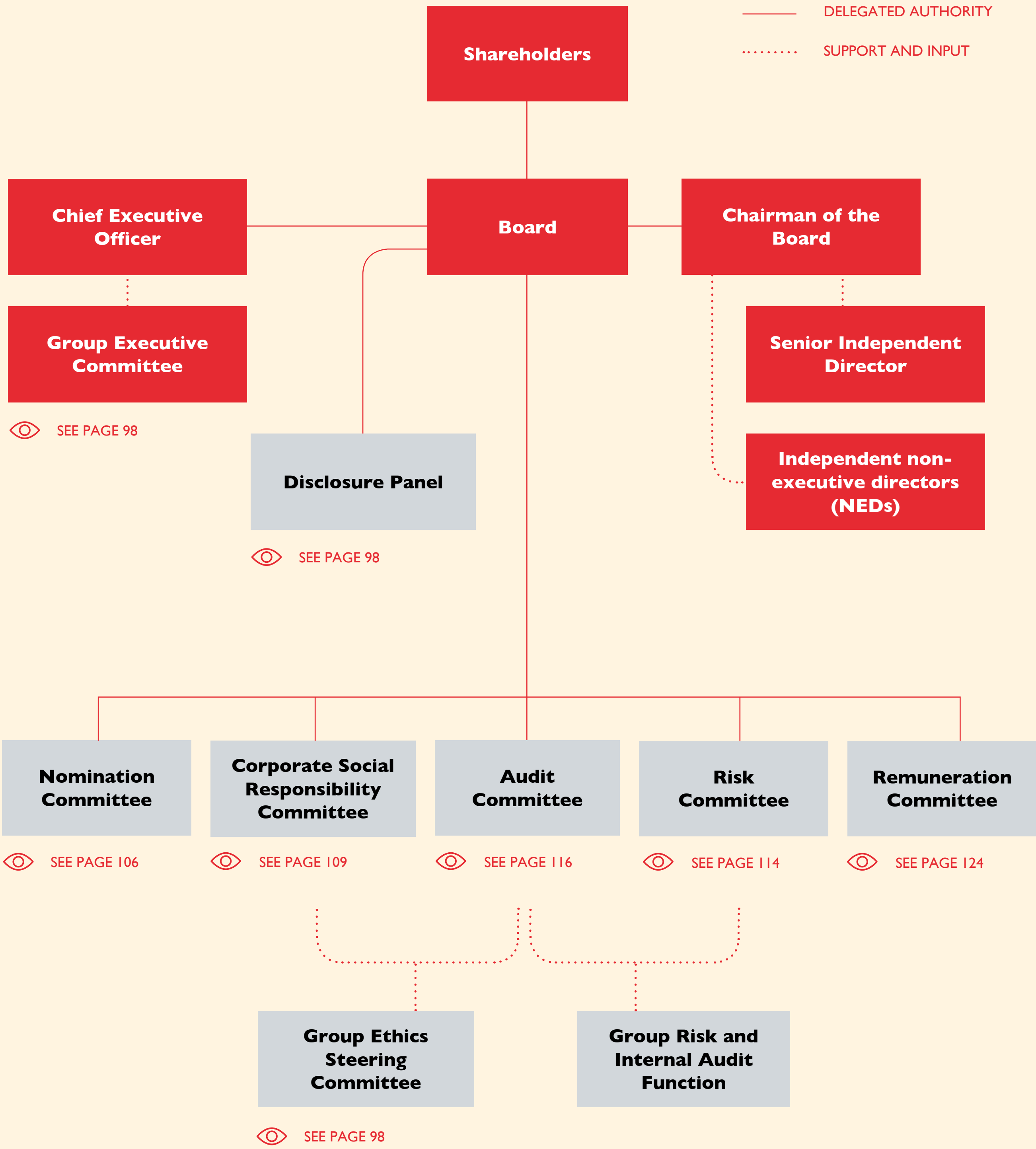
Led by the CEO, delivers the Group's strategy and responsible for day-to-day management of the Group's operations.

Disclosure Panel

Deals with all matters concerning inside information relating to the company and the fulfilment of its obligations under the Market Abuse Regulation and the FCA's Listing Rules and Disclosure Guidance and Transparency Rules.

Group Ethics Steering Committee

Develops Group strategy and policy on ethical matters, the Group's anti-bribery and corruption framework as well as whistleblowing arrangements and advises on steps to promote a culture of integrity and honesty across the Group.


DELEGATED AUTHORITY
SUPPORT AND INPUT
Shareholders
Chief Executive Officer
Board
Chairman of the Board
Group Executive Committee
SEE PAGE 98
Senior Independent Director
Disclosure Panel
SEE PAGE 98
Independent non-executive directors (NEDs)
Nomination Committee
SEE PAGE 106
Corporate Social Responsibility Committee
SEE PAGE 109
Audit Committee
SEE PAGE 116
Risk Committee
SEE PAGE 114
Remuneration Committee
SEE PAGE 124
Group Ethics Steering Committee
SEE PAGE 98
Group Risk and Internal Audit Function

Key roles in our governance framework

A clear division of responsibilities

Chairman of the board

- Leads the board, promoting the Group's values, good corporate governance and ensuring board compliance with statutory and regulatory requirements
- Ensures the smooth and effective operation of the board to promote the long-term sustainable success of the company
- Ensures that directors receive accurate, timely and clear information. Promotes a culture of challenge, debate, openness and support to facilitate constructive board relations and the effective contribution of all non-executive directors
- Ensures that the development needs of the directors are identified and addressed and directors continually update their skills, knowledge and familiarity with the company. Maintains regular contact with major shareholders and conveys their views to the board
- Ensures the board understands the views of the company's other key stakeholders

Chief Executive Officer

- Responsible for developing and implementing the Group's strategy and plans
- Responsible for the overall management and promotion of the Group
- Manages the Group's risk profile in accordance with the risk appetite set by the board
- Ensures effective communication between the board and the business and other key stakeholders
- Responsible for setting an example to the company's workforce, for communicating to them the expectations in respect of the company's culture and values, and for ensuring that operational policies and practices drive appropriate behaviour

Chief Financial Officer

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

Senior Independent Director

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

Independent non-executive directors (NEDs)

- Provide a range of outside perspectives to the Group and encourage robust debate, constructive challenge, provide strategic guidance and offer specialist advice
- Monitor management's performance against agreed targets
- Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible
- Design and determine appropriate levels of remuneration for the chair, executive directors and the next level of senior management
- Key role in appointing and, when necessary, removing executive directors and in board succession planning

Company Secretary

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

3 Composition, Succession and Evaluation

Board balance and diversity

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

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

More information about the Group's approach to diversity is set out on pages 28 and 31.

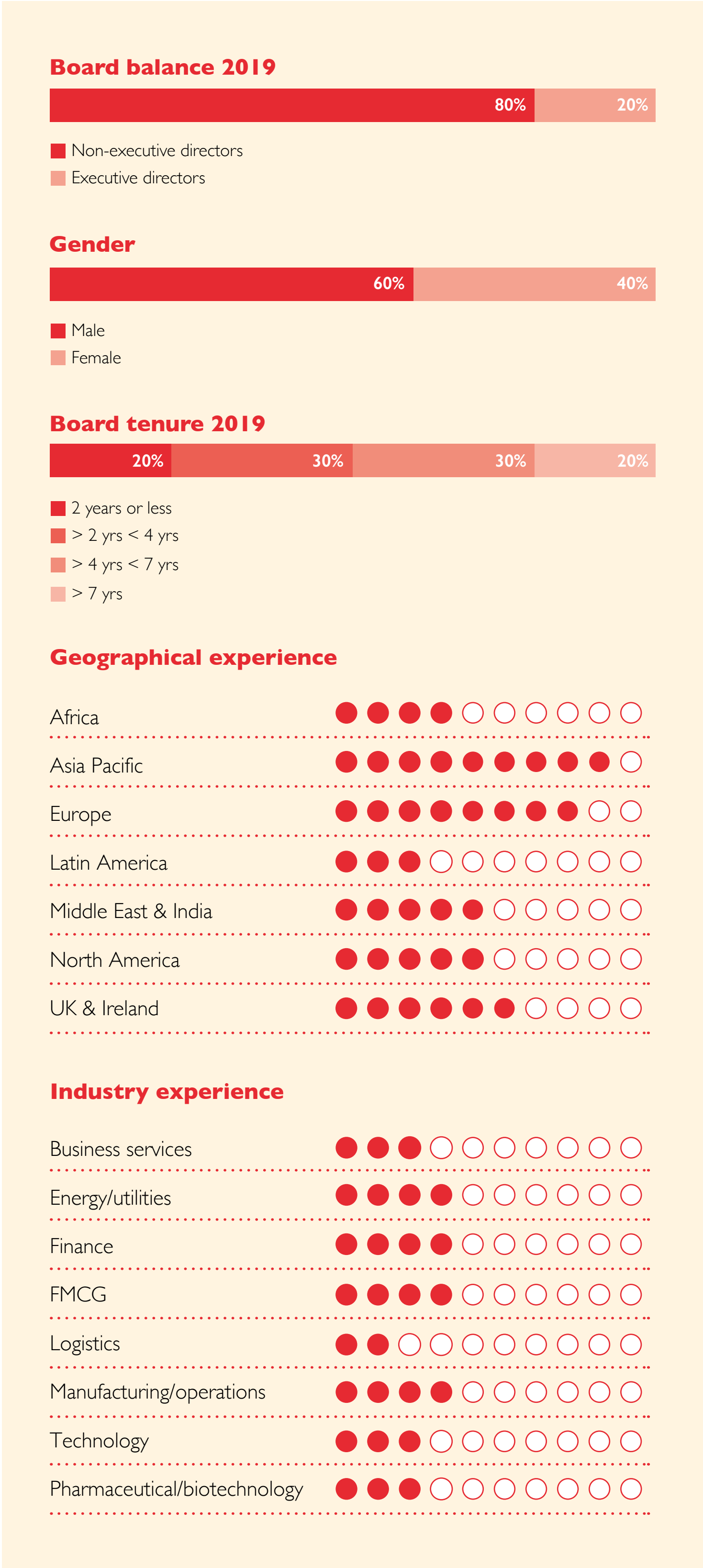
In early 2019 the board adopted a formal board diversity policy to capture its approach to diversity and set out the principles it follows in considering board appointments, board composition, and succession planning.

The annual review of the board diversity policy resulted in a number of changes being adopted including the introduction of explicit targets which will be measurable on an on-going basis. The targets focus on both gender and ethnicity in line with the recommendations of the Hampton Alexander and Sir John Parker reviews and make express commitments to at least maintaining both 40% female representation and one board member from a Black, Asian or minority ethnic background. In order to deliver on these commitments the Policy confirms that only executive search agencies who are signatories of the Enhanced Code of Conduct with a track record in promoting diverse recruitment will be invited to support future board recruitment assignments. The updated board diversity policy is available at g4s.com/investors and further information on how the board applies the principles set out in the policy is set out in the report of the Nomination Committee on pages 106 to 108.

In addition to diversity in terms of gender, ethnicity, nationality, skills, personal attributes and experience, most board members also have international experience, which is very important in a global group like G4S, with operations in around 90 countries.

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

The board also considers diversity as part of its annual review of talent management and succession plans for the board and senior management team. While the Nomination Committee focuses on succession plans for the board, the board as a whole reviews succession plans for the group executive team and the wider talent pipeline. The Group HR Director presents a report to the board on an annual basis focused exclusively on talent management and succession planning, which sets outs identified areas for further focus and development.



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

Board composition

As at the date of this report, following Paul Spence stepping down from the board on 31 March 2020, the board comprises 9 members: the non-executive chairman (John Connolly), six other non-executive directors and two executive directors.

The names of the directors serving as at 31 December 2019 and their biographical details are set out on pages 92 and 93.

All these directors served throughout the year under review, apart from John Daly, a non-executive director who retired from the board on 16 May 2019, and Clare Chapman, who was appointed to the board on 23 September 2019.

Independence

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

The board acknowledges the recommended term within the Code and is mindful of the need for planned and orderly succession whenever possible.

Therefore clear records of the tenure and skill-set for each non-executive director are maintained. In addition, a review is undertaken by the Nomination Committee at least once a year.

Winnie Fok

Winnie Fok has been a director since October 2010. The board considers that her continuing directorship is to the benefit of the Group and supports the principles of the Code. Her experience relating to the Group's Chinese and Asian markets combined with her general business experience and expertise remain valuable to the board in supporting the development of the business in one of its fastest growing market. Her knowledge and experience of the business also provide helpful continuity at a time of great change for the Group. The board considers Ms Fok to be independent in character and judgment and does not believe the duration of her tenure on the board amounts to a relationship or circumstance which may affect her judgment. She has stood for re-election annually since 2011 and on each occasion has been re-elected by a substantial majority of shareholders.

Board composition, roles and attendance (as at 31 December 2019)

	Meetings attended					
Chairman	Board*	Nomination	CSR*	Risk*	Audit	Remuneration
John Connolly[1]	15/15	2/2	n/a	5/7	n/a	n/a
Executive Directors						
Chief Executive Officer						
Ashley Almanza[2]	15/15	n/a	n/a	6/7	n/a	n/a
Chief Financial Officer						
Tim Weller	15/15	n/a	n/a	7/7	n/a	n/a
Non-Executive Directors						
Clare Chapman[3]	5/5					2/2
John Daly[4]	3/4	n/a	n/a	n/a	2/2	1/1
Elisabeth Fleuriot	15/15	n/a	4/4	n/a	n/a	3/3
Winnie Fok[5]	12/15	n/a	4/4	n/a	n/a	3/3
Steve Mogford (Senior Independent Director)[6]	14/15	2/2	n/a	7/7	4/4	n/a
John Ramsay[7]	14/15	n/a	4/4	n/a	4/4	n/a
Paul Spence[8]	15/15	n/a	4/4	7/7	4/4	n/a
Barbara Thoralfsson	15/15	2/2	n/a	n/a	n/a	3/3

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

1. Mr Connolly was unable to attend two unscheduled Risk Committee meetings due to prior conflicting engagements.
2. Mr Almanza was unable to attend one unscheduled meeting of the Risk Committee due to a prior conflicting engagement.
3. Ms Chapman was appointed to the board and as chair of the Remuneration Committee with effect from 23 September 2019.
4. Mr Daly was unable to attend one unscheduled board meeting due to a prior conflicting engagement. Mr Daly retired from the board and as chair of the Remuneration Committee on 16 May 2019.
5. Ms Fok was unable to attend one board meeting and two unscheduled board meetings due to conflicting engagements.
6. Mr Mogford was unable to attend one unscheduled board meeting due to a prior conflicting commitment.
7. Mr Ramsay was unable to attend one unscheduled board meeting due to a conflicting engagement made prior to joining the board.
8. Mr Spence retired from the board with effect from 31 March 2020.

In every instance where a director was unable to attend a meeting, prior to the meeting they provided comments and feedback on matters being discussed to the chair of the board or chair of the committee, as the case may be, and signified their approval of the proposal submitted for consideration where relevant.

Director re-election

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

Potential conflicts

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

Time commitment

Each of the directors has also disclosed to the board their other external appointments. The Nomination Committee and the board has reviewed the external appointments of each director and is of the view that each director is able to dedicate sufficient time to their role and responsibilities.

Board meetings

Seven scheduled board meetings and eight additional meetings took place during the year ended 31 December 2019. Each year, one of the scheduled meetings is an extended two-day meeting at which, in addition to normal board business, the board and executive committee review the Group's strategy.

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

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

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

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

There are seven board meetings scheduled for 2020 including a two-day board and strategy meeting.

2019 board activities in focus

- Held a two-day strategy forum with the Group Executive Committee in June
- Oversaw the review of separation options for the Cash Solutions business and approved the disposal of the majority of the Group's conventional cash businesses to The Brink's Company
- Appointed a new member of the board who also took on the role of chair of the Remuneration Committee
- Discussed succession plans for board members and reviewed plans for the group executive team and the talent pipeline
- Approved half-year results and year-end results
- Received regular reports from the chair of the nomination, CSR, risk, audit and remuneration committees
- Reviewed and approved the Group Business Ethics Policy, Market Abuse Regime framework, group treasury policy and group tax strategy
- Approved the Group's slavery and human trafficking statement, adopted an enhanced Board Diversity Policy and approved the Gender Pay Gap Report
- Approved amended list of matters reserved to the board and committee terms of reference to align with the new Code
- Approved changes to the directors' remuneration policy for approval at the company's next AGM
- Reviewed results of stakeholders' engagement initiatives including biennial group employee survey, 2019 AGM proxy voting figures and investor voting guidelines as well as shareholders' feedback on executive remuneration

Board Action Plan 2020

- Completion of Cash Solutions separation
- Review and approval of G4S strategy, post separation
- Board and senior management succession planning
- Company's purpose, values and cultural alignment
- Retail technology and technology developments in the security industry

Annual general meeting 2020

The company's annual general meeting is an important opportunity for communication between the board and shareholders, particularly private shareholders. In light of the restrictions imposed in response to the Covid-19 pandemic however, the company expects that the next annual general meeting due to take place on 17 June 2020, at Sutton Park House in Sutton may not provide the opportunity for face-to-face communication that it usually affords. Details of the annual general meeting and the resolutions to be proposed will be set out in the notice of meeting available to download from the Group's website in due course. The meeting will be informed of the number of proxy votes cast and the final results of votes on the resolutions will be published subsequently on the website.

Induction, information and development

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

To build on the induction programme, directors receive further briefings both to help in their own development and to enhance their awareness of the different elements of the business. In addition, non-executive directors learn about the Group's business and meet employees and management through site visits.

In September 2019, Ms Chapman joined the board and took on the role of chair of the Remuneration Committee. Mindful that Ms Chapman was joining at the time that the company was reviewing its directors Remuneration Policy, which would require a significant amount of time commitment on her part, her induction programme was split into two parts.

The first part took place directly at the beginning of her tenure and the second phase was planned to be carried out in the early part of 2020. However, in light of the Covid-19 outbreak, part of the second phase of Ms Chapman's induction had to be postponed, while management is heavily focused on attending to the business, its employees and customers in these challenging and demanding times. Ms Chapman's induction programme is also being adapted to the travel and meeting restrictions in place, so that it will be delivered remotely wherever possible with physical meetings to be arranged in due course when restrictions are lifted.

Tailored induction – Remuneration Committee chair

Phase 1

Was designed to enable Ms Chapman to acquire quickly the knowledge she needed to ensure she contributed fully to the board right away. This phase of the induction programme had two key objectives, namely providing her with a good overview of G4S, the industry it operates in and key market drivers and also to provide her with a deeper knowledge of remuneration matters from a G4S perspective.

Therefore, she was given access to information about the company, group structure, management team, board governance, minutes of board and committee meetings and risk management, briefing on directors' duties and other regulatory and legal matters. Ms Chapman also met with the chairman, chief executive, Group HR Director and with members of the senior management team with responsibilities or particular knowledge of remuneration matters. Meetings with the external remuneration adviser Deloitte were also arranged.

Phase 2

Is designed to help Ms Chapman develop a deeper understanding of the company's business, markets and main relationships. This part of the programme consists of individual sessions with members of the group executive team and senior managers covering strategy, investor relations, governance, finance, legal and CSR. Site visits are planned to be organised later in the year once guidance on travel and meetings allows.

Board development programme

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

During the year regular updates were also provided at board and committee meetings on legal and regulatory developments and on-going initiatives on UK corporate governance reform. Information about external programmes specifically designed to support non-executive directors is also made available to directors throughout the year.

Board and committee performance review

In accordance with guidance from the Code, board and committees performance is assessed yearly with the support of an external facilitator. At least once every three years, the board conducts a fully externally facilitated exercise which was last carried out in 2017. In 2019, the board and committee evaluations were carried out by Oliver Ziehn of Lintstock. Oliver Ziehn and Lintstock have no other connection with the company.

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

Stage 1

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

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

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

Stage 2

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

Stage 3

The reports, conclusions and recommendations were considered and discussed by the board and each of the board's committees when reviewing their performance, and informed the planning for the board and committees' priorities in 2020.

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

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

Board review outcome

Board

The conclusions of this year's review confirmed that the board operates effectively, with the clarity of the Group's strategic direction and the board's contribution to testing and developing the Group's strategic direction during the strategy session seen as areas of strength. The board's positive engagement with management, providing effective support and constructive challenge to the executives, was also working well, as was the relationship between the chief executive and the chairman.

The salient issues raised in the report informed the development of the 2020 board plan as well as further development plans for the board itself. Key areas identified for particular focus in 2020 included driving effective separation of the Cash Solutions business, overseeing changes to the organisational structure required following completion of the conventional cash disposal as well as succession planning recognising, strategy and strategy execution including technology and risk management framework. People and culture would also be an area of further work for the board, with a particular focus on diversity and inclusion.

Committees

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

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

Chairman

The chairman's performance review identified the depth of the chairman's involvement, his relationship with the chief executive as well as his proactive approach and dedication to his role as particular strengths. An area for further focus was for the chairman to promote greater feedback on stakeholders' engagement.

The Nomination Committee

During the year, the work of the Nomination Committee was focused on the process for the recruitment of a non-executive director to join the board and chair the Remuneration Committee, ensuring that the new director had the attributes, skills and experience needed to make a positive contribution to enable the board to continue to be effective, during what is a period of significant change for the Group. The committee also considered the board's composition and diversity in light of the current and future needs of the Group as well as succession planning.

JOHN CONNOLLY
NOMINATION COMMITTEE CHAIRMAN

Responsibilities

The Nomination Committee's remit covers broadly five areas. These are: board composition, making recommendations to the board on appointments (based on merit and objective criteria, with a view to maintaining a balance of skills and experience on the board and its committees and to promote diversity), succession planning for the board and the group executive committee and the development of a diverse pipeline, board performance evaluation and annual reporting.

During 2019, the committee reviewed and updated its terms of reference to ensure full alignment with the Code. The committee's terms of reference are available at g4s.com/investors.

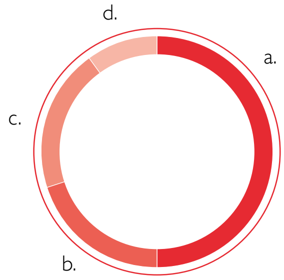
Committee Membership during 2019

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

The Nomination Committee meets on an ad hoc basis, when the need arises. In 2019, the committee met twice.

Members' attendance at committee meetings is shown on page 102.

Main activities (%)



a. 50% – Recruitment of NEDs
b. 20% – Evaluation and terms of reference
c. 20% – Reviewing board and committee membership
d. 10% – Succession planning

Links to strategic priority

People, culture & values

Board composition

Following the announcement in March 2019 that John Daly would step down from the board and as chair of the Remuneration Committee at the conclusion of the AGM on 16 May 2019, the Nomination Committee initiated a recruitment process for the appointment of a new non-executive director to succeed Mr Daly.

Russell Reynolds was appointed to assist the committee with the recruitment. A candidate specification setting out the requirements for the role (including the Code requirement that the newly appointed chair should have served on a remuneration committee for at least 12 months) and the preferred attributes of potential candidates (such as international experience, the ability to make a positive and broad contribution to the board and the need to continue to enhance board diversity) was prepared.

Shortlisted candidates were interviewed by the chairman, other members of the Nomination Committee, and the CEO.

The process resulted in Clare Chapman joining the board as non-executive director and chair of the Remuneration Committee on 23 September 2019. Information about the induction programme undertaken by Ms Chapman is provided on page 104.

Following Paul Spence stepping down from the board on 31 March 2020, the Nomination Committee initiated another recruitment process supported by Russell Reynolds. Again a candidate specification setting out the requirements for the role and the preferred attributes of potential candidates was prepared. A strong international operational experience with a good knowledge of disruptive technologies were key considerations as well as corporate culture and fit. The process is currently on-going.

Russell Reynolds has no connection with the company other than as provider of recruitment consultancy services to the Nomination Committee.

Committees' composition

The composition of board committees was reviewed at the committee's December meeting and again early in 2020. Taking account of the balance of skills and experience on each committee, it was thought that while Mr Ramsay, as chair of the Audit Committee would bring additional relevant knowledge to the Risk Committee, Ms Thoralfsson's broad business experience would prove useful to the Audit Committee.

Diversity

Diversity is a matter for the board as a whole and is an integral part of succession planning and recruitment for the board and senior management team. The board's approach to diversity is set out on page 101.

The Nomination Committee seeks to engage executive search agencies which are signatories of the Enhanced Voluntary Code of Conduct to help ensure the most diverse talent pools are reached and an approach in line with best practice is adopted. Diversity is also expressly included in the specification provided to search agencies for each vacancy, to ensure candidates are considered on merit against objective criteria, promoting diversity of gender, social and ethnic backgrounds and cognitive and personal strengths.

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

Succession planning

At its December meeting, the Nomination Committee reviewed the board committees composition as well as the current skills and experience available on the board.

The committee also considered what further skills or experience may be useful to enable the board to support the developing changes to the Group. The results of the board evaluation were also considered. Reviewing these various parameters helps inform future board recruitment. The board reviewed succession plans in place for the group executive committee as well as the pool of talent available to the company for such appointments.

Independence and re-election to the board

John Ramsay's term of appointment, due to expire in December 2019, was considered by the committee, which was satisfied that John continues to remain independent and committed to his role as a director and as chairman of the Audit Committee.

The committee was satisfied that the non-executive directors continue to remain independent and committed to their role as directors of the company.

The committee is mindful that the Code requires a clear explanation to be provided where a non-executive director is considered by the board to remain independent beyond nine years.

In relation to Winnie Fok, who joined the board in late 2010, both the committee and the board are satisfied that her experience relating to the Group's Chinese and Asian markets combined with her general business experience and expertise remained valuable to the board in supporting the development of the business in one of its fastest growing markets. Her knowledge and experience of the business also provide helpful continuity at a time of great change for the Group.

The committee and the board are mindful of the need to refresh the board however, and a recruitment process is underway to seek an additional new non-executive director to join the board.

Directors' length of service

As part of its annual review of board composition, the Nomination Committee reviews the directors' length of service.

In line with our remuneration policy, executive directors have a rolling service contract, whereas non-executive directors are appointed for an initial term of two years. Further information about the key features of the executive directors' service contracts and non-executive directors' letters of appointment can be found on page 135.

As part of the review of the directors remuneration policy undertaken in 2019, the terms of the letters of engagement for non-executive directors were reviewed, which led to some proposed changes to better align with market practice. Changes cover increasing the initial term of appointment from two to three years (subject to successful election or re-election at the company's annual general meeting), which better aligns with the Code's independence criteria regarding tenure as well as various changes to update other terms.

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

Director	Date of appointment	Unexpired term (based on two-year term) at date of this report
Executive Directors		
Ashley Almanza	1 May 2013[a]	n/a
Tim Weller	1 April 2013[b]	n/a
Non-Executive Directors		
John Connolly	8 June 2012	2 months
Clare Chapman	23 September 2019	17 months
Elisabeth Fleuriot	18 June 2018	2 months
Winnie Fok	1 October 2010	5 months
Steve Mogford	27 May 2016	1 month
John Ramsay	1 January 2018	21 months
Barbara Thoralfsson	1 July 2016	3 months

a. Ashley Almanza was appointed to the board on 1 May 2013 as chief financial officer and took on the role of chief executive officer on 1 June 2013.
b. Tim Weller joined the board on 1 April 2013 as a non-executive director until 24 October 2016, when he became chief financial officer.
Unexpired term calculated on the basis of the current two-year term for non-executive directors.

Committee performance

The performance of the Nomination Committee was reviewed as part of the process undertaken by each of the board committees, with assistance from Lintstock. The committee's performance in reviewing the composition of the board and running an effective recruitment process for the board were seen as good. The committee identified that more work remained to be done to continue to support greater diversity in particular below board level.

The CSR Committee

As a major global employer, we believe our 558,000 employees make a difference by helping millions of people to live and work in safe and secure environments. With such a wide geographic footprint, scale and diverse workforce, our first priority is of course the safety of all our employees and those in our care. This is particularly true in light of the devastating impact of the Covid-19 pandemic on communities around the world. In 2019, sadly 20 of our colleagues lost their lives. We remain firmly committed to achieving our goal of zero harm through our continued drive to improve health and safety. We sometimes operate in difficult and demanding places where the political, social and human rights environment is challenging and we need to ensure our values which illustrate our corporate culture are well understood and lived with across the entire Group. Monitoring our progress and areas to improve on values through our global employee engagement survey, which received c.450,000 responses, is a relentless focus to ensure the integrity of our organisation, the safety and well being of our people and those in our care.

ELISABETH FLEURIOT
CSR COMMITTEE CHAIR

Responsibilities

The Group takes a holistic approach to corporate and social responsibility and is mindful of its societal impact. The CSR Committee was established in 2011 to review and monitor the Group's CSR approach, which includes developing policies on various CSR-related matters for consideration by the board and to review and monitor how the Group performs against relevant policies. It oversees reporting on CSR matters and progress made during the year. The committee's responsibility is to ensure that the Group's approach is promoted and embedded in its culture and values throughout the organisation. During 2019, the committee reviewed and updated its terms of reference to align with the new Code and provide greater focus on promoting a culture of integrity and openness, which values diversity and responsiveness to stakeholders' views. The committee's remit now also includes monitoring cultural and ethical trends identified through engagement channels, in particular the whistleblowing arrangements.

Committee membership during 2019

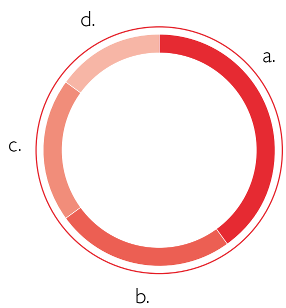
	Member since
Elisabeth Fleuriot (Chair)	June 2018
Winnie Kin Wah Fok	January 2012
John Ramsay	January 2018
Paul Spence[a]	January 2013

a. Paul Spence retired from the board and as a member of the CSR Committee on 31 March 2020.

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

There were four scheduled meetings during 2019. Members' attendance at committee meetings is shown on page 102.

Main activities (%)



a. 40% – Health and Safety
b. 25% – Human Rights
c. 20% – People, Culture & Values (inc. whistleblowing)
d. 15% – CSR Reporting

Link to strategic priorities

People, culture & values | Growth | Profitability

Further details of the committee's responsibilities can be found in the committee's terms of reference which are available at g4s.com/investors.

Health and safety

The safety of all our 558,000 employees and those in our care is of paramount importance. The CSR Committee is fully committed to supporting the achievement of the Group's goal of zero harm. However sadly, in 2019, 20 employees (24 in 2018) lost their lives in work-related incidents. As part of its normal cycle of work, the committee received regular health and safety reports, including updates regarding on-going initiatives, details of future plans and summaries of incidents. During the year under review, the committee monitored the global programmes raising awareness across the spectrum of health and safety risks as well as those focused on specific initiatives.

Following the attack on a G4S base in Afghanistan, in November 2018, which sadly resulted in a number of fatalities, including five G4S employees, the committee invited the Managing Director of the relevant business to discuss the challenges faced by those who secure the safety of our customers in hostile environments. As part of this session, the committee reviewed actions being taken to provide support to those involved in the incident.

During 2019, as part of the health and safety team's continued efforts to reduce road traffic incidents and related fatalities, the committee received regular reports on initiatives being implemented across the Group. Such initiatives included driver training conducted in Colombia, Peru and Brazil, as part of a programme aiming to reduce high potential incidents and the creation of a motorcycle safety video for Thailand, which, owing to its success, is being translated for use across other regions. 2019 was the first year with zero motorcycle fatalities across the globe.

The committee also received a presentation from the Regional President of the Africa region on challenges faced and initiatives being implemented in the region. During 2020, the CSR Committee will be provided with an update on progress in the Africa region. The committee will also focus on deep-dive updates of high-risk countries provided by the management of those businesses. In light of the Covid-19 pandemic and its devastating effects on the communities the Group serves, the committee has added the review of the Group's initiatives and health and safety response as a key area of focus.

Human rights

Everyone at G4S, whether a director or frontline supervisor, has a responsibility to respect and protect the human rights of the company's employees and those in our care and we invest to ensure that our employment policies and practices are consistent with international conventions. The CSR Committee receives regular updates on major human rights audit findings or incidents. In certain countries, the Group relies on migrant workers to deliver a range of services to its customers. We recognise that being far from home, migrant workers are potentially vulnerable, therefore we need to ensure that group policies to safeguard their well-being are adhered to by all involved. Following, the Norwegian Council on Ethics for the Government Pension Fund Global making public some concerns over the Group's approach to migrant workers in the Middle East, the programme to assess the Group's migrant worker policy and practices, which was underway, was accelerated. Management has provided updates to both the Audit Committee and the CSR Committee on the results of the assessment carried out and changes being implemented to the recruitment process, management of the migrant workers programme with the appointment of a coordinator based in the Middle East and engagement directly with the migrant worker population. In 2020 the CSR Committee will continue to monitor progress.

Mitigating the risks of modern slavery in our supply chain is also an area of focus for the committee, which reviews the company's modern slavery act statement every year. In 2019, the committee oversaw the launch of the supplier due diligence programme in the UK, run by EcoVadis, the sustainability ratings agency, to ensure our supplier code of conduct promoting health and safety, respect of human rights and business ethics in line with our values, is embedded and applied. Over the coming two to three years, the programme will be implemented globally starting with Europe and the Middle East.

People, culture and values

Our values are integral to everything we do. The biennial employee survey conducted across the entire Group's employees, which is underpinned by the G4S values and therefore provides an useful tool for the committee to monitor the culture of the Group and in particular how well these values are understood and applied.

In addition, the committee has been keen to gain a better understanding of the Group's policy and objectives on diversity and inclusion, to attract, recruit and retain diverse talent, to harness the great diversity of thinking to generate new ideas for a sustainable future and to be recognised as an ethical employer that promotes the right behaviours through employees, supply chains and community activities.

Through regular updates and presentations the committee is able to monitor and ensure that our culture and values are consistently reflected in behaviours and actions in all parts of our business and to support management initiatives to enhance the application of our culture and values. In 2019, the CSR Committee received a presentation on the results of our biennial global employee engagement survey to which c.450,000 employees responded with 84% favourable answers globally.

Whistleblowing arrangements

Another important tool for monitoring corporate culture is provided by the Group's whistleblowing arrangements. The CSR Committee receives regular updates and reviews key indicators to ensure that cultural and ethical trends can be identified and addressed. The committee was also recently provided with an update from the chair of the Group Ethics Steering Committee, the executive committee tasked with overseeing ethical matters across the Group, who highlighted its work in relation to overseeing the company's policies and procedures for the identification, assessment, management and reporting of ethical risks and in leading the review of the Group's existing anti-bribery and corruption programme and existing mechanisms for employees to raise ethical concerns in confidence. A review of the Group's global whistleblowing arrangements and case management tools, undertaken by Protect, a whistleblowing charity, overseen by the committee will take place during 2020.

FOR MORE INFORMATION, SEE CSR KPIS ON PAGES 50 AND 51

Specific issues

Brook House

Over 2018 and 2019, the committee oversaw the independent review carried out by Verita, a specialist consultancy, into allegations regarding the conduct and behaviour of a number of staff at Brook House Immigration Removal Centre. The committee also oversaw the implementation of the operational improvement programme at the facility. The committee noted the positive conclusions of the comprehensive inspection of Brook House, carried out over three weeks in May and June 2019 by HM Chief Inspector of Prisons. An important aspect of the committee's work has been to ensure that lessons learned from the review were shared across the estate of G4S-run custody and rehabilitation facilities. The management team reported on initiatives being implemented, which included staff workshops, at one of the committee meetings.

HM Prison Birmingham

Following continuing challenges in returning to normal operation following a major disturbance that took place in December 2016, in August 2018, G4S agreed with the UK Ministry of Justice (MoJ) that Her Majesty's Prison and Probation Service (HMPPS) would "step-in" and take over the management of HM Prison Birmingham. By mutual agreement with the MoJ, G4S permanently transferred the management of the prison to HMPPS, with effect from 1 July 2019.

In 2018, the CSR Committee led an internal independent review to assess the factors which led to the situation at the prison and identify any lessons that could be learned and shared across the broader G4S custodial estate. During 2019, the committee oversaw management's programme of actions and initiatives designed to ensure lessons learned were fully implemented, with the managing director of G4S Custodial and Detention Services providing an update on learnings from Brook House and HMP Birmingham to the committee during the year. These learnings have been shared by management across the entire business.

Committee performance

The assessment of the committee's performance, conducted as part of the overall board review process with assistance from Lintstock, concluded that the CSR Committee continued to be effective, with the composition and leadership of the committee as well as the collaboration with the executive team identified as strengths.

In 2020, the committee will oversee the review of the Group's global whistleblowing arrangements and case management tools. The committee will also review the progress being made to enhance the protection of migrant workers across the Group and, in particular, the Middle East, as well as initiatives focused on our supply chain risks. Health and Safety deep-dives in high-risk markets will also provide the committee with a more granular level of understanding of the specific challenges faced by some of the businesses and how they respond.

Focus on motorcycle safety

Over the past 18 months, strong focus was placed on improving defensive driving and riding. Motorcycle safety training was reinforced across the Group, through various initiatives including a video to help employees visualise key messages and best practice.

The health and safety audit work also included this particular area of focus and as a result, the health and safety team conducted targeted assurance and audit work on motorcycle safety controls in specific countries during the year.

2019 was the first year that none of our colleagues lost their life in a motorcycle accident.

LINK TO SDGS:

8 DECENT WORK AND ECONOMIC GROWTH

4 Audit, Risk and Internal Controls

Risk management and Internal control

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

The board, through the Audit Committee and the Risk Committee, has carried out a robust assessment of the principal and emerging risks facing the company and of how those risks might affect the prospects of the Group. The principal risks, their possible impact and the mitigating actions taken, are set out on pages 82 to 87. Through the Audit Committee, the board conducted a review of the effectiveness of the systems of internal control during the year. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The enterprise risk management governance model, described on page 80 sets out some of the key features of the Group's risk management process which was in place throughout the year under review.

During the year, the Risk Committee reviewed the Group's risk appetite, which was considered and approved by the board. Further information on the work of the Risk Committee in relation to the risk management framework, including the Group's risk appetite, can be found in the report of the Risk Committee on page 114.

Whilst further improvement has been made in the effective performance of internal controls during the year, given the number of countries in which the Group operates and the variety of systems used, there is still opportunity for improvement in the operational effectiveness of mandated controls and this will continue to be an area of focus during 2020.

The Audit Committee has confirmed that, although it is satisfied that the Group's risk management and internal control processes are appropriate and effective, given the decentralised nature of the Group and the number of internal controls and processes which are manual, the need for continued focus on enhancing the internal control environment remains. The work of the Audit Committee in this respect can be found in the Audit Committee report on page 121. The board has reviewed the Group's risk management and internal control systems for the year to 31 December 2019 by considering reports from the Audit Committee and the Risk Committee and has also taken account of events since 31 December 2019.

Fair, balanced and understandable

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

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

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

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

The statement required to be given by the directors by Code provision 27 can be found on page 152.

Viability

In accordance with provision 31 of the UK Corporate Governance Code 2018, the directors have assessed the viability of the Group over a three-year period, aligned with that of the Group's bottom-up rolling planning cycle, taking into account the Group's current position, the potential impact of the principal and emerging risks documented on pages 81 to 87 and the Group's business model. Extension of viability testing beyond three years is seen by the Group as being of limited value because of the following factors:

- The majority of the Group's contracts are less than three years in duration;
- The correlation of demand for security services with the global economy; and
- The impact of the Group's on-going productivity programme.

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

Assessment of prospects

The Group's prospects are assessed primarily through its bottom-up strategic planning process. In 2013 the overall strategy for the Group was refreshed comprehensively and the board has monitored progress closely against this strategy as well as the risks to its success. The portfolio management programme has created a focused Group with two principal business segments: Secure Solutions and Cash Solutions, which resulted in the establishment of the Global Cash Solutions division on 1 January 2018. In 2018 the Group announced that it was reviewing options for the separation of the Group's Cash Solutions businesses and that the Group would focus on its core strategy of providing security services and manage for value non-core businesses. The rationale for this is set out on page 5 of the strategic report. On 26 February 2020 the Group announced the sale of the majority of its conventional cash businesses which will provide the Group with increased focus and financial strength to continue delivering its strategy. This viability analysis addresses the Group as it is constituted after the impact of the sale of the majority of the conventional cash businesses noted above.

The 2019 three-year planning process commenced in May with each country and business unit updating its rolling three-year strategic plan and considering the risks to achievement of that plan. These plans were reviewed and refined by regional management and then by the group executive committee before being reviewed by the board in October 2019. The key assumptions in the financial forecasts, reflecting the overall strategy, include:

- The disposal of the majority of the conventional cash businesses as announced in February 2020;
- A continued demand for security services and a growing demand for technology-enabled and integrated security, as set out on page 11 of the strategic report;
- An ability to continue to drive our productivity programmes to achieve efficiency and operational improvement and to flex the cost base, as set out on pages 44 and 45; and
- Continued delivery of operating cash flow conversion in line with our targets as set out on pages 46 and 47.

Assessment of viability

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

The vast majority of the Group's risks exist at an individual country level and are individually immaterial. The principal and emerging risks described on pages 81 to 87 are an aggregate view of individual risks captured in country, region and group functional risk registers. These wide-ranging risks are highly unlikely to crystallise simultaneously and it is therefore unlikely that such risks would have a material impact on the Group's financial position. Nevertheless, the Group has sensitised its three-year financial projections for the following risks:

- Potential loss of certain of the Group's top customers;
- Potential adverse changes in foreign ownership legislation resulting in cessation of material business lines;
- Potential working capital deterioration leading to operating cash flow being below expectation during the viability period;
- Potential claims in respect of major contracts resulting in material settlement payments; and
- Litigation or class action claims resulting in material legal costs and settlement payments.

The directors consider that this stress test assessment of the Group's prospects is reasonable in the circumstances. As part of this consideration, the directors have taken account of the potential impact of the Covid-19 pandemic on the Group's financial position, funding headroom and liquidity position. Recognising that the impact of the pandemic is likely to be a relatively short-run phenomenon in the context of the three-year viability assessment period, the directors are of the view that the foregoing sensitivities remain relevant. Notwithstanding this view, as explained in the directors' responsibility statement on page 152, specific sensitivity analysis reflecting the potential impact of the pandemic has been incorporated in the financial assessment underpinning the directors' consideration of the going concern status of the Group. The directors have also considered the debt maturities in 2020 to 2022 as indicated on page 121 under the stress test scenarios and concluded that the Group would be able to meet its maturities as they fall due with the existing facilities currently in place, albeit with significantly lower levels of liquidity than are typically available to the Group, unless further debt capital market issuance takes place. In recent years the Group has had good access to the debt capital markets and the directors expect that such access will continue to be available, which mitigates the risk of tightening liquidity over the next three years in a stress test scenario.

Viability statement

Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three financial years to 31 December 2022.

The Risk Committee

As announced on 24 April 2020, I succeeded Paul Spence as chair of the Risk Committee on the same date. Paul's deep knowledge and significant experience of complex businesses was extremely valuable in leading the committee effectively. The committee's role is to ensure that risk management is embedded into the Group's processes and that there is a robust risk management framework in place that is able to identify and manage the principal and emerging risks of our business. Effective risk management is key to ensuring the long-term sustainability of the business for all our stakeholders.

STEVE MOGFORD
RISK COMMITTEE CHAIRMAN

Responsibilities

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

The committee's composition ensures that a broad set of skills and experience comes together to consider how the Group manages risk in the business. The committee's terms of reference have been reviewed in light of developing practice and the new Code and to ensure that the committee's composition, which consists of both non-executive directors and executive directors remains compliant with the Code principles. This also includes ensuring that there are methods for reporting and for the escalation of significant emerging risks which may be critical to the company. Further details can be found in the committee's terms of reference available at g4s.com/investors.

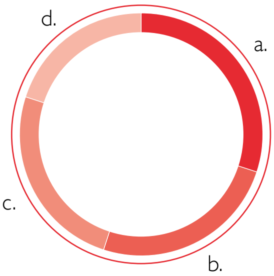
Committee membership during 2019

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

a. Paul Spence retired from the board and as chair of the Risk Committee on 31 March 2020.
b. Steve Mogford took over the role of chairman of the Risk Committee on 24 April. 2020.

Other regular attendees include the Group Director of Risk and Internal Audit. There were four scheduled meetings and three unscheduled meetings held during the year ended 31 December 2019. Members' attendance at committee meetings is shown on page 102.

Main activities (%)



a. 30% – Risk governance/ internal control
b. 25% – Contract risk management
c. 25% – In depth review of high risk contracts/projects
d. 20% – Committee governance and reporting

Links to strategic priorities

People, culture & values
Growth
Profitability

Risk governance

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

As part of the year-end work, the committee reported to the Audit Committee to confirm that it was satisfied that the Group's risk management processes were appropriate. In turn, the Audit Committee reports to the board on the matter.

Starting in late 2019, the Risk Committee is overseeing a review of the screening and vetting processes in North America as well as internal controls in place regarding the firearms framework.

Emerging risks and Principal risks

Over the course of the year under review, the Risk Committee received presentations on the Group's process for identifying, monitoring and managing emerging risks and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity and reputation. As part of its assessment of control effectiveness, the committee also reviews mitigation in place for each principal risk and the level of residual risks such mitigations achieved to ensure these were set at an acceptable level. The committee reported to the board the results of such assessment. The Group's approach to emerging and principal risks is set out on pages 78 to 87.

A presentation on a particular principal risk takes place at each committee meeting. In 2019, presentations covered culture and values, major contracts, cash losses and laws and regulations. These presentations describe the inherent risks, mitigations in place and management of the residual risk. This also included a review of risk management best practice and improvements. Further details of the significant risks and uncertainties facing the business are set out on pages 81 to 87.

Major contracts and projects

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

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

The committee continues to have particular oversight for the project developing lean order-to-cash processes through the development and implementation of a standard IT system for the manned security operations, project javelin. The committee receives regular reports on this project and oversaw the implementation of the project in the UK during 2019. The committee is also reviewing the overall Javelin deployment strategy across other businesses. Further information about this project is set out on page 45.

In addition, the committee has oversight of the cyber defence strategy to ensure that the Group's business continuity capabilities are robust. Regular updates are received on cyber risk from the Group's Chief Information Officer.

Committee performance

The assessment of the committee's performance, conducted with assistance from Lintstock, concluded that the composition and management of the committee continued to be effective and that the focus provided by a separate board risk committee continued to be beneficial for the Group.

The review also concluded that the committee effectively monitored the risks associated with major contracts and projects. In 2020, the committee will focus on the Group's overall risk management strategy and policy and undertake deeper reviews of new, emerging or changing risks, such as the Covid-19 pandemic. A key area of focus for the committee will be on overseeing the risk management framework to ensure it is appropriate and effective for the Group as it completes the sale of the majority of its conventional cash businesses over the course of the year.

The Audit Committee report

In 2019, the committee continued to oversee the quality and integrity of the Group's financial reporting, financial control and compliance processes, as well as the implementation of IFRS 16 and related disclosures.

JOHN RAMSAY
AUDIT COMMITTEE CHAIRMAN

Responsibilities

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

During the year, the terms of reference of the Audit Committee were reviewed and amended to ensure alignment with the new Code. These are available at g4s.com/investors. The terms of reference will be reviewed again in 2020.

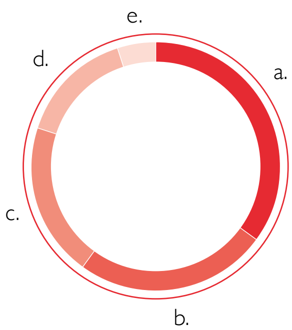
Committee membership during 2019

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

a. John Daly retired from the board and as a member of the Audit Committee on 16 May 2019.
b. Paul Spence retired from the board and as a member of the Audit Committee on 31 March 2020.
c. Barbara Thoralfsson joined the Audit Committee on 24 April 2020.

There were four scheduled meetings held during the year ended 31 December 2019. Members' attendance is shown on page 102.

Main activities (%)



a. 35% – Financial reporting
b. 25% – Effectiveness of financial controls and risk management procedures
c. 20% – Internal audit
d. 15% – External audit and non-audit services
e. 5% – Whistleblowing/Fraud allegations

Link to strategic priorities

People, culture & values
Profitability
Financial discipline
Annual bonus scheme

Committee membership

The Audit Committee consists of three independent non-executive directors. The chief executive officer and chairman of the board also attend meetings when invited by the chairman. John Ramsay, chair of the Audit Committee, is the member with recent relevant financial experience. The board is satisfied that Mr Ramsay as well as the other members, taken together, bring significant and relevant experience gained at senior management level and that the committee's composition during the year met the requirements of both the Code and DTR7.1. Their skills and experience are set out on page 93. Following Paul Spence stepping down from the board on 31 March 2020, Ms Thoralfsson joined the committee on 24 April 2020.

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

Committee work

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

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

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

The committee receives regular updates on changes in regulation and current trends. During 2019 these included updates on publications and recommendations from the FRC, the market trends in the audit sector, including the Competition and Markets Authority's market study of the audit sector and the Kingman review of the FRC, as well as recommendations from the Brydon Review of the quality and effectiveness of audit.

Committee performance

Again this year, the assessment of the committee's performance was conducted with assistance from external consultancy Lintstock. The conclusion was that the committee continued to work effectively, with particular strengths identified in its review and assessment of the work of the external and internal auditors and oversight of whistleblowing and other similar arrangements.

During 2020, the committee's focus will be on ensuring the robustness of the Group's internal control environment and that the risk framework and control environment are fit for purpose to support adequately the Group's changing shape.

Significant judgments and issues considered by the Audit Committee

The primary judgments and issues considered by the committee in respect of the 2019 financial statements, and how these were addressed, were:

Onerous contract provisions

Description

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

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

Details of the outcome of the assessment of contract provisions are set out in the Chief Financial Officer's review on page 54.

Action taken

The committee discussed the process for the identification and assessment of onerous contracts. In respect of material low-margin contracts and for onerous contracts, the committee reviewed the critical assumptions made by management, and enquired about the robustness of the assumptions, the appropriateness of any changes in the level of provisions, the sensitivities to changes in the assumptions and the disclosure provided in relation to the key material judgments.

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

Conclusion

The Audit Committee was satisfied that the level of provisions and the related disclosures as at 31 December 2019 were appropriate.

Compliance with foreign ownership restrictions and consolidation of undertakings

Description

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

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

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

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

Action taken

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

Conclusion

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

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

Alternative performance measures

Description

The Group uses Adjusted PBITA and other alternative performance measures (APMs) for the purposes of consistent internal and external reporting, given that management views these measures as being more representative of the normal course of business and more comparable period to period. Adjusted PBITA excludes strategic restructuring costs, amortisation of acquisition-related intangible assets, goodwill impairments, costs associated with the cash separation and specific and other separately disclosed items which the Group believes should be disclosed separately by virtue of their size, nature or incidence (see page 52 for further details). Judgment is required when defining those items to be disclosed separately and when applying the classification criteria to each period's results. Further details on separately disclosed items are set out in note 8.

Action taken

The Audit Committee reviewed guidance issued by the Financial Reporting Council (FRC) and the European Securities and Markets Authority (ESMA) together with management's response to the results of the FRC review of the 2016 Integrated Report and Accounts and disclosures included in the Integrated Report and Accounts in relation to APMs. The committee assessed whether the Group's accounting policies were being applied consistently from year to year, and considered whether specific items were being identified in line with group policies and that these items included both debits and credits as appropriate.

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

Conclusion

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

Goodwill impairment testing

Description

The total value of the Group's goodwill as at 31 December 2019 (including goodwill held in disposal groups held for sale) was £1.6bn (£1.9bn at 31 December 2018), a significant proportion of which was generated by the merger of the security services businesses of Group 4 Falck and Securicor in 2004, which was accounted for as an acquisition of Securicor by Group 4 Falck.

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

The result of the annual review of the carrying goodwill identified impairment charges of £291m to goodwill as being required (see note 18). The Group also identified a number of cash generating units for which the goodwill impairment test was sensitive to a reasonably possible change in a key assumption. The full methodology and results of the Group's impairment testing, including disclosure about the sensitivity of goodwill to the key assumptions are provided in note 18.

Action taken

The Audit Committee reviewed the approach taken to identify the cash generating units that were impaired or sensitive to changes in key assumptions. For those that were identified, the committee reviewed the assumptions used in relation to long-term growth, discount rates and forecast cash flows.

In addition, these results were considered against alternative valuation bases such as reference to disposal values, less costs to sell, for similar assets in similar locations, both within the Group and external to the Group.

Finally, the Audit Committee considered the adequacy of the disclosures provided, particularly in respect of cash generating units where changes in key assumptions could give rise to an impairment and in particular considered the observations issued by the Financial Reporting Council ("FRC") during 2019 in relation to disclosures on goodwill impairment and considered the correspondence that the Group had during 2019 with the FRC in relation to its goodwill-related disclosures and the commitments made in this respect.

Conclusion

The committee concluded that the carrying value of goodwill was supportable and that related disclosures were appropriate as at 31 December 2019.

Taxation

Description

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

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

The Group recognises deferred tax assets in respect of temporary timing differences, mainly in relation to pension arrangements, fixed assets and carried forward losses. At 31 December 2019, total deferred tax assets were £237m (2018: £258m). Recognising such assets requires an assessment of their likely recovery through utilisation, which includes an assessment of the taxable profits expected to be made in each of the relevant jurisdictions in the future. Deferred tax assets can be affected by changes in legislation and in tax rates.

Action taken

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

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

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

Conclusion

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

Laws and regulations

Description

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

Action taken

During the year the committee received regular updates on significant areas of exposure to claims and areas where labour laws and regulations are complex and there is therefore an inherent risk to the judgment made as to whether the Group was compliant with those laws and regulations. In light of the size of the California class action settlement, a review of on-going labour litigation across the Group was carried out and the level of provisioning required was confirmed with management. The committee also received an update from legal counsel on other legal claims, on-going legal matters and disputes and expectations based on existing information in relation to the prospects of these claims.

Conclusion

The committee was satisfied that the provisions booked at 31 December 2019 were appropriate. The committee was satisfied that the enhanced disclosure around the judgments made in relation to contingent liabilities was clear and appropriate.

Risk of accounting errors and management override of internal controls

Description

The Group operates in around 90 countries and has around 600 legal entities, with a significant number of local financial systems and processes. This leads to an inherently diverse set of processes and controls that rely on local capabilities for implementation and maintenance of control. As set out on page 80, the Group has adopted a three-lines-of-defence model to control and manage risks across the Group.

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

Action taken

The committee oversaw the progress made in embedding the Group's Financial Controls, that were updated and relaunched in 2019 with the aim of providing a higher degree of transparency and enabling a more effective control environment, and received regular updates on the overall control environment of the Group, including results of internal audits, training and up-skilling of capabilities across the Group, as well as regular reports from the external auditor and the Group's whistleblowing process.

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

Conclusion

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

Viability statement

At the March 2020 meeting, the committee reviewed a paper prepared by management which examined the longer-term solvency and viability of the Group. The committee tested the underlying assumptions and analysis performed by management, reviewed assurance work carried out and considered the appropriateness of the timeframe of the assessment. The committee also considered the announcement made on 26 February 2020 in relation to the disposal of the majority of the conventional cash solutions business expected to be completed mostly during 2020, and the increased financial strength of the Group following this transaction. The committee was satisfied that the three-year period covered by the viability statement remains appropriate in that it aligns with the Group's regular business planning period, over which management has a reasonable level of confidence in its projections reflecting the life cycle of the majority of the Group's contracts, and takes account of the limited visibility on material bidding opportunities in the pipeline beyond that period. The committee also reviewed and challenged the outcome of the stress testing of projections by management.

At its meeting held in April 2020 the committee considered the potential impact of the Covid-19 pandemic on the viability assessment and concluded that the stress testing remained appropriate.

The committee recommended to the board that the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of the assessment, as set out on page 113.

Fair, balanced and understandable

One of the key compliance requirements in respect of a group's financial statements is for the annual report, taken as a whole, to be fair, balanced and understandable. Guidelines on APMs were issued by the ESMA and have been applicable since July 2016. ESMA published a report on the use of APMs and on the compliance with its guidelines in December 2019. The FRC issued a "Frequently Asked Questions" guidance document and published the results of its thematic review on this matter in November 2017. Attention was also paid to guidance on disclosure of judgments and estimates and other key areas of interest set out in the FRC's Annual review of corporate governance and reporting 2018/2019 published in October 2019. The committee considered each of the above in assessing whether the Group's annual report was fair, balanced and understandable.

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

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

Internal control

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

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

The committee received updates on initiatives being implemented by the Group to continue its progress in strengthening internal controls and reviewed progress made. During 2019 Group Internal Audit followed a targeted audit plan for those areas where control issues had been identified.

Further details on internal controls are set out on page 80. The Risk Committee reported to the Audit Committee on its work on the Group's risk management framework, the Audit Committee confirmed to the board that it is satisfied that progress continues to be made in improving the Group's risk management and internal control processes and procedures and that these are appropriate and effective. However, strengthening of the internal control environment remains a key area of focus for the Group.

As such, in January 2019 the Group reviewed and relaunched its financial controls. The new Group Financial Controls are a more comprehensive suite of controls that are expected to provide a higher degree of transparency to management, enabling a more effective control environment and decision making. During the course of the year, the committee oversaw the launch of a new operating model in the UK replacing previous systems and processes including recruitment, core HR, talent management, procurement, finance, contract management, payroll, billing, scheduling and control systems with a single cloud based platform. The committee will review the effectiveness of the controls operating in this system, ahead of the launch in North America planned in early 2021.

CMA Order Compliance

The committee confirms that the company has complied with the Audit Services for Large Companies (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the Order). The company is mindful of the requirement of Article 4.1 of the Order and believes that it is in the company's members' best interests not to complete a competitive tender for the Group's external audit until the contours of the resulting Group following completion of the cash transaction have settled down. Such process is unlikely to be carried out until financial year 2021 or later, but the matter will be kept under review.

Regulators and our financial report

In late October 2019, the FRC wrote to the company asking certain questions arising from its limited scope review of Group's 2018 Integrated Report and Accounts on the impairment of non-financial assets. The review did not benefit from a detailed understanding of the underlying transactions entered into by the Group, nor is it the FRC's role to verify the information given to it. Its limited review and subsequent correspondence provide no assurance that the accounts are correct in all material respects. The FRC (which includes the FRC's officers, employees and agents) accepts no liability for reliance placed on it by the company or any third party including, but not limited to, investors and shareholders.

Management reviewed and improved its disclosure in light of the FRC's correspondence. In particular, for 2019, the Group has enhanced the disclosure in respect of the assumptions made in determining recoverable amounts of its cash generating units, the sensitivity of its goodwill impairment test to changes in those assumptions; and the circumstances leading to the impairments that were recognised within the year. As a result of the response provided the FRC was able to close its enquiries.

Internal audit

During 2019, the internal audit function continued to provide support and guidance to business units to improve awareness of and compliance with Group Financial Controls.

In addition internal audit also assessed the effectiveness of a broader set of mandated controls including HR core standards on screening, health and safety, driver and firearms controls, payroll and IT standards. A risk-based approach continued to be used to determine coverage for HR core standards and human rights. The goal remains to focus local management on the most material control issues specific to their local environment. The group finance function and regional audit committees also provided support to assist in driving improvements where appropriate. Each year, the committee reviews and approves the internal audit plan and receives reports from internal audit which are reviewed at each meeting. The committee also monitors senior management's responsiveness to issues raised in the reports.

2020, being a year of change for the Group with the conventional cash business disposal, the overriding objective for the internal audit programme is to provide assurance over:

- foundational controls by continuing risk based country or business units checks and,
- changing shape of the Group as it completes the disposal of the conventional cash business,
- effective embedding of group values and effectiveness of the Group's standards and controls.

Precise coverage in each country will continue to be determined through risk assessment.

Following the last external review of the internal audit function carried out in 2014, in late 2019, the committee engaged the Institute of Internal Audit (IIA) to conduct an external quality assessment of the internal audit function. The IIA has been tasked with assessing the function against the IIA standards of internal auditing, the quality of skills available across the team, coverage given the function's remit, value provided to the business, and the independence of the team. The review is on-going and as part of their work, the IIA are engaging with a range of relevant personnel across the Group, including the chairman of the Audit Committee, Group CFO, a cross section of regional management, the Director of Risk and Audit, as well as regional audit managers and internal auditors. The findings and recommendations will be reported to the Audit Committee and the board. Preliminary findings were reported to the Audit Committee in March 2020.

External audit

External auditor

Following an audit tender process carried out during 2014, PricewaterhouseCoopers LLP (PwC) was appointed as the Group's new external auditor for the 2015 financial year. PwC was subsequently reappointed at the following AGMs, lastly in 2019, when PwC was reappointed to hold office until the 2020 AGM. Richard Hughes has been lead audit partner since the beginning of 2015. In compliance with the five-year rotation requirement, the committee carried out a selection process during the year and Jason Burkitt was appointed to lead the G4S external audit from financial year 2020. Mr Burkitt shadowed Richard Hughes throughout the 2019 year-end process to develop his understanding of the business.

During the year, the committee reviewed PwC's group audit plan including the scope to be undertaken as well as their reports on external audit findings, with particular focus on the areas set out above.

The committee had private sessions with the external auditor both during the year and at the end of a number of Audit Committee meetings, and approved the fee for the external audit. The committee also considered and approved the representation letter to be issued to the auditor.

Effectiveness of the external audit process and independence & objectivity of the external auditor

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

A formal questionnaire is completed at the end of the audit by members of the Audit Committee, the group finance department and the finance directors of significant operations across the Group. The results of those questionnaires are reviewed by the Audit Committee. In assessing the external auditors' independence and objectivity, the committee considered the safeguards in place. PwC shared the PwC UK's 2019 Transparency Report published in September 2019 with the company and the chair of the Audit Committee. The auditor, PwC, has written to the Audit Committee confirming that, in its opinion, it was independent and objective for the period through to 28 February 2020.

The assessment of the external audit for 2019 and the external auditor concluded that it remained effective and that the external auditor is objective and independent.

Non-audit services

To ensure that the independence of the external audit is not compromised, the committee has a policy in place covering the non-audit services that can be provided by the external auditor, the relevant approval process for certain services, and detailing those services which the auditor is prohibited from providing. In essence, the external auditor is prohibited from providing services that could create a conflict of interest, result in the audit firm auditing its own work, or result in the performance of management functions. Examples of non-permitted services are actuarial services, book-keeping services, internal audit services and legal services.

The committee has pre-approved certain services which can be provided by the auditor subject to specified fee limits, above which further approval is required. All other services require prior approval by the committee. The Audit Committee reviewed this policy in 2019 and adopted an amendment removing the exception relating to tax services provided outside the EU. Details of the fees paid for audit services, audit-related services and non-audit services can be found in note 10 to the consolidated financial statements. The non-audit service fees of £1m paid to PwC during the period related to assurance service which include the half-year review.

John Ramsay
Audit Committee Chairman

29 April 2020

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

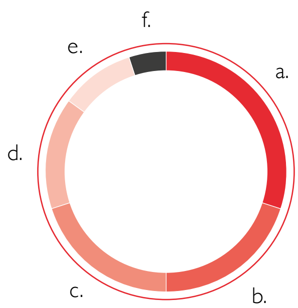
a. Clare Chapman joined the board and Remuneration Committee on 23 September 2019.
b. John Daly retired as a director on 16 May 2019.

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

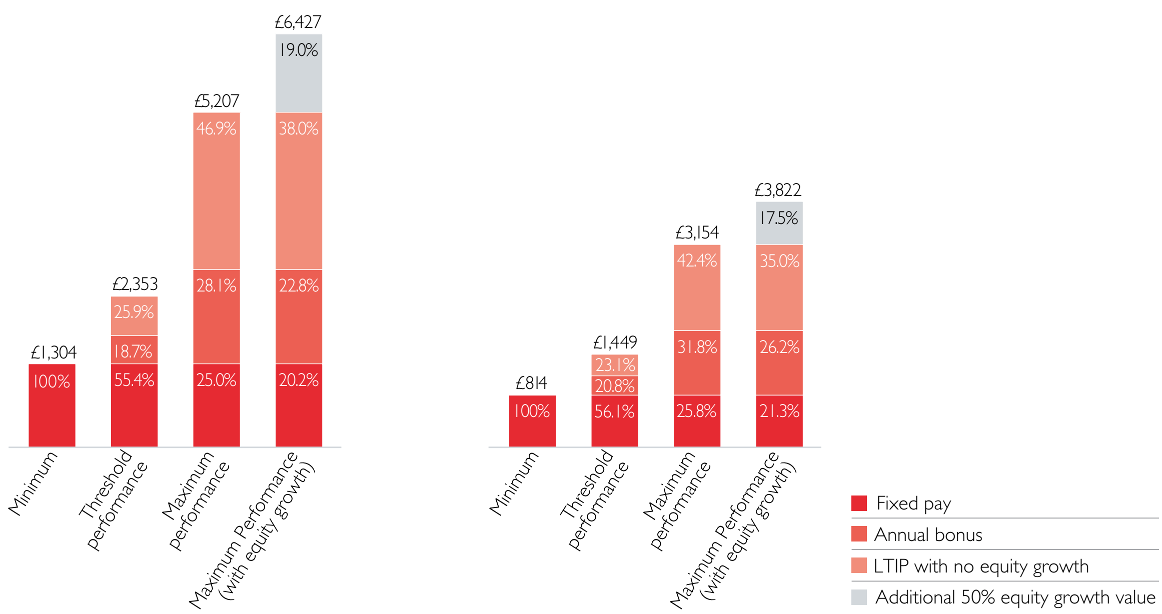
If the company is subject to a change in control, deferred shares would vest and the Long Term Incentive Plan provides that awards will vest subject to the performance targets having been satisfied up to the date of the change of control and, unless the committee determines otherwise, time pro-rating.

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:

Ashley Almanza, Chief Executive Officer (£000) **Tim Weller, Chief Financial Officer** (£000)



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 Set at competitive levels in order to recruit and retain high calibre executives	1.8% increase[1] £975,804	£668,444
Pension Aids the recruitment and retention of high calibre executives	reduction to 20%	reduction to 15%
Bonus Rewards the achievement of annual objectives. Deferred element encourages long-term shareholding and discourages excessive risk taking	Based on a combination of financial measures (85%) and individual ESG objectives (15%)[2] 150% of salary	150% of salary
LTIP[3] 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.	Based 50% on relative TSR, 30 % on EPS growth and 20% on free cash flow 187.5% of salary	150% of salary
Shareholding To foster long term decision-making and alignment with shareholders.	250% of salary 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.	200% of salary

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)

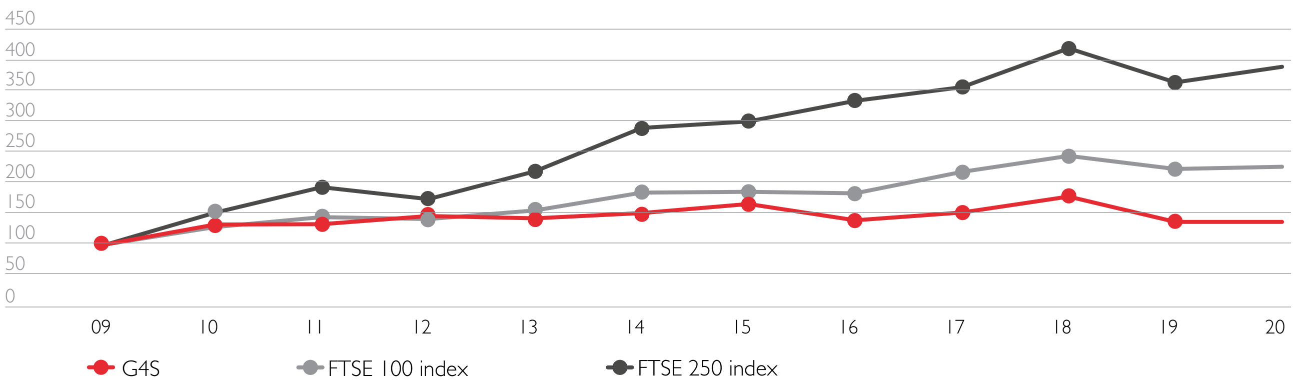
Himanshu Raja

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

Directors' report

This is the report of the directors of the board of G4S plc for the year ended 31 December 2019.

1. The company

G4S plc is a parent company incorporated in England and Wales with company number 4992207. It trades primarily through its subsidiaries and joint ventures in numerous jurisdictions. A list of those subsidiaries and joint ventures is set out on pages 233 to 245.

G4S plc has its primary listing on the London Stock Exchange and has a secondary listing on the NASDAQ OMX exchange in Copenhagen.

2. Reporting obligations

In compliance with relevant listing rules and also with DTR4.1.5.R and DTR4.1.8R, the Integrated Report and Accounts 2019 contain the consolidated results for the year, shown in the consolidated income statement on page 163, a management statement contained in the strategic report and in the Directors' report and responsibility statements on pages 149 to 152.

Details of the development and performance of the Group's business during the year, its position at the year end, future developments, principal risks and uncertainties, prospects of the Group and other information which fulfils the requirements of a management report, are all contained on pages 2 to 87 of the strategic report and are incorporated by reference in this Directors' report. The Corporate governance report, the Audit Committee report and the Directors' remuneration report are set out on pages 88 to 148. The Group's financial risk management objectives and policies in relation to its use of financial instruments and its exposure to price, credit, liquidity and cash flow risk, to the extent material, are set out in note 30 to the consolidated financial statements on pages 211 to 216 which is also incorporated by reference in this Directors' report.

None of the matters required to be disclosed by LR 9.8.4C R apply to the company other than shareholder waiver of dividends which is referred to in section 4 of this Directors' report.

3. Dividends

An interim dividend of 3.59p (DKK 0.2905) per share was paid on 11 October 2019.

The board is not proposing to recommend the payment of a final dividend in respect of the full year 2019.

4. Capital

The issued share capital of G4S plc at 31 December 2019 is as set out on page 228 (note 34 to the consolidated financial statements) and consisted of 1,551,594,436 ordinary shares of 25 pence each. The number of shares in issue as at 29 April 2020 remains unchanged.

In general there are no restrictions on the holder's ability to transfer their shares or exercise their voting rights, other than in situations where the company is legally entitled to impose such restrictions (usually where amounts remain unpaid on the shares after request, or the holder is otherwise in default of an obligation to the company).

The company is not aware of any agreements between its shareholders that may restrict the transfer of their shares or the exercise of the voting rights attaching to them except in relation to the G4S Employee Benefit Trust ("the Trust") which has been established to facilitate certain employee share plans.

Resolutions granting the directors power, subject to certain conditions, to allot and make market purchases of the company's shares will be proposed at the company's annual general meeting. At 31 December 2019 the directors had authority in accordance with a resolution passed at the company's annual general meeting held on 16 May 2019 to make market purchases of up to 155,159,000 of the company's shares.

The company does not hold any treasury shares as such. However, the 5,946,863 shares held within the Trust and referred to on page 228 (note 35 to the consolidated financial statement) are accounted for as treasury shares. The Trust has waived its right to receive dividends in respect of the company's shares which it held during the period under review.

5. Significant agreements – change of control

The company is party to a £750,000,000 multi-currency revolving credit facility agreement which requires prompt notification of a change of control event following which funds committed but unutilised could be immediately cancelled, and repayment of outstanding funds utilised would need to be made within 45 days. Under the same terms the company has a $350,000,000 term facility agreement.

In July 2019 the Group entered into a £300,000,000 12 month term bridge facility agreement, with a 6 month extension option. In December this was amended to £250,000,000 and the extension period reduced to 3 months giving a final maturity of 8 October 2020.

The company previously entered into two US Private Placement Note Purchase Agreements (the "USPP Agreements"), on 1 March 2007 and 15 July 2008 respectively. The first USPP Agreement originally for $550,000,000, of which only the series D senior notes representing $105,000,000 remain outstanding as at 31 December 2019, maturing on 1 March 2022. The second USPP Agreement originally for $513,500,000 and £69,000,000, of which only the series F senior notes representing $74,500,000 remain outstanding, maturing on 15 July 2020.

On 13 May 2019 the company entered into a further US Private Placement Note Purchase Agreement comprising

Series A senior notes representing $162,000,000 maturing on13 May 2026 and Series B senior notes representing $188,000,000 maturing on 13 May 2029.

Under the terms of the USPP Agreements, the company is required to offer the note holders the right to sell the notes at par value together with interest thereon upon a change of control.

Under the terms of the £2,500,000,000 Euro Medium Term Note Programme, the company currently has in issue three tranches of Medium Term Notes (MTNs), to various institutions on 9 November 2016 (€500,000,000), 2 June 2017 (€500,000,000) and 24 May 2018 (€550,000,000). In the event of a change of control, a put option comes into force, according to which holders of any MTN may require the company to redeem the MTNs at par if the MTNs carry a sub-investment grade credit rating in the period immediately prior to the change of control, or in certain circumstances where the MTNs are downgraded to sub-investment as a result of the change of control.

The Group's UK pension scheme trust deed contains provisions which apply if a takeover event occurs. Following such an event, the appointment and removal of trustees becomes subject to unanimous trustee agreement and the trustees acquire the unilateral power to set the employer contribution rates in certain sections of the scheme.

6. Post balance sheet events

Events after the balance sheet are disclosed in note 39 of the financial statements.

7. Research and development expenditure

Research in connection with the development of new services and products and the improvement of those currently provided by the Group is carried out continuously. Research and development written-off to profit and loss during the year amounted to £5m (2018:£4m).

8. Stakeholder engagement

Engagement with stakeholders is essential, given our role in society, the global nature of our business and our substantial workforce. We actively engage with our stakeholders on a regular basis and further details of how we engage and how the board factors stakeholders' interests in its decision making process can be found on pages 20 to 21 and 96 to 97.

With 558,000 employees our success is underpinned by the way we organise, acquire, protect, develop, engage and reward our people in line with the work streams in our HR strategy. Details of this strategy and disclosures relating to our employees can be found on pages 24 to 35.

9. Political donations

Each year the company's shareholders have passed a resolution on a precautionary basis to allow the company and its subsidiaries to make political donations or incur political expenditure not exceeding £50,000. However, the board confirms that the Group's policy is not to make any financial contribution to political parties and that the company and its subsidiaries have made no contributions during the year to political parties carrying on activities, or to candidates seeking election within the EU, or anywhere else in the world.

10. Greenhouse gas emissions

Alongside the risks faced by people and infrastructure from climate change are the challenges presented by global economic conditions.

Managing fuel costs and the impact of "carbon taxes" through programmes to improve the Group's energy efficiency and reduce its environmental impacts are important to the continued effectiveness and sustainability of the Group's business.

We follow WBCSD* and WRI** Greenhouse Gas Protocol to measure our Scope 1 and 2 emissions – vehicle fleet, fuel, refrigerants and electricity usage for G4S businesses over which the Group has financial and operational control. In addition the Group has measured Scope 3 emissions from employee business air travel.

The businesses that reported data in the 2019 GHG measurement represent 90% of the Group's operations, across a 12 month period. This level of measurement, including each of the Group's main service types, allows reliable calculation of the total GHG emissions for 100% of the Group.

The G4S total carbon footprint during 2019, extrapolated to 100% of the business equates to some 422,461 t/CO_2e. These emissions, generated by services which our customers have outsourced to G4S, have decreased by 5.0% since 2018. Alongside our energy and fuel efficiency measures, during this period, a number of higher intensity operations were divested or drew to a close, contributing to the decrease in emissions during the year.

In 2020, we will continue to implement efficiency strategies with the aim of reducing carbon intensity by at least 3.5% per annum.

For further details, please visit g4s.com/environment.

* World Business Council for Sustainable Development
** World Resources Institute

GHG emissions (t/CO_2e)

(Based on 90% measurement)	**2019**	2018
Vehicles (inc. refrigerants)	**224,912**	235,162
Total buildings (inc. refrigerants)	**117,501**	127,489
Including electricity emissions of	**95,502**	98,948
Air travel	**15,338**	14,354

		Carbon intensity
	2019	2018
Tonnes CO_2e per £m turnover	**50.4**	54.7

Consumption (Includes building and vehicle consumption)

(Based on 90% measurement) Period	Consumption (Kwh)
2018	1,106,362,441
2019	**1,058,602,081**

11. Substantial holdings

The company had been notified under DTR 5 of the following interests in the ordinary capital of G4S plc:

As at 31 December 2019

Blackrock, Inc	84,212,052 (5.42%)
Harris Associates LP	79,355,277 (5.11%)
Invesco Limited	155,132,349 (9.99%)
Macquarie Group Limited	46,659,693 (3%)
Mondrian Investment Partners Limited	78,613,679 (5.07%)
Schroders plc	88,366,549 (5.695%)

Between 1 January 2020 and 29 April 2020

Blackrock, Inc	90,158,494 (5.81%)

12. Auditor

A resolution to re-appoint PricewaterhouseCoopers LLP, chartered accountants, as auditor to the company for 2020, and for their remuneration to be fixed by the Audit Committee, will be submitted to the annual general meeting.

13. Directors

The directors, biographical details of whom are contained on pages 92 to 93, held office throughout the year, apart from John Daly who retired from the board on 16 May 2019 and Clare Chapman, who was appointed to the board on 23 September 2019.

In accordance with the Code provisions on re-election of directors, each of the directors continuing in office will offer themselves for re-election or election, as the case may be. The board believes that the directors standing for re-election or election possess experience and expertise relevant to the company's operations; that they continue to be effective; that they are committed to the success of the company; and that they should be re-elected (or elected) at the annual general meeting.

The contracts of service of the executive directors have no unexpired term since they are not for a fixed term. They are terminable at 12 months' notice. None of the non-executive directors has a contract of service.

The company has also granted indemnities to each of its directors to the extent permitted by law. Qualifying third-party indemnity provisions (as defined by Section 234 of the Companies Act 2006) were in force during the year ended 31 December 2019 and remain in force in relation to certain losses and liabilities which the directors may incur to third parties in the course of acting as directors. Copies of the forms of indemnity are available on the company's website. In addition, indemnities have been granted by the company in favour of certain of the directors of some of the Group's subsidiaries. The company has maintained a directors' and officers' liability insurance policy throughout the year under review.

Details of directors' interests (including the interests of their connected persons) in the share capital of G4S plc are set out on page 143, and the directors' remuneration is set out on page 140.

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information, and to establish that the company's auditor is aware of that information.

None of the directors had a material interest in any contract significant to the business of the Group during the financial year.

By order of the board

Celine Barroche
Company Secretary

29 April 2020

Directors' responsibility statement

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Integrated Report and Accounts and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards comprising FRS101 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU, subject to any material departures disclosed and explained in the group financial statements;
- for the parent company financial statements, state whether applicable UK Accounting Standards comprising FRS101 have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that its financial statements and Directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

Each of the directors in office at the date of this report, whose name is set out on pages 92 and 93 of this Integrated Report and Accounts, confirms that, to the best of his or her knowledge:

- the financial statements in this Integrated Report and Accounts have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and the Group; and
- the management report required by DTR4.1.8R (contained in the strategic report and the Directors' report) includes a fair review of the development and performance of the business and the position of the parent company and the Group taken as a whole, together with a description of the principal risks and uncertainties they face.

The strategic report from the inside front cover to page 87 includes information on the group structure, the performance of the business and the principal risks and uncertainties it faces. The financial statements on pages 163 to 254 include information on the Group and the company's financial results, financial outlook, cash flow and net debt and balance sheet positions. Notes 22, 25, 26, 29 and 30 to the consolidated financial statements include information on the Group's investments, cash and cash equivalents, borrowings, derivatives, financial risk management objectives, hedging policies and exposure to interest, foreign exchange, credit, liquidity and market risks.

Pages 163 to 245 contain information on the performance of the Group, its financial position, cash flows, net debt position and borrowing facilities. Further information, including financial risk management policies, exposures to market and credit risk and hedging activities, is given in note 30 to the financial statements. After making enquiries, including consideration of the potential financial impact on the Group of the Covid-19 pandemic, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors consider it appropriate to adopt the going concern basis in preparing the financial statements as explained in note 3 to the financial statements on page 168.

Directors are also required to provide a broader assessment of viability over a longer period, which can be found on page 113 of the Integrated Report and Accounts.

The directors consider that the Integrated Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's performance, business model and strategy.

The statement of directors' responsibilities and the strategic report are approved by a duly authorised committee of the board of directors on 29 April 2020 and signed on its behalf by Tim Weller, Group Chief Financial Officer.

Tim Weller
Group Chief Financial Officer

29 April 2020

Independent auditors' report to the members of G4S plc

Report on the audit of the financial statements

Opinion

In our opinion:

- G4S plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2019 and of the Group's loss and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Integrated Report and Accounts (the "Annual Report"), which comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the parent company statement of financial position as at 31 December 2019;
- the parent company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

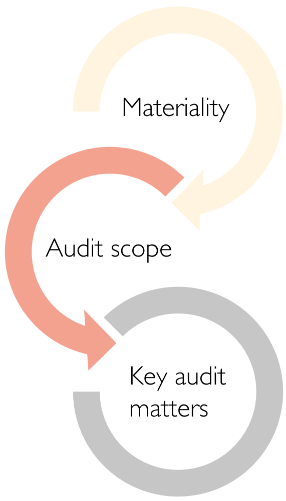
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company.

Other than those disclosed in note 10 to the consolidated financial statements, we have provided no non-audit services to the Group or the parent company in the period from 1 January 2019 to 31 December 2019.

Our audit approach

Overview



- Overall group materiality: £18.5 million (2018: £17 million), based on 5% of profit before tax after adding back certain non-recurring items.
- Overall parent company materiality: £10.5 million (2018: £14 million), based on 1% of net assets.

- Our audit included full scope audits of the Group's five regional components. The regional audits were supported by full scope audits at 51 country components with specified audit procedures performed at a further ten country components.
- Taken together, the components at which either full scope audit work or specified audit procedures were performed accounted for 71% of consolidated revenue and 84% of consolidated profit before tax.

- Onerous contract provisioning – group
- Goodwill impairment – group
- Uncertain tax positions and deferred tax assets – group
- Compliance with laws and regulations – specifically in relation to the SFO investigation and compliance with payroll laws and regulations in India and the US – group
- Income statement presentation – group
- Defined benefit pension scheme liabilities – group and parent company
- Impact of Covid-19 – group and parent company

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to, compliance with payroll laws and regulations, foreign ownership rules and tax laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included, but not were limited to:

- Discussions with management, internal audit, group general counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Assessment of matters reported on the Group's whistleblowing helpline and results of management's investigation of such matters;
- Challenging assumptions made by management in their significant accounting estimates, including onerous contract provisions, carrying value of goodwill, the recognition and measurement of litigation provisions and contingent liabilities, uncertain tax positions and deferred tax assets and the valuation of the defined benefit obligations (see related key audit matters below); and
- Testing of material journal entries and post-close adjustments, including the testing of unusual account combinations and consolidation journals.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Onerous contract provisioning Refer to Audit Committee report on page 117 and to note 32 of the group financial statements. Certain of the Group's contracts are onerous and long-term in nature. These contracts can be complex and incorporate penalty and key performance indicator clauses in the event of non-compliance. The Group is therefore required to make operational and financial assumptions to estimate future losses over periods that can extend beyond 20 years. Variability of contract penalties, underlying delivery costs and customer and subcontractor claims or disputes can put additional pressure on margins and on future contract profitability, giving rise to onerous contract provisions. The prediction of future events over extended periods contains inherent risk and the outcome of customer and sub-contractor claims is uncertain and involves a high degree of management estimation. The Group's onerous contract provisions at 31 December 2019 are £21m (2018: £31m) and the net income statement credit for onerous contracts in 2019 amounts to £10m (2018 charge: £6m).	Our approach to testing complex contracts started with an evaluation of management's process to identify and quantify onerous and at-risk contracts. Management focused on the top 25 contracts by region and on contracts with margins of less than 3%. We targeted these higher risk and larger contracts and performed scanning analytics on contract margins to identify unusual or unexpected trends. This enabled us to form an independent view as to whether management's process had identified all onerous and problematic contracts. Having examined management's assessment, our procedures focused on the Facilities Management and Care & Justice Services businesses in the UK. This specifically included the Tower Hamlets Schools, London LIFT Co and Churchill Hospitals contracts, all of which are PFI contracts and long-term in nature. Each of these contracts are particularly sensitive to changes in assumptions and have seen changes in provisioning levels over the last year. We have also tested the COMPASS contract which ended in August 2019. For each contract in our sample, we obtained and read the key contractual terms in order to ensure that revenue was recognised in accordance with these terms and that it is supported by evidence of service delivery. We read and understood the contract penalty clauses and evaluated the completeness of penalties through discussions with contract managers and reading minutes of meetings between G4S and the customer, and customer correspondence. We assessed each of the key assumptions underpinning management's forecasts to quantify onerous contract provisions and independently sensitised management's model. We particularly considered the appropriateness of future forecasts based on past performance. We challenged any forecasted cost savings and benefits of performance improvement plans by assessing evidence of their achievability, the extent to which these plans are within the Group's direct control and verified any observable benefits achieved to date. We also considered alternative scenarios, inspected correspondence with counterparties and other sources, held discussions with in-house legal counsel, and read appropriate documentation to evaluate contractual claims and disputes with customers and subcontractors. We tested the appropriateness of the discount rate used to present value the obligation, ensuring that the rates used appropriately reflected the risk in the underlying cash flows. We also assessed the recoverability of dedicated contract assets, assessing the level of impairment recorded where the contract was identified as onerous. We considered the level of provisioning to be acceptable in the context of the group financial statements taken as a whole. However, we noted that the assumptions and judgments that are required to formulate the provisions mean that the range of possible outcomes is broad. We are satisfied with the Group's related disclosures of these onerous contracts in light of the underlying assumptions and accounting judgments made.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment Refer to Audit Committee report on page 119 and to note 18 of the group financial statements. The Group has £1.6bn of goodwill (including goodwill in disposal groups held for sale) at 31 December 2019 (2018: £1.9bn). An impairment charge of £291m has been recorded in 2019 (2018: £nil). Management determines the recoverable amount of a cash generating unit ("CGU") as the higher of value in use ("VIU") or fair value less cost of disposal ("FVLCD"). The Group has over 170 CGUs. The carrying value of goodwill is contingent on future cash flows and there is risk if these cash flows do not meet the Group's expectations that the assets will be impaired. The impairment reviews performed by the Group contain a number of significant estimates including revenue growth, profit margins, cash conversion and long-term growth and discount rates. Changes in these assumptions can have a significant impact on the headroom available in the impairment calculations.	We assessed the mathematical accuracy of management's cash flow model and agreed the underlying forecasts to board approved budgets and strategic plans and assessed how these budgets were compiled. We identified a sample of CGUs for testing based on the materiality of the goodwill balance, where limited headroom was identified in management's cash flow model or where the CGU was identified to be at risk due to known performance or macroeconomic conditions. For each CGU selected for testing we critically assessed management's forecasts by comparing forecast growth to historical growth or actual performance, applying sensitivities to future cash flows and assessing long-term growth assumptions against IMF projections. We considered the reliability of management's forecasting for revenue, profit and cash conversion by comparing budgeted results to actual performance over a period of three years. Where we identified significant shortfalls against budget in prior years, this informed our determination of sensitivities to apply as we formed our independent view about reasonable downside scenarios. With the support of our valuations experts, we assessed the long-term growth rates and discount rates applied by management by reference to third-party information and confirmed whether they fell within a reasonable range of external market data. Where they did not, we applied our independent view of a more appropriate rate to management's forecast. Where the recoverable amount has been assessed with reference to a valuation multiple, we assessed the appropriateness of the multiple by comparison to recent business disposals and to other third-party information, with the support of our valuations experts. For those CGUs with low headroom, we performed our own sensitivity analysis to understand the impact of changes in the assumptions on the available headroom. The recoverable amounts of a number of CGUs including Brazil Secure Solutions, UK Central Government Services, UK Secure Solutions, UK Facilities Management, UK Business & Outsourcing Solutions, UK Cash Solutions, UAE Secure Solutions, Chile Secure Services, Estonia Cash Solutions, Greece Cash Solutions and Indonesia Secure Solutions were found to be sensitive to reasonably possible changes in key assumptions and we satisfied ourselves that this risk was appropriately highlighted in the disclosures in note 18. As a result of our work, we are satisfied that, in the context of the group financial statements taken as a whole, it is appropriate to recognise an impairment charge of £291m and we consider that adequate disclosure has been made.

Key audit matter	How our audit addressed the key audit matter
Uncertain tax positions and deferred tax assets Refer to Audit Committee report on page 119 and to notes 13 and 33 of the group financial statements. The Group operates in a complex multinational tax environment and is subject to a range of tax risks during the normal course of business including transaction related tax matters and transfer pricing arrangements. Where the amount of tax payable is uncertain, the Group establishes provisions based on management's judgment of the most likely amount or based on the expected value, being the sum of the probability weighted amounts in a range of outcomes, depending on which method better predicts the resolution of the uncertainty. At 31 December 2019, the Group has recognised provisions of £33m related to uncertain tax positions (2018: £25m). In addition, the Group has recognised £255m of deferred tax assets at 31 December 2019, of which £18m is on a Held for Sale basis (2018: £258m). The recognition of deferred tax assets involves judgment by management regarding the likelihood of the realisation of these assets. The expectation that these assets will be realised is dependent on a number of factors, including whether there will be sufficient taxable profits in future periods to support utilisation of these assets.	With the assistance of our local and international tax specialists, we evaluated and challenged management's judgments in respect of estimates of tax exposures and contingencies in order to assess the adequacy of the Group's tax provisions. In understanding and evaluating management's judgments, we considered the status of recent and current tax authority audits and enquiries, judgemental positions taken in tax returns and current year estimates, and developments in the tax environment. Where appropriate, we also read relevant documentation, including opinions from external legal counsel, to understand the legal positions reached. From the evidence obtained, we considered the level of provisioning to be acceptable in the context of the group financial statements taken as a whole. However, we noted that the assumptions and judgments that are required to formulate the provisions mean that there is a broad range of possible outcomes. We are satisfied that these judgements are adequately disclosed in note 13. In respect of the recoverability of deferred tax assets, we evaluated management's assessment of how these assets will be realised and whether there will be sufficient taxable profits in future periods to support their recognition. We evaluated the directors' future cash flow forecasts and the process by which they were prepared, ensuring consistency of cash flows with those used for the purpose of goodwill impairment testing. Based on our procedures, future cash flow forecasts supported the recoverability of the deferred tax assets recognised.
Compliance with laws and regulations – specifically in relation to (i) compliance with payroll laws and regulations in India and the US, and (ii) the SFO investigation Refer to Audit Committee report on page 120 and to note 32 of the group financial statements. The Group employs over 558,000 employees across six continents. There are a number of ongoing employee and regulatory claims in relation to the interpretation and application of local payroll laws and regulations in a number of countries. Specifically in India, interpreting and complying with payroll laws and regulations is complex. There is inherent judgment associated both with assessing and quantifying probable outcomes in relation to ongoing claims and with determining any exposure (and the need for provision) in areas where legal requirements are open to interpretation. In addition, possible outcomes need to be considered for disclosure as contingent liabilities. Unexpected adverse outcomes could materially impact the Group's financial performance and position. A contingent liability of £50m has been disclosed in relation to India Provident Fund related claims at 31 December 2019 (2018: £50m). In the US there are a number of open claims where unexpected adverse outcomes could materially impact the Group's financial performance and position. A provision in respect of US collective labour claims of £9m has been recorded at 31 December 2019 (2018: £100m). In addition, uncertainty exists in relation to the outcome of the on-going SFO investigation in respect of the Group's Electronic Monitoring contract, which was opened in 2013. Given the current status of the investigation there remains a broad range of possible outcomes, which may have adverse financial implications for the Group. Given this level of uncertainty the Group is currently unable to make a reliable estimate of the outcome. This matter is disclosed as a contingent liability within note 32 and further discussion of the possible implications are included within the Strategic Report on page 83.	We met with the directors, management and in-house legal counsel and obtained correspondence from the Group's external legal advisors to assess the probable outcomes in relation to ongoing claims and exposures. We obtained and reviewed management's database, tracking all litigations and reconciled this to the provisions recorded in order to check for completeness of provisions and contingent liabilities. In understanding and evaluating management's judgments, we focused in particular on India payroll compliance matters and open US employee related claims and considered the status and basis of significant employee and regulatory claims, settlement history and the views of internal and external legal counsel regarding the interpretation and application of local payroll laws and regulations. Where appropriate, we also read relevant documentation and correspondence to understand the legal positions reached. From the evidence obtained, we were satisfied with (i) the adequacy of the Group's provisions made at 31 December 2019 for the risks identified in the context of the group financial statements taken as a whole and (ii) the appropriateness of the contingent liability disclosures given the status, materiality and likely outcome of employee and regulatory claims and exposures in areas where legal requirements are open to interpretation. In relation to the SFO matter, we have corroborated management's assertion that they are unable to make a reliable estimate of the outcome of the ongoing investigation by reviewing correspondence between the Group and the SFO, reviewing minutes of internal meetings held on this matter and by corresponding and holding discussions with external legal counsel. Based on the outcome of the above procedures and given the current status of the SFO investigation we assessed the appropriateness of management's disclosure of the matter as a contingent liability together with the range of possible outcomes and considered it to be reasonable.

Key audit matter	How our audit addressed the key audit matter
Income statement presentation Refer to Audit Committee report on page 118 and to note 3(b) of the group financial statements. The group has historically reported specific and other items (including restructuring costs) on the face of the income statement. Consistent with the Group's definition of adjusted profit before interest, tax and amortisation ("Adjusted PBITA"), the following items have continued to be disclosed separately on the face of the consolidated income statement in 2019: specific items – charges £38m (2018: £32m); specific items – credits £25m (2018: £11m); restructuring and separation costs £57m (2018: £31m) and loss on disposal/closure of subsidiaries/businesses (£7m) (2018: £15m). In addition, the following items have been disclosed on the face of the consolidated income statement in 2019: California class action settlement credit £18m (2018: £100m charge) and goodwill impairment £291m (2018: £nil). The treatment of specific and other separately disclosed items is explained in the group accounting policy in note 3(b). We focused on this area because the classification of items as specific or separate disclosure of items of income or expenditure on the face of the income statement requires judgment and because certain of these items are excluded from the calculation of elements of executive remuneration in line with the Group's remuneration policy. Consistency in the identification and presentation of these items is important to ensure comparability of year-on-year reporting in the Annual Report.	We substantiated the nature and quantum of significant individual items to appropriate corroborating evidence. We considered whether the designation of individual items as specific was consistent with the Group's accounting policy and treatment in prior years. Furthermore, we considered whether amounts included as specific items related to current year trading and might be more appropriately reflected in the underlying results. We considered whether the Group has taken a balanced approach to this area, checking that exceptional one-off items of income are treated consistently with one-off items of cost. We tested management's process for identifying and tracking the current year reversal of any prior year specific items, or utilisation of or adjustment to related provisions, to identify whether these have been appropriately presented in the current year income statement. Based on our procedures, we were satisfied that the treatment and classification of these items were consistent year-on-year and with the Group's policies.
Valuation of defined benefit pension scheme liabilities Refer to note 31 of the group financial statements. The Group has UK defined benefit obligations of £2.7bn at 31 December 2019 (2018: £2.4bn), which is significant in the context of the overall balance sheet. The valuation of pension plan liabilities requires estimation in determining appropriate assumptions such as salary increases, mortality rates, discount rates and inflation levels. Movement in these assumptions can have a material impact on the determination of the liability. Management uses external actuaries to assist in determining these assumptions.	We used our actuarial experts to assess whether the assumptions used in calculating the defined benefit liabilities for the UK were reasonable. We assessed whether salary increases and mortality rate assumptions were consistent with the specifics of each plan and, where applicable, with relevant national benchmarks. We also assessed whether the discount rate and inflation rates were consistent with our internally developed benchmarks and in line with other companies' recent external reporting. We evaluated the calculations prepared by the external actuaries to assess the consistency of the assumptions used. We tested the census data by comparing the number of members to the triennial valuation performed in 2018 and investigated any differences. In addition we performed two-way testing of the listings of active members back to the scheme administrator records. We have reviewed the controls report of the administrator and identified no exceptions relating to members data. Based on our procedures, we noted no exceptions and considered management's key assumptions to be within a reasonable range. We assessed the appropriateness of the related disclosures in note 31 of the group financial statements and consider them to be reasonable.

Key audit matter	How our audit addressed the key audit matter
Impact of Covid-19 Refer to note 3 of the group financial statements. Following the 2019 year-end the scale and impact of the Covid-19 pandemic on the global economy and markets in which the Group operates has increased significantly. This has impacted the results of the Group for the 2020 financial year to date and is expected to continue to impact the Group for the remainder of 2020, albeit the severity of the impact is expected to reduce over time. The different industry sectors in which the Group operates in each country have been affected in different ways. In order to conclude that it is appropriate for the financial statements to be drawn up on a going concern basis and on the viability of the Group, management have performed a detailed bottom-up analysis of the impact of Covid-19 on revenue, profit and cashflows including possible cost mitigation and relief obtained from the counter-measures taken by national governments. In doing so, management have made estimates and judgments that are critical to the outcome of these considerations. This analysis has been used in conjunction with an assessment of the Group's liquidity and consideration of loan covenants, which are based on the ratio of net debt to adjusted EBITDA. Disclosure of the risk to the Group of Covid-19 and management's conclusions on going concern and viability have been included within the relevant sections of the Annual Report.	We have assessed both the baseline going concern model prepared by management, and the Covid-19 overlay adjustments, which have been used to sensitise the base case model. In relation to the baseline model, we have agreed the key inputs including EBITDA and net debt values back to board approved budgets. In addition, we have considered the historical accuracy of the budgeting process to assess the reliability of the data. Specifically, in relation to the Covid-19 overlay, we have obtained management's Covid-19 analysis and discussed the underlying assumptions used with regional finance and group management. This included consideration of both the significant contracts within the regions and an understanding of the mitigating cost actions being taken, including those involving local government assistance. We have challenged these assumptions based on our understanding of the business and our knowledge of the industry sectors in which the Group operates. Where impacts are significant our component audit teams have held subsequent discussions with local country management to corroborate the regional discussions. In conjunction with the above we have reviewed management's analysis of both liquidity and loan covenant compliance to satisfy ourselves that no breaches are anticipated over the period of assessment. In relation to covenant compliance we have assessed the stress testing performed on management's adjusted baseline model and considered to what extent sufficient headroom exists to absorb any further downside risk in relation to both EBITDA and net debt. On the basis of the analysis performed we are satisfied that management's going concern assessment provides an appropriate basis for management's conclusion and that appropriate disclosures are given within the Annual Report.

With the exception of defined benefit pensions scheme liabilities and the impact of Covid-19, which are relevant to both the Group and parent company, all matters relate solely to the group financial statements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

The Group is organised into four Secure Solutions reportable segments and one Global Cash Solutions reportable segment, which in 2019 and for the purposes of our audit were arranged into five regional components, with the cash businesses being allocated (by individual geography) into the geographical regions and Care & Justice Services being identified separately (as a regional component) due to the inherent risks associated with this business. Corporate head office entities are managed at a group level. Each region ("regional component") is an aggregation of a number of country-based components along with the Group's interests in joint ventures (together the "country components"). Each region has a separate management team which coordinates the businesses within that region.

The Group's accounting processes are structured around a local finance function in each of the country components. In addition, finance shared service centres in the UK, North America and India support certain of the Group's country-based components. The country components report to the regions and to the Group through an integrated consolidation system.

In performing our audit, we determined that we needed to conduct audit work over the financial information of each of the regional components. We therefore deployed regional component audit teams in each of the five regions to lead our interactions with regional management, to coordinate the audit work performed on country components and to audit and report on the aggregated financial information of that region. Two of these regional audits were conducted by the group audit team. In addition to the five regional components, specific audit procedures over central functions, the group consolidation, head office entities and areas of judgment (including taxation, goodwill and intangible assets impairment, treasury, post-retirement benefits and classification and measurement of assets held for sale) were directly led by the group audit team.

Recognising that not every country component in each regional component is included in our group audit scope, we considered as part of our group audit oversight responsibility what audit coverage had been obtained in aggregate by our regional component teams by reference to country components at which audit work had been undertaken. Beneath the regional component layer, the group financial statements are an aggregation of approximately 600 reporting units, each of which is considered to be a country component. We identified 51 country component units that, in our view, required a full scope audit due to their size or risk characteristics. Specific audit procedures over significant balances and transactions were performed at a further 10 country component units to give appropriate coverage of all material balances.

Where the work was performed by regional and country component audit teams, we determined the level of involvement we needed to have in the audit work at those components. As a result, all regional teams were visited by senior members of the group audit team as a supplement to the regular dialogue between our group and regional teams and the issuance of instructions to direct their work. Regional teams visited a further five country components performing oversight procedures under our instruction. For those components in group audit scope where a site visit was not undertaken, our group and our regional component audit teams' involvement included regular dialogue with our country component teams, review of material component auditor work papers and participation in certain component audit clearance meetings for the more significant country components.

Taken together, the components and functions where we performed either full scope audit work or specified audit procedures on selected financial statement line items accounted for 71% of consolidated revenue and 84% of consolidated profit before tax. This was before considering the contribution to our audit evidence from performing audit work at the regional and group levels, including disaggregated analytical review procedures and our evaluation of entity level controls, which covered a significant portion of the Group's smaller and lower-risk components that were not directly included in our group audit scope.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Overall materiality	£18.5 million (2018: £17 million).	£10.5 million (2018: £14 million).
How we determined it	5% of adjusted profit before tax, being profit before tax after adding back certain items that are separately reported on the face of the consolidated income statement including specific and other one-off items, restructuring costs, profit/loss on disposal and goodwill impairment.	1% of net assets.
Rationale for benchmark applied	The Group's principal measure of earnings is profit before interest, tax and amortisation adjusted for a number of items of income and expenditure ("Adjusted PBITA"). Management uses this measure as it believes that it reflects the underlying performance of the Group. We took this measure into account in determining our materiality, except that we did not adjust profit before tax to add back amortisation of acquisition-related intangible assets and finance income and expense as in our view these are recurring items which do not introduce volatility to the Group's earnings.	The parent company holds the Group's investments and performs treasury functions on behalf of the Group. Therefore, the entity is not in itself profit-oriented. The strength of the balance sheet is the key measure of financial health that is important to shareholders since the primary concern of the parent company is the payment of dividends and servicing of debt.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of overall materiality allocated to each regional component was between £5m and £15m. Each region allocated materiality to country components at an amount lower than these amounts.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1m in respect of the group audit (2018: £1m) and £0.5m in respect of the parent company audit (2018: £0.7m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the parent company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and parent company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 112 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 113 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 152, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and parent company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and the parent company obtained in the course of performing our audit.
- The section of the Annual Report on page 116 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 152, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 4 June 2015 to audit the financial statements for the year ended 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ended 31 December 2015 to 31 December 2019.

Richard Hughes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 April 2020

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Notes	2019 £m	2018 Restated[1] £m
Revenue	5, 6	**7,758**	7,505
Operating profit before impairment losses on financial and contract assets, joint ventures, specific items and other separately disclosed items		**507**	487
Net impairment losses on financial and contract assets		**(11)**	(11)
Share of post-tax profit from joint ventures	20	**5**	7
Adjusted profit before interest, tax and amortisation (Adjusted PBITA)	6	**501**	483
Specific items – charges	8	**(38)**	(32)
Specific items – credits	8	**25**	11
Restructuring and separation costs	8	**(57)**	(31)
Guaranteed minimum pension equalisation charge	8	**–**	(35)
California class action settlement	8	**18**	(100)
Loss on disposal/closure of subsidiaries/businesses	8	**(7)**	(15)
Goodwill impairment	8	**(291)**	–
Amortisation of acquisition-related intangible assets	8	**(6)**	(4)
Operating profit	6, 8	**145**	277
Finance income	12	**21**	16
Finance expense	12	**(139)**	(151)
Profit before tax		**27**	142
Tax	13	**(107)**	(55)
(Loss)/profit from continuing operations after tax		**(80)**	87
Profit from discontinued operations	7	**–**	2
(Loss)/profit for the year		**(80)**	89
Attributable to:			
Equity holders of the parent		**(91)**	81
Non-controlling interests		**11**	8
(Loss)/profit for the year		**(80)**	89
(Loss)/earnings per share attributable to equity shareholders of the parent	15		
Basic and diluted – from continuing operations		**(5.9)p**	5.1p
Basic and diluted – from continuing and discontinued operations		**(5.9)p**	5.2p

1. Comparative results have been restated for the adoption of IFRS 16 – Leases, see note 3(u).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 £m	2018 Restated[1] £m
(Loss)/profit for the year		**(80)**	89
Other comprehensive income			
Items that will not be re-classified to profit or loss:			
Re-measurements relating to defined retirement benefit schemes	31	**(148)**	38
Tax on items that will not be re-classified to profit or loss	13	**22**	(6)
		(126)	32
Items that may be re-classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(99)**	45
Change in fair value of net investment hedging financial instruments	30	**46**	(42)
Change in fair value of cash flow hedging financial instruments	29	**(13)**	11
Tax on items that may be re-classified subsequently to profit or loss	13, 29	**7**	(2)
		(59)	12
Other comprehensive (loss)/income, net of tax		**(185)**	44
Total comprehensive (loss)/income for the year		**(265)**	133
Attributable to:			
Equity holders of the parent		**(275)**	124
Non-controlling interests		**10**	9
Total comprehensive (loss)/income for the year		**(265)**	133

1. Comparative results have been restated for the adoption of IFRS 16 – Leases, see note 3(u).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to equity holders of the parent						
	Share capital £m	Share premium £m	Retained earnings £m	Other reserves[2] £m	Total £m	NCI reserve £m	Total equity £m
At 1 January 2019 – reported	**388**	**258**	**(260)**	**379**	**765**	**18**	**783**
Impact of adoption of IFRS 16[1]	**–**	**–**	**(43)**	**–**	**(43)**	**–**	**(43)**
At 1 January 2019 – restated[1]	**388**	**258**	**(303)**	**379**	**722**	**18**	**740**
Total comprehensive (loss)/income	**–**	**–**	**(216)**	**(59)**	**(275)**	**10**	**(265)**
Dividends paid	**–**	**–**	**(150)**	**–**	**(150)**	**(24)**	**(174)**
Transactions with non-controlling interests[3]	**–**	**–**	**(19)**	**–**	**(19)**	**27**	**8**
Own shares awarded	**–**	**–**	**(12)**	**12**	**–**	**–**	**–**
Own shares purchased	**–**	**–**	**–**	**(11)**	**(11)**	**–**	**(11)**
Share-based payments	**–**	**–**	**4**	**–**	**4**	**–**	**4**
At 31 December 2019	**388**	**258**	**(696)**	**321**	**271**	**31**	**302**
At 1 January 2018 – reported	388	258	(177)	370	839	4	843
Impact of adoption of IFRS 16[1]	–	–	(42)	–	(42)	–	(42)
At 1 January 2018 – restated[1]	388	258	(219)	370	797	4	801
Total comprehensive income – restated[1]	–	–	112	12	124	9	133
Dividends paid	–	–	(150)	–	(150)	(20)	(170)
Transactions with non-controlling interests[4]	–	–	(39)	–	(39)	18	(21)
Consolidation of previously equity-accounted entities	–	–	(6)	–	(6)	7	1
Recycling of cumulative translation adjustments	–	–	–	(1)	(1)	–	(1)
Own shares awarded	–	–	(9)	9	–	–	–
Own shares purchased	–	–	–	(11)	(11)	–	(11)
Share-based payments	–	–	8	–	8	–	8
At 31 December 2018 – restated[1]	**388**	**258**	**(303)**	**379**	**722**	**18**	**740**

1. Comparative results have been restated for the adoption of IFRS 16 – Leases, see note 3(u).
2. See note 35 for an analysis of other reserves.
3. Transactions with non-controlling interests in 2019 related primarily to agreements entered into during the current year in Asia, Europe and Latin America to strengthen the Group's arrangements in those countries (see note 16).
4. Transactions with non-controlling interests in 2018 related primarily to agreements entered into during the prior year in Asia to strengthen the Group's arrangements in those countries. In addition, the Group re-classified smaller amounts from retained earnings to NCI following a review of its arrangements in one country.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 £m	2018 Restated[1] £m	2017 Restated[1] £m
ASSETS				
Non-current assets				
Goodwill	18	**1,374**	1,939	1,914
Other acquisition-related intangible assets	18	**6**	12	9
Non-acquisition-related intangible assets	18	**106**	100	88
Property, plant and equipment	19	**501**	728	762
Trade and other receivables	23	**57**	101	100
Investment in joint ventures	20	**8**	8	20
Investments	22	**26**	23	20
Retirement benefit surplus	31	**64**	75	80
Deferred tax assets	33	**237**	258	251
	6	**2,379**	3,244	3,244
Current assets				
Inventories	21	**109**	113	104
Investments	22	**43**	42	42
Trade and other receivables	23	**1,287**	1,432	1,420
Current tax assets		**66**	64	55
Cash and cash equivalents	25	**745**	1,015	902
Assets of disposal groups classified as held for sale	24	**734**	9	53
		2,984	2,675	2,576
Total assets		**5,363**	5,919	5,820
LIABILITIES				
Current liabilities				
Bank overdrafts	25, 26	**(367)**	(305)	(284)
Bank loans	26	**(22)**	(13)	(9)
Loan notes	26	**(56)**	(464)	(655)
Lease liabilities	27	**(89)**	(154)	(118)
Trade and other payables	28	**(1,079)**	(1,233)	(1,260)
Current tax liabilities		**(53)**	(56)	(79)
Provisions	32	**(64)**	(181)	(104)
Liabilities of disposal groups classified as held for sale	24	**(280)**	(1)	(19)
		(2,010)	(2,407)	(2,528)
Non-current liabilities				
Bank loans	26	**(533)**	(299)	(7)
Loan notes	26	**(1,656)**	(1,533)	(1,486)
Lease liabilities	27	**(221)**	(332)	(392)
Trade and other payables	28	**(41)**	(31)	(33)
Retirement benefit obligations	31	**(475)**	(439)	(461)
Provisions	32	**(121)**	(132)	(104)
Deferred tax liabilities	33	**(4)**	(6)	(8)
		(3,051)	(2,772)	(2,491)
Total liabilities		**(5,061)**	(5,179)	(5,019)
Net assets		**302**	740	801
EQUITY				
Share capital	34	**388**	388	388
Share premium		**258**	258	258
Reserves		**(375)**	76	151
Equity attributable to equity holders of the parent		**271**	722	797
Non-controlling interests		**31**	18	4
Total equity		**302**	740	801

1. The consolidated statements of financial position as at 31 December 2018 and at 31 December 2017 (1 January 2018) have been restated for the effect of IFRS 16 – Leases, see note 3(u).

The consolidated financial statements were approved by the board of directors and authorised for issue on 29 April 2020. They were signed on its behalf by:

Ashley Almanza
Director

Tim Weller
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019 £m	2018 Restated[1] £m
Operating profit		**145**	277
Adjustments for non-cash and other items:			
Goodwill impairment		**291**	–
Amortisation of acquisition-related intangible assets		**6**	4
Net loss on disposal/closure of subsidiaries/businesses		**7**	15
Depreciation of property, plant and equipment		**204**	231
Amortisation of non-acquisition-related intangible assets		**22**	20
Share of profit from joint ventures	20	**(5)**	(7)
Re-measurement of leased right-of-use assets		**–**	(1)
Impairment of leased right-of-use assets		**1**	–
Net exchange loss on non-functional currency intercompany trading balances		**3**	–
Equity-settled share-based payments		**3**	8
(Decrease)/increase in provisions		**(107)**	156
Additional pension contributions	31	**(52)**	(41)
Operating cash flow before movements in working capital		**518**	662
Increase in inventories		**(8)**	(10)
Increase in receivables		**(28)**	(31)
Increase/(decrease) in payables		**22**	(36)
Net cash flow from operating activities before tax		**504**	585
Tax paid		**(90)**	(98)
Net cash flow from operating activities		**414**	487
Investing activities			
Purchases of non-current assets		**(127)**	(114)
Proceeds on disposal of property, plant and equipment		**17**	12
Disposal of subsidiaries/businesses	17	**12**	45
Cash, cash equivalents and bank overdrafts in disposed entities		**(1)**	(16)
Cash, cash equivalents and bank overdrafts in acquired entities		**–**	5
Acquisition of subsidiaries		**(4)**	(4)
Interest received		**20**	17
Sale of investments		**(6)**	–
Cash flow from equity-accounted investments		**4**	7
Net cash flow used in investing activities		**(85)**	(48)
Financing activities			
Dividends paid to equity shareholders of the parent		**(150)**	(150)
Dividends paid to non-controlling interests		**(22)**	(20)
Purchase of own shares		**(11)**	(11)
Proceeds from new borrowings		**526**	765
Repayment of borrowings		**(460)**	(658)
Interest paid		**(142)**	(141)
Repayment of lease obligations		**(157)**	(165)
Transactions with non-controlling interests		**(14)**	(1)
Net cash flow used in financing activities		**(430)**	(381)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	36	**(101)**	58
Cash, cash equivalents and bank overdrafts at the beginning of the year		**673**	571
Effect of foreign exchange rate fluctuations on net cash held		**(53)**	44
Cash, cash equivalents and bank overdrafts at the end of the year	25	**519**	673

1. Comparative results have been restated for the adoption of IFRS 16 – Leases, see note 3(u).

1. General information

G4S plc is a company incorporated in the United Kingdom. The consolidated financial statements incorporate the financial statements of the company and entities (its subsidiaries) controlled by the company (collectively comprising "the Group") and the Group's interest in joint ventures made up to 31 December each year. The Group operates throughout the world and in a wide range of functional currencies, the most significant being the Euro, the US dollar and Sterling. The Group's financial statements are presented in Sterling, as the Group's primary listing is in the UK. The address of the registered office is given on page 256.

2. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the Companies Act 2006, with International Financial Reporting Standards adopted by the European Union (Adopted IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC), and the accounting policies have been consistently applied. The parent company financial statements have been prepared in accordance with FRS 101 – Reduced Disclosure Framework, in accordance with UK Generally Accepted Accounting Practice (UK GAAP). These are presented on pages 246 to 254.

3. Significant accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared on a going concern basis as described below and using the historical cost basis, except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies adopted are set out below. Judgments made by the directors in the application of those accounting policies which have a significant effect on the financial statements, and estimates with a significant risk of material adjustment, are discussed in note 4.

On 26 February 2020, the Group entered into an agreement to sell the majority of its conventional cash businesses (the "Disposal Group") to The Brink's Company (Brink's) for net cash consideration of approximately £670m (see note 24 for more details). Assets and liabilities of the businesses subject to the transaction have been included within disposal groups classified as held for sale in the consolidated statement of financial position as at 31 December 2019 as set out in note 24. Comparatives have not been re-presented in the consolidated statement of financial position.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 87. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's review on pages 54 to 69. In addition, note 30 to the financial statements include the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources including unutilised bank facilities of £510m, a £250m bridge facility and net cash of £519m at 31 December 2019. In addition, the sale of the majority of the Group's conventional cash businesses to Brink's is expected to generate net proceeds of approximately £670m, of which 75% is expected to be received by June 2020 and a further 22% is expected to be received before the end of 2020. These proceeds, together with the Group's long-term customer contract portfolio, flexible cost base coupled with the geographically diverse operating footprint of the Group and breadth of customer industry groupings, means that the Group is well placed to manage the direct business impacts and the current global economic uncertainty arising from the Covid-19 pandemic.

This view is underpinned by sensitivity analysis which has been carried out to model the potential financial impact on the Group of the pandemic over 2020. This sensitivity analysis has assumed a material adverse impact on revenue, profits and cash flows in the second quarter of the year, with a lesser but nevertheless significant impact over the quarter to September 2020, and a significantly smaller adverse impact over the final quarter of the year. After applying these sensitivities to the Group's financial forecasts, the Group still expects to show significant headroom relative to the covenant limits included in the Group's debt and borrowing facilities.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors consider it appropriate to adopt the going concern basis in preparing the consolidated financial statements.

(b) Presentation of the consolidated income statement

In order to provide further clarity in the Group's consolidated income statement and segmental analysis, the Group separately discloses specific items, restructuring and separation costs, profits or losses on disposal or closure of subsidiaries or businesses, amortisation of acquisition-related intangible assets and any acquisition-related expenses, and goodwill impairment. This is consistent with the way that financial performance is measured by management and reported to the board and assists in providing a more meaningful analysis of the Group's results. The directors believe that presentation of the Group's results in this way aids the understanding of the Group's financial performance. Further explanation about the Group's rationale for separately presenting these items is set out in the Alternative Performance Measures section of the Strategic Report on pages 52 and 53.

Specific items

The Group's consolidated income statement and segmental analysis note separately identify results before specific items. Specific items are those that in management's judgment need to be disclosed separately in arriving at operating profit by virtue of their size, nature or incidence. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

All items that are reported as specific items are evaluated and approved by the Group's Audit Committee prior to being separately disclosed. The Group seeks to be balanced when reporting specific items for both debits and credits, and any reversals of excess provisions previously created as specific items are classified consistently as specific items.

In general, provisions recognised for future losses on onerous contracts are charged to the consolidated income statement within Adjusted PBITA. However, where onerous contract charges are individually significant by virtue of their size, they are separately charged within specific items. Such losses are distinct from "in-year" losses, which are utilised against provisions for onerous contract losses. Releases of onerous contract provisions originally charged as specific items are separately credited within specific items.

Specific items may not be comparable with similarly-titled measures used by other companies. Specific items for the current and prior years are described in note 8.

Other separately disclosed items

In order to provide further clarity in the consolidated income statement, the Group also discloses separately certain strategic restructuring costs, profits or losses on disposal or closure of subsidiaries or businesses, costs of major corporate restructurings, acquisition-related amortisation and expenses and goodwill impairment.

Restructuring costs that are separately disclosed reflect the multi-year productivity programme which is being implemented by the Group. This programme is of a strategic nature and, as such, is monitored and approved by the Group's Executive Committee. Investment during 2019 and 2018 related to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group. Restructuring costs that are incurred in the normal course of business are recorded within Adjusted PBITA.

Further explanation about the Group's rationale for separately presenting profits or losses on disposal or closure of subsidiaries or businesses, amortisation of acquisition-related intangible assets and goodwill impairment is set out on page 53.

(c) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved where the Group has existing rights that give it the current ability to direct the activities that affect the Group's returns and exposure or rights to variable returns from the entity. This can be determined either by the Group's ownership percentage, or by the terms of any shareholder agreement. In the case of certain investments, detailed analysis of the different contracts in place is required, together with a level of judgment, to ascertain whether there is control under the definition of IFRS 10 – Consolidated financial statements (see note 4).

On acquisition, the assets, liabilities and contingent liabilities of the acquired business are measured at their fair values at the date of acquisition. The cost of acquisition is measured as the acquisition date fair value of the assets transferred as consideration to the vendor and does not include transaction costs. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency in the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the consolidated income statement in the year of acquisition.

The cost of acquisition includes the present value of deferred and contingent consideration payable, including that in respect of put options held by non-controlling shareholders, as estimated at the date of acquisition. Subsequent changes to the present value of the estimate of contingent consideration and any difference upon final settlement of such a liability are recognised in the consolidated income statement with respect to contingent consideration and in other comprehensive income with respect to put options. Non-controlling interests are stated at their proportion of the fair values of the assets and liabilities recognised. Profits and losses are applied in the proportion of their respective ownership to the interest of the parent and to the non-controlling interest.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of control and up to the effective date of disposal, respectively.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control have the rights to the net assets of the arrangement.

The results and assets and liabilities of joint ventures are incorporated in the Group's consolidated financial statements using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of the investment. The Group's share of post-tax profits or losses is recognised in the consolidated income statement.

Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where a Group company transacts with a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant joint venture.

3. Significant accounting policies *continued*

(d) Foreign currencies

The financial statements of each of the Group's businesses are prepared in the functional currency applicable to that business. Except for operations that have a functional currency that is hyperinflationary, transactions in currencies other than the functional currency are translated at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities which are denominated in other currencies are retranslated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value which are denominated in other currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items measured at historical cost denominated in other currencies are not retranslated. Gains and losses arising on retranslation are included in the consolidated income statement for the period.

On consolidation, the assets and liabilities of the Group's overseas operations, including goodwill and fair value adjustments arising on their acquisition, are translated into Sterling at exchange rates prevailing on the balance sheet date. Income and expenses are translated into Sterling at the average exchange rates for the period (unless this is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions). Exchange differences arising are recognised in other comprehensive income, together with exchange differences arising on monetary items that are in substance a part of the Group's net investment in foreign operations, and on borrowings and other currency instruments designated as hedges of such investments where, and to the extent that, the hedges are deemed to be effective. On disposal, translation differences are recognised in the consolidated income statement in the period in which the operation is disposed of.

Current year transactions of operations that have a functional currency that is hyperinflationary are stated in terms of the value of money at the end of the current reporting period and are translated by applying relevant closing exchange rates. Prior year comparatives presented in the consolidated income statement and consolidated statement of financial position are not restated for changes in the value of money or exchange rates. Any adjustments arising on the restatement of transactions and balances in the year to the value of money at the end of the current reporting period are included within finance costs.

(e) Intangible assets

Goodwill

Business combinations are accounted for by the application of the acquisition method. Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition of a subsidiary or joint venture. No goodwill arises on the acquisition of an additional interest from a non-controlling interest in a subsidiary as this is accounted for as an equity transaction. Goodwill is stated at cost, less any accumulated impairment losses, and is tested annually for impairment or more frequently if there are indications that amounts may be impaired. On disposal of a subsidiary or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Acquisition-related intangible assets

Intangible assets on acquisitions that are either separable or arising from contractual rights are recognised at fair value at the date of acquisition. Such acquisition-related intangible assets include trademarks, technology, customer contracts and customer relationships. The fair value of acquisition-related intangible assets is determined by reference to market prices of similar assets, where such information is available, or by the use of appropriate valuation techniques, including the royalty relief method and the excess earnings method.

Acquisition-related intangible assets are amortised by equal annual instalments over their expected economic life. The directors review acquisition-related intangible assets on an on-going basis and, where appropriate, provide for any impairment in value.

The estimated useful life of an intangible asset that arises from contractual rights is limited to the length of the related contract unless the contract is renewable and there is evidence to support renewal of the contract without significant cost to the Group. The estimated useful lives of the Group's acquisition-related intangible assets are as follows:

Trademarks and technology	up to a maximum of five years
Customer contracts and customer relationships	up to a maximum of ten years

Non-acquisition-related intangible assets

Development expenditure represents expenditure incurred in establishing new services, systems and products of the Group. Development expenditure is recognised as an intangible asset only if the following can be demonstrated: the expenditure creates an identifiable asset, its cost can be measured reliably, it is probable that it will generate future economic benefits, it is technically and commercially feasible, and the Group has sufficient resources to complete development. In all other instances, the cost of development expenditure is recorded directly in the consolidated income statement.

Capitalised development expenditure is amortised over the period during which the expenditure is expected to be revenue-producing, up to a maximum of ten years. The directors review the capitalised development expenditure on an on-going basis and, where appropriate, provide for any impairment in value.

Research expenditure is charged to the consolidated income statement in the year in which it is incurred.

Capitalised computer software is stated at cost, net of amortisation and any provision for impairment. Amortisation is charged on software so as to write off the cost of the assets to their estimated residual values by equal annual instalments over their expected useful economic lives, up to a maximum of ten years.

(f) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment other than freehold land. Depreciation is calculated so as to write off the cost of the assets to their estimated residual values by equal annual instalments over their expected useful economic lives as follows:

Freehold buildings	up to 50 years
Equipment and motor vehicles	2 to 10 years

Where significant, the residual values and the useful economic lives of property, plant and equipment are re-assessed annually.

Right-of-use assets are depreciated over the shorter of the lease term and the useful economic life of the leased asset unless it is reasonably certain that the lessor will transfer the asset to the Group, in which case the right-of-use asset is depreciated over the useful economic life of the leased asset as described in note 3(r) below.

(g) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies its financial assets (except derivatives) in the following measurement categories:

- Those to be measured subsequently at fair value through profit or loss. This category includes investments; and
- Those to be measured at amortised cost. This category includes trade and other receivables and cash and cash equivalents.

The Group classifies its financial liabilities (except derivatives) as measured at amortised cost.

Fair values are classified by reference to the inputs to the valuation technique used to derive them, using the following hierarchy:

Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – inputs are observable for the asset or liability either directly or indirectly but are not quoted prices included in Level 1;
Level 3 – inputs are unobservable for the asset or liability.

Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised in the consolidated statement of financial position at fair value as financial assets or financial liabilities. Changes in the fair value of derivative financial instruments are recorded in the consolidated income statement unless they are designated as hedges. The accounting for subsequent changes in the fair value of derivative financial instruments that are designated as hedges depends on the nature of the hedging relationship as described below.

Fair value hedges

The carrying value of the hedged item is adjusted for fair value changes attributable to the risk being hedged. Changes in the fair value of both the hedging instrument and the fair value of the risk being hedged are recognised immediately in the consolidated income statement.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The ineffective portion is recognised immediately in the consolidated income statement.

Amounts accumulated in equity are re-classified to the consolidated income statement in the periods in which the hedged item affects profit or loss.

Any cumulative deferred gains or losses along with any deferred costs of hedging that have been recorded in equity at the point at which a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, remain in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, any cumulative gains or losses and deferred costs of hedging that are recorded in equity are immediately re-classified to the consolidated income statement.

Net investment hedges

Hedges of net investments in foreign operations are accounted for in a similar manner to cash flow hedges. Any gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and accumulated in reserves in equity. Any gains or losses relating to the ineffective portion are recognised immediately in the consolidated income statement. When a hedging instrument expires, or is sold or terminated any accumulated deferred gain or loss and deferred cost of hedging in equity at that time remains in equity as part of the total gain or loss.

Total gains and losses accumulated in equity are re-classified to profit or loss when the foreign operation is disposed of in whole or in part.

3. Significant accounting policies *continued*

(g) Financial instruments *continued*

Cost of hedging

The currency basis spread is a margin that is present in a cross currency derivative that is not present in a hedged item that is a single currency exposure. As such, when designating a cross currency derivative as a hedging item and measuring the effectiveness of the hedge, the Group excludes the currency basis spread. Additionally, when cross currency swaps are designated in a net investment hedge to manage the spot-to-spot exposure of net assets, forward points inherent in the derivative are also considered to be a cost of hedging. Changes in the fair value of derivatives that are designated as net investment hedges or cash flow hedges which relate to the currency basis spread or forward points described above are recognised in other comprehensive income and included in the cost of hedging reserve which is a component of equity.

Trade receivables

Trade receivables are initially recognised at fair value which, unless there is a significant financing component, represents the amount of consideration that is unconditional. Trade receivables are subsequently carried at amortised cost using the effective interest method less loss allowances. Loss allowances are calculated using the simplified approach to determine expected credit loss rates taking into account payment profiles over a period of 36 months before the balance sheet date and the corresponding historical credit losses experienced within this period. The expected loss rates are adjusted for current and forward-looking local economic and market conditions.

Investments

Investments comprise investments in securities and certificates of deposit which are measured at fair value both on initial recognition and subsequently. Gains and losses arising from changes in fair value are recognised in the consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term call deposits.

Interest-bearing borrowings

Interest-bearing bank overdrafts, loans and loan notes are recognised at the value of proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the consolidated income statement on an accrual basis using the effective interest method.

Trade payables

Trade payables are not interest-bearing, are stated initially at fair value and are subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Group are recorded at the value of proceeds received, net of direct issue costs.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost represents expenditure incurred in the ordinary course of business in bringing inventories to their present condition and location and includes appropriate overheads. Cost is calculated using either the weighted average or the first-in, first-out method. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

(i) Impairment of non-financial assets

The carrying values of the Group's non-financial assets, with the exception of inventories and deferred tax assets, are reviewed on an on-going basis for any indication of impairment and, if any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised in the consolidated income statement whenever the carrying value of an asset or its cash-generating unit exceeds its recoverable amount.

An impairment loss in respect of goodwill is not reversed. In respect of any other asset, an impairment loss is reversed if there has been a change in the estimates used to determine its recoverable amount. The amount of the reversal is limited such that the asset's carrying amount does not exceed that which would have been determined (after depreciation and amortisation) if no impairment loss had been recognised.

(j) Employee benefits

Retirement benefit costs

Payments to defined contribution schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefits scheme.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the present value of the Group's total defined benefit obligation reduced by the fair value of the related scheme assets. The total of all of the Group's individual schemes that are in a net asset position is presented separately in the consolidated statement of financial position. The value of any net asset recognised for a defined benefit scheme is limited to the present value of available refunds and reductions in future contributions to the scheme.

For defined benefit plans, the cost charged to the consolidated income statement consists of current service cost, net interest cost, and past service cost. The finance element of the pension charge is shown in finance expense and the remaining service cost element is charged as a component of employee costs in the consolidated income statement. Actuarial and other re-measurement gains and losses are recognised immediately in full within other comprehensive income.

Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees. The fair value of equity-settled share-based payments is determined at the date of grant and expensed, with a corresponding increase in equity, on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, excluding changes resulting from any market-related performance conditions. Cash-settled share-based payments are recognised as a liability at fair value at the date of grant. The value of the liability is re-measured at each reporting date and at the date the liability is settled. Changes in the liability are recognised directly in the consolidated income statement.

(k) Provisions and contingent liabilities

Provisions are recognised when a present legal or constructive obligation exists for a future liability in respect of a past event and where the amount of the obligation can be estimated reliably. The amount recognised as a provision is the Group's best estimate of the likely outflows at the end of the reporting period.

In respect of claims, onerous customer contracts and litigation, the Group provides for anticipated costs where an outflow of resources is considered probable and a reasonable estimate can be made of the likely outcome. For all such items, the ultimate liability may vary from the amounts provided and will be dependent upon the eventual outcome of any settlement. Management exercises judgment in measuring the Group's exposures to contingent liabilities (see note 32) through assessing the likelihood that a potential claim or liability will arise and in quantifying the possible range of financial outcomes.

Where the time value of money is material, provisions are stated at the present value of the expected expenditure using an appropriate discount rate.

(l) Restructuring and separation costs

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the on-going activities of the entity.

The Group distinguishes in the consolidated income statement between restructuring costs that are recurring and those that relate to one-off or transformational Group programmes that impact a number of operations.

Recurring restructuring costs that are incurred in the normal course of business are recorded as part of the Group's results within adjusted profit before interest, tax and amortisation (Adjusted PBITA).

Restructuring costs that are one-off and individually material or relate to programmes linked to the Group's wider transformation, and require approval at executive level, are disclosed separately in the consolidated income statement.

Separation costs are costs related to the strategic separation and subsequent sale of the majority of the Group's conventional cash businesses. Such costs have been recognised as an expense as incurred and have been separately disclosed because of their size and because they relate to a one-off transformational transaction.

(m) Revenue recognition

The Group has no revenue other than that arising from contracts with customers. For the majority of the Group's services, including the provision of manned security and cash security services, the Group provides services to the customer on a daily basis continuously over the term of the contract and the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from these services is therefore recognised over time.

For the services set out below, the Group's right to consideration from its customers generally equates to the value of services supplied to the customer. On this basis, the Group applies the practical expedient in IFRS 15 to recognise revenue when the services are provided for the amount that the Group has a right to invoice for those services.

The practical expedient is applied to revenue recognised in the following services:

- Secure Solutions services including the provision of on-site, mobile and remote security, technology-enabled monitoring and response, risk consulting and integrated security solutions. In addition, most contracts for facilities management and Care & Justice Services apply the practical expedient.
- Cash Solutions services including the provision of conventional cash services (cash in transit, cash processing and ATM services) and cash technology services (including some Cash 360 services and bank process automation).

3. Significant accounting policies *continued*

(m) Revenue recognition *continued*

The Group also provides additional services (listed below) where the Group's right to consideration from its customers does not equate to the value of services supplied to the customer. In these cases, mainly related to long-term contracts, revenue is recognised over time due to either:

a. the customer simultaneously receiving and consuming the benefit of the services; and/or
b. the Group creating an asset that the customer controls as the asset is created or enhanced; and/or
c. the Group's performance not creating an asset with an alternative use to the Group and the Group having an enforceable right to payment for performance completed to date.

In these cases revenue is recognised over time primarily using input methods based on costs incurred as a proportion of the total expected costs of the contract.

The following services apply this method of revenue recognition:

- Secure Solutions services including the provision of security alarm installations and related on-going maintenance and monitoring services, and certain long-term facilities management and Care & Justice Services contracts.
- Cash Solutions services including the provision and/or rental of smart safes and cash recycling equipment, including the use of any proprietary software.

Where installation contracts include the outright sale of equipment, revenue in respect of the sale and installation is recognised when the equipment is installed. Where equipment cannot be sold without the provision of on-going maintenance or other services and in contracts for the rental of equipment, revenue is recognised over the period of the contract.

On-going maintenance and monitoring services represent a series of services with a constant pattern of transfer to the customer over time. Revenue in respect of such services is recognised over the period of the contract.

For contracts that involve the rental of equipment, the Group determines whether the arrangement constitutes a lease under IFRS 16. Where the Group determines that a contract includes a lease, the requirements of IFRS 16 are applied for lessor accounting.

Other transactions

A small number of businesses across the Group provide direct sale of alarms, smart safes and other equipment sales. In these transactions, the Group satisfies its performance obligations at a point in time. Revenue is recognised when the goods have been delivered to the customer and title has passed.

Other considerations

Where a contract contains a number of distinct performance obligations, the amount of revenue recognised in respect of each is determined by allocating the total transaction price in the contract to performance obligations based on their relative standalone selling prices. In the small amount of cases in which the practical expedient is not applied as the Group's right to consideration does not equate to the value of services provided to date, the standalone selling price is estimated based on market prices where available.

Certain of the Group's contracts include payments that vary depending on its performance, including payments or penalties that are determined based on the Group achieving KPIs. In such cases, the amount of revenue recognised is limited to the extent that it is not highly probable that the Group will ultimately receive payment.

In a small number of contracts, the Group procures goods or services from a third party and provides them to the end customer as part of the overall delivery of the contract. The Group considers that it is acting as principal if it is in control of these goods or services prior to transferring them to the customer, and an agent where it is arranging for them to be provided to the customer without obtaining control.

For the majority of the Group's contracts, invoices are raised in the month or months after the delivery of services. Accrued income arises in relation to services provided that have not been invoiced at the year end. For some contracts, particularly in facilities management, construction, and Care & Justice Services activities, payments are received in advance of the performance of the related services and are recognised within deferred income until the related services are delivered.

(n) Contract acquisition and fulfilment costs

The Group recognises the incremental costs of obtaining a contract with a customer as an asset, to the extent that those costs are expected to be recovered during the contract. Such capitalised costs are amortised over the contract term. Bid team and other costs incurred prior to winning a contract are not capitalised but are charged to the consolidated income statement as incurred.

Contract fulfilment costs are capitalised if they relate directly to a contract; result in the creation or enhancement of an asset to be used in the performance of that contract; and are expected to be recovered under that contract. Capitalised contract fulfilment costs are amortised over the contract term in line with the delivery of goods or services.

(o) Onerous contracts

Onerous contract provisions are recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Management's profit improvement plans to recover the position on loss-making contracts require a level of judgment and are generally taken into account in the calculation of the onerous contract provision only when implementation has commenced and tangible evidence exists of benefits being delivered. The provision is calculated based on discounted cash flows to the end of the contract.

In general, provisions recognised for future losses are charged to the consolidated income statement within Adjusted PBITA. Where onerous contract provisions are individually material by virtue of their size, they are separately charged within specific items.

In-year operating losses from onerous contracts are accounted for as a utilisation of the related provision for future losses. Any excess or shortfall to the initial estimate for onerous contract provisions is credited or charged in the consolidated income statement to achieve consistent presentation with the original charge.

(p) Interest

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset's net carrying amount. Borrowing costs, also calculated using the effective interest method, are recognised as an expense in the consolidated income statement.

(q) Income taxes

Tax is recognised in the consolidated income statement except to the extent that it relates to items recognised in equity, in which case it is recognised through other comprehensive income. The tax expense represents the sum of current tax and deferred tax, and excludes charges for interest on tax and certain penalties on tax settlements, which are reported within finance expenses and administration expenses respectively.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that their recovery is probable, having regard to the projected future taxable income of these entities and after taking into account specific risk factors that affect the recovery of these assets. The same profit projections are used for these purposes as are used by the business, for example in assessing the carrying value of goodwill. Judgment is applied on a case-by-case basis due to the jurisdictional nature of taxation. This analysis is considered afresh at each balance sheet date.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of potential deferred tax assets is re-assessed at each balance sheet date and recognised to the extent that it is probable that sufficient taxable profits will be available to allow those assets to be recovered.

Deferred tax is measured based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax liabilities or refunds may differ from those anticipated due to changes in tax legislation, differing interpretations of tax legislation and uncertainties surrounding the application of tax legislation. In situations where uncertainties exist, provision is made for tax liabilities and assets on the basis of management judgment following consideration of the available relevant information. Further detail on management's judgments in respect of taxation is provided in note 4.

(r) Leases

The Group recognises an expense in respect of short-term leases (being those with an initial term of 12 months or less) and leases of low-value items (defined as leases of assets with a cost, when new, of less than £2,500) on a straight line basis over the life of the lease. For all other leases, the Group recognises a right-of-use asset and corresponding liability at the date at which the leased asset is made available for use by the Group.

Lease liabilities are measured at the present value of the future lease payments including fixed payments, in-substance fixed payments, and variable lease payments that are based on an index or a rate, less any lease incentives receivable. The Group applies the practical expedient to include non-lease components in the measurement of lease liabilities. Lease liabilities also take into account amounts payable under residual value guarantees and payments to exercise options to the extent that it is reasonably certain that such payments will be made. The payments are discounted at the rate implicit in the lease or, where that cannot be measured, at an incremental borrowing rate determined based on publicly available data for liabilities with matching start dates, terms and currencies, adjusted for the country-specific risk of the lessee.
No adjustment is made to reflect the nature of the leased assets on the basis that a lender would not make a material adjustment to the borrowing rate to reflect the nature of the underlying assets.

3. Significant accounting policies *continued*

(r) Leases *continued*

Lease assets are measured based on the value of the associated lease liability, adjusted for any payments made before inception and initial direct costs. Subsequent to initial recognition, the Group records an interest charge in respect of the lease liability. The related right-of-use asset is depreciated over the term of the lease or, if shorter, the useful economic life of the leased asset unless it is reasonably certain that the Group will acquire the asset at the end of the lease in which case it is recognised over the asset's useful economic life. Lease liabilities are adjusted for changes to the future cash flows due under the lease (for example, changes based on movements in indexes or rates) with a corresponding adjustment typically made to the associated asset.

(s) Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For the sale to be highly probable, the Group must be committed to the sale at the period end and it should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale that has been disposed of, has been abandoned or meets the criteria to be classified as held for sale.

(t) Dividend distribution

Dividends are recognised as distributions to equity holders in the period in which they are paid or approved by the shareholders in a general meeting.

(u) Adoption of new and revised accounting standards and interpretations

The Group has applied IFRS 16 – Leases for the first time in the year ended 31 December 2019.

IFRS 16 – Leases

The Group adopted IFRS 16 with effect from 1 January 2019. Its principal effect was to gross up the Group's balance sheet to recognise additional right-of-use assets within property, plant and equipment and additional lease liabilities in respect of leases that were previously treated as operating leases. The associated operating lease charge that was previously recorded within operating costs has been removed and replaced with a depreciation charge in respect of the additional assets recognised and an interest charge (recorded outside of operating costs) in respect of the additional lease liabilities recognised.

The Group applied the standard using the fully retrospective method and has restated its results for comparative periods as if the Group had always applied the new standard. The Group applied the practical expedient to rely on the previous definition of a lease (as provided by IAS 17) to determine whether its contracts that were in existence at 1 January 2018 contained a lease.

In accordance with IFRS 16, the Group applies recognition exemptions to short-term leases (being those with an initial term of 12 months or less) and leases of low-value items (defined as leases of assets with a cost, when new, of less than £2,500) to recognise as an expense on a straight line basis over the life of the lease. For all other leases, the Group recognises a right-of-use asset and corresponding liability at the date at which the leased asset is made available for use by the Group.

Further details of the Group's accounting policy applied to leases are set out in note 3(r).

The impact of adopting IFRS 16 on the Group's consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows is presented in the following tables.

	Year ended 31 December 2018		
Consolidated income statement	As reported £m	IFRS16 £m	Restated £m
Revenue	**7,512**	**(7)**	**7,505**
Operating profit	**253**	**24**	**277**
Finance income	16	–	16
Finance expense	(126)	(25)	(151)
Profit before tax	**143**	**(1)**	**142**
Tax	(55)	–	(55)
Profit from continuing operations after tax	**88**	**(1)**	**87**
Profit from discontinued operations	2	–	2
Profit for the year	**90**	**(1)**	**89**
Attributable to:			
Equity holders of the parent	82	(1)	81
Non-controlling interests	8	–	8
Profit for the year	**90**	**(1)**	**89**

3. Significant accounting policies *continued*

IFRS 16 – Leases *continued*

Consolidated statement of financial position	As at 31 December 2018 As reported £m	IFRS16 £m	Restated £m	As at 31 December 2017[1] As reported £m	IFRS16 £m	Restated £m
ASSETS						
Non-current assets						
Property, plant and equipment	367	361	728	395	367	762
Trade and other receivables[2]	88	13	101	82	18	100
Deferred tax assets	248	10	258	242	9	251
Other non-current assets	2,157	–	2,157	2,131	–	2,131
	2,860	**384**	**3,244**	**2,850**	**394**	**3,244**
Current assets						
Trade and other receivables[2]	1,429	3	1,432	1,417	3	1,420
Other current assets	1,243	–	1,243	1,156	–	1,156
	2,672	**3**	**2,675**	**2,573**	**3**	**2,576**
Total assets	**5,532**	**387**	**5,919**	**5,423**	**397**	**5,820**
LIABILITIES						
Current liabilities						
Lease liabilities	(11)	(143)	(154)	(15)	(103)	(118)
Trade and other payables[2]	(1,237)	4	(1,233)	(1,263)	3	(1,260)
Provisions[3]	(202)	21	(181)	(104)	–	(104)
Other current liabilities[4]	(838)	(1)	(839)	(1,045)	(1)	(1,046)
	(2,288)	**(119)**	**(2,407)**	**(2,427)**	**(101)**	**(2,528)**
Non-current liabilities						
Lease liabilities	(16)	(316)	(332)	(20)	(372)	(392)
Provisions[3]	(136)	4	(132)	(138)	34	(104)
Other non-current liabilities[4]	(2,309)	1	(2,308)	(1,995)	–	(1,995)
	(2,461)	**(311)**	**(2,772)**	**(2,153)**	**(338)**	**(2,491)**
Total liabilities	**(4,749)**	**(430)**	**(5,179)**	**(4,580)**	**(439)**	**(5,019)**
Net assets	**783**	**(43)**	**740**	**843**	**(42)**	**801**
EQUITY						
Share capital	388	–	388	388	–	388
Share premium	258	–	258	258	–	258
Reserves	119	(43)	76	193	(42)	151
Equity attributable to equity holders of the parent	**765**	**(43)**	**722**	**839**	**(42)**	**797**
Non-controlling interests	18	–	18	4	–	4
Total equity	**783**	**(43)**	**740**	**843**	**(42)**	**801**

1. As at 31 December 2017 and as at 1 January 2018.
2. The Group, on occasion, leases assets from suppliers and then sub-lets them to customers as part of its service delivery offering. In some such arrangements, the lease from the supplier previously qualified as an operating lease meaning that both the income from the customer and payments to the supplier were recorded over the term of the lease. Under IFRS 16, a right-of-use asset has been recognised in respect of leases from the Group's suppliers. In situations in which the onward lease qualifies as a finance lease of the right-of-use asset, that asset has been treated as having been sold and a gain having been recognised on the day that the sub-lease was entered into, reducing both revenue and expenses on an on-going basis. The amount receivable in respect of the Group's lease to its customer has been included within other receivables.
3. The Group has historically recorded provisions for future operating lease expenditure when the future cost of a lease is greater than the benefits that the Group will derive from it. On the adoption of IFRS 16, future lease expenditure is included in the lease liability. The Group has therefore derecognised the part of its onerous contract provisions that relates to future lease payments and replaced it with lease liabilities. The associated right-of-use asset has been impaired to the extent that it is not supported by the benefits that will be derived from the lease.
4. During the course of the IFRS 16 implementation project, the Group also identified £8m of liabilities relating to leases (£4m at 1 January 2018) that had previously been included in other creditors but which would more appropriately be classified as bank loans. As a result, the Group has increased bank loans at 31 December 2018 to include this amount and decreased other creditors by a similar amount with no effect on total liabilities or net assets.

Consolidated statement of cash flows	Year ended 31 December 2018 As reported £m	IFRS16 £m	Restated £m
Operating profit	253	24	277
Adjustments for non-cash and other items	240	145	385
Increase in inventory	(10)	–	(10)
Increase in accounts receivable	(40)	9	(31)
Decrease in accounts payable	(30)	(6)	(36)
Net cash flow from operating activities before tax	**413**	**172**	**585**
Tax paid	(98)	–	(98)
Net cash flow from operating activities	**315**	**172**	**487**
Investing activities			
Purchases of non-current assets	(114)	–	(114)
Proceeds on disposal of property, plant and equipment	12	–	12
Other investing activities	54	–	54
Net cash used in investing activities	**(48)**	**–**	**(48)**
Financing activities			
Interest paid	(116)	(25)	(141)
Repayment of lease obligations	(14)	(151)	(165)
Other financing activities	(79)	4	(75)
Net cash used in financing activities	**(209)**	**(172)**	**(381)**
Net increase in cash, cash equivalents and bank overdrafts	58	–	58
Cash, cash equivalents and bank overdrafts at the beginning of the year	571	–	571
Effect of foreign exchange rate fluctuations on net cash held	44	–	44
Cash, cash equivalents and bank overdrafts at the end of the year	**673**	**–**	**673**

IFRIC 23 – Uncertainty over income tax treatments

The Group has adopted IFRIC 23 – Uncertainty over income tax treatments with effect from 1 January 2019. The interpretation clarifies the recognition and measurement requirements of IAS 12 – Income taxes in respect of: whether uncertain tax positions should be considered separately or together as a group; the approach that should be used to measure liabilities in respect of uncertain tax positions; and how to take into account assumptions about the examination of uncertain tax positions by taxation authorities. The adoption of the interpretation had no material effect on the results for the year ended 31 December 2019 or on the statement of financial position as at 31 December 2019.

IAS 19 amendments – Plan amendment, curtailment or settlement

The Group adopted the IAS 19 amendments – Plan amendment, curtailment or settlement with effect from 1 January 2019 and applied the amendments to the curtailment resulting from the transfer of pensions held by staff on the Birmingham prison contract to the UK government following the termination of the contract during 2019 (see note 31 for further details). The adoption of the amendments did not have a material effect on the reporting of this transaction.

Amendments to IFRS 9, IAS 39 and IFRS 7 in respect of Interest Rate Benchmark Reform

The Group holds a USD 105m interest rate swap and a EUR 100m interest rate swap in fair value hedge relationships. These swaps reference six month USD LIBOR and 1 year EURIBOR respectively. The replacement of interbank offered rates (such as LIBOR and EURIBOR) has been announced as a priority for global regulators which has potential implications for the hedge effectiveness of these relationships.

The Group adopted the Amendments to IFRS 9, IAS 39 and IFRS 7 in respect of Interest Rate Benchmark (IBOR) Reforms early, with effect from 1 January 2019. The amendments provide temporary relief from the need to apply certain specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. As a result, the prospect of IBOR reform should not result in the Group's hedging relationships ceasing to meet the requirements for hedge accounting. The reliefs in the amendments will cease to apply when the uncertainty arising from IBOR reform no longer exists. The adoption of the amendments did not have a material effect on the results for the year or the statement of financial position as at 31 December 2019. The implications on the wider business of IBOR reform will be assessed during 2020.

3. Significant accounting policies *continued*

Amendments to IFRS 9, IAS 39 and IFRS 7 in respect of Interest Rate Benchmark Reform *continued*

There was no material effect from the adoption of any other new standards or interpretations in the year ended 31 December 2019, which included:

Annual Improvements to IFRS Standards 2015-2017 Cycle

IFRS 9 amendments – Prepayment features with negative compensation

IAS 28 amendments – Long-term interests in associates and joint ventures

New standards, amendments and interpretations not yet effective

The Group has not early-adopted any other standard, amendment or interpretation in the year. A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2019. The directors are currently evaluating the impact of the following new standards on the group financial statements:

IFRS 3 amendments – Definition of a business

IAS 1 and IAS 8 – Definition of material

4. Accounting estimates, judgments and assumptions

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies, which are described in note 3, with respect to the carrying amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period.

Significant judgments

Significant judgments are those made by management when applying its accounting policies that are considered to have the most significant impact on amounts recognised in the consolidated financial statements.

Those judgments that are considered to have the most significant impact on amounts recognised in the consolidated financial statements, apart from those involving estimations (which are disclosed separately below), are the following:

Compliance with foreign ownership rules and consolidation of subsidiaries

The Group has a diverse set of complex ownership structures, which are sometimes driven by local laws and regulations relating to foreign ownership. In some instances the Group operates through local structures with limited direct share ownership of the business but exercises control through shareholder agreements.

Judgment is required in determining whether certain Group entities qualify for consolidation under IFRS10 – Consolidated Financial Statements, and in some instances professional and legal advice is sought to support these judgments. Consolidation of any of these entities would be at risk if the Group's ability to enforce its rights of control was successfully challenged.

These judgments have been applied in determining how the Group consolidates businesses with an aggregated revenue of c.£700m, Adjusted PBITA of c.£60m and equity shareholders' funds of c.£150m. The impact on the Group's earnings (after tax) of equity accounting rather than full consolidation would not be material.

Alternative Performance Measures

The Group uses Adjusted PBITA as a consistent internal and external reporting measure of its performance, as management views it as being more representative of the normal course of business and more comparable period to period. Adjusted PBITA excludes strategic restructuring costs, strategic corporate restructuring, goodwill impairment, amortisation of acquisition-related intangible assets and specific and other separately disclosed items which the Group believes should be disclosed separately by virtue of their size, nature or incidence. Judgment is required when defining those items to be disclosed separately and when applying the classification criteria to each period's results. Further details on separately disclosed items are set out in note 8.

Disposal groups classified as held for sale

On 26 February 2020, the Group announced it had reached an agreement to sell the majority of its conventional cash businesses to Brink's. Judgment was required to determine whether the conventional cash businesses subject to the transaction (the "Disposal Group") met the criteria to be classified as held for sale as at 31 December 2019 and, if so, whether it met the definition of a discontinued operation.

For a business to be classified as held for sale at a balance sheet date, management must be committed to a plan to sell the business and an active programme to identify an acquirer must have been initiated. Furthermore, the sale must be expected to complete within a year and actions to complete the plan must indicate that significant changes to that plan are unlikely.

As described in note 24, during 2019, the Group undertook a process of comprehensive engagement with third parties with respect to the sale of its conventional cash businesses in parallel with preparing the Cash Solutions business for demerger. At 31 December 2019, those discussions were well advanced with the scope of any potential transaction, approximate proceeds, and process to undertake a sale having been discussed. As a result of the comprehensive engagement that had been undertaken, management concluded at that date that a sale to Brink's was highly probable and therefore classified the Disposal Group as held for sale.

Judgment was also required to determine whether the Disposal Group met the definition of a discontinued operation. Since the businesses sold formed only part of the Cash Solutions segment and did not represent the Group's entire cash processing or cash in transit operations, the Group concluded that the sale of the Disposal Group did not represent the disposal of a separate major line of business and therefore did not classify it as a discontinued operation.

Leases (treatment of extension or termination options)

The Group has in excess of 1,000 property leases within its portfolio. Many of those leases include options to extend or terminate early. Where that is the case, the Group is required to exercise judgment to determine whether it is reasonably certain that the lease will be extended (or not terminated early). Where options are held by both the lessor and lessee, judgment is required to determine whether the options can be exercised at no cost.

The Group makes such judgments on a lease by lease basis taking into account all relevant facts and circumstances, including the purpose of the options, forecast business requirements, and the time until the option is exercised. Generally, the Group assumes that it is reasonably certain that leases of assets that are used to serve a sales contract will continue until the end of the sales contract but that future renewals of sales contracts are not reasonably certain.

At 31 December 2019, £16m (2018: £15m) of potential future lease payments were not reflected in the Group's lease liability because the Group was able to avoid payment by exercising termination options (or not exercising renewal options) and it was not reasonably certain that payment would be required.

Significant estimates and assumptions

Significant estimates and associated assumptions are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Significant estimates are made taking into account historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions, and, in some cases, actuarial techniques. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The most significant estimates, assumptions and sources of uncertainty in preparing the Group's 2019 consolidated financial statements are set out below:

Onerous contracts

The Group delivers certain long-term services that are complex in nature. Some of the contracts to deliver these services may evolve to become loss-making, such that net unavoidable losses are expected to be incurred over their life.

Where a contract is expected to be loss-making over its remaining term, the net present value of estimated future losses is determined in order to calculate an onerous contract provision. The identification and measurement of such provisions is subject to inherent risk, given the extended time periods often involved and the number of variables which are not all within the Group's control.

In particular, estimation is required in assessing future expected revenue and costs on such contracts, including:

- determining the expected impact of any profit improvement plans where sufficient evidence exists of benefits being delivered by those plans;
- determining the expected outcome of any contractual or commercial disputes; and
- determining an appropriate discount rate to apply to material future cash flows.

The level of uncertainty in the estimates and assumptions supporting expected future revenues and costs can vary with the complexity of each contract and with the form of service delivery.

For further details of how the Group has applied judgments and estimates to significant onerous contract provisions refer to note 32 on page 225.

Carrying value of goodwill

The Group tests goodwill for impairment on an annual basis or more frequently if there are indications that amounts may be impaired. The impairment analysis is based principally upon forecasts of discounted estimated future cash flows arising from the use and eventual disposal of the assets, requiring assumptions about growth rates and the impact of local economic factors. In some cases, the impairment analysis is based on fair value less costs to sell which requires assumptions about how much a willing buyer would be willing to pay for the business. During the year the Group recognised a total goodwill impairment charge of £291m, primarily reflecting impairments relating to the UK Cash Solutions business (£205m), the UK Facilities Management business (£40m), the Brazil Secure Solutions business (£35m) and the Secure Solutions business in the United Arab Emirates (£11m). A description of the Group's approach to impairment testing, including an analysis of the sensitivity of goodwill to the key assumptions, and details of impairments recorded during the year is presented in note 18.

4. Accounting estimates, judgments and assumptions *continued*

Leases (estimation of discount rates)

The Group's lease liabilities are calculated by discounting future lease payments using the rate implicit in the lease or, if that cannot be readily determined, the incremental borrowing rate at the date at which the leases were entered into or modified. The Group has calculated almost all of its lease liabilities using incremental borrowing rates. Those rates have been estimated based on publically available rates for borrowings of the same tenure, start date and currency, adjusted for the Group's credit rating and for the credit rating of the Group entity entering the lease. Determining the rate at which an individual entity could borrow funds on the same terms as an individual lease requires significant estimation.

The average incremental borrowing rate used for leases that were in place during the year ended 31 December 2019 was 5.18% (2018: 5.35%). If the incremental borrowing rates used at 31 December 2019 were decreased by 100bps in respect of all of the Group's leases, then the Group's lease liabilities would increase by approximately £7m (£6m relating to land and buildings and £1m to property and equipment) with a consequential effect on right-of-use assets. An increase of 100bps would decrease the Group's lease liabilities by approximately £7m (£6m relating to land and buildings and £1m relating to property and equipment). An increase/decrease in the incremental borrowing rates of 100bps would increase/decrease the Group's interest charge for the year ended 31 December 2019 by approximately £1m/£1m respectively.

Taxation

The Group operates in many tax jurisdictions including countries where the tax legislation is not consistently applied and under some complex contractual circumstances where the responsibility for tax arising is not always clear. Judgments and estimates are required to determine the appropriate amount of tax to provide for and any required disclosure around contingent tax liabilities at each period end.

Provisions for tax liabilities are estimated for existing matters under dispute with local tax authorities, as well as for matters which it is considered may be disputed by them, where it is probable that a future liability will arise. The tax liability provided is management's best estimate, taking into account external advice, the anticipated position of the relevant tax authorities, and other local factors. In certain cases, and where appropriate, a probability weighting is applied in determining the amount provided. In all cases it is assumed that the local tax authorities have, or will be provided with, full information. Further details about the range of the potential tax exposure to which the Group is subject are set out in note 13.

The Group has tax losses and other deductible temporary differences, mainly in the UK and USA, that have the potential to reduce tax payments in future years. Deferred tax assets are recognised to the extent that their recovery is probable, having regard to the projected future taxable income of these entities and after taking into account specific risk factors that affect the recovery of these assets. The same profit projections are used for these purposes as are used by the business, for example in assessing the carrying value of goodwill. Judgment is applied on a case-by-case basis due to the jurisdictional nature of taxation. This analysis is considered afresh at each balance sheet date.

Valuation of retirement benefit obligations

The valuation of defined retirement benefit schemes is arrived at using the advice of qualified independent actuaries who use the projected unit credit method for determining the Group's obligations. This methodology requires the use of a variety of assumptions and estimates, including the determination of an appropriate discount rate, the expected return on scheme assets, mortality assumptions, future service and earnings increases of employees, and inflation. Full details of the Group's retirement benefit obligations, including an analysis of the sensitivity of the calculations to the key assumptions, are presented in note 31.

Labour laws, commercial agreements and claims

The Group is involved in disputes in a number of countries, mainly related to activities incidental to its operations. Currently there are a number of such disputes, including collective labour claims open in relation to the application of local labour law, commercial agreements with customers and subcontractors, and claims and compliance matters, in some cases in the course of litigation. In addition, the interpretation of labour laws and regulations in a number of countries where the Group operates is complex and there is an inherent judgment made when applying those laws and regulations that are open to interpretation. As such, there is a risk that further disputes and claims from employees could arise in the future.

Where there is a dispute (or where there is a risk of a dispute on claims in the future) and where, based on legal counsel advice, the Group estimates that it is probable that the dispute will result in an outflow of economic resources, provision is made based on the Group's best estimate of the likely financial outcome. For further details of how the Group has applied judgments and estimates to these provisions and, where relevant, an analysis of the sensitivity of the provisions to the key underlying estimates and assumptions, refer to note 32 on pages 224 to 226.

In certain instances, including the investigation opened by the Serious Fraud Office in 2013 in the UK, in respect of the Group's Electronic Monitoring contract, it is not possible to determine a reliable estimate or a reasonable range of potential outcomes. For these cases, disclosure of the relevant items as contingent liabilities is provided in note 32.

5. Revenue

The Group's revenue by type of service and reportable segment (see note 6) can be analysed as follows:

Year ended 31 December 2019	Africa £m	Americas £m	Asia £m	Europe & Middle East £m	Total Secure Solutions £m	Cash Solutions £m	Total Group £m
Sale of goods	7	64	6	28	105	63	168
Rendering of services	418	2,539	900	2,456	6,313	1,037	7,350
Revenue from construction contracts	–	100	34	106	240	–	240
Total	425	2,703	940	2,590	6,658	1,100	7,758

Year ended 31 December 2018 Restated[1,2]	Africa £m	Americas £m	Asia £m	Europe & Middle East £m	Total Secure Solutions £m	Cash Solutions £m	Total Group £m
Sale of goods	10	58	6	22	96	34	130
Rendering of services	396	2,276	853	2,534	6,059	1,096	7,155
Revenue from construction contracts	–	109	23	88	220	–	220
Total	406	2,443	882	2,644	6,375	1,130	7,505

1. Revenue for the year ended 31 December 2018 has been restated for the effects of IFRS 16 – see note 3(u).
2. Revenue for the year ended 31 December 2018 has been re-presented to more accurately reflect the underlying nature of the transactions following a re-assessment in certain regions. As a result, £30m of revenue has been re-classified within the Americas from 'revenue from construction contracts' to 'rendering of services'. In Europe & Middle East, 'sale of goods' decreased by £15m, 'rendering of services' increased by £4m and 'revenue from construction contracts' increased by £11m.

The Group's revenue by customer type can be analysed as follows:

	2019 £m	2018 Restated[1] £m
Major corporates	2,761	2,556
Government	1,640	1,615
Financial institutions	1,235	1,249
Retail, leisure and consumers	1,263	1,248
Private energy/utilities	459	430
Transport, ports and aviation	400	407
Total	7,758	7,505

1. Revenue for the year ended 31 December 2018 has been restated for the effects of IFRS 16 – see note 3(u).

Each of the Group's segments made sales to all customer types in both 2019 and 2018.

Assets and liabilities related to contracts with customers

Current assets	Note	2019 £m	2018 Restated[1] £m	2017 Restated[1] £m
Amounts due from construction contract customers	23	18	14	17
Accrued income	23	212	231	168
Trade receivables	23	948	1,065	1,071
Loss allowance	23	(46)	(55)	(61)
Capitalised contract fulfilment costs (presented within non-current other debtors)[2]	23	2	3	2
Total assets related to contracts with customers[2]		1,134	1,258	1,197
Liabilities				
Amounts due to construction contract customers	28	(2)	(2)	(2)
Deferred income (current)	28	(58)	(71)	(64)
Deferred income (non-current)	28	(4)	(15)	(18)
Total liabilities related to contracts with customers		(64)	(88)	(84)

1. Restated for the effects of IFRS 16 – see note 3(u).
2. Total assets related to contracts with customers have been re-presented to include capitalised contract fulfilment costs of £3m as at 31 December 2018 (2017: £2m).

5. Revenue *continued*

Assets and liabilities related to contracts with customers ***continued***

During the year the Group recognised £65m of revenue that was held in deferred income (or amounts payable to construction contract customers) as at 31 December 2018 (2018: £58m related to amounts as at 31 December 2017), and £3m (2018: £nil) of revenue in relation to performance obligations satisfied in prior years.

The Group did not incur any material contract acquisition costs during the current or prior years.

The decrease in deferred income in the year to 31 December 2019 primarily reflects the completion of a contract in the UK during the year which had recorded deferred income of £11m as at 31 December 2018 together with smaller timing differences in a number of countries arising in the normal course of business.

6. Operating segments

The Group operates on a worldwide basis and derives its revenue and the majority of its operating profit from its four Secure Solutions regions: Africa, Asia, the Americas and Europe & Middle East, and its Cash Solutions division. Whilst the Group operates in various geographic regions, the nature of the products and services provided and the type of customer are similar across those regions.

For each of the reportable segments, the Group Executive Committee (the Chief Operating Decision Maker) reviews internal management reports on a regular basis.

Segment information is presented below:

Revenue by reportable segment	Total segment revenue 2019 £m	Inter-segment revenue 2019 £m	External revenue 2019 £m	Total segment revenue 2018 Restated[1] £m	Inter-segment revenue 2018 £m	External revenue 2018 Restated[1] £m
Africa	**429**	**(4)**	**425**	408	(2)	406
Americas	**2,708**	**(5)**	**2,703**	2,447	(4)	2,443
Asia	**944**	**(4)**	**940**	889	(7)	882
Europe & Middle East[3]	**2,612**	**(22)**	**2,590**	2,669	(25)	2,644
Total Secure Solutions	**6,693**	**(35)**	**6,658**	6,413	(38)	6,375
Cash Solutions[2,3]	**1,105**	**(5)**	**1,100**	1,137	(7)	1,130
Total Revenue	**7,798**	**(40)**	**7,758**	7,550	(45)	7,505

Operating profit by reportable segment	2019 £m	2018 Restated[1] £m
Africa	**30**	33
Americas	**136**	131
Asia	**70**	65
Europe & Middle East	**179**	183
Total Secure Solutions	**415**	412
Cash Solutions[2]	**134**	121
Operating profit before corporate costs	**549**	533
Corporate costs	**(48)**	(50)
Adjusted profit before interest, tax and amortisation (Adjusted PBITA)	**501**	483
Specific items (net)	**(13)**	(21)
Restructuring and separation costs	**(57)**	(31)
Guaranteed minimum pension equalisation charge	**–**	(35)
California class action settlement	**18**	(100)
Loss on disposal/closure of subsidiaries/businesses	**(7)**	(15)
Goodwill impairment	**(291)**	–
Amortisation of acquisition-related intangible assets	**(6)**	(4)
Operating profit	**145**	277

1. The revenue and operating profit for the year ended 31 December 2018 have been restated for the effects of IFRS 16 – see note 3(u).
2. Cash Solutions Adjusted PBITA for the year ended 31 December 2018 included a benefit of £8m from the early completion of a bullion centre contract in the UK Cash Solutions business.
3. Revenue in the UK, being the Group's country of domicile, was £1,218m (2018: £1,304m).

Inter-segment sales are charged at prevailing market prices.

The Group had no transactions with a single external customer that amounted to 10% or more of total Group revenue in the current or prior years.

Non-current assets

The following information is analysed by reportable segment and by the geographical area in which the assets are located:

By reportable segment	2019 £m	2018 Restated[1] £m
Africa	**69**	77
Americas	**648**	713
Asia	**135**	163
Europe & Middle East[2]	**885**	1,014
Total Secure Solutions	**1,737**	1,967
Cash Solutions[2]	**204**	775
Corporate	**54**	53
Non-current assets[3]	**1,995**	2,795
Other non-current assets[2,4]	**384**	449
Total non-current assets	**2,379**	3,244

1. Non-current assets for the year ended 31 December 2018 have been restated for the effects of IFRS 16 – see note 3(u).
2. Non-current assets in the UK, being the Group's country of domicile, amounted to £611m (2018: £866m).
3. Non-current assets by reportable segment comprise goodwill, other acquisition-related intangible assets, non-acquisition-related intangible assets, property, plant and equipment and investments in joint ventures, and exclude other non-current assets and non-current assets included within disposal groups held for sale.
4. Other non-current assets comprise trade and other receivables, investments, retirement benefit surpluses and deferred tax assets.

Other information

By reportable segment	Impairment[2] 2019 £m	Depreciation and amortisation 2019 £m	Capital additions 2019 £m	Depreciation and amortisation Restated[1] 2018 £m	Capital additions Restated[1] 2018 £m
Africa	**–**	**13**	**11**	11	15
Americas	**35**	**38**	**32**	38	44
Asia	**–**	**15**	**6**	15	16
Europe & Middle East	**51**	**90**	**59**	115	97
Total Secure Solutions	**86**	**156**	**108**	179	172
Cash Solutions	**205**	**70**	**81**	73	72
Corporate	**–**	**6**	**16**	3	14
Total Group	**291**	**232**	**205**	255	258

1. Restated for the effects of IFRS 16 – see note 3(u).
2. Impairment includes a £35m of goodwill impairment charge relating to Brazil Secure Solutions (Americas), a £205m charge relating to UK Cash Solutions (Cash Solutions), a £40m charge relating to UK Facilities Management (Europe & Middle East), and an £11m charge relating to the Secure Solutions business in the United Arab Emirates (Europe & Middle East), see note 18. There was no goodwill impairment charge for the year ended 31 December 2018.

7. Discontinued operations

There was no profit or loss from discontinued operations during the year. Profit from discontinued operations of £2m in the prior year relates to the recovery in 2019 of receivables that had been provided for as at 1 January 2018, in relation to historical disposals of businesses classified as discontinued operations at the time of sale. Discontinued operations incurred no tax charge in 2019 or 2018.

For the year ended 31 December 2019 discontinued operations generated cash flows of £8m in respect of the collection of amounts due related to the disposal of the US Government Solutions business sold in 2014 (2018: £nil).

None of the Group's businesses currently held for sale, or sold or closed, meet the criteria to be classified as discontinued operations in the current year (2018: none).

8. Operating profit

The consolidated income statement can be analysed as follows:

	2019 £m	2018 Restated[1] £m
Revenue	**7,758**	7,505
Cost of sales	**(6,419)**	(6,189)
Gross profit	**1,339**	1,316
Administration expenses	**(897)**	(1,035)
Net impairment losses on financial and contract assets	**(11)**	(11)
Goodwill impairment	**(291)**	–
Share of profit after tax from joint ventures	**5**	7
Operating profit	**145**	277

1. Restated for the effect of IFRS 16 – see note 3(u).

Operating profit is stated after items that are separately disclosed for the year ended 31 December 2019 relating to:

- The specific items charge was £38m (2018: £32m). During 2019, the Group updated its HR policy formally to waive its rights to recover certain recruitment-related costs under local law in the Gulf states and as a result incurred a non-recurring, non-cash expense of £15m. Also included within specific items charge was a £9m charge that has been booked in relation to collective labour claims in the US, most of which were received during the year, following the California class action settlement, and an amount of £5m, that was incurred in the UK Care & Justice business, in relation to investigation activities and legal advice in connection with the on-going investigation by the Serious Fraud Office in respect of the Group's Electronic Monitoring contract (see note 32). An additional £5m specific item charge relates to a review of legacy labour claims in Brazil. Finally, a £4m additional onerous contract provision was recorded as a specific item relating to a facilities management contract in the UK;
- Specific items charges incurred during the year ended 31 December 2018 of £32m included £12m related to provisions in Asia in respect of historical employee gratuities and end-of-service benefits and £11m related to the reassessment of estimated settlement amounts in respect of historical workers' compensation claims in the Americas. Also included in specific item charges was a £9m onerous contract charge related to two UK Care & Justice Services contracts, reflecting estimated future losses over their expected remaining terms;
- Specific items credits of £25m (2018: £11m) include £22m related to the improved performance of three UK onerous contracts together with a review of their related provisions, and £3m in respect of the recovery of a legacy claim in North America;
- Specific items credits recorded during the year ended 31 December 2018 of £11m included a £5m release of onerous contract provisions in the UK for which the related charges had previously been recorded as specific items, following the implementation of operational efficiencies in the contracts leading to a reduction in expected future losses. In addition, a further £6m, primarily related to successful legal claims made by the Group in the Americas, was credited as a specific item;
- Charges of £57m (2018: £31m) were recorded for restructuring and separation during the year ended 31 December 2019. Restructuring costs of £19m (2018: £30m) related to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group, mainly in Europe and the Middle East, the Americas and Cash Solutions. During the year the Group also incurred costs of £38m in respect of the Cash Solutions separation. In addition, the Group incurred non-strategic reorganisation costs of £11m (2018: £9m) which are included within Adjusted PBITA;
- Following the UK High Court Ruling in the case of Lloyds Banking Group Pension Trustees Limited vs Lloyds Bank plc (and others) in October 2018, the Group recorded a charge of £35m for the year ended 31 December 2018 in respect of the equalisation of benefits for historical guaranteed minimum pension obligations between males and females in the UK;
- In January 2019, the Group agreed the settlement of a class action relating to claims for employee meal and rest breaks for the period 2001 to 2010 in California, for which a provision of £100m ($132m) had been recorded in the year to 31 December 2018. The settlement was approved by the Superior Court of the State of California in October 2019. The amount finally determined in court and paid was £87m ($110m) which was lower than the existing provision. As a result, the excess remaining provision of £18m ($22m) was released to the consolidated income statement and recognised as a credit within specific and other separately disclosed items;
- During the year, the Group recognised a net loss of £7m (2018: £15m) reflecting a small profit recognised on the disposal of a parking management business in Estonia offset by costs incurred on business closures and historical disposals, primarily relating to disposals made by the Group during 2018. Disposals during the year ended 31 December 2018 included the Group's businesses in Hungary and the Secure Solutions business in the Philippines, its archiving business in Kenya and its Cash Solutions businesses in the United Arab Emirates, Colombia and Saudi Arabia;

- During the year the Group recognised a goodwill impairment of £205m (2018: £nil) to fully impair the goodwill in respect of its UK Cash Solutions business. The Group's UK Cash Solutions business continues to be profitable and the Group believes that cash in the UK will continue to represent an important form of payment for the foreseeable future with G4S well placed to exploit new opportunities as the market evolves. Nevertheless, given the rate of decline in cash volumes in the UK market experienced in 2019, the annual end-of-year impairment test has led to the need to impair the historical goodwill balance that was allocated to the business at the time of the merger between Group 4 Falck and Securicor in 2004. The valuation of the business at 31 December 2018 was determined on the basis of fair value less costs to sell based on a discounted cash flow model;
- The Group has also recognised a goodwill impairment of £35m (2018: £nil) in respect of its Brazil Secure Solutions business that was acquired in 2012. The impairment charge reflects the adverse macro-economic environment affecting the business that is expected to subsist for a prolonged period. Those conditions have resulted in management reassessing its expectations for the future business performance in Brazil;
- A goodwill impairment of £40m (2018: £nil) has been recognised in relation to the Group's Facilities Management business in the UK reflecting the Group's strategy of managing this business for value which has entailed stepping back from bidding for certain contracts as they come up for renewal;
- Goodwill impairment of £11m (2018: £nil) was also recognised to fully impair the goodwill in respect of the Group's Secure Solutions business in the United Arab Emirates reflecting a material contraction in the scale of that business in the year;
- Details of the goodwill impairment test as at 31 December 2019 are provided in note 18, along with disclosures around the sensitivity of the remaining goodwill balance; and
- Amortisation of acquisition-related intangible assets was £6m (2018: £4m).

9. Profit from operations

Profit from operations has been arrived at after charging/(crediting):

	Notes	2019 £m	2018 Restated[1] £m
Cost of sales			
Cost of inventories recognised as an expense		**95**	90
Administration expenses			
Net specific items	6, 8	**13**	21
Restructuring and separation costs	6, 8	**57**	31
Guaranteed minimum pension equalisation charge	6, 8	**–**	35
California class action settlement	6, 8	**(18)**	100
Net loss on disposal/closure of subsidiaries/businesses	6, 8, 17	**7**	15
Goodwill impairment	6, 8	**291**	–
Amortisation of acquisition-related intangible assets	6, 8	**6**	4
Depreciation of property, plant and equipment	19	**204**	231
Amortisation of non-acquisition-related intangible assets	18	**22**	20
Research and development expenditure		**5**	4
Net exchange loss on non-functional currency intercompany trading balances		**3**	–
Short-term leases		**13**	15
Low-value leases		**2**	2
Income from operating leases/subleases		**8**	8
Share-based payments	37	**3**	8

1. Results for the year ended 31 December 2018 have been restated for IFRS 16 – see note 3(u).

10. Auditor's remuneration

	2019 £m	2018 £m
Fees payable to the company's auditor for the audit of the parent company and consolidated financial statements	**2**	1
Fees payable to the company's auditor and its associates for other services:		
The audit of the company's subsidiaries[1]	**7**	7
All other services[2]	**1**	1

1. 2019 fees included £0.2m (2018: £nil) in respect of prior years.
2. Other services of £1.1m (2018: £0.6m) relate to audit-related assurance services of £1.0m (2018: £0.3m), which include the half year review and £0.4m related to the Cash Solutions separation, other assurance services of £0.1m (2018: £0.2m) and tax advisory services of £nil (2018: £0.1m).

The Audit Committee report on pages 116 to 123 outlines the company's established policy for ensuring that audit independence is not compromised through the provision by the company's auditor of other services.

11. Staff costs and employees

The average monthly number of employees, including executive directors was:

By reportable segment	2019 Number	2018 Number
Africa	**118,892**	116,188
Americas	**120,863**	117,802
Asia	**174,478**	175,693
Europe & Middle East	**97,082**	103,411
Total Secure Solutions	**511,315**	513,094
Cash Solutions	**30,342**	34,873
Head office	**289**	265
Total average number of employees (excluding joint ventures)	**541,946**	548,232
Average number of employees employed by joint ventures	**9,802**	11,648
Total average number of employees (including joint ventures)	**551,748**	559,880

Their aggregate remuneration, comprised:

	2019 £m	2018 £m
Wages and salaries	**4,691**	4,505
Social security costs	**474**	477
Employee benefits	**230**	212
Total staff costs (excluding joint ventures)	**5,395**	5,194
Joint venture staff costs	**49**	63
Total staff costs (including joint ventures)	**5,444**	5,257

Information on directors' remuneration, long-term incentive plans, pension contributions and entitlements is set out in the Directors' Remuneration report on pages 124 to 148.

12. Net finance expense

	2019 £m	2018 Restated[1] £m
Interest and other income on cash, cash equivalents and investments	16	12
Other finance income	5	4
Finance income	**21**	**16**
Interest on bank overdrafts and loans	(32)	(16)
Interest on loan notes	(51)	(81)
Net interest payable on loan-note related derivatives	(11)	(7)
Loss arising from interest rate swap derivatives not in a hedging relationship	(1)	–
Gain arising from fair value adjustment to the hedged loan note items	–	6
Loss arising from change in fair value of derivatives hedging loan notes	–	(6)
Interest on lease liabilities[1]	(24)	(27)
Other interest charges[2]	(9)	(9)
Total Group borrowing costs	(128)	(140)
Finance costs on defined retirement benefit obligations	(11)	(11)
Finance expense	**(139)**	**(151)**
Net finance expense	**(118)**	**(135)**

1. Comparatives have been restated for IFRS 16 – see note 3(u).
2. Other interest charges include £2m (2018: £nil) relating to discounts unwound on provisions.

13. Tax

	2019 £m	2018 Restated[1] £m
Current tax expense		
Current year	76	87
Adjustments in respect of prior years (note (ix))	17	(12)
Total current tax expense	**93**	**75**
Deferred tax expense/(credit) (see note 33)		
Current year	33	(30)
Re-assessment of deferred tax recoverability on losses (note (viii))	(7)	4
Adjustments in respect of prior years (note (ix))	(12)	6
Total deferred tax expense/(credit)	**14**	**(20)**
Total income tax expense for the year	**107**	**55**

1. Comparatives have been restated for IFRS 16 – see note 3(u).

UK corporation tax is calculated at 19% (2018: 19%) of the estimated assessable profits for the year. Overseas tax is calculated at the corporation tax rates prevailing in the relevant jurisdictions.

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2019 £m	2018 Restated[1] £m
Profit before tax		
Continuing operations	**27**	142
Discontinued operations	**–**	2
Total profit before tax	**27**	144
Tax at UK corporation tax rate of 19% (2018: 19%)	**5**	28
Items that are not deductible and other additions to taxable profit (note (i))	**18**	15
Losses on disposal of businesses not relieved (note (ii))	**2**	5
Different tax rates of subsidiaries operating in non-UK jurisdictions (note (iii))	**20**	13
Benefit of tax incentives and credits	**(3)**	(3)
Goodwill impairments not allowable for tax (note (iv))	**55**	–
Withholding tax written off (note (v))	**5**	–
Adjustment for joint ventures	**(1)**	(2)
Tax losses not recognised in the current year (note (vi))	**4**	1
Impact of reduction of tax rates in India (note (vii))	**4**	–
Re-assessment of deferred tax recoverability on losses (note (viii))	**(7)**	4
Adjustment in respect of prior years – current and deferred tax (note (ix))	**5**	(6)
Total income tax charge	**107**	55
Effective tax rate for continuing and discontinued operations	**396%**	38%

1. Restated for the effect of IFRS 16 – see note 3(u).

The effective tax rate for continuing operations was 396% (2018: 39%). An explanation of the items giving rise to the significant difference between the effective tax rate and the UK corporation tax rate is set out below.

(i) Items that are not deductible and other additions to taxable profit – £18m (2018: £15m): reflects the tax effect of items which, in management's judgment, are potentially disallowable for the purposes of determining local taxable profits. This includes the impact of cash separation costs not allowable for tax of £3m (2018: £nil).

(ii) Losses on disposal of businesses not relieved – £2m (2018: £5m): relates to losses arising on the disposal of businesses that are not allowable for tax or for which there are insufficient taxable profits available in the foreseeable future to utilise those losses.

(iii) Different tax rates of subsidiaries operating in non-UK jurisdictions – £20m (2018: £13m): arise because of the effect of profits of the Group being subject to tax at rates different from the current UK corporation tax rate of 19%.

(iv) Goodwill impairments not allowable for tax – £55m (2018: £nil): relates to reductions in the carrying values of businesses of £291m (2018: £nil) which are not allowable for tax purposes (see note 18).

(v) Withholding tax written off – £5m (2018: £nil): relates to a provision against domestic withholding tax credits in Brazil which may not be recoverable.

(vi) Tax losses not recognised in the current year – £4m (2018: £1m): relates to current-year losses not recognised as deferred tax assets on the basis that there are insufficient taxable profits available to utilise them in the foreseeable future.

(vii) Impact of reduction of tax rates in India – £4m (2018: £nil): arises because of a reduction in tax rates introduced as part of Indian tax reforms that has reduced the value of deferred tax assets arising on timing differences in India.

(viii) Re-assessment of deferred tax recoverability on losses – £(7)m (2018: £4m): relates to the re-assessment of deferred tax assets on historical tax losses during the year as a result of updated group forecasts and business plans. The re-assessment of deferred tax assets primarily relates to capital losses which are forecast to be utilised on the disposal of the Group's conventional cash businesses.

(ix) Adjustment in respect of prior years – current and deferred tax – £5m (2018: £(6)m): relates to changes in provisions for unresolved tax issues. The principal components of the adjustment in respect of prior years are a provision for a tax dispute in Indonesia regarding the deductibility of certain operating expenses and credits arising from the release of deferred tax liabilities relating to the California class action settlement no longer required following agreement with the UK and US tax authorities.

Issues relating to taxation

The calculation of the Group's total tax charge involves consideration of certain items whose tax treatment cannot be ultimately determined until final resolution has been reached through negotiation with the relevant tax authorities, or via a domestic or international dispute resolution process.

13. Tax *continued*

Issues relating to taxation *continued*

The global nature of the Group's operations means that the most significant tax risk is in relation to challenges from tax authorities in respect of the pricing of cross-border transactions and the Group's interpretation of the OECD's arm's-length principle. This risk is largely driven by the inherently subjective nature of transfer pricing and the divergent views taken by tax authorities. In determining the appropriate level of provisions in respect of such challenges, the Group applies a risk-based approach which considers factors such as the quantum of the charge, the countries party to the transaction and the relevant statutes of limitation. An assessment is also made of the likelihood that compensating adjustments will be obtained under the relevant tax treaties to mitigate the level of double taxation which could arise.

As the Group operates in a significant number of countries, determining the appropriate level of judgment is typically influenced by the Group's evolving experience of tax controversy in different countries. The Group has open tax periods in a number of countries involving a number of issues, with the most material disputes typically being in respect of cross-border transactions. As at 31 December 2019, the Group had total tax exposures of approximately £151m (2018: £134m) of which £33m (2018: £25m) is provided against. The Group believes that it has made appropriate provision for open tax periods which have not yet been agreed by tax authorities. The final agreed liabilities may vary from the amounts provided, as these are dependent upon the outcomes of the domestic and international dispute resolution processes in the relevant countries. The Group typically has limited control over the timing of resolution of uncertain tax positions with tax authorities. Acknowledging this inherent unpredictability, and on the basis of currently available information, the Group does not expect material changes to occur to the level of provisions against uncertain tax positions during the next twelve months.

The potential tax impacts which could arise as a consequence of the UK withdrawing from the European Union are dependent on the manner of the UK's withdrawal, but on the basis of current information the Group does not anticipate that significant additional tax liabilities will arise.

The following taxation credit/(charge) has been recognised directly in equity within the consolidated statement of comprehensive income:

	2019 £m	2018 £m
Tax credit/(charge) relating to defined retirement benefit schemes	22	(6)
Tax credit/(charge) related to change in fair value of net investment and cash flow hedging financial instruments	7	(2)
Total tax credited/(charged) to other comprehensive income	**29**	(8)

14. Dividends

	Pence per share	DKK per share	2019 £m	2018 £m
Amounts recognised as distributions to equity holders of the parent in the year				
Final dividend for the year ended 31 December 2017	6.11	0.5097	–	95
Interim dividend for the six months ended 30 June 2018	3.59	0.2969	–	55
Final dividend for the year ended 31 December 2018	6.11	0.5321	95	–
Interim dividend for the six months ended 30 June 2019	3.59	0.2905	55	–
			150	150

15. Earnings per share attributable to equity shareholders of the parent

	2019 £m	2018 Restated[1] £m
From continuing and discontinued operations		
(Loss)/earnings		
(Loss)/profit for the year attributable to equity shareholders of the parent	(91)	81
Weighted-average number of ordinary shares[2] (m)	1,547	1,547
(Loss)/earnings per share from continuing and discontinued operations (pence)		
Basic and diluted	(5.9)p	5.2p
From continuing operations		
(Loss)/earnings		
(Loss)/profit for the year attributable to equity shareholders of the parent	(91)	81
Adjustment to exclude profit for the year from discontinued operations (net of tax)	–	(2)
	(91)	79
(Loss)/earnings per share from continuing operations (pence)		
Basic and diluted	(5.9)p	5.1p
From discontinued operations		
Earnings		
Profit for the year from discontinued operations (net of tax)	–	2
Earnings per share from discontinued operations (pence)		
Basic and diluted	–	0.1p

1. Restated for the effect of IFRS 16 – see note 3(u).
2. Excluding shares held by the Group's Employee Benefit Trust and accounted for as treasury shares (see note 35).

16. Acquisitions

During the year ended 31 December 2019 the Group invested £4m on acquisitions including the purchase of a small Cash Solutions business in the Netherlands (included in the Disposal Group held for sale as at 31 December 2019) and an additional £14m to acquire non-controlling interests primarily in a business in Europe and in two businesses in Latin America (2018: invested £2m in the acquisition of two minor Secure Solutions businesses in Asia and Europe & Middle East and paid £2m in respect of acquisitions completed in prior years).

During the prior year, the Group also re-negotiated shareholder agreements for certain joint ventures resulting in the Group obtaining control of these operations. The Group also committed to invest £21m in the acquisition of non-controlling interests in certain operations, primarily in Asia.

17. Disposals and closures

During the year ended 31 December 2019 the Group sold a parking management business in Estonia realising net cash consideration of £5m. This business did not generate any material Adjusted PBITA to the date of disposal (for the year ended 31 December 2018: £1m). The Group also received additional consideration of £15m (2018: £1m) and incurred costs of £12m (2018: £5m) relating to businesses disposed of or closed in prior years. The Group also recognised a receivable of £20m for the sale of shares in a business in Asia to one of its partners to strengthen its relationships in that country. In addition, as explained in note 24, on 26 February 2020 the Group agreed to sell the majority of its conventional cash businesses to Brink's.

In 2018 the Group sold nine businesses, including the Group's businesses in Hungary and the Secure Solutions business in the Philippines, its archiving business in Kenya and the Cash Solutions businesses in the United Arab Emirates, Colombia and Saudi Arabia, realising net cash consideration of £45m. The Group also closed a small number of minor operations during 2018, which together with the businesses sold generated Adjusted PBITA of £(9)m in 2018 up to the date of disposal or closure. In addition, during 2018 shareholder agreements were re-negotiated for certain joint ventures resulting in the Group obtaining control of these operations.

The loss on disposal/closure of subsidiaries/businesses of £7m (2018: £15m) includes a loss on disposal of fixed assets of £2m (2018: £nil) primarily relating to property sold in Europe. The net assets and net loss on disposal/closure of subsidiaries/businesses disposed of or closed were as follows:

	2019 £m	2018 Restated[1] £m
Goodwill	–	22
Property, plant and equipment	6	24
Other non-current assets	–	4
Current assets	2	51
Liabilities	(7)	(39)
Net assets of operations disposed/closed	1	62
Less: recycling from currency translation reserve	–	(1)
Less: movements in opening debtors/creditors in respect of prior year disposals[2]	12	–
Net impact on the consolidated statement of financial position due to disposals/closures	13	61
Loss on disposal/closure of subsidiaries/businesses	(5)	(15)
Total consideration	**8**	**46**
Satisfied by:		
Cash received	5	48
Disposal costs paid	–	(4)
Additional consideration received relating to disposals completed in prior years[2]	15	1
Additional costs paid relating to disposals completed in prior years	(8)	–
Net cash consideration received in the year	12	45
Deferred consideration receivable	–	6
Accrued disposal and other costs	(4)	(5)
Total consideration	**8**	**46**

1. Restated for the effect of IFRS 16 – see note 3(u).
2. Consideration received in 2019 includes £8m of cash received in respect of the collection of amounts due related to the disposal of the US Government Solutions business sold in 2014.

18. Intangible assets

2019	Acquisition-related intangible assets Goodwill £m	 Trademarks £m	 Customer-related £m	Non-acquisition-related intangible assets[1] £m	Total £m
Cost					
At 1 January 2019	**2,105**	**3**	**66**	**284**	**2,458**
Additions	**–**	**–**	**–**	**33**	**33**
Disposals	**–**	**–**	**–**	**(39)**	**(39)**
Acquisition of a subsidiary	**–**	**–**	**4**	**–**	**4**
Transfer to held for sale	**(231)**	**(3)**	**(6)**	**(14)**	**(254)**
Re-classifications	**–**	**–**	**–**	**(1)**	**(1)**
Exchange differences	**(62)**	**–**	**(4)**	**(6)**	**(72)**
At 31 December 2019	**1,812**	**–**	**60**	**257**	**2,129**
Accumulated amortisation and impairment losses					
At 1 January 2019	**(166)**	**(2)**	**(55)**	**(184)**	**(407)**
Amortisation charge	**–**	**(1)**	**(5)**	**(22)**	**(28)**
Impairments	**(291)**	**–**	**–**	**–**	**(291)**
Disposals	**–**	**–**	**–**	**39**	**39**
Transfer to held for sale	**10**	**3**	**3**	**12**	**28**
Exchange differences	**9**	**–**	**3**	**4**	**16**
At 31 December 2019	**(438)**	**–**	**(54)**	**(151)**	**(643)**
Carrying amount					
At 1 January 2019	**1,939**	**1**	**11**	**100**	**2,051**
At 31 December 2019	**1,374**	**–**	**6**	**106**	**1,486**

2018	Goodwill £m	Trademarks £m	Customer-related £m	Non-acquisition-related intangible assets[1] £m	Total £m
Cost					
At 1 January 2018	2,080	3	61	256	2,400
Additions	–	–	7	31	38
Disposals	(15)	–	–	(5)	(20)
Acquisition of subsidiaries	4	–	–	–	4
Re-classifications	1	–	–	–	1
Exchange differences	35	–	(2)	2	35
At 31 December 2018	2,105	3	66	284	2,458
Accumulated amortisation and impairment losses					
At 1 January 2018	(166)	(2)	(53)	(168)	(389)
Amortisation charge	–	–	(4)	(20)	(24)
Disposals	1	–	–	5	6
Exchange differences	(1)	–	2	(1)	–
At 31 December 2018	(166)	(2)	(55)	(184)	(407)
Carrying amount					
At 1 January 2018	1,914	1	8	88	2,011
At 31 December 2018	**1,939**	**1**	**11**	**100**	**2,051**

1. Non-acquisition-related intangible assets include internally generated software with a carrying amount at 31 December 2019 of £54m (1 January 2019: £45m), additions in the year of £17m (2018: £15m), re-classifications of £(1)m (2018: £nil) and amortisation of £7m (2018: £3m) that was recorded within Adjusted PBITA. Included in the carrying amount of internally generated software as at 31 December 2019 was £49m (2018: £40m) relating to the 'Javelin' ERP system as explained on page 45 and on page 249.

18. Intangible assets *continued*

Goodwill

A significant portion of the Group's goodwill was generated by the merger of the security services businesses of Group 4 Falck and Securicor in 2004, which was accounted for as an acquisition of Securicor by Group 4 Falck.

Goodwill impairment testing

The Group tests goodwill for impairment on an annual basis or more frequently if there are indications that it may be impaired. The Group's annual impairment test compares the carrying value of goodwill and other relevant non-current assets held by each cash-generating unit (CGU) with the recoverable amount of each CGU as at 31 December each year. An impairment is recognised when the recoverable amount of a CGU is less than the carrying value of goodwill and other relevant non-current assets.

Goodwill acquired in a business combination is allocated to the CGUs which are expected to benefit from that business combination. The Group has identified CGUs for goodwill impairment testing purposes on a country-level basis with each country divided into separate Cash Solutions and Secure Solutions CGUs where applicable. The CGUs are consistent with the way in which the Group's Chief Operating Decision Maker reviews performance.

The recoverable amount of a CGU is generally determined by its value in use which is derived from discounted cash flow calculations. The key inputs to the calculations are described below. If market prices can be ascertained (for example through recent transactions, by reference to normal industry standard multiples, or by using future forecast cash flows discounted to current value), and fair value less costs to sell exceeds the value in use, then fair value less costs to sell measured on a basis consistent with Level 3 of the fair value hierarchy is used to determine the recoverable amount (as described in note 3(g)).

Forecast cash flows

All operating countries in the Group produce a budget for the next financial year (i.e. for the year ending 31 December 2020) and forecasts for the four years following the budget year (i.e. for the years ending 31 December 2021 to 31 December 2024) for both their Secure Solutions and Cash Solutions businesses. The budgets and forecasts are reviewed at segment and group level, are approved by the Group's Chief Operating Decision Maker. The budgets and forecasts for the three years to 31 December 2022 are used in the Group's evaluation of its strategic plan. The budgets and forecasts form the basis of the estimated future cash flows used in the Group's impairment test.

The key assumptions that are made in determining the Group's budget and forecasts vary between CGUs. However, they typically include assumptions about the Group's ability to win and retain work (particularly as its existing contracts come to an end); the margins that will be achieved; and the Group's ability to control its fixed cost base. In making those assumptions, management assesses current run-rates, adjusted for known wins and losses and for expected changes in market conditions.

In undertaking the Group's impairment tests, the budgets and forecasts approved by the Group's Chief Operating Decision Maker are adjusted to the extent that events since they were developed (for example, the subsequent loss of contracts) indicate that they may no longer be achievable. In making such adjustments, particular attention is given to the final two years of the forecasts to ensure that the increased uncertainty inherent in the forecasts in later years and any additional risk affecting the forecast results for those years are adequately reflected.

Terminal values are projected by applying growth rates based on country-specific long-term inflation rates. Estimated future cash flows are discounted using country-specific risk-adjusted discount rates as described in the discount rate section.

Discount rates

The following key inputs are used to calculate country-specific discount rates for all CGUs:

Input	How determined	31 Dec 2019	31 Dec 2018
Risk-free rate (Group)	The Group's risk-free rate is based on the UK government's 20 year gilt/bond rates.	**1.22% in UK**	1.77% in UK
Adjusted risk-free rate (country specific)	Country-specific risk-free rates are derived for each CGU by adjusting the Group's risk-free rate for both the relevant inflation rate differential between the UK and that CGU's country and by applying an appropriate country-specific risk premium sourced primarily from the IMF and New York University websites as well as other studies by independent economists.	**1.6% in UK**	2.3% in UK
Unleveraged beta	Beta is a risk adjustment applied to the discount rate to reflect the risk of the Group's operating companies relative to the market as a whole. The Group's beta is estimated by performing an analysis of comparable multi-national listed companies and is adjusted for the appropriate leverage of the Group.	**0.75 for the Group**	0.75 for the Group
Debt margin	The Group applies a Group-wide debt margin to the country-specific risk-free rates to obtain a cost of debt for each CGU. The debt margin is determined by calculating the premium between the yield on a BBB- rated 15+ year UK benchmark bond and the UK risk-free rate.	**1.3% in UK**	1.3% in UK
Weighted-average cost of capital (pre-tax)	The weighted-average cost of capital is calculated by weighting the cost of equity and the cost of debt by the applicable debt to equity ratio at the year end.	**8.6% in UK**	9.5% in UK

CGUs with significant goodwill balances

Key information regarding the carrying amount and recoverable amount of goodwill and other non-current assets held within each of the Group's CGUs with significant goodwill balances and CGUs with goodwill that is particularly sensitive to reasonably possible changes in assumptions, is set out below (all amounts stated after the effect of impairments taken in the year):

	Goodwill 2019 £m	Goodwill 2018 £m	**Total carrying value (GW+NCA[1]) 2019 £m**	Total carrying value (GW+NCA[1,4]) 2018 £m	**Recoverable value 2019 £m**	Recoverable value[4] 2018 £m	**Headroom 2019 £m**	Headroom[4] 2018 £m
Brazil Secure Solutions[2]	**32**	70	**36**	73	**43**	87	**7**	14
US Commercial Security Solutions	**413**	430	**457**	435	**1,442**	968	**985**	533
Netherlands Secure Solutions	**72**	76	**89**	81	**170**	227	**81**	146
UK Central Government Services	**225**	225	**228**	227	**256**	417	**28**	190
UK Secure Solutions	**107**	107	**126**	121	**142**	232	**16**	111
UK Facilities Management	**39**	79	**55**	85	**55**	162	**–**	77
UK Business & Outsourcing Solutions	**65**	65	**74**	71	**87**	126	**13**	55
Netherlands Cash Solutions[3]	**N/A**	86	**N/A**	100	**N/A**	258	**N/A**	158
UK Cash Solutions[2]	**–**	205	**112**	296	**112**	334	**–**	38
Chile Secure Solutions	**9**	10	**11**	11	**13**	15	**2**	4
Greece Cash Solutions[2]	**8**	9	**15**	14	**16**	18	**1**	4
Estonia Secure Solutions[2]	**26**	26	**33**	30	**52**	68	**19**	38
Indonesia Secure Solutions	**21**	21	**21**	21	**30**	34	**9**	13
UAE Secure Solutions	**–**	12	**21**	13	**21**	38	**–**	25
Other[3] (all allocated)	**357**	518	**709**	840	**N/A**	N/A	**N/A**	N/A
Total carrying amount	**1,374**	1,939	**1,987**	2,418	**N/A**	N/A	**N/A**	N/A

1. Non-current assets (NCA) comprise tangible and intangible fixed assets, all with finite useful economic lives.
2. The recoverable values of Brazil Secure Solutions, Estonia Secure Solutions, Greece Cash Solutions, and UK Cash Solutions were determined using fair value less costs to sell (see below). The recoverable amounts of all other CGUs have been determined based on value in use.
3. Netherlands Cash Solutions and a number of entities within 'other' have been classified as held for sale as at 31 December 2019 and their goodwill balances transferred to assets of disposal groups held for sale. The carrying value of the assets and liabilities of disposal groups held for sale have been assessed for impairment as a whole as described in note 24.
4. Total carrying value, recoverable value and headroom for 2018 are all presented as prepared prior to applying IFRS 16. On adoption of IFRS 16 the Group recognised additional right-of-use assets of £361m, increasing the Group's total carrying value of goodwill and other NCA to £2,779m. The Group also recognised additional lease liabilities of £459m (see note 3(u) for details).

Of the above, management is not aware of any reasonably possible change in key assumptions that would result in the headroom being eroded to nil in respect of US Commercial Security Systems or Netherlands Secure Solutions. The recoverable amount of those CGUs was determined using value in use which was based on the following key assumptions:

	Discount rate **2019**	Discount rate 2018	Long-term growth rates **2019**	Long-term growth rates 2018	Key assumptions
US Commercial Security Solutions	**9.4%**	11.0%	**2.3%**	2.2%	Forecast cash flows based on 2020 budgets and plans for 2021 to 2024 which have been derived by management based on their knowledge of the past performance of the business adjusted for known or expected wins and losses of contracts and changes to the cost base of the business.
Netherlands Secure Solutions	**9.3%**	7.3%	**2.0%**	2.1%	Forecast cash flows based on 2020 budgets and plans for 2021 to 2024 which have been derived by management based on their knowledge of the past performance of the business adjusted for known or expected wins and losses of contracts and changes to the cost base of the business.

The following CGUs with material goodwill balances were identified for which either an impairment had been recorded in the year or for which headroom was sensitive to a reasonably possible change in key assumptions.

18. Intangible assets *continued*

Brazil Secure Solutions

The Brazil Secure Solutions CGU was acquired in 2012 and provides manned guarding, security and monitoring services and systems. The movement in goodwill during the year is set out below:

	2019 £m
Goodwill at 1 January	**70**
Impairment	**(35)**
Foreign exchange	**(3)**
Goodwill at 31 December	**32**

In June 2019, the Group re-assessed its expectations of the future performance of its Brazil Secure Solutions CGU in light of: a rapid and unforeseen decline in its performance reflecting continuing challenging trading conditions in that country; an adverse macro-economic environment affecting the CGU that is expected to continue for a prolonged period; and a step-change in the cost base of the businesses. Consequently, the Group recognised a goodwill impairment of £35m (2018: £nil) at 30 June 2019.

The recoverable amount of the Brazil Secure Solutions CGU at 31 December 2019 was £43m (2018: £87m) determined based on fair value less costs to sell. The fair value was estimated using a multiple of 10.0x (2018: 12.1x) applied to budgeted EBITDA for the year ended 31 December 2020, on an IAS 17 basis, of £4.3m (2018, based on the budget EBITDA for the year ended 31 December 2019: £7m) on the basis that doing so is consistent with the methods used for valuing similar businesses in market transactions and that the multiples available at 31 December 2018 and 2019 are predominantly based on IAS17 results. Since it relied primarily on unobservable inputs, the fair value measurement was categorised as a Level 3 measurement in accordance with the fair value hierarchy.

Management determined the multiple of 10.0x (2018: 12.1x) based on publicly available data about multiples obtained for recent support services transactions. A reduction in average multiples to 8.4x would result in the carrying value of the CGU equalling its recoverable amount. The budgeted EBITDA for 2020 was developed through a bottom-up process based on the closing run-rate of the business in 2019, adjusted to exclude the effect of one-off items incurred in 2019 and for known or expected changes in the business in 2020. In particular, the budget assumes that the business will be able to manage new contracts won in late 2019 and early 2020 profitably whilst maintaining tight control over its cost base. In the event that the business fails to achieve its budget, either by failing to generate sufficient revenue at suitable rates or because of further cost increases, then a reduction in budgeted EBITDA of £0.7m would result in the carrying value of the CGU equalling its recoverable amount. A decline in budgeted EBITDA of 50%, which management believes is reasonably possible in light of experience with the business in 2019, would result in a further impairment of goodwill of approximately £15m.

UK Central Government Services

The UK Central Government Services business provides services to the UK government including custody and detention, children's services, and immigration and border services. Goodwill was £225m at 31 December 2019 (2018: £225m). The recoverable amount of the CGU was determined based on its value in use which was calculated using forecast cash flows based on 2020 budgets and plans for 2021 to 2024, a discount rate of 8.7% (2018: 10.0%) and a long-term growth rate of 2.0% (2018: 0.0%). The value in use exceeded the carrying value of the CGU by £28m (2018: £190m).

A number of large contracts in UK Central Government Services will end within the next 3-4 years with the result that the business forecasts show a material decline in PBITA over the period 2020 to 2024 with the decline reflecting both forecast contract terminations and contracts that are expected to be re-bid at lower margins. If the anticipated decline in PBITA increased by approximately 6% then the headroom would be eroded to nil. The key assumptions underlying the cash flow forecasts are therefore the extent to which the business will be able to win new contracts, to renew or replace the contracts that are coming to an end and how any new contracts will be priced. That, in turn, is dependent on the UK Government's desire to outsource services and the extent to which it is willing to pass risk and returns to the private sector. Should the business fail to replace the contracts that are coming to an end with new or replacement contracts generating a sufficient margin then its goodwill will become impaired. In particular if, the business is unable to identify contracts that will generate a sufficient margin to replace the margin lost on contracts that come to an end over the next 3 years then it estimates that a goodwill impairment of between £20m and £30m will be appropriate within the next four years.

A reduction in PBITA by 10.5% (applied evenly to all years); a fall in inflation from 2.0% to 0.9%; or an increase in the discount rate from 8.7% to 9.8% all applied in isolation would result in the headroom reducing to nil.

UK Secure Solutions

The UK Secure Solutions business provides security services to UK corporations and events. Goodwill was £107m at 31 December 2019 (2018: £107m). The key assumptions supporting the value in use calculations are forecast cash flows based on 2020 budgets and plans for 2021 to 2024, a discount rate of 8.2% (2018: 8.8%) and a long-term growth rate of 2.0% (2018: 2.0%). The value in use exceeded the carrying value of the CGU by £16m (2018: £111m).

The value in use is particularly sensitive to changes in forecast cash flows which, in turn, are driven by assumptions around PBITA margins. Performance in the UK Secure Solutions CGU has been subdued in 2019 reflecting a reduction in revenue and gross margin in light of challenging market conditions coupled with an increase in administration expenses in the year following the implementation of a new operational, HR and finance system. The forecasts assume a return to revenue growth over the period to 2024 with revenue forecast to grow on average 5.6% p.a. over that period and PBITA margin anticipated to increase by an average of 0.3% p.a. Should the business fail to return to the more usual PBITA margin that is included in the forecast, or the forecast revenue growth fail to materialise, then the headroom would decline. In particular, should the average annual growth in PBITA margins fall to 0.2% p.a. (spread evenly across all years) or the average increase in revenue fall to 2.9% (spread evenly across all years), then the headroom will be reduced to nil. If the business achieved no future growth in PBITA beyond that included in the 2020 budget, which management believes to be reasonably possible, an impairment of £64m would arise.

UK Facilities Management

The UK Facilities Management business provides facilities management services including cleaning, catering, maintenance and other management services to schools, hospitals and other customer sites across the UK. The business recorded a goodwill impairment of £40m (2018: £nil) during 2019 reducing the goodwill held by that CGU from £79m to £39m. The impairment primarily reflects the unexpected loss of a major contract in late 2019 which represents a significant decline in the scale of that business.

The key assumptions supporting the value in use calculations are forecast cash flows for 2020 to 2024, a discount rate of 8.2% (2018: 10.0%) and a long-term growth rate of 2.0% (2018: 2.0%). The forecast cash flows are based on PBITA forecasts which have been derived by assuming that existing contracts at 31 December 2019 will continue to be renewed unless the business has been notified of their loss or termination and that revenue and profit will increase in line with UK inflation.

An increase in the discount rate to 9.2%, which management believes to be reasonably possible, would result in an additional impairment being recorded of £13m; a decrease in the long term growth rate to 0% would increase the impairment by £19m; and assuming that there will be no growth in PBITA beyond 2022 (instead of inflationary growth of between 2.0% and 3.0% p.a. in 2022-2024 and 2.0% thereafter) would increase the impairment by £24m.

UK Business and Outsourcing Solutions

The UK Business and Outsourcing Solutions business provides specialist support to the UK public on behalf of the UK Government in areas such as employment and pensions. Goodwill was £65m at 31 December 2019 (2018: £65m). The key assumptions supporting the value in use calculations are forecast cash flows, a discount rate of 8.2% (2018: 8.9%) and a long-term growth rate of 2.0% (2018: 2.0%). The forecast cash flows are based on PBITA forecasts which have been derived by assuming that existing contracts at 31 December 2019 will continue to be renewed unless the business has been notified of their loss or termination and that revenue and profit will increase in line with UK inflation.

The headroom within the value in use calculation of £13m would be eroded to nil if discount rates were increased to 9.1% or the terminal growth rate was reduced to 0.9%, or if PBITA in each of the years to 2024 was reduced by 15%. An increase of the discount rate to 9.2%, which management believe to be reasonably possible, would result in an impairment of £1m. A reduction in terminal growth rates to 0% would result in an impairment of £8m.

UK Cash Solutions

The UK Cash Solutions business is the UK's leading provider of integrated cash management solutions, providing services including transporting, processing and securing cash. A goodwill impairment of £205m (2018: £nil) in respect of the UK Cash Solutions business was recorded during 2019, reducing the goodwill held by the CGU to £nil. Whilst the business continues to believe that cash in the UK will continue to represent a material proportion of transactions for the foreseeable future and that the business is well placed to exploit new opportunities as the market evolves, the impairment reflects a steeper decline in UK cash volumes during the second half of 2019 than had previously been anticipated, the nature of the Group's fixed cash distribution network in the UK and revised expectations about the timing of new contract wins and wider reform in the UK Cash market.

The recoverable amount of the UK Cash Solutions CGU at 31 December 2019 was £112m (2018: £268m) determined using fair value less costs to sell. The fair value was estimated using discounted cash flow forecasts for the next five years, and a terminal value based on the year-five forecast, on the basis that a market transaction would not be priced with reference to a multiple given the volatility in the results of the business over recent years (2018: by applying a multiple to budgeted PBITA). The key assumptions used in determining the forecast profit for the years 2020 to 2024 were that revenue and PBITA would continue to decline in respect of existing business at a rate of 1.5% and 4.5% p.a. respectively and that the reductions would be compensated, in part, by new contract wins that would give rise to annual PBITA of approximately £4m p.a. by 2024. The terminal value was based on a growth rate of 0.0% applied to the 2024 PBITA and a post-tax discount rate of 7.0%. Since the valuation relied upon inputs that were not observable, it was classified as a Level 3 valuation in accordance with the fair value hierarchy.

The fair value is sensitive to changes in the key assumptions. In particular, if the new sales forecast in 2020 to 2024 failed to materialise then an additional impairment of approximately £46m would be required to the other non-current assets within the CGU. Similarly, if the terminal growth rate was reduced to -4.5% then an additional impairment of £49m would be applied to the non-current assets of the CGU. An increase in discount rate to 8.0% would result in an additional impairment of £19m to other non-current assets.

UAE Secure Solutions

The UAE Secure Solutions business provides security services to business and government owned entities in the UAE. The business recorded a goodwill impairment of £11m (2018: £nil) during 2019, fully impairing the goodwill held by the CGU. The impairment arose primarily because of the unexpected loss of a major contract in late 2019 resulting in a material contraction in the scale of that business in the year.

The key assumptions supporting the value in use calculations are forecast cash flows for 2020 to 2024, a discount rate of 8.0% (2018: 9.0%) and a long-term growth rate of 2.1% (2018: 1.9%). The forecast cash flows are based on PBITA forecasts which have been derived by applying the actual PBITA margin that the business achieved in 2019 of 2.1% to forecast revenues.

An increase in the discount rate to 9.0% would result in an additional impairment of non-current assets being recorded of £3m; a decrease in the long-term growth rate to 0% would increase the impairment by £5m; assuming that there will be no growth in PBITA beyond 2021 (which shows the lowest PBITA in the forecast period) would increase the impairment by £8m.

18. Intangible assets *continued*

Chile Secure Services

The Chile Secure Solutions business provides security services within Chile. Goodwill was £9m at 31 December 2019 (2018: £10m). The key assumptions supporting the value in use calculations are forecast cash flows based on 2020 budgets and plans for 2021 to 2024, a discount rate of 10.4% (2018: 12.8%) and a long-term growth rate of 3.0% (2018: 3.0%). The value in use exceeded the carrying value of the CGU by £2m.

The value in use is particularly sensitive to changes in forecast cash flows which, in turn, are driven by assumptions around PBITA margins. The business environment in Chile has been challenging in recent years which has resulted in the loss of some key contracts and increased severance costs as a result. If the business is unable to restore its margins to more normal levels over the course of the coming years either because of winning contracts at margins that are too low or because of failing to adequately control its cost base then the headroom will become eroded to nil. In particular, if the increase in PBITA margin between 2020 and 2024 reduces from 1.5% to 1.1% then the headroom will become eroded to nil. Similarly, an increase in the discount rate to 11.2% or a decrease in the long term growth rate to 2.0% would result in the headroom becoming eroded to nil. A reduction in the terminal growth rate to 0.0% or recording no future growth in PBITA, both of which management believes to be reasonably possible, would result in an impairment of goodwill in Chile of £2m and £8m respectively.

Estonia Secure Solutions

Following the disposal of the parking management business in Estonia in early 2019, the Estonia CGU focusses on the provision of manned guarding and monitoring systems within Estonia. Goodwill was £26m at 31 December 2019 (2018: £26m). The recoverable amount of £52m has been based on fair value less costs to sell in 2019, since that was greater than its value in use, calculated using a Level 3 measure by applying a multiple of 10.0x to budgeted 2020 EBITDA.

The multiple of 10.0x was determined with reference to management's experience of other recent transactions combined with publically available data about recent global transactions in security and business services. A fall in the multiple to 6.3x would result in the headroom becoming eroded to nil. The budgeted EBITDA for 2020 was developed through a bottom-up process based on the closing run-rate of the business in 2019. In the event that the business fails to achieve its budget, then a reduction in budgeted EBITDA of £2m would result in the carrying value of the CGU equalling its recoverable amount. A decline in budgeted EBITDA of 50%, which management believes is reasonably possible in light of experience with the Brazil CGU in 2019, would result in an impairment of goodwill of approximately £7m.

Greece Cash Solutions

The Greece Cash Solutions CGU provides Cash Solutions services in Greece and did not form part of the Cash Solutions sale to Brink's. Goodwill was £8m at 31 December 2019 (2018: £9m). The recoverable amount of £16m has been based on fair value less costs to sell in 2019, since that was greater than value in use, calculated using a Level 3 measure by applying a multiple of 10.8x to budgeted 2020 PBITA.

The multiple of 10.8x was determined with reference to the recent Brink's transaction. A fall in the multiple to 10.1x would result in the headroom becoming eroded to nil. A fall in the multiple to 8.0x, which management believe would be reasonably possible, would result in an impairment of £2m. The budgeted PBITA for 2020 was developed through a bottom-up process based on the closing run-rate of the business in 2019. In the event that the business fails to achieve its budget then a reduction in budgeted PBITA of £0.1m would result in the carrying value of the CGU equalling its recoverable amount. A decline in budgeted PBITA of 50%, which management believes is reasonably possible in light of experience with the Brazil CGU in 2019, would result in a further impairment of goodwill of approximately £6m.

Indonesia Secure Solutions

The Indonesia Secure Solutions CGU reported goodwill of £21m (2018: £21m). The key assumptions supporting the value in use calculations are forecast cash flows based on 2020 budgets and plans for 2021 to 2024, a discount rate of 11.0% (2018: 13.3%) and a long-term growth rate of 3.0% (2018: 3.0%). The value in use exceeded the carrying value of the CGU by £9m. An increase in the discount rate to 13.4% or a decline in the growth rate to 0.0% in isolation would reduce the headroom to nil.

The value in use calculation is particularly sensitive to the business' ability to achieve its 2020 budget which is, in turn, dependent on the business being able to return margins to the levels achieved prior to 2019 during which operational issues led to PBITA being suppressed. If it is unable to return PBITA to levels consistent with those achieved prior to 2019 then the goodwill may become impaired. In particular, if the forecast growth in 2020 falls by 29% then the headroom will become eroded to nil. If 2020 growth is halved then a goodwill impairment of £6m would arise.

Other CGUs – in aggregate

In total, the rest of the Group's CGUs reported goodwill of £357m (2018: £518m) which is supported by value in use calculations for each individual CGU. Management consider it reasonably possible that overall discount rates could increase by an average of up to 3%, and if this applied to all other CGUs at the same time then an additional impairment in aggregate of £3m would arise. Management also consider it reasonably possible that overall growth rates could decrease by an average of up to 3%. If long-term growth rates reduced by 3% in all other CGUs at the same time then an additional impairment in aggregate of approximately £2m would arise. The value in use calculations are potentially sensitive to changes in forecast PBITA. Management considers it reasonably possible that forecast PBITA could decrease by an average of 15% across all of the remaining CGUs. If a 15% decline were applied to all CGUs across the portfolio for all years then an additional impairment in aggregate of approximately £1m would arise.

Impact of Covid-19 on the Group's forecasts for goodwill impairment testing

As described in note 39, the Covid-19 pandemic has affected large parts of the world since 31 December 2019. Whilst Covid-19 is primarily a public health emergency, it has had very significant consequential effect on global and national economies resulting in an unprecedented reaction from governments and regulators. At this stage, it is impossible to predict a reasonably possible effect of Covid-19 on the assumptions used in the Group's goodwill impairment tests. However, if the worst long-term predictions of the effects of Covid-19 on the global economy were to materialise, it may result in a material impairment of the Group's goodwill balances.

19. Property, plant and equipment

2019	Land and buildings – purchased £m	Land and buildings – leased (RoU asset) £m	Equipment and vehicles – purchased £m	Equipment and vehicles – leased (RoU asset) £m	Total £m
Cost					
At 1 January 2019 – restated[1]	230	801	686	359	2,076
Additions	6	37	84	45	172
Disposals	(14)	(230)	(59)	(71)	(374)
Re-measurement of right-of-use (RoU) assets	–	3	–	–	3
Acquisition of a subsidiary	1	–	5	1	7
Transferred to held for sale	(78)	(122)	(221)	(59)	(480)
Re-classifications	(7)	4	(3)	(9)	(15)
Exchange differences	(7)	(26)	(29)	(13)	(75)
At 31 December 2019	131	467	463	253	1,314
Accumulated depreciation and impairment losses					
At 1 January 2019 – restated[1]	(112)	(544)	(458)	(234)	(1,348)
Depreciation charge	(11)	(67)	(68)	(58)	(204)
Disposals	14	223	47	65	349
Acquisition of a subsidiary	(1)	–	(4)	–	(5)
Transferred to held for sale	50	76	156	38	320
Re-classifications	6	(2)	7	11	22
Exchange differences	5	17	22	9	53
At 31 December 2019	(49)	(297)	(298)	(169)	(813)
Carrying amount					
At 1 January 2019 – restated[1]	118	257	228	125	728
At 31 December 2019	82	170	165	84	501

1. Restated for the effect of IFRS 16 – see note 3(u).

19. Property, plant and equipment *continued*

2018	Land and buildings – purchased Restated[1] £m	Land and buildings – leased (RoU asset) Restated[1] £m	Equipment and vehicles – purchased Restated[1] £m	Equipment and vehicles – leased (RoU asset) Restated[1] £m	Total Restated[1] £m
Cost					
At 1 January 2018 – as reported	246	–	814	–	1,060
Impact of adoption of IFRS 16[1]	(4)	737	(116)	316	933
At 1 January 2018 – restated[1]	242	737	698	316	1,993
Additions	10	69	73	68	220
Disposals	(10)	(26)	(92)	(30)	(158)
Acquisition of a subsidiary	3	16	5	1	25
Transferred to held for sale	(17)	–	(2)	–	(19)
Re-classifications	–	–	(4)	1	(3)
Re-measurement of right-of-use assets	–	(2)	–	–	(2)
Exchange differences	2	7	8	3	20
At 31 December 2018	230	801	686	359	2,076
Accumulated depreciation and impairment losses					
At 1 January 2018 – as reported	(109)	–	(556)	–	(665)
Impact of adoption of IFRS 16[1]	–	(466)	94	(194)	(566)
At 1 January 2018 – restated[1]	(109)	(466)	(462)	(194)	(1,231)
Depreciation charge	(12)	(88)	(70)	(61)	(231)
Disposals	5	19	79	24	127
Impairment	(2)	–	–	–	(2)
Acquisition of a subsidiary	(1)	(4)	(3)	–	(8)
Transferred to held for sale	8	–	2	–	10
Re-classifications	–	–	5	–	5
Exchange differences	(1)	(5)	(9)	(3)	(18)
At 31 December 2018[1]	(112)	(544)	(458)	(234)	(1,348)
Carrying amount					
At 1 January 2018[1]	133	271	236	122	762
At 31 December 2018[1]	**118**	**257**	**228**	**125**	**728**

1. Restated for the effect of IFRS 16 – see note 3(u).

The net book value of equipment and vehicles includes £26m (2018: £26m) of assets leased by the Group to third parties under operating leases. Accumulated depreciation on these assets was £28m (2018: £27m) and the depreciation charge for the year was £8m (2018: £8m).

20. Investment in joint ventures

The following summarised aggregate financial information represents the Group's interest in joint ventures that are not material to the Group, based on the amounts reported in the Group's consolidated financial statements:

	2019 £m	2018 £m
Carrying amount of interests in joint ventures	**8**	8
Group's share of:		
Profit from continuing operations	**5**	7
Total comprehensive income	**5**	7

21. Inventories

	2019 £m	2018 £m
Raw materials	8	9
Work in progress	15	14
Finished goods including consumables	86	90
Total inventories	**109**	113

22. Investments

Investments of £69m (2018: £65m) comprise mainly listed securities and certificates of deposit stated at fair value based on quoted market prices consistent with Level 1 of the valuation hierarchy as explained in note 3(g). These amounts include £43m (2018: £41m) held by the Group's wholly-owned captive insurance subsidiaries where use of the investments is restricted to the settlement of claims against those subsidiaries.

23. Trade and other receivables

	Notes	2019 £m	2018 Restated[1] £m
Within current assets			
Accrued income	5	212	231
Trade debtors	5	948	1,065
Loss allowance	5	(46)	(55)
Receivables from customers in respect of cash-processing operations	25	1	6
Other debtors		91	96
Net investment in finance leases		14	14
Prepayments		49	60
Amounts due from construction contract customers	5	18	14
Derivative financial instruments at fair value	29	–	1
Total trade and other receivables included within current assets		**1,287**	1,432
Within non-current assets			
Derivative financial instruments at fair value	29	8	43
Net investment in finance leases		19	27
Other debtors		30	31
Total trade and other receivables included within non-current assets		**57**	101

1. Restated for the effect of IFRS 16 – see note 3(u).

23. Trade and other receivables *continued*

Credit risk on trade receivables

The Group's customers are both large in number and dispersed geographically in around 90 countries. The Group performs various services to a number of UK Government agencies which, in total, comprised approximately 6% of the total trade debtor balance as at 31 December 2019 (2018: 6%). The Group considers these individual Government agencies to be separate customers due to the limited economic integration between each agency. Management is therefore satisfied that across the Group's total trade debtors as at 31 December 2019 there is no significant concentration risk. Group companies are required to follow the Group Finance Manual guidelines with respect to assessing the credit-worthiness of potential customers. These guidelines include processes such as obtaining approval for credit limits over a set amount, performing credit checks and assessments and obtaining additional security where required.

Credit terms vary across the Group and can range from 0 to 90 days to reflect the different risks within each country in which the Group operates.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other contract assets (being unbilled work in progress).

To measure the expected credit losses, trade receivables and other contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of at least 36 months before the end of the relevant reporting year and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors that the Group considers would affect the ability of its customers to settle the receivables. The Group has identified the GDP rates of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in GDP rates. Management does not consider that a reasonably possible change in the estimation of expected credit losses would have a material impact on the results of the following year.

On that basis, the loss allowance was determined as follows for both trade receivables and other contract assets:

	Current £m	1-30 days overdue £m	31-60 days overdue £m	61-180 days overdue £m	Over 181 days overdue £m	Total £m
Expected loss rate	**0.1%**	**0.8%**	**2.2%**	**3.8%**	**67.2%**	**3.9%**
Gross carrying amount – trade receivables and other contract assets (see note 5)	**891**	**128**	**45**	**53**	**61**	**1,178**
Loss allowance 31 December 2019	**(1)**	**(1)**	**(1)**	**(2)**	**(41)**	**(46)**

	Current £m	1-30 days overdue £m	31-60 days overdue £m	61-180 days overdue £m	Over 181 days overdue £m	Total £m
Expected loss rate	0.1%	0.7%	2.0%	4.7%	61.3%	4.2%
Gross carrying amount – trade receivables and other contract assets (see note 5)	979	138	49	64	80	1,310
Loss allowance 31 December 2018	(1)	(1)	(1)	(3)	(49)	(55)

The closing loss allowance for trade receivables and other contract assets as at 31 December 2019 reconciles to the opening loss allowance as follows:

	2019 £m	2018 £m
At 1 January	**(55)**	(61)
Increase in loss allowance	**(14)**	(14)
Amounts written off during the year	**13**	15
Unused amounts reversed[1]	**6**	5
Transfer to assets held for sale (see note 24)	**2**	–
Exchange differences	**2**	–
At 31 December	**(46)**	(55)

1. In 2019, unused amounts reversed included a £3m reversal relating to amounts recovered in the US that was recorded in specific items. Unused amounts reversed in 2018 included £2m relating to discontinued operations, refer to note 7.

The Group does not hold any collateral over these balances. The Group's DSO measure (days' sales outstanding) for continuing operations based on revenue from the last 90 days of the year is 54 days (2018: 55 days).

24. Disposal groups classified as held for sale

On 13 December 2018, the Group announced that it was reviewing options for separating its Cash Solutions business and, on 9 August 2019, announced that it had approved the separation of the Cash Solutions business from the Group, setting in train plans for the demerger of Cash Solutions in H1 2020. During the remainder of 2019, the Group substantially completed the work necessary to allow the legal and physical separation of the Cash Solutions businesses from the Group. The Group also announced that it had received a number of unsolicited expressions of interest in all or part of the Cash Solutions business that it was evaluating.

On 26 February 2020 the Group announced that it had reached an agreement to sell the majority of its conventional cash businesses to Brink's (the "Transaction") for consideration of approximately £670m.

The Transaction is the outcome of a comprehensive engagement with third parties that ran in parallel with demerger preparations during 2019. This dual-track process was designed to maximize shareholder value, having due regard for the interests of all G4S's stakeholders including customers, pension schemes' members and employees and was well advanced at 31 December 2019. Consequently, the Group has classified the conventional cash businesses subject to the Transaction as being held for sale at 31 December 2019.

The entities subject to the Transaction comprise principally all of the Group's cash in transit and cash-processing businesses in Belgium, Cyprus, Czech Republic, Dominican Republic, Hong Kong, Indonesia, Ireland, Malaysia, Netherlands, Romania, the Baltic States, Kuwait, Luxembourg, Macau and the Philippines, and the Group's international logistics business. Revenue from businesses in the Disposal Group was £623m (2018: £575m) and Adjusted PBITA was £75m (2018: £68m) after attributable overheads of £7m (2018: £7m). Revenue and Adjusted PBITA of the businesses subject to the Transaction are analysed on page 69.

As the disposal does not represent the Group's exit from providing cash in transit or cash-processing operations, the businesses subject to the disposal have not been presented as discontinued operations. Nevertheless, the assets and liabilities reported by the Disposal Group have been separately presented within assets and liabilities of disposal groups held for sale in the consolidated statement of financial position, with a full balance sheet for the Disposal Group provided below.

As at 31 December 2018, Disposal Groups classified as held for sale related to a minor operation in Asia, which was sold in January 2019, and assets classified as held for sale related to property located in Europe which was sold during 2019. The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2019 £m	2018 £m
Assets		
Goodwill	221	–
Acquisition-related intangible assets	3	–
Property, plant and equipment and non-acquisition-related intangible assets	161	9
Deferred tax assets	18	–
Trade and other receivables[1]	122	–
Inventories	6	–
Cash and cash equivalents	203	–
Comprising:		
Cash at bank and at hand	129	–
Stocks of money within cash processing operations[2]	41	–
Cash in ATMs	33	–
Total assets of disposal groups classified as held for sale	734	9
Liabilities		
Trade and other payables[2]	(136)	(1)
Lease liabilities	(77)	–
Bank loans	(1)	–
Retirement benefit obligations	(57)	–
Provisions	(8)	–
Deferred tax liability	(1)	–
Total liabilities of disposal groups classified as held for sale	(280)	(1)
Net assets of disposal groups	454	8

1. Net of trade receivable loss allowance of £2m (2018: £nil).
2. Trade and other payables includes £41m (2018: £nil) of cash processing liabilities related to stocks of money held within cash-processing operations.

The Disposal Group was tested for impairment at the date of classification as held for sale and the Group determined that the Disposal Group's fair value less costs to sell was in excess of its carrying value and therefore no impairment was required.

25. Cash, cash equivalents and bank overdrafts

The Group's Cash Solutions businesses provide a range of cash handling and processing services on behalf of customers. These services include the collection, segregated storage and delivery of customer cash, with title to the cash handled remaining with the customer throughout the process. The cash involved in these services is never recorded in the Group's balance sheet.

A number of other cash-processing services are provided to customers, such as the sale and purchase of physical cash balances, and the replenishment of ATMs and similar machines from customer funds held in Group bank accounts. These funds, which are generally settled within two working days, are classified as "funds within cash-processing operations", along with the related balances due to and from customers in respect of unsettled transactions, and are included gross within the relevant balance sheet classifications as shown in the following table:

Funds within cash-processing operations	2019 £m	2018 £m
Stocks of money, included within cash and cash equivalents	**31**	59
Overdraft facilities related to cash-processing operations, included within bank overdrafts	**(13)**	(22)
Liabilities to customers in respect of cash-processing operations, included within trade and other payables	**(19)**	(43)
Receivables from customers in respect of cash-processing operations, included within trade and other receivables	**1**	6
Funds within cash-processing operations (net)	**–**	–

As at 31 December 2019, businesses with stocks of money of £41m; overdraft facilities of £3m and liabilities to customers of £44m were reported within the assets and liabilities of disposal groups held for sale (see note 24).

Whilst these cash and bank balances are not formally restricted by legal title, they are restricted by the Group's own internal policies to ensure that they are not used for the purposes of the Group's own operations. For the purposes of the Group's consolidated statement of cash flow, funds within cash-processing operations are therefore recorded net of the related balances due to and from customers in respect of unsettled transactions within cash, cash equivalents and bank overdrafts, and hence have no impact on the Group's statutory cash flow.

A reconciliation of cash, cash equivalents and bank overdrafts at the end of the year per the consolidated statement of financial position to the corresponding balances included within the consolidated statement of cash flow is as follows:

	2019 £m	2018 £m
Cash and cash equivalents in the consolidated statement of financial position	**745**	1,015
Bank overdrafts in the consolidated statement of financial position	**(367)**	(305)
Cash, cash equivalents and bank overdrafts included within disposal groups classified as held for sale	**203**	–
Total cash, cash equivalents and bank overdrafts	**581**	710
Add:		
Liabilities to customers in respect of cash-processing operations, included within trade and other payables	**(19)**	(43)
Receivables from customers in respect of cash-processing operations, included within trade and other receivables	**1**	6
Included within disposal group liabilities classified as held for sale	**(44)**	–
Cash, cash equivalents and bank overdrafts at the end of the year in the consolidated statement of cash flow	**519**	673

Cash and cash equivalents comprise principally short-term deposits, current account balances and Group-owned cash held in ATM machines. At 31 December 2019 cash and cash equivalents earned interest at a weighted-average rate of 1.37% (2018: 0.95%). The credit risk on cash and cash equivalents is limited because wherever possible, and in accordance with Group Treasury policy, the cash is placed with bank counterparties that hold investment grade credit ratings assigned by international credit-rating agencies.

Cash and cash equivalents of £82m (2018: £77m) are held by the Group's wholly-owned captive insurance subsidiaries. Their use is restricted to the settlement of claims against the Group's captive insurance subsidiaries.

26. Bank overdrafts, bank loans and loan notes

	2019 £m	2018 Restated[1] £m
Within current liabilities		
Bank overdrafts	**367**	305
Bank loans[1]	**22**	13
Loan notes	**56**	464
Total bank overdrafts, bank loans and loan notes included within current liabilities	**445**	782
Within non-current liabilities		
Bank loans[1]	**533**	299
Loan notes	**1,656**	1,533
Total bank overdrafts, bank loans and loan notes included within non-current liabilities	**2,189**	1,832

The table below sets out the details of Group's loan notes and bank loans all of which are measured at amortised cost.

	Currency	Amount	Maturity	Interest %	Carrying amount 2019 £m	Carrying amount 2018 Restated[1] £m
Private placement 2007[2]	USD	145m	Mar-19	5.96	**–**	114
Private placement 2007[2]	USD	105m	Mar-22	6.06	**85**	89
Private placement 2008	USD	74.5m	Jul-20	6.88	**56**	59
Private placement 2019	USD	162m	May-26	4.90	**122**	–
Private placement 2019	USD	188m	May-29	5.12	**141**	–
Total private loan notes					**404**	262
Public bond 2009	GBP	350m	May-19	7.75	**–**	350
Public bond 2016	EUR	500m	Jan-23	1.50	**422**	448
Public bond 2017[3]	EUR	500m	Jun-24	1.50	**423**	447
Public bond 2018	EUR	550m	May-25	1.88	**463**	490
Total public loan notes					**1,308**	1,735
Term credit facility	USD	350m	Aug-21	Floating	**264**	275
Revolving credit facility[4]	GBP	750m	Aug-24	Floating	**240**	–
Bridge facility	GBP	250m	Oct-20	Floating	**–**	–
Other bank loans[1]	Various	Various	Various	Floating	**51**	37
Total bank loans					**555**	312

1. As part of the Group's IFRS 16 conversion project, it identified lease-related balances of £8m (1 January 2018: £4m) that had previously been classified as other creditors but which would, more appropriately, be presented within 'other bank loans'. As a result, it has increased other bank loans at 31 December 2018 by £8m and decreased other creditors by the same amount with no effect on net assets.
2. $105m (2019: £79m, 2018: £82m) of private loan notes are held in a fair value hedge relationship and are re-measured to reflect the fair value of the hedged risk. The effect of this re-measurement was a cumulative £6m increase being included in the carrying amount shown above (2018: £7m). As at December 2018 $145m (£114m) of private loan notes were held in a fair value hedge relationship and re-measured to reflect the fair value of the hedged interest rate risk. The effect of this re-measurement was a cumulative £nil being included in the carrying amount shown above.
3. €100m (2019: £85m, 2018: £90m) of the May 2017 public bonds are held in a fair value hedge relationship and are re-measured to reflect the fair value of the hedged interest rate risk. The effect of this re-measurement was a cumulative £2m increase being included in the carrying amount shown above (2018: £1m).
4. Of the £750m revolving credit facility, £34m matures in August 2023 with the remaining £716m maturing in August 2024. As at 31 December 2019 the Group had drawn down £240m from the facility.

On 13 May 2019 the Group entered into a new US Private Placement Note Purchase Agreement. This comprises of: Series A senior notes representing $162m maturing 13 May 2026 and paying an annual coupon of 4.9% and Series B senior notes representing £188m maturing 13 May 2029 and paying an annual coupon of 5.12%. The Group also repaid £350m of GBP public bonds bearing interest rates of 7.75%, and US$145m of US private loan notes bearing interest rates of 5.96%. As at 31 December 2019 the Group had drawn down £240m from the RCF facility (2018: undrawn). In June 2019 the Group exercised an option to extend the term of £716m of the £750m RCF by a further year, taking it to 2024. In July 2019 the Group entered into a £300m bridge facility for 12 months with an option to extend for a further six months, amended in December 2019 to £250m with a 3 month extension so that final maturity, if the option is exercised, is October 2020. This was undrawn as at 31 December 2019.

The Group's average cost of gross borrowings, net of interest hedging and excluding lease liabilities, was 3.6% (2018: 3.9%).

Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the 2019 and 2018 reporting periods (see note 30 for details).

26. Bank overdrafts, bank loans and loan notes *continued*

Fair value

The carrying amount and fair value of loan notes are summarised in the table below. The carrying amount of bank overdrafts and other bank loans is not considered to be materially different to the fair value due to their short-term nature or due to loans being subject to floating interest rates.

	Level[1]	Carrying amount 2019 £m	Fair value 2019 £m	Carrying amount 2018 £m	Fair value 2018 £m
Public loan notes	1	**1,308**	**1,343**	1,735	1,729
Private loan notes	2	**404**	**414**	262	267

1. Fair value hierarchy level, as explained in note 3(g).

The fair values of the Group's public loan notes are determined using Level 1 inputs as explained in note 3(g). The fair values of Group's private loan notes are measured using techniques consistent with Level 2 of the valuation hierarchy and are calculated using discounted cash flow models. The relevant currency-yield curve is used to forecast the floating-rate cash flows anticipated under the instrument, which are discounted back to the balance sheet date.

Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 30.

27. Leases

Lessee arrangements

The Group has a large number of leases dispersed geographically in around 80 countries. Approximately two thirds of the Group's lease liabilities relate to properties and the other third relates to vehicles and equipment. The majority of the Group's leases have a lease term between 1 and 5 years.

The balance sheet shows the following lease liabilities:

	2019 £m	2018 Restated[1] £m
Lease liabilities:		
Current	**89**	154
Non-current	**221**	332
Total	**310**	486

1. Restated for IFRS 16, see note 3(u).

The maturity analysis of lease liabilities is disclosed in note 30. The analysis of right-of-use assets including additions and depreciation is set out in note 19. The interest expense in relation to lease liabilities is disclosed in note 12. The expenses in relation to short-term leases and leases of low-value assets are set out in note 9. The total cash outflow for leases was £196m (2018: £209m).

Extension and termination options are included in a number of leases across the Group. These options offer additional flexibility in the use of assets for the Group's operations. Extension or termination options are included in the lease term if the lease is reasonably certain to be extended or terminated. Extension or termination options and, to a lesser extent, future variable lease payments not included in the measurement of lease liabilities amounted to £20m (2018: £19m).

Lessor arrangements

The Group acts as a lessor in a limited number of arrangements. These mainly relate to the lease of smart safes, cash recycling equipment, and right-of-use assets related to those assets leased to the Group's customers. Where it acts as a lessor, the Group assesses whether the lease to its customer is a finance or operating lease based on whether substantially all of the risks and rewards incidental to ownership of the underlying asset, or right-of-use asset as applicable, transfer to the customer. The discounted future cash flows expected to be received from assets leased out under finance leases are recognised as net investment in finance leases. At 31 December 2019 the net investment receivable from finance leases was £33m (2018: £41m, see note 23). The main movements in the net investment in finance leases were amounts received of £13m (2018: £14m) and new leases of £8m (2018: £12m). The maturities of the undiscounted lease payments are set out in the following table:

	2019 £m	2018 Restated[1] £m
Less than one year	**13**	12
Between one and two years	**10**	15
Between two and three years	**6**	9
Between three and five years	**4**	6
Interest	**(2)**	(2)
Net investment receivable from finance leases	**31**	40

The Group also recognised £8m (2018: £8m) of income from operating leases. The maturities of the undiscounted payments to be received for operating leases are as follows:

	2019 £m	2018 Restated[1] £m
Less than one year	**7**	8
Between one and two years	**6**	7
Between two and three years	**1**	5

28. Trade and other payables

	Notes	2019 £m	2018 Restated[1] £m
Within current liabilities			
Trade creditors		**201**	242
Amounts due to construction-contract customers	5	**2**	2
Other taxation and social security costs		**169**	198
Holiday pay and other wage-related accruals		**338**	358
Liabilities to customers in respect of cash-processing operations	25	**19**	43
Other creditors[2]		**80**	86
Other accruals		**212**	233
Deferred income	5	**58**	71
Total trade and other payables included within current liabilities		**1,079**	1,233
Within non-current liabilities			
Derivative financial instruments at fair value	29	**32**	11
Deferred income	5	**4**	15
Other creditors[2]		**5**	5
Total trade and other payables included within non-current liabilities		**41**	31

1. Restated for the effect of IFRS 16 – see note 3(u).
2. As part of the Group's IFRS 16 conversion project, amounts of £7m (1 January 2018: £4m) were identified that had previously been classified as other creditors but which would have more appropriately been included within 'other bank loans'. As a result, other bank loans at 31 December 2018 have increased by £7m and other creditors have decreased by the same amount with no effect on net assets. The decrease reduced other creditors within current liabilities at 31 December 2018 by £1m and within non-current liabilities by £6m.

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases for continuing operations is 38 days (2018: 39 days).

29. Derivative financial instruments

The carrying values of derivative financial instruments at the balance sheet date are presented below:

	Assets 2019 £m	Liabilities 2019 £m	Assets 2018 £m	Liabilities 2018 £m
Interest rate swaps – fair value hedges	**8**	**–**	9	–
Interest rate swaps – not in a hedging relationship	**–**	**–**	–	1
Cross currency swaps – cash flow hedges	**–**	**32**	35	–
Cross currency swaps – net investment hedges	**–**	**–**	–	10
Total	**8**	**32**	44	11
Current portion	**–**	**–**	1	–
Non-current portion	**8**	**32**	43	11
Total	**8**	**32**	44	11

Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. The Group's exposure to financial risk includes: interest rate risk on the Group's variable rate borrowings; fair value risk on the Group's fixed rate borrowings; and foreign exchange risk on transactions, including translation of the Group's results and net assets measured in foreign currencies. The Group can manage these risks using a range of derivative financial instruments but mainly employs interest rate swaps and cross currency interest rate swaps.

Derivatives are presented as current assets or liabilities to the extent they are to be settled within 12 months after the end of the reporting period. Changes in the fair value of derivative instruments that are not designated or do not qualify for hedge accounting are recognised in the consolidated income statement immediately.

The Group's hedge accounting policy is set out in note 3(g). Further information about the derivatives used by the Group is provided in note 30.

29. Derivative financial instruments *continued*

Fair value

Derivative financial instruments are stated at fair value, measured using techniques consistent with Level 2 of the valuation hierarchy as explained in note 3(g). Their fair values are calculated using discounted cash flow models. The relevant currency yield curve is used to forecast the floating rate cash flows anticipated under the instrument, which are discounted back to the balance sheet date and finally adjusted to allow for any relevant credit risk.

Hedging reserves

The hedging reserves include the cash flow hedge reserve and the cost of hedging reserve. The cash flow hedge reserve records the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. The cost of hedging reserve includes the deferred currency basis spread from cross currency interest rate swaps used for cash flow hedging and also the deferred currency basis spread and forward points from cross currency interest rate swaps used for net investment hedging. Amounts accumulated in these reserves are re-classified to the consolidated income statement in the periods in which the hedged item affects the consolidated income statement (see note 3(g)).

The cost of hedging reserve is comprised of the amount deferred from cash flow hedges net of tax, which was a loss of £3m (2018: £nil) and the amount deferred from net investment hedges, which was a loss of £6m (2018: £3m).

The Group's hedging reserves are disclosed in note 35 and are analysed in detail below:

	Cost of hedging reserve 2019 £m	**Cash flow hedge reserve 2019 £m**	**Total hedging reserves 2019 £m**	Cost of hedging reserve 2018 £m	Cash flow hedge reserve 2018 £m	Total hedging reserves 2018 £m
At 1 January	**(3)**	**12**	**9**	–	–	–
Add: change in fair value[1]	**(7)**	**(66)**	**(73)**	(4)	32	28
Less: transferred to income statement[2]	**–**	**60**	**60**	–	(17)	(17)
Less: deferred tax	**1**	**2**	**3**	1	(3)	(2)
At 31 December	**(9)**	**8**	**(1)**	(3)	12	9

1. Recognised in other comprehensive income.
2. The amount transferred to the consolidated income statement was offset by an equal and opposite foreign exchange movement arising on the hedged loan notes so that the net impact on the consolidated income statement was £nil.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship and periodically thereafter on a qualitative basis throughout the life of the hedge relationship. The qualitative assessment identifies whether any sources of ineffectiveness have been introduced.

The qualitative assessment is performed by verifying and documenting whether an economic relationship between the hedged item and the hedging instrument continues to exist and that the effect of credit risk does not dominate value changes that result from the economic relationship. Additionally, the assessment verifies that the hedged ratio remains the same as that resulting from the quantity of the hedged item that the entity hedges and quantity of the hedging instrument that entity uses to hedge the quantity of hedged item. Assuming there are no changes to the terms of the hedging instrument/hedged item, and/or to the risk management policies and objectives, the hedge will be considered to be highly effective.

Cross currency interest rate swaps

The Group uses the cumulative dollar offset method to assess the effectiveness of its hedges. This method calculates the ratio of the cumulative changes in the fair value of the hedging instrument (excluding credit risk and excluding currency basis spread), divided by the cumulative changes in fair value of the hypothetical derivative (which does not include credit risk or currency basis) attributable to changes in the hedged risk. The hypothetical derivative is used as a proxy for the net present value of the hedged future cash flows of the hedged item and would result in the hedging instrument perfectly hedging the hedged risk based on market prices at the date of designation.

Potential sources of ineffectiveness:

- Cash flow hedging – Potential changes in the actual settlement date (timing) and/or settlement amount could result in hedge ineffectiveness.
- Net investment hedging – Potential changes in the carrying amount of the hedged asset (particularly impairment) may result in the asset becoming over-hedged. G4S does not anticipate such impairments but reviews such arrangements on a periodic basis to ensure no over-hedging exists.
- Credit risk – Credit risk exists in the hedging instrument, but not in the hedged item. Credit risk is not anticipated to be of a magnitude such that it dominates fair value changes.

There was no ineffectiveness recorded during 2019 or 2018 in relation to cross currency swaps.

Interest rate swaps

The hedging instrument is carried at its fair value with any changes in fair value taken to the income statement. The change in fair value of the hedged risk, as measured by the change in fair value of hedged cash flows attributable to changes in the base currency LIBOR curve, adjusts the carrying amount of the debt and is also recorded in the income statement.

The net effect recorded in the consolidated income statement for 2019 was £nil (2018: £nil).

30. Financial risk

The board provides written principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Group's financial risk management is predominantly delegated to and controlled by a central treasury department (Group Treasury) under policies approved by the board of directors. Group Treasury evaluates and hedges financial risks in close co-operation with the Group's operating units.

Where all relevant criteria are met, hedge accounting is applied to remove mismatches between the accounting for hedging instruments and hedged items. The effect of this accounting is effectively to recognise interest expense at a floating rate for the hedged fixed rate loan notes and to recognise Euro bond debt at a fixed currency exchange rate to Sterling.

The Group documents the economic relationship between derivatives designated as hedging instruments and hedged items at the inception of the hedge, including its risk management objective and strategy for undertaking the hedge transaction. The Group further documents the expected outcome of the hedge i.e. whether forecast cash flows offset for cash flow hedges, fair value movements offset for fair value hedges and foreign exchange movements offset for net investment hedges.

Financial assets and liabilities by category

	Note	Category	2019 £m	2018 Restated[1] £m
Financial assets				
Cash and cash equivalents	25	Amortised cost[2]	**745**	1,015
Investments	22	Fair value	**69**	65
Trade debtors	23	Amortised cost[2]	**948**	1,065
Loss allowance	23	Amortised cost[2]	**(46)**	(55)
Other debtors[4]	23	Amortised cost[2]	**103**	109
Receivables from customers in respect of cash processing operations	23	Amortised cost[2]	**1**	6
Net investment in finance leases	23	Amortised cost[2]	**33**	41
Amounts due from construction contract customers	23	Amortised cost[2]	**18**	14
Derivative financial instruments at fair value	29	Fair value[3]	**8**	44
Financial assets included within disposal groups held for sale[4]	24	Amortised cost[2]	**308**	–
Total[5]			**2,187**	2,304
Financial liabilities				
Bank overdrafts	25	Amortised cost[2]	**(367)**	(305)
Bank loans	26	Amortised cost[2]	**(555)**	(312)
Loan notes	26	Amortised cost[2]	**(1,712)**	(1,997)
Lease liabilities	27	Amortised cost[2]	**(310)**	(486)
Trade creditors	28	Amortised cost[2]	**(201)**	(242)
Amounts due to construction contract customers	28	Amortised cost[2]	**(2)**	(2)
Liabilities to customers in respect of cash processing operations	28	Amortised cost[2]	**(19)**	(43)
Other creditors[4]	28	Amortised cost[2]	**(77)**	(87)
Other accruals[4]	28	Amortised cost[2]	**(209)**	(230)
Derivative financial instruments at fair value	29	Fair value[3]	**(32)**	(11)
Financial liabilities included within disposal groups held for sale[4]	24	Amortised cost[2]	**(174)**	(1)
Total			**(3,658)**	(3,716)

1. Restated for the effect of IFRS 16 – see note 3(u).
2. The fair value of financial assets and liabilities held at amortised cost is considered to be materially the same as their carrying value, except for the loan notes for which the fair value is disclosed in note 26.
3. Refer to note 29 for hedge accounting designation.
4. The amounts included above relating to the other debtors, other creditors, other accruals and financial assets and liabilities included within disposal groups held for sale all exclude any non-financial assets included within the amounts reported in the relevant notes.
5. The Group's maximum credit risk exposure as at 31 December 2019 is £2,187m (2018: £2,304m).

Capital management

In April 2019, Standard & Poor's affirmed the Group's long-term credit rating at BBB- (stable) and this was re-affirmed by Standard & Poor's on 31 March 2020. The Group's policy is to continue to manage its capital structure to retain an investment-grade rating.

The Group's policy objective is a net debt to Adjusted EBITDA ratio of between 2.0x and 2.5x. At the end of 2019 the ratio was 2.88x (2018: 2.75x).

30. Financial risk *continued*

Capital management *continued*

In May 2019 the Group issued two tranches of US private placement notes: Tranche A, $162m maturing May 2026 paying an annual coupon of 4.90% and Tranche B, $188m maturing May 2029 paying 5.12%.

The Group also exercised the first of two available options to extend maturity of the £750m revolving credit facility. This extension was accepted by all but one of the sixteen participant banks, resulting in £716m now maturing in August 2024. The remaining £34m matures in August 2023. As at 31 December 2019 drawings from this facility amounted to £240m (2018: £nil).

In July 2019 the Group entered into a £300m bridge facility for 12 months with an option to extend for a further six months, amended in December 2019 to £250m with a 3 month extension so that final maturity, if the option is exercised, is October 2020. This was undrawn as at 31 December 2019.

The debt maturities in 2019 comprise the $145m US private placement notes repaid in March 2019 and the £350m public bond repaid in May 2019. Overall the debt portfolio has a medium to long-term debt maturity profile. While the Group is currently well placed to access finance from the debt-capital markets and from the bank market, if required, a £250m bridge facility is also in place, maturing in October 2020. Borrowings are principally in Sterling, US Dollars and Euros reflecting the geographies of the Group's significant operational assets and profits.

The committed bank facilities and the private loan notes are subject to a financial covenant of 3.5x net debt to Adjusted EBITDA ratio (where Adjusted EBITDA is based on Group Adjusted PBITA before depreciation and amortisation of non-acquisition-related intangible assets) adjusted to exclude investments and the effect of adopting IFRS 16 – Leases. Non-compliance with the covenant may lead to an acceleration of maturity.

During the 2019 and 2018 reporting periods the Group has complied with the financial covenants of its borrowing facilities and has not defaulted on, or breached, the terms of any material loans.

Liquidity risk

The Group mitigates liquidity risk by ensuring there are sufficient undrawn committed facilities available to it. For more details of the Group's bank overdrafts, bank loans and loan notes see note 26.

The percentage of the available committed Revolving Credit Facility that was undrawn during the course of the year was as follows:

31 December 2018	100%
31 March 2019	72%
30 June 2019	57%
30 September 2019	59%
31 December 2019	68%

The bridge facility is not part of the above percentage and remained undrawn throughout the year.

To reduce re-financing risk, Group Treasury obtains finance with a range of maturities to minimise the impact of a single material source of finance terminating on a single date. The risk is further reduced by opening negotiations either to replace or extend any major medium-term facility at least 12 months before the maturity date.

Maturity profile of loans and borrowings

The table below analyses the Group's financial liabilities presented within borrowings and related hedging derivative instruments into relevant maturity groupings based on their contractual undiscounted cash flow maturities. Other financial liabilities are set out in note 28.

Contractual maturities as at 31 December 2019	Within 1 year £m	Between 1 and 3 years £m	Between 3 and 5 years £m	Over 5 years £m	Total £m
Non-derivatives					
Bank overdrafts[1]	354	–	–	–	354
Bank loans	35	295	251	12	593
Private loan notes	78	113	26	306	523
Public bonds	21	43	883	474	1,421
Lease liabilities	103	143	63	61	370
Total non-derivatives	591	594	1,223	853	3,261
Derivatives					
Interest rate swaps[2]	(3)	(5)	(1)	–	(9)
Cross currency swaps[3]:					
(Inflow)	(35)	(70)	(980)	(615)	(1,700)
Outflow	49	98	1,015	623	1,785
Total derivatives	11	23	34	8	76

Contractual maturities as at 31 December 2018	Within 1 year £m	Between 1 and 3 years £m	Between 3 and 5 years £m	Over 5 years £m	Total £m
Non-derivatives					
Bank overdrafts[1]	283	–	–	–	283
Bank loans[4]	24	314	–	5	343
Private loan notes	126	72	85	–	283
Public bonds	400	45	495	969	1,909
Lease liabilities[4]	170	220	95	87	572
Total non-derivatives	1,003	651	675	1,061	3,390
Derivatives					
Interest rate swaps[2]	(4)	(4)	(2)	(1)	(11)
Cross currency swaps[3]:					
(Inflow)	(24)	(48)	(291)	(1,092)	(1,455)
Outflow	40	80	320	1,086	1,526
Total derivatives	12	28	27	(7)	60

1. Excluding cash and overdraft balances in respect of cash-processing operations (see note 25).
2. Interest rate swaps are net settled.
3. Cross currency swaps are gross settled.
4. Restated for the effects of IFRS 16, see note 3(u).

Analysis of the Group's financial liabilities presented within borrowings by currency, before hedging, is as follows:

	Sterling £m	Euros £m	US dollars £m	Other £m	Total £m
Bank overdrafts	310	5	6	46	367
Bank loans	240	–	269	46	555
Loan notes	–	1,308	404	–	1,712
At 31 December 2019	550	1,313	679	92	2,634
Bank overdrafts	226	18	8	53	305
Bank loans[1]	2	2	285	23	312
Loan notes	350	1,385	262	–	1,997
At 31 December 2018	578	1,405	555	76	2,614

1. As part of the Group's IFRS 16 conversion project, it identified amounts of £8m (1 January 2018: £4m) that had previously been classified as other creditors but which should have been included within 'other bank loans'. As a result, it has increased other bank loans at 31 December 2018 by £8m and decreased other creditors by the same amount with no effect on net assets.

30. Financial risk *continued*

Set-off of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There were no material amounts offset in the consolidated statement of financial position or associated with enforceable master netting agreements.

Market risk

Currency risk and forward-currency contracts

The Group conducts business in many countries but, wherever possible, each business operates and conducts its financing activities in local currency limiting transactional currency risk. The Group presents its consolidated financial statements in Sterling and is therefore subject to foreign-exchange risk due to the translation of the results and net assets of its foreign subsidiaries.

Cross currency swaps held in cash flow hedges

Cross currency swaps are designated as cash flow hedges against the final settlement of Euro-denominated public bonds to mitigate the functional currency cash flow exposure on principal and interest payments. The Group's policy is to hedge against movements in spot rates. Inherent forward points are seen as an unavoidable cost of hedging and are recognised in other comprehensive income and included in the cost of hedging reserve.

Nominal value	Hedged risk	Maturity	Hedge ratio	Effective exchange rate	**Change in value of hedging instrument 2019 £m**	**Change in value of hedged item[1] 2019 £m**	Change in value of hedging instrument 2018 £m	Change in value of hedged item[1] 2018 £m
£25m	US$50m	Jul-18	1:1	1.9750	**–**	**–**	1	(1)
£284m	€350m	Dec-18	1:1	1.2322	**–**	**–**	(2)	2
£244m	€270m	Jan-23	1:1	1.1088	**(17)**	**17**	8	(8)
£346m	€400m	Jun-24	1:1	1.1570	**(24)**	**24**	12	(12)
£350m	€400m	May-25	1:1	1.1440	**(22)**	**22**	13	(13)
£124m	US$162m	May-26	1:1	1.3029	**(1)**	**1**	–	–
£115m	US$150m	May-29	1:1	1.3029	**(2)**	**2**	–	–

1. Used to determine effectiveness.

Hedging: net investment hedges

Treasury policy is to manage significant translation risks in respect of net operating assets held in foreign currencies and its consolidated net debt to Adjusted EBITDA ratio by holding foreign currency denominated loans and cross currency swaps.

Adjustments arising on the translation of foreign currency loans and on changes in the fair value of cross currency swaps meeting hedge accounting criteria are recognised in equity to match translation adjustments on foreign currency equity investments as they qualify as net investment hedges. Translation adjustments arising on intercompany loans the Group has identified as quasi-equity in nature are also recognised in equity.

Items held in net investment hedges

Hedging instrument	Maturities	Hedge ratio	**Change in value of hedging instrument 2019 £m**	**Change in value of hedged item 2019 £m**	Change in value of hedging instrument 2018 £m	Change in value of hedged item 2018 £m
Loan notes	Mar-19 – Mar-29	1:1	**10**	**(10)**	(17)	17
Public bonds	Jan-23 – May-25	1:1	**25**	**(25)**	(6)	6
Cross currency swaps	Jun-24	1:1	**14**	**(14)**	(20)	20
Bank overdrafts	Short-term	1:1	**(3)**	**3**	1	(1)

At 31 December 2019 the nominal amount of the hedging instruments held in net investment hedges was £899m (2018: £931m) and the nominal amounts of the hedged risk were $651m and €482m (2018: $645m and €473m). The items held in a net investment hedge mitigate the net asset translation exposure arising from movements in non-functional currencies. Where applicable, any 'costs of hedging' are deferred to the cost of hedging reserve (as set out in note 3(g)).

The balance remaining in the translation reserve from discontinued hedging relationships is a loss of £81m (2018: £65m).

At 31 December 2019, the Group had hedged approximately 69% (2018: 74%) of US dollar denominated net assets and 88% (2018: 84%) of Euro denominated net assets.

Sensitivity

The effect on profit after tax and other components of equity of a 10% strengthening of Sterling against Euro and US dollar is shown below. A 10% weakening would result in an equal and opposite impact on the profit after tax and other components of equity of the Group.

	Impact on profit after tax 2019 £m	**Impact on other components of equity 2019 £m**	Impact on profit after tax 2018 £m	Impact on other components of equity 2018 £m
Gain/(loss) from Sterling strengthening 10% against Euro[1]	**(7)**	**24**	(1)	26
Gain/(loss) from Sterling strengthening 10% against US dollar[1]	**1**	**29**	(6)	37

1. Holding all other variables constant

Interest rate risk and interest rate swaps

A significant portion of the Group's debt is issued at fixed rate, but where there are borrowings at floating rates the Group is exposed to cash flow interest rate risk. This risk is largely offset by cash holdings also at floating rates. Therefore, Group policy is to maintain a proportion of its debt (within the range 25%-75%) at fixed rates, using interest rate swaps where necessary. As at 31 December 2019, 64% (2018: 69%) of the Group's borrowings, excluding lease liabilities, were held at fixed rates.

Interest rate swaps are currently held to convert part of the fixed loan note and public bond debt to variable rates. These are held in a fair value hedge relationship with the debt items as identified in note 26. A summary of these is shown below:

Debt item hedged	Maturity	Notional amount	Fixed rate %	Variable rate basis bps	Rate after hedging %	Hedge ratio	**Change in value of hedging instrument 2019 £m**	**Change in value of hedged item 2019 £m**
Loan notes – USPP 2007	Mar-22	US$105m	6.06	LIBOR +64.01	2.73	1:1	**(1)**	**1**
Public bond 2017	Jun-24	€100m	1.5	EURIBOR +64.01	0.86	1:1	**1**	**(1)**

Debt item hedged	Maturity	Notional amount	Fixed rate %	Variable rate basis bps	Rate after hedging %	Hedge ratio	Change in value of hedging instrument 2018 £m	Change in value of hedged item 2018 £m
Public bond 2012	Dec-18	€120m	2.625	EURIBOR +157	1.30	1:1	1	(1)
Loan notes – USPP 2007	Mar-19	US$145m	5.96	LIBOR +63.41	3.17	1:1	4	(4)
Loan notes – USPP 2007	Mar-22	US$105m	6.06	LIBOR +64.01	3.23	1:1	2	(2)
Public bond 2017	Jun-24	€100m	1.5	EURIBOR +64.01	0.84	1:1	(1)	1

The swap contracts require settlement of net interest receivable or payable semi-annually. The settlement dates coincide with the dates that interest is payable on the underlying debt with the exception of the public bond where interest is paid annually.

All three public bonds have a coupon step-up of 1.25% which is triggered if the credit rating of G4S plc falls below investment grade.

Sensitivity

The Group's core borrowings are held in US dollar, Euro and Sterling. Although the impact of rising interest rates is partly shielded by fixed rate loans and interest rate swaps which provide certainty on the majority of the exposure, some interest rate risk remains. A 1% increase in interest rates across all borrowings would lead to an additional interest charge of approximately £9m (2018: £7m).

Other components of equity changing as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings: A 1% increase in interest rates would result in a £4m gain in reserves (2018: £1m loss). A 1% decrease would result in £4m loss in reserves (2018: £nil).

30. Financial risk *continued*

Counterparty credit risk

The Group's strategy for credit risk management is to set minimum credit ratings for counterparties and to monitor these on a regular basis.

For treasury-related transactions, the Group's policy limits the aggregate credit risk assigned to a counterparty. The utilisation of a credit limit is calculated by applying a weighting to the notional value of each transaction outstanding with each counterparty based on the type and duration of the transaction. The total mark-to-market value outstanding with each counterparty is also closely monitored against policy limits assigned to each counterparty. For short-term transactions (under one year), the financial counterparty must be investment-grade rated by either the Standard & Poor's or Moody's rating agencies. For long-term transactions, unless otherwise approved, the financial counterparty must have a minimum rating of BBB+/Baa1 from Standard & Poor's or Moody's.

Treasury transactions are dealt with through the Group's relationship banks, all of which have a strong investment grade rating. Therefore, the credit risk on derivative transactions is not significant.

The Group operates a multi-currency notional pooling cash management system with a wholly-owned subsidiary of an A-rated bank. At year end, balances in deposit of £331m (2018: £336m) were pooled with overdraft balances of £345m (2018: £263m), resulting in a net pool overdraft balance of £14m (2018: £73m deposit balance). There exists a legal right of set-off under the pooling agreement and an overdraft facility of £17m (2018: £3m). In accordance with IFRS Interpretations Committee requirements, the cash and overdraft pool balances are presented gross in the consolidated statement of financial position.

At an operating level the minimum investment-grade rating criteria applies. Exceptionally, where required by local country circumstances, counterparties with no rating or a non-investment grade rating can be approved as counterparties for a period of up to 12 months. Due to the Group's global geographical footprint and exposure to multiple industries, the Group considers there to be minimal concentration risk.

31. Retirement benefit obligations

The Group operates a wide range of retirement benefit arrangements which are established in accordance with local conditions and practices within the countries concerned. These include funded defined contribution, multi-employer and funded and unfunded defined benefit schemes.

Defined contribution arrangements

The majority of the retirement benefit arrangements operated by the Group are of a defined contribution structure, where the employer contribution and resulting income statement charge is fixed at a set level or is a set percentage of employees' pay. Contributions made to defined contribution schemes in 2019 and charged to the consolidated income statement totalled £62m (2018: £59m).

In the UK, following the closure of the defined benefit schemes to new entrants in 2004, the main scheme for new employees is a contracted-in defined contribution scheme.

Multi-employer arrangement

In the Netherlands, most employees are members of the Security Industry Wide Pension Fund (IWPF). G4S employees make up about a quarter of the active membership of this scheme. Withdrawal from the scheme is only possible under certain strict conditions determined by Dutch law and by the pension fund board of the IWPF.

The scheme pays a pension based on the average of a member's earnings over their career in the industry. Pensionable salary is subject to a cap and an offset that reflects social security levels.

Annual pension increases for members are "conditional", meaning they are set as a percentage of the relevant inflation measure for the pension concerned, where the percentage depends on the funding level.

The current solvency ratio is 106.3% (December 2019) which exceeds the minimum solvency level of 104.2%. According to Dutch law the plan's funding must aim to target a required funding ratio within 10 years, that level is 121.8% (as at 31 December 2019).

The scheme is funded by an annual contribution that is set by the IWPF board in line with the financing rules that state that the premium should cover the cost of the annual accrual of pension benefits. The employer pays 60% of contributions and the employees the remaining 40%. As of 1 January 2020 the contribution rate is 35.0% of pensionable salaries.

The financing rules specify that an employer is not obliged to pay any further premiums in respect of previously accrued benefits. This means that in case of insufficient funding, the benefits of participants could, in theory, be reduced. However the board of the IWPF has some flexibility in setting the contribution level, for example it could maintain a contribution rate that is above the calculated minimum and use the difference to improve the funding level. Any reduction in premium due to surplus would only be possible at much higher solvency levels than present.

It is not possible to identify the Group's share of the IWPF's assets and liabilities. As a result, and in line with general practice for such schemes, the scheme is accounted for as if it were a defined contribution scheme under IAS 19.

Premiums paid to the scheme by the Group and charged to the consolidated income statement in 2019 totalled £12m (2018: £11m). The estimated premium expected to be paid to the scheme during 2020 is approximately £11m. As of 1 January 2020, the pension plan is converted to a Collective Defined Contribution scheme (CDC). Before the change, the pension accrued at a rate of 1.875% of pensionable salary, but due to the change to CDC the pension accrual rate for 2020 is determined at 1.49%. The accrual rate for each year will be determined towards the end of the preceding year, with a maximum of 1.875%.

Separately, the Dutch government has been negotiating with employers' organisations and trades unions on proposed changes to the country's pension system. An agreement was reached in principle in mid-2019; details remain to be determined in a process that is expected to run through 2020 and 2021. G4S will monitor these developments including for any potential cost implications.

The Netherlands Cash Solutions Pension Plan (the "Cash Solutions scheme") is a separate scheme operated by the Group in respect of members' service to 2016, at which date members joined the IWPF. Benefits (including pension indexation) have to be at least equivalent to the IWPF's benefits. The operation of this scheme will transfer to Brink's during 2020 as a result of the conventional cash disposal as set out in note 24.

Defined benefit arrangements

The Group operates several funded defined retirement benefit schemes where the benefits are based on employees' length of service. The Group's primary scheme is in the UK, and as at 31 December 2019 it also operated the Cash Solutions scheme in the Netherlands and other less material plans elsewhere. Following the agreement with Brink's to sell the majority of the Group's conventional cash businesses, the Netherlands Cash Solutions scheme and certain less material plans (with an aggregate net deficit of £11m at 31 December 2019) will be transferred to Brink's during 2020 and have therefore been presented within disposal groups classified as held for sale as at 31 December 2019, as set out in note 24. For funded arrangements, the assets of defined benefit schemes are held in separate trustee-administered funds or similar structures in the countries concerned.

Consolidated income statement

The amounts recognised in the consolidated income statement in relation to the material funded schemes are included within the following categories:

	2019 £m	2018 £m
Cost of sales	**2**	4
Administration expenses[1]	**(2)**	1
Net finance costs	**6**	7
Specific items[2]	**–**	35
Total for material funded defined benefit schemes	**6**	47

1. During 2019 as a result of the HMP Birmingham contract cancellation, a number of members of the GSL section of the UK Scheme ceased future accrual. The resulting curtailment gain was presented within administration expenses in the Group's consolidated income statement.
2. The 2018 specific item was in respect of the guaranteed minimum pension equalisation charge.

There are also various less material unfunded arrangements, for which the Group does not hold related assets separate from the Group. In aggregate, other unfunded arrangements incurred £18m (2018: £15m) of costs within cost of sales and finance costs of £5m (2018: £4m).

Consolidated statement of comprehensive income

Re-measurements of the net defined benefit obligation are recognised in full in the consolidated statement of comprehensive income in the year in which they arise. These comprise the impact on the net defined benefit liability of changes in demographic and financial assumptions compared with the start of the year, actual experience being different to those assumptions and the return on plan assets above the amount included in the net pension interest expense. During the year the Group recognised a total net re-measurement loss of £148m (2018: gain of £38m) within other comprehensive income (OCI) comprising a re-measurement loss of £140m (2018: gain of £38m) relating to material funded defined benefit schemes together with a re-measurement loss of £8m (2018: £nil) relating to unfunded or other funded defined benefit schemes.

31. Retirement benefit obligations *continued*

Consolidated statement of financial position

The Group's net defined benefit deficit recognised in the consolidated statement of financial position at 31 December 2019 was £411m (2018: £364m), or £331m (2018: £302m) net of applicable tax in the relevant jurisdictions.

The defined benefit obligations (DBO) and assets for defined benefit schemes are as follows:

2019	DBO £m	Assets £m	(Deficit)/surplus £m
UK sections:			
Securicor	**(1,989)**	**1,718**	**(271)**
Group 4	**(436)**	**351**	**(85)**
GSL	**(292)**	**356**	**64**
Total UK material funded defined benefit schemes	**(2,717)**	**2,425**	**(292)**
Total provision for unfunded and other funded defined benefit schemes			**(119)**
Total net provision for all defined benefit schemes			**(411)**

2018	DBO £m	Assets £m	(Deficit)/surplus £m
UK sections:			
Securicor	(1,781)	1,564	(217)
Group 4	(394)	323	(71)
GSL	(257)	332	75
Total UK	(2,432)	2,219	(213)
Netherlands[1]	(97)	62	(35)
Total for material funded defined benefit schemes	(2,529)	2,281	(248)
Total provision for unfunded and other funded defined benefit schemes			(116)
Total net provision for all defined benefit schemes			**(364)**

1. The sponsoring company of the Netherlands scheme (Netherlands Cash Solutions) is included in the conventional cash disposal group and therefore the pension deficit as at 31 December 2019 is presented within liabilities held for sale as set out in note 24.

UK defined benefit scheme

Following the agreed sale of the majority of the Group's conventional cash businesses, the defined benefit scheme in the UK accounts for all of (2018: 86%) the net balance sheet liability for material funded defined retirement benefit schemes. It comprises three sections: the Group 4 section which is the pension scheme demerged from the former Group 4 Falck A/S, the Securicor section, for which the Group assumed responsibility on 20 July 2004 with the acquisition of Securicor plc, and the GSL section, for which the Group assumed responsibility on 12 May 2008 with the acquisition of GSL.

The UK scheme is closed to future accrual apart from some sub-sections of the GSL section, and for most members defines the pension based on final salary. Certain sub-sections of the GSL section have historically remained open to provide a facility to accept former public-sector employees who join the Group through outsourcings. In the Group 4 and Securicor sections, members retain their link to final salary where appropriate on their benefits accrued up to closure in 2011.

As at 5 April 2018 (the effective date of the latest actuarial funding valuation) the participants of the UK pension scheme sections can be analysed as follows:

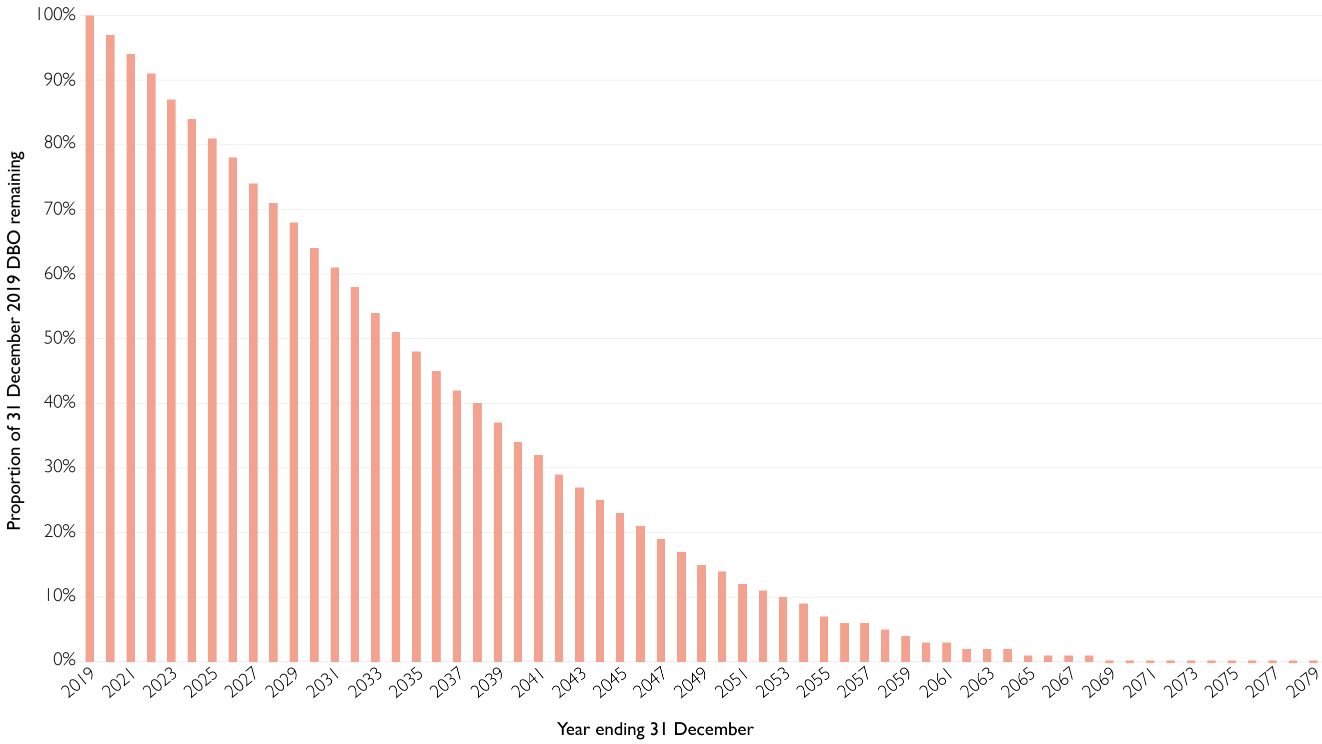
At 5 April 2018	Securicor section	Group 4 section	GSL section	Total
Active participants				
▪ Number	–	–	372	**372**
▪ Average age	N/A	N/A	50.4	**50.4**
Deferred participants				
▪ Number	7,295	3,083	1,140	**11,518**
▪ Average age	54.6	54.0	51.6	**54.1**
Pensioner participants				
▪ Number	9,733	3,466	1,102	**14,301**
▪ Average age	73.4	72.2	66.6	**72.6**

There is a mix of fixed and inflation-dependent pension increases (in payment and deferment) which vary from member to member according to their membership history and the section of the scheme.

The discounted weighted-average duration of the accrued liabilities of the sections is as follows:

	2019 Years	2018 Years
Securicor	**18**	17
Group 4	**17**	17
GSL	**20**	19

The chart below provides an illustrative view of how the UK pension scheme obligations are expected to reduce over time. It shows the percentage of the 31 December 2019 DBO that remains to be paid out at each future date.



The scheme is set up under UK law and governed by a Trustee company which is responsible for the scheme's investments, administration and management. The Board of the Trustee company comprises an independent chairman and further appointees who are made up of scheme membership representatives and company appointees.

A funding valuation is carried out for the scheme's Trustee every three years by an independent firm of actuaries and the latest valuation as at 5 April 2018 is now complete. The new schedule of deficit recovery contributions provides for a contribution of approximately £53m during 2020. The company has guaranteed any contributions due from its subsidiaries.

In addition, the company has pledged to the Pension Scheme a share of the proceeds arising from the sale of a material part of the Group, with material for these purposes defined as being in excess of 10% of the Group's consolidated total assets. The proportion of the sale proceeds due to the Pension Scheme is to be calculated in terms of the amount by which the divested total assets exceed 10% of the Group's consolidated total assets and the proportion that the Pension Scheme actuarial deficit bears to overall group indebtedness.

The Group has concluded that it should allow for a refund of any residual surplus in all three sections of the UK pension scheme assuming wind-up after all benefits have been paid in the normal course of events. Therefore no adjustments for asset ceiling or additional liabilities under the IFRIC 14 interpretation are made. At present the GSL section has a surplus and the other two sections have deficits. The IASB recently decided not to proceed with changes to IFRIC 14 proposed in 2015 but has not stopped its IFRIC 14 project. The Group will assess whether there are any implications should any revised interpretation be developed.

Principal risks

The Group's pension schemes create a number of risk exposures. Annual increases in benefits are, to a varying extent from scheme to scheme, dependent on inflation so the main uncertainties affecting the level of benefits payable are future inflation levels (including the impact of inflation on future salary increases) and the actual longevity of the membership. Benefits payable will also be influenced by a range of other factors including member decisions on matters such as when to retire and the possibility to draw benefits in different forms.

31. Retirement benefit obligations *continued*

Principal risks *continued*

A key risk is that additional contributions are required if the investment returns fall short of those anticipated when setting the contributions to the pension plans. For the UK funding valuation those assumed investment returns (for funding valuations) are set based on fixed margins over the gilt yield curve. The management of the UK pension fund assets has been delegated to an asset manager, who manages the assets against a liability benchmark. The key parameters of this mandate can be summarised as follows:

Risk	Description	Mitigation
Asset mix	The plan assets may fall in value.	The assets are managed dynamically over time rather than a set strategic allocation.
Interest rate risk	The plan assets may fall in value as a result of a fall in interest rates.	Managed with the benchmark of hedging 100% of these risks as a percentage of the asset value through the use of debt instruments (government bonds) and derivatives.
Inflation risk	The plan assets may fall in value as a result of rise in inflation.	Managed with the benchmark of hedging 100% of these risks as a percentage of the asset value through the use of debt instruments (government bonds) and derivatives.
Currency risk	Any plan assets held in foreign currencies are exposed to changes in foreign currency exchange rates.	Managed with the objective of hedging at least 70% of the overseas currency exposure in the portfolio through the use of forward foreign currency contracts.
Regulatory risk	All pension schemes are regulated by the relevant jurisdictions. These include extensive legislation and regulatory mechanisms that are subject to change and may impact the Group's pension schemes.	G4S monitors changes in regulations in the UK and the Netherlands to assess the potential impact these changes could have on the Group's material pension schemes.
Actuarial assumptions risk	Actuarial assumptions made on a range of demographic and financial matters that are used to project the expected benefit payments including future inflation, salary growth and life expectancy. The DBO and service cost are also very sensitive to the IAS 19 discount rate, which determines the discounted value of the projected benefit payments. The discount rate depends on market yields on high-quality corporate bonds.	The UK pension trustees have adopted investment strategies to mitigate changes in key assumptions applied to the valuation of pension liabilities for funding purposes. These strategies mainly hedge against interest rate and inflation expectations generally, as described above, but do not specifically seek to hedge against changes in credit spreads that also affect the IAS 19 discount rate. As a result the difference between the market value of the assets and the valuation of the pension obligations under IAS 19 may be volatile.

Financial assumptions and sensitivity analysis

The weighted averages for each of the principal assumptions used for the purposes of the actuarial valuations were as follows:

	UK	Netherlands
Key assumptions used at 31 December 2019		
Discount rate	**2.00%**	**1.30%**
Expected rate of salary increases	**3.05%**	**N/A**
Pension increases in payment (for the UK, at RPI* with a limit of 5% p.a.)	**2.90%**	**
Inflation (RPI for UK)	**3.00%**	**1.90%**
Key assumptions used at 31 December 2018		
Discount rate	2.85%	2.0%
Expected rate of salary increases	3.30%	N/A
Pension increases in payment (for the UK, at RPI* with a limit of 5% p.a.)	3.10%	**
Inflation (RPI for UK)	3.20%	1.7%

* RPI with a limit of 5% p.a. is the most common level of increase in the UK arrangements. Assumptions for other increases are derived from the above inflation assumption for RPI, and an annual CPI assumption of 2.25% (2018: 2.2%) as appropriate.

** Pension increase assumption is a ladder starting from 0% p.a. in 2019 increasing to 1.9% p.a. in 2030.

IAS 19 specifies that pension liabilities should be discounted at appropriate high quality corporate bond rates. The Group considers that it is appropriate to consider AA-rated corporate bonds as high quality and has therefore used discount rates based on yields on such bonds corresponding to the liability profile of the respective schemes.

The assumed average gap between CPI and RPI has narrowed from 1.00% p.a. at 31 December 2018 to 0.75% p.a. at 31 December 2019. This reflects an apparent shift in allowance in the gilts market for the possibility of methodology changes to RPI in the long term, following publication in September 2019 of correspondence between the UK Government and the UK Statistics Authority.

The effect of a movement in the discount rate applicable in the UK would alter reported liabilities (before associated deferred tax adjustments) by approximately the amounts shown in the table below.

Sensitivity analysis	**Increase/(decrease) in the DBO of the UK scheme 2019 £m**	Increase/(decrease) in the DBO of the UK scheme 2018 £m
Discount rate assumption being 0.5% higher	**(217)**	(186)
Discount rate assumption being 0.5% lower	**251**	213

The effect of a movement in RPI inflation applicable in the UK would alter reported liabilities (before associated deferred tax adjustments) by approximately the amounts shown in the table below:

Sensitivity analysis	**Increase/(decrease) in the DBO of the UK scheme 2019 £m**	Increase/(decrease) in the DBO of the UK scheme 2018 £m
Inflation assumption being 0.5% higher	**107**	83
Inflation assumption being 0.5% lower	**(88)**	(84)

The above sensitivities allow for inflation-dependent assumptions such as salary growth and relevant pension increases to vary corresponding to the inflation assumption variation. Due to the caps and floors on pension increases a certain movement in the inflation assumption will not generally result in the same movement in the pension increase assumption.

Demographic assumptions and sensitivity analysis

In addition to the above, the Group uses appropriate mortality assumptions when calculating the schemes' obligations. The mortality tables used for the scheme in the UK are: Birth year table S2P[M/F]A Base with future improvements in line with CMI_2018 Core projections, based on a long-term improvement rate of 1.25% p.a. and allowing for individual scaling factors based on the mortality analysis carried out as part of the last funding valuation.

The resulting assumed life expectancy of a male member of the UK schemes currently aged 65 is 20.7 years. The assumed life expectancy at 65 of a male currently aged 52 is 21.2 years. At those ages, the assumed life expectancy for a female member is between two and three years longer than for a male member.

The effect of a one-year change in this UK life expectancy assumption is to alter reported liabilities (before associated deferred tax adjustments) by approximately £150m (2018: £122m).

The selection of these movements to illustrate the sensitivity of the DBO to key assumptions should not be interpreted as the Group expressing any specific view of the probability of such movements happening.

31. Retirement benefit obligations *continued*

Analysis of amounts recognised in the Group's consolidated statement of financial position

The amounts recognised in the Group's consolidated statement of financial position in respect of the material funded defined benefit schemes, and in the various components of income, other comprehensive income and cash flow are as follows:

2019	DBO £m	Assets £m	Provision £m
Amounts recognised in the consolidated statement of financial position at the beginning of the year	(2,529)	2,281	(248)
Amounts recognised in income			
Current service cost	(2)	–	(2)
Past service costs – curtailments	3	–	3
Interest on obligations and assets	(69)	63	(6)
Administration costs paid from plan assets	(1)	–	(1)
Total amounts recognised in the consolidated income statement	(69)	63	(6)
Re-measurements			
Actuarial loss – change in financial assumptions	(366)	–	(366)
Actuarial gain – change in demographic assumptions	34	–	34
Actuarial loss – experience	(2)	–	(2)
Return on assets	–	194	194
Re-measurement effects recognised in the consolidated statement of comprehensive income[1]	(334)	194	(140)
Cash			
Employer contributions	–	53	53
Benefits paid from plan assets	95	(95)	–
Net cash	95	(42)	53
Other			
Impact of exchange rates	6	(3)	3
Transfer to held for sale	114	(68)	46
Amounts recognised in the consolidated statement of financial position at the end of the year	(2,717)	2,425	(292)

1. Total re-measurement losses recognised in OCI of £148m include re-measurement losses relating to other unfunded schemes of £8m.

2018	DBO £m	Assets £m	Provision £m
Amounts recognised in the consolidated statement of financial position at the beginning of the year	(2,691)	2,408	(283)
Amounts recognised in income			
Current service cost	(4)	–	(4)
Past service costs – equalisation of benefits	(35)	–	(35)
Interest on obligations and assets	(67)	60	(7)
Administration costs paid from plan assets	(1)	–	(1)
Total amounts recognised in the consolidated income statement	(107)	60	(47)
Re-measurements			
Actuarial gain – change in financial assumptions	126	–	126
Actuarial gain – change in demographic assumptions	58	–	58
Actuarial loss – experience	(22)	–	(22)
Return on assets	–	(124)	(124)
Re-measurement effects recognised in the consolidated statement of comprehensive income[1]	162	(124)	38
Cash			
Employer contributions	–	44	44
Benefits paid from plan assets	108	(108)	–
Net cash	108	(64)	44
Other			
Impact of exchange rates	(1)	1	–
Amounts recognised in the consolidated statement of financial position at the end of the year	(2,529)	2,281	(248)

Employer contributions in 2019 included £52m (2018: £41m) of additional contributions in respect of the deficit in the UK schemes.

Analysis of scheme assets

The composition of the scheme assets at the reporting date is as follows:

2019	**UK £m**	**Netherlands[1] £m**	**Total £m**
Equity	**577**	**12**	**589**
Government bonds	**792**	**42**	**834**
Other	**1,056**	**14**	**1,070**
Total	**2,425**	**68**	**2,493**

2018	UK £m	Netherlands £m	Total £m
Equity	525	9	534
Government bonds	72	38	110
Other	1,622	15	1,637
Total	2,219	62	2,281

1. Included in disposal groups held for sale as at 31 December 2019, see note 24.

31. Retirement benefit obligations *continued*

A more granular, approximate split of assets of the UK scheme at 31 December of each year is as follows:

	2019 £m	2018 £m
Equity	**402**	336
Private equity	**175**	189
Government bonds	**792**	72
Credit	**130**	87
Property	**105**	98
Macro-orientated	**249**	249
Multi-strategy	**194**	181
Derivatives	**211**	329
Cash and cash equivalents	**167**	678
Total UK assets	**2,425**	2,219

Multi-strategy assets are held in a pooled fund structure, which is a multi-asset fund investing across all asset classes.

Within the UK pension fund, the Equity, Credit, Macro-orientated and Multi-strategy sub-categories consist of pooled vehicles investing predominantly in assets with quoted prices in active markets. All government bonds are issued by the UK government and have quoted prices in active markets. Other UK investments are predominantly unquoted.

Derivatives include a range of interest-rate and inflation-linked swaps, forward-currency contracts, equity-index total return swaps, equity options, and futures. Investing in interest-rate and inflation-linked swaps is designed to mitigate the impact of future changes in interest rates and inflation.

None of the pension scheme assets are held in the Group's own financial instruments or in any assets held or used by the Group.

The fair value of directly-held securities (equities and bonds) is taken as the closing price on an actively-traded market. Fair value of holdings in pooled funds is provided by the investment manager, who calculates the price based on the aggregate value of the underlying assets held by the fund (based on closing prices of the securities on an actively-traded market) and the number of units issued.

32. Provisions and contingent liabilities

	Employee benefits £m	Restructuring £m	Claims £m	Onerous customer contracts[1] £m	Property and other[1,2] £m	Total £m
As reported	**20**	**4**	**216**	**51**	**47**	**338**
Impact of adoption of IFRS 16[1]	**–**	**–**	**–**	**(20)**	**(5)**	**(25)**
At 1 January 2019 – restated[1]	**20**	**4**	**216**	**31**	**42**	**313**
Additional provisions in the year	**7**	**24**	**40**	**5**	**16**	**92**
Utilisation of provisions	**(3)**	**(20)**	**(127)**	**(10)**	**(12)**	**(172)**
Acquisition of a subsidiary	**–**	**–**	**–**	**1**	**–**	**1**
Transferred to held for sale	**(1)**	**–**	**(3)**	**–**	**(3)**	**(7)**
Transfers and reclassifications	**(1)**	**(2)**	**1**	**–**	**–**	**(2)**
Unused amounts reversed	**(1)**	**(5)**	**(18)**	**(6)**	**(4)**	**(34)**
Unwinding of discounts	**–**	**–**	**2**	**–**	**–**	**2**
Exchange differences	**(2)**	**–**	**(5)**	**–**	**(1)**	**(8)**
At 31 December 2019	**19**	**1**	**106**	**21**	**38**	**185**

Included in current liabilities	**64**
Included in non-current liabilities	**121**
	185

1. Restated for IFRS 16, see note 3(u).
2. Property and other includes £14m (2018: £12m) of provisions for property-related dilapidation costs.

Employee benefits

The provision for employee benefits is in respect of any employee benefits which accrue over the working lives of the employees, typically including items such as long service awards and termination indemnity schemes.

The Group's net obligation in respect of long-term service benefits other than retirement benefits represents the present value of the future benefit that employees have earned at the balance sheet date, less the fair value of scheme assets out of which the obligations are to be settled directly.

Restructuring

Restructuring provisions include amounts for redundancy payments, and the costs of closure of activities in acquired businesses and discontinued operations. The timing of settlement of restructuring provisions is uncertain but is generally expected to be within one year of the balance sheet date. During the year the Group incurred net restructuring costs of £19m (2018: £31m) within specific items relating to the multi-year strategic productivity programme across the Group. In addition, the Group incurred non-strategic reorganisation costs of £11m (2018: £9m) which are included within Adjusted PBITA.

Claims

Claims provisions represent any outstanding litigation claims against the Group that are considered likely to lead to the outflow of funds in the future, including provisions within the captive insurance companies to cover (where appropriate) anticipated claims incurred as at the balance sheet date, based on actuarial assessments to calculate the liabilities.

In January 2019, the Group agreed the settlement of a class action relating to claims for employee meal and rest breaks for the period 2001 to 2010 in California, for which a provision of £100m ($132m) had been recorded in the year to 31 December 2018. The settlement was approved by the Superior Court of the State of California in October 2019. The amount finally determined in court and paid was £87m ($110m) which was lower than the existing provision. As a result, the excess remaining provision of £18m ($22m) was released to the consolidated income statement and recognised as a credit within specific and other separately disclosed items. The Group also recognised a provision of £9m during the year in respect of collective labour claims in the US, most of which were received during the year, following the California class action settlement.

The Group's wholly-owned captive insurance subsidiaries primarily in Guernsey and the US underwrite part of the Group's Cash Solutions, general liability, workers' compensation and auto liability policies. In the year the Group provided £20m (2018: £34m) in relation to claims made under these policies which comprise a significant number of unrelated claims, most of which are individually immaterial. Claims provisions cover a wide range of claims or possible claims and are subject to regular actuarial review and adjustment as appropriate. Settlement of these provisions is highly probable but both the value of the final settlements and their timing are dependent upon the outcome of on-going processes to determine both liability and quantum in respect of each claim.

Onerous customer contracts

As discussed in note 3(u), the Group has restated its provisions for onerous contracts on adoption of IFRS 16 to remove expected future payments for leased assets. Such payments are now reflected in lease liabilities with the related right-of-use asset impaired to the extent that the associated benefits are outweighed by the lease outflows.

The Group recognised as specific items additional onerous contract provisions of £5m (2018: £11m) relating primarily to anticipated losses in respect of two UK Care & Justice Services contracts. The provision at the end of December 2018 represents the anticipated total losses in respect of these two contracts and the COMPASS asylum seeker contract, together with two smaller PFI contracts that are expected to run for the next 15 to 20 years.

Unused amounts reversed in the year of £6m are mainly related to two other PFI contracts where profit improvement plans implemented in prior periods have led to reductions in expected future losses, although these are reflected only to the extent that they have been implemented and are delivering the expected savings. Profit improvement plans that have been designed but which have not yet been embedded successfully in the contract delivery have not been considered when estimating future expected losses. This is consistent with the Group's policy which requires evidence that profit improvement plans will be successfully implemented before they are reflected in anticipated future cash flow projections for onerous contract provisioning purposes. There is no single change in key variables that could materially affect future expected losses on these contracts.

The onerous contract provision includes items that are subject to commercial and/or contractual disputes and may be subject to early termination, penalty clauses, or other contractual penalties. Whilst the outcome of such contracts is inherently uncertain, the Group is satisfied that it is unlikely that changes in these contracts will have a material impact on the Group's overall provision in the next 12 months.

Management believes that the current level of provision is balanced and that any significant potential downside from possible changes to key assumptions could be offset by further progress made in those profit improvement plans that have not been considered following the Group's policy described above. The discount rates applied when calculating onerous contract provisions for these contracts were between 1% and 2%.

Property and other

Included within property and other provisions are the costs of replacing, reinstalling or rectifying assets where there is a present contractual requirement, and for customer claims on contracts that are related to the performance on a contract but do not form part of onerous customer contract provisions. Whilst settlement of these obligations is considered probable, there is uncertainty over their value and duration.

Included in property and other provisions are contract-related provisions of £24m (2018: £30m) and property-related dilapidation provisions of £14m (2018: £12m).

32. Provisions and contingent liabilities *continued*

Contingent liabilities

The Group is involved in disputes in a number of countries, mainly in respect of activities related to its operations. Currently there are a number of disputes open in relation to the application of local labour law, commercial agreements with customers and subcontractors and claims and compliance matters, in some cases in the course of litigation. In addition, the interpretation of tax and labour laws and regulations in a number of countries where the Group operates is complex and there is inherent judgment made when applying those laws and regulations that are open to interpretation. As such, there is risk that further disputes and claims from tax authorities and employees could arise in the future. Where there is a dispute or where there is a risk of a dispute or claims in the future and where, based on legal counsel advice, the Group estimates that it is probable that the dispute will result in an outflow of economic resources, provision is made based on the Group's best estimate of the likely financial outcome. Where a reliable estimate cannot be made, or where the Group, based on legal counsel advice, considers that it is not probable that there will be an outflow of economic resources, no provision is recognised.

The Group is party to a number of on-going litigation processes, in relation to interpretation of local labour law and regulations in a number of countries, where it is expected that these matters will not be resolved in the near future. At this stage, the Group's view is that these cases will either be resolved in a manner favourable to the interests of the Group or, due to the nature and complexity of the cases, it is not possible to estimate the potential economic exposure. In addition, in the ordinary course of business, other contingent liabilities exist where the Group is subject to commercial claims and litigation from a range of parties in respect of contracts, agreements, regulatory and compliance matters, none of which are expected to have a material impact on the Group.

The investigation opened by the Serious Fraud Office (SFO) in 2013 in respect of the Group's Electronic Monitoring contract remains on-going and the Group continues to engage and cooperate fully with the SFO. Based on currently available information, the Group is unable to make a reliable estimate of the financial effect of the range of possible outcomes from the on-going process, therefore no provision has been made in respect of it. Further details are set out in the Risk section on page 83.

During 2019 the Group received a claim seeking damages for alleged losses following the reduction in the G4S share price in 2013. At this point, the Group is unable to make a reliable estimate of the merit, outcome or impact of any potential litigation relating to this claim therefore no provision has been made in respect of it.

In April 2020, the Group received requests for information from the Belgian Competition Authority and the US Department of Justice Antitrust Division in connection with contract tenders principally in Belgium. At this point, the Group is unable to make a reliable estimate of the potential outcome or financial impact, if any, of this information request process, therefore no provision has been made in respect of it.

The Group is currently involved in a number of claims in India, mainly related to periods prior to 2011, in relation to the interpretation of the basis for payments to the India Provident Fund. These disputes are currently awaiting court resolution. Based on the Group's internal and external legal advice, and taking into account the judgment passed by the Supreme Court of India in respect of a different Provident Fund related question on 28 February 2019, the Group believes it has a strong legal position that will prevail in the courts such that no economic outflow is expected to occur and hence no provision has been booked at the year end. The aggregate of the Provident Fund related claims amount to approximately £50m.

Judgments and estimates related to provisions and contingent liabilities

Judgment is required in quantifying the Group's provisions, particularly in connection with claims and onerous customer contracts, which are based on a number of assumptions and estimates where the ultimate outcome may be different from the amount provided. Each of these provisions reflects the Group's best estimate of the probable exposure at 31 December 2019 and this assessment has been made having considered the sensitivity of each provision to reasonably possible changes in key assumptions. Subject to the potential outcome of the on-going SFO investigation, the Group is satisfied that it is unlikely that changes in these key assumptions will have a material impact on the Group's overall provisioning position in the next 12 months.

33. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the year:

	Property, plant and equipment £m	Retirement benefit obligations £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 January 2019 – restated[1]	**41**	**64**	**84**	**63**	**252**
(Charge)/credit to the consolidated income statement	**(13)**	**3**	**5**	**(9)**	**(14)**
Credit to equity	**–**	**13**	**1**	**2**	**16**
Exchange differences and other adjustments	**–**	**–**	**–**	**(4)**	**(4)**
At 31 December 2019	**28**	**80**	**90**	**52**	**250**
At 1 January 2018 – as reported	32	63	92	46	233
Impact of the adoption of IFRS 16[1]	10	–	–	–	10
At 1 January 2018 – restated[1]	42	63	92	46	243
(Charge)/credit to the consolidated income statement	(1)	7	(8)	22	20
Charge to equity	–	(6)	–	(2)	(8)
Exchange differences	–	–	–	(3)	(3)
At 31 December 2018 – restated[1]	41	64	84	63	252

1. Restated for the adoption of IFRS 16, see note 3(u).

Certain deferred tax assets and liabilities have been offset where permitted, analysed as follows (after offset):

	2019 £m	2018 Restated[1] £m
Deferred tax liabilities	**(4)**	(6)
Deferred tax assets	**237**	258
Net deferred tax asset included in assets of disposal groups classified as held for sale	**17**	–
Net deferred tax assets	**250**	252

1. Restated for the adoption of IFRS 16, see note 3(u).

At 31 December 2019, the Group had unutilised tax credits and losses of approximately £848m (2018: £781m) potentially available for offset against future profits. A deferred tax asset of £90m (2018: £84m) has been recognised in respect of approximately £531m (2018: £469m) of these gross tax credits and losses based on profitability from approved budgets and business plans.

No deferred tax asset has been recognised in respect of the remaining £317m (2018: £312m) of gross losses due to the uncertainty of the availability of future profit streams in the relevant jurisdictions, and the fact that a significant proportion of such losses remains unagreed by the relevant tax authorities. In certain cases, there are continuing structural issues which prevent the utilisation of losses within the foreseeable future. Losses which will never be utilised, for example due to the operation of statute, are not included in the above figures.

Approximately £70m (2018: £72m) of the gross unrecognised losses relate to the UK tax group. Utilisation of such losses is dependent upon the profitability of particular trading and corporate entities. The financial projections used in assessing the future profitability are consistent with those used in assessing the carrying value of goodwill as set out in note 18.

The UK Chancellor of the Exchequer announced in his Budget of 11th March 2020 that the planned decrease in the corporation tax rate from 19% to 17% with effect from 1 April 2020 is to be reversed. This reversal had not been substantively enacted at year end and therefore the deferred tax assets relating to the UK reflect the substantively enacted 17% tax rate. This change was substantively enacted on 17 March 2020. The impact of keeping the corporation tax rate at 19% will be an increase in the value of deferred tax assets recognised by £19m, including £6m relating to the UK retirement benefit schemes.

Included in unrecognised tax losses are gross losses of £11m (2018: £13m) which will expire between 2019 and 2028. Included in losses upon which a deferred tax asset has been recognised are gross losses of £8m (2018: £11m) which will expire between 2020 and 2029. All other losses may be carried forward indefinitely.

At 31 December 2019, the Group has capital losses available to carry forward of approximately £2.7bn (2018: £2.7bn). These losses have no expiry date and currently only £145m (2018: £144m) has been agreed with the relevant tax authorities. A deferred tax asset of £10m (2018: £2m) has been recognised on £57m (2018: £13m) of capital losses. No deferred tax assets have been recognised in respect the remainder of these losses as the likelihood of their future utilisation is considered to be remote. Following the 2020 UK Budget announcement (above), the use of brought forward capital losses is to be restricted to 50% of capital gains arising on or after 1 April 2020. If enacted, the legislation will reduce the deferred tax asset on capital losses from £10m to £6m.

At 31 December 2019, the aggregate amount of undistributed earnings of non-UK subsidiaries and joint ventures on which temporary differences may exist was £1,551m (2018: £1,424m). A deferred tax liability of £2m (2018: £2m) has been recognised on undistributed earnings, based on expected distributions from such subsidiaries and joint ventures.

Other temporary differences vary by country and include items relating to the local tax treatment of fixed assets, employee benefits, and provisions.

34. Share capital

G4S plc	2019 £	2018 £
Issued and fully paid ordinary shares of 25p each	387,898,609	387,898,609

Ordinary shares in issue	2019 Number	2018 Number
At 1 January	1,551,594,436	1,551,594,436
At 31 December	1,551,594,436	1,551,594,436

35. Other reserves

	Hedging reserves £m	Translation reserve £m	Merger reserve £m	Reserve for own shares £m	Total other reserves £m
At 1 January 2019	9	(42)	426	(14)	379
Total comprehensive loss attributable to equity shareholders of the parent	(10)	(49)	–	–	(59)
Own shares awarded	–	–	–	12	12
Own shares purchased	–	–	–	(11)	(11)
At 31 December 2019	(1)	(91)	426	(13)	321
At 1 January 2018	–	(44)	426	(12)	370
Total comprehensive income attributable to equity shareholders of the parent	9	3	–	–	12
Recycling of cumulative translation adjustments	–	(1)	–	–	(1)
Own shares awarded	–	–	–	9	9
Own shares purchased	–	–	–	(11)	(11)
At 31 December 2018	9	(42)	426	(14)	379

Other reserves include:

Hedging reserves

The hedging reserves comprise the cash flow hedge reserve and the costs of hedging reserve, see note 29 for details. The cash flow hedge reserve contains the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred (net of tax). The Group defers the currency basis spread in cross currency swaps and the forward points in net investment hedges in the cost of hedging reserve.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in foreign operations (net of tax). During the year no cumulative translation adjustments were recycled to the consolidated income statement (2018: £1m), see note 17.

Merger reserve

The merger reserve comprises reserves arising upon the merger between the former Group 4 Falck A/S and the former Group 4 Securitas BV in 2000 and the acquisition of Securicor plc by the Group in 2004.

Reserve for own shares

An Employee Benefit Trust established by the Group held 5,946,863 shares at 31 December 2019 (2018: 5,342,225 shares) to satisfy the vesting of awards under the performance share plan and performance-related schemes (see note 38). During the year 5,555,727 shares (2018: 4,119,842 shares) were purchased by the trust, and 4,951,089 shares (2018: 3,139,685 shares) were used to satisfy the vesting of awards under the schemes. At 31 December 2019, the cost of shares held by the trust was £12,702,392 (2018: £14,004,478), whilst the market value of these shares was £12,964,161 (2018: £10,521,512). Shares held by the trust are treated as treasury shares, are deducted from equity, do not receive dividends and are excluded from the calculations of earnings per share.

Distributable reserves

As at 31 December 2019 the parent company of the Group had distributable reserves of £384m (2018: £684m).

36. Analysis of net debt

A reconciliation of net debt to amounts in the consolidated statement of financial position is presented below:

	2019 £m	2018 Restated[1] £m
Cash and cash equivalents	**745**	1,015
Receivables from customers in respect of cash-processing operations[2]	**1**	6
Bank overdrafts	**(367)**	(305)
Liabilities to customers in respect of cash-processing operations[3]	**(19)**	(43)
Net cash and overdrafts included within net assets of disposal groups held for sale	**159**	–
Total cash, cash equivalents and bank overdrafts	**519**	673
Investments	**69**	65
Bank loans	**(555)**	(312)
Loan notes	**(1,712)**	(1,997)
Lease liabilities	**(310)**	(486)
Fair value of loan note derivative financial instruments	**(24)**	33
Net debt (excluding cash and overdrafts) included within net assets of disposal groups held for sale	**(79)**	–
Total net debt	**(2,092)**	(2,024)

1. Restated for IFRS 16, see note 3(u).
2. Included within trade and other receivables.
3. Included within trade and other payables.

An analysis of movements in net debt in the year is presented below:

	2019 £m	2018 Restated[1] £m
(Decrease)/increase in cash, cash equivalents and bank overdrafts per consolidated statement of cash flow	**(101)**	58
Sale of investments	**6**	–
Net increase in borrowings	**(66)**	(107)
Repayment of leases	**157**	165
(Increase)/decrease in net debt resulting from cash flows	**(4)**	116
(Increase)/decrease in net debt resulting from non-cash changes		
New leases	**(78)**	(125)
Net debt (excluding cash, cash equivalents and bank overdrafts) in disposed entities	**4**	(10)
Exchange differences[2]	**10**	(40)
Net increase in net debt from non-cash changes	**(64)**	(175)
Net increase in net debt	**(68)**	(59)
Net debt at the beginning of the year	**(2,024)**	(1,965)
Net debt at the end of the year	**(2,092)**	(2,024)

1. Restated for IFRS 16, see note 3(u).
2. Net of fair value movements that increase net debt by £57m (2018: £33m).

37. Share-based payments

Long Term Incentive Plan (LTIP)

Shares allocated under the Group's LTIP are subject to performance conditions and forfeitures, as detailed in the Directors' Remuneration report on page 131.

Under the Group's LTIP, Relative Total Shareholder Return (a market performance condition) constitutes 30% (2018: 30%) of the performance criteria and is measured over three financial years. The Relative Total Shareholder Return is measured against a comparator group of selected relevant companies. 25% of this element of the award vests upon the Group's Total Shareholder Return being ranked median against the comparator group. To reflect the targeted achievement of median ranking, the fair value of the shares awarded which is subject to this market performance condition has therefore been reduced by 75%.

Deferred Bonus Share Plan (DBSP) and Restricted Share Plan (RSP)

Shares allocated under the Group's DBSP and RSP are not subject to further financial performance conditions, but in both cases, are subject to forfeitures, either in part or in full, subject to continued employment, unless a participant is deemed a good leaver by the Remuneration Committee.

Share-based payment plans information

All three share plans have a three-year vesting period from their dates of grant.

The following table shows the movements in the number of shares held under the share-based payment plans outstanding but not exercisable:

	DBSP and RSP 2019 Number	LTIP 2019 Number	Total 2019 Number	DBSP and RSP 2018 Number	LTIP 2018 Number	Total 2018 Number
Outstanding at 1 January	2,902,192	16,451,412	19,353,604	2,912,326	15,299,231	18,211,557
Granted during the year	734,846	8,628,389	9,363,235	771,618	6,874,519	7,646,137
Exercised during the year	(805,736)	(5,024,283)	(5,830,019)	(541,475)	(3,267,335)	(3,808,810)
Forfeited during the year	(99,184)	(1,879,443)	(1,978,627)	(240,277)	(726,287)	(966,564)
Expired during the year	–	(2,830,600)	(2,830,600)	–	(1,728,716)	(1,728,716)
Outstanding at 31 December	2,732,118	15,345,475	18,077,593	2,902,192	16,451,412	19,353,604

The weighted-average remaining contractual life of conditional share allocations outstanding at 31 December 2019 was 15 months (2018: 13 months). The weighted-average share price at the date of allocation of shares allocated conditionally during the year was 194.62p (2018: 258.9p) and the contractual life of all conditional allocations was three years. The weighted-average share price at the date of exercise for the shares exercised during the year was 196.22p (2018: 248.5p).

The consolidated income statement is charged with an estimate for the vesting of shares awarded conditionally and subject to non-market performance conditions. The charge for 2019 was £3m (2018: £8m), all of which arose from equity-settled share-based payments. The total carrying amount for the liabilities arising from share-based payment transactions as at 31 December 2019 was £1m (31 December 2018: £4m).

38. Related party transactions

Transactions and balances with joint ventures

Transactions between the company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below. All transactions with related parties are entered into in the normal course of business.

Transactions with joint ventures included revenue recorded of £79m (2018: £60m) and purchases recorded of £nil (2018: £nil). Amounts due from related parties include £1m (2018: £2m) from joint ventures. Amounts due to related parties include £nil (2018: £nil) to joint ventures.

No expense (2018: £nil) has been recognised in the year for impairment in respect of amounts owed by related parties.

Up until the end of 2019 the Group had a legal interest in a number of joint ventures and joint arrangements, where the economic interest was divested by the Global Solutions Group prior to its acquisition by G4S plc in 2008. The Group's legal interest in these entities was terminated during December 2019. Transactions with these entities during the year comprised:

	2019 Services/sales to £m	2018 Services/sales to £m
White Horse Education Partnership Limited	3	3
Integrated Accommodation Services plc	44	50
Fazakerley Prison Services Limited	43	41
Onley Prison Services Limited	18	17
UK Court Services (Manchester) Limited	2	2
East London Lift Company Limited	1	2
Total	111	115

The Group had outstanding balances of £12m due from these entities at 31 December 2018.

Transactions with post-employment benefit schemes

Details of transactions with the Group's post-employment benefit schemes are provided in note 31. Unpaid contributions owed to schemes amounted to £0.1m at 31 December 2019 (31 December 2018: £0.2m).

Transactions with other related parties

In the normal course of the Group's business the Group provides services to and receives services from certain non-controlling interests on an arm's-length basis.

Remuneration of key management personnel

The Group's key management personnel are deemed to be the non-executive directors and those individuals, including the executive directors, whose remuneration is determined by the Remuneration Committee. Their remuneration is set out below. Further information about the remuneration of individual directors included within key management personnel is provided in the audited part of the Directors' Remuneration report on pages 124 to 148.

	2019 £	2018 £
Short-term employee benefits	**7,636,207**	8,168,995
Post-employment benefits	**33,512**	21,788
Other long-term benefits	**24,630**	33,514
Share-based payment	**2,015,161**	4,596,918
Total	**9,709,510**	12,821,215

39. Events after the balance sheet date

On 26 February 2020 the Group agreed to sell the majority of its conventional cash businesses, which were classified as held for sale as at 31 December 2019, to Brink's for net cash consideration of approximately £670m. The transaction is phased and is expected to be materially complete by 30 June 2020. The Group's global logistics business was successfully transferred to Brink's in March 2020, with the Cash Solutions businesses in the Netherlands, Belgium, Hong Kong, Ireland, Romania, Czech Republic, Cyprus, Malaysia and Dominican Republic transferring in April. The Group has received cash proceeds and transferred lease obligations in excess of £500m to date. Further details of the transaction are provided in note 24.

Subsequent to the year end, Covid-19, which emerged in China during 2019, has developed into a pandemic. Efforts to slow the spread of the virus have resulted in governments across the world taking measures to limit interactions between individuals which has had a consequential effect on the global economy, resulting in further significant interventions being made by governments to support national and global economies. Further details of the risks faced by the Group as a result of Covid-19 and the steps the Group is taking to manage its growing global effects are included in note 3(a) and on page 81.

40. Significant investments

The companies listed below are those which were part of the Group at 31 December 2019 and which, in the opinion of the directors, significantly affected the Group's results and net assets during the year. A comprehensive list of all Group undertakings is disclosed on pages 233 to 245.

The principal activities of the companies listed below are indicated according to the following key:

Secure Solutions	(S)
Cash Solutions	(C)

	Product segment	Country of incorporation	Ultimate ownership
Subsidiary undertakings			
G4S Soluciones de Seguridad S.A.	S	Argentina	100%
G4S Custodial Services Pty Limited	S	Australia	100%
G4S Secure Solutions AG (Austria)	S	Austria	100%
G4S Secure Solutions SA/NV	S	Belgium	100%
G4S Cash Solutions (Belgium) NV	C	Belgium	100%
G4S Interativa Service Ltda	S	Brazil	100%
Vanguarda Segurança e Vigilância Ltda	S	Brazil	100%
G4S Secure Solutions (Canada) Limited	S	Canada	100%
G4S Secure Solutions Colombia S.A.	S	Colombia	100%
G4S Security Services A/S	S	Denmark	100%
G4S Care and Justice Services (UK) Limited	S	England	100%
G4S Cash Centres (UK) Limited	C	England	100%
G4S Cash Solutions (UK) Limited	C	England	100%
G4S Facilities Management (UK) Limited	S	England	100%
G4S Risk Management Limited	S	England	100%
G4S Secure Solutions (UK) Limited	S	England	100%
AS G4S Baltics	S+C	Estonia	100%
G4S Secure Solutions (India) Pvt. Limited[1,3]	S	India	49%
G4S Kenya Limited	S+C	Kenya	100%
G4S Security Solutions S.A.R.L.	S+C	Luxembourg	100%
Safeguards G4S Sdn Bhd[2,3]	S+C	Malaysia	49%
G4S Cash Solutions BV	C	Netherlands	100%
G4S Security Services BV	S	Netherlands	100%
G4S Peru S.A.C.	S	Peru	100%
Al Majal Service Master LLC[3]	S	Saudi Arabia	49%
G4S Cash Solutions (SA) (Pty) Limited	C	South Africa	75%
G4S Secure Solutions (SA) (Pty) Limited[3]	S	South Africa	72%
G4S Security Services (Thailand) Limited	S	Thailand	98%
G4S Secure Solutions LLC[3]	S	United Arab Emirates	49%
G4S Retail Solutions (USA) Inc.	C	USA	100%
G4S Secure Solutions (USA) Inc.	S	USA	100%
G4S Secure Integration LLC	S	USA	100%

1. G4S Secure Solutions (India) Pvt. Limited has a year end of 31 March.
2. Safeguards G4S Sdn Bhd has a year end of 30 June.
3. By virtue of shareholder agreements, options, pre-emption rights and other contractual arrangements, the Group has the power to govern the financial and operating policies, so as to obtain the benefits from the activities of these companies. These are therefore consolidated as full subsidiaries.

These businesses operate principally in the country in which they are incorporated.

41. Details of Related Undertakings of G4S plc

Subsidiaries

Entities listed below are subsidiaries at 31 December 2019, by reason of the holding of a majority of the voting rights or, if a majority is not held, by virtue of section 1162 (2) (c) of the Companies Act 2006. Not all of the companies listed below are trading entities.

Company Name	Country of Incorporation	% owned by group	% owned by plc
Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa			
SECURICOR GRAY SECURITY SERVICES (ANGOLA) (PTY) LTD	Angola	100	
Rua di reita da Samba, No 58, Corimba, Samba Luanda, Angola			
G4S SERVICOS DE SEGURANCA (ANGOLA) LIMITADA	Angola	63	
Timoteo Gordillo 5697/5611, C1439 GKA Buenos Aires, Argentina			
G4S SOLUCIONES DE SEGURIDAD S.A.	Argentina	100	
G4S SERVICIOS DE SEGURIDAD S.A.	Argentina	75.1	
PROTECCION E INVERSIONES, S.A.	Argentina	80	
G4S APPLIED SECURITY S.A.	Argentina	75	
G4S CONTROL SYSTEMS S.A.	Argentina	85.8	
Peru 338 San Fernando del Valle de Catamarca, K4700AKJ Catamarca, Argentina			
INDOMEGA S.A.	Argentina	99.9	
MANAR S.A.	Argentina	100	
Jose Demaria 4470 (C1425AEB), Buenos Aires, Argentina			
G4S SOLUCIONES GLOBALES S.A.	Argentina	75	
Lavalle 1528, 3° "E" (C1048AAL), Ciudad Autónoma de Buenos Aires, Argentina			
G4S DETCON S.A.	Argentina	75	
c/o HLB Mann Judd, Level 19, 207b Kent Street, 2000 Sydney, Australia			
G4S INTERNATIONAL LOGISTICS (AUSTRALIA) PTY LTD	Australia	100	
P.O. Box 7332 (Level 3, 182-184 Bourke Road), NSW 2015, Alexandria, Australia			
G4S COMPLIANCE & INVESTIGATIONS PTY LTD	Australia	100	
Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia			
G4S AUSTRALIA PTY LTD	Australia	100	
G4S HEALTH SERVICES AUSTRALIA PTY LTD	Australia	100	
G4S CUSTODIAL SERVICES PTY LTD	Australia	100	
G4S AUSTRALIA HOLDINGS PTY LTD	Australia	100	
G4S INTEGRATED SERVICES PTY LTD	Australia	100	
G4S CORRECTIONAL SERVICES (AUSTRALIA) PTY LTD	Australia	100	
Peilsteinerstr. 5-7, A-5020 Salzburg, Austria			
G4S SECURITY SYSTEMS GMBH	Austria	100	
Dresdner Strasse 91/1, A-1200 Vienna, Austria			
G4S SECURE SOLUTIONS AG (AUSTRIA)	Austria	100	
G4S DIENSTLEISTUNGS GMBH	Austria	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
Villa 925, Road 3830, Manama, Qudaybiyah 338, P. O. Box 15193 Adliya, Bahrain			
G4S SECURE SOLUTIONS BAHRAIN W.L.L	Bahrain	34.3	
2235 West Tower BFH Manama, Bahrain			
G4S REGIONAL CONSULTANCY SERVICES (NAMESA) WLL	Bahrain	100	
House # KA 79, Joar Sahara, Dhaka, 1212 Dhaka, Bangladesh			
G4S SECURE SOLUTIONS BANGLADESH (P) LTD	Bangladesh	100	
Apartment 10/A, Rupsha Tower, 7 Kamal Ataturk Avenue, Banani, Dhaka, Bangladesh			
FIRST SELECT BANGLADESH LIMITED[(iii)]	Bangladesh	40	
Brighton, Spring Garden, St. Michael, Barbados			
G4S SECURE SOLUTIONS (BARBADOS) LTD	Barbados	51	
Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium			
G4S CASH SOLUTIONS (BELGIUM) SA/NV	Belgium	100	
G4S SUPPORT SERVICES SA/NV	Belgium	100	
G4S SECURE SOLUTIONS SA/NV	Belgium	100	
G4S CARGO SOLUTIONS SA/NV	Belgium	100	
G4S TRAINING & CONSULTANCY SERVICES SA/NV	Belgium	100	
G4S AVIATION SECURITY SA/NV	Belgium	100	
G4S SECURE MONITORING SA/NV	Belgium	100	
G4S SECURITY SYSTEMS SA/NV	Belgium	100	
G4S CARE SA/NV	Belgium	50.4	
G4S EVENT SERVICES SA/NV	Belgium	100	
G4S EVENT SECURITY SA/NV	Belgium	100	
G4S FIRE AND SAFETY BV/BA	Belgium	100	
G4S BELGIUM NOMINEE NV	Belgium	100	100
Abtsdreef 10, 2940 Stabroek, Belgium			
G4S SAFETY SYSTEMS N.V.	Belgium	100	
ASC SAFETY SERVICES B.V./B.A.	Belgium	100	
Marcelo terceros Banzer S/N, 3er Anillo Ext. Equipetrol, (Frente Hotel Casa Blanca), Santa Cruz, Bolivia			
G4S BOLIVA S.A.	Bolivia	99.9	
C/o Grant Thornton Business Services (Pty) Ltd, Acumen Park, Plot 50370, Fairgrounds Gaborone, Botswana			
G4S (BOTSWANA) LTD	Botswana	70	
FIDELITY CASH MANAGEMENT SERVICES (BOTSWANA) PTY LTD	Botswana	100	
Plot 50370, Fairgrounds Office Park, Gaborone, Botswana			
G4S FACILITIES MANAGEMENT BOTSWANA (PTY) LTD	Botswana	48.9	

41. Details of Related Undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc
Rua Rui Barbosa 70, 2° andar, 01326-010 São Paulo, Brazil			
G4S BRAZIL HOLDING LTDA	Brazil	100	
Rua Rui Barbosa 70, 3° andar, Bela Vista, São Paulo, Brazil			
G4S MONITORAMENTO E SISTEMAS LTDA.	Brazil	100	
Rua Maria José 69, Bela Vista, 01324-010 São Paulo, Brazil			
G4S SERVIÇOS LTDA.	Brazil	100	
Rua Rui Barbosa 191,1° andar, 01326-010 São Paulo, Brazil			
G4S ENGENHARIA E SISTEMAS LTDA	Brazil	100	
Rua Santa Rosa, 911, Bairro Santa Paula, Sao Caetano do Sul, Sao Paulo, Brazil			
G4S INTERATIVA SERVICE LTDA.	Brazil	100	
Rua Rui Barbosa 70-A, 01326-010 São Paulo, Brazil			
G4S VANGUARDA SEGURANÇA E VIGILÂNCIA LTDA	Brazil	100	
Rua Maria José 133, Bela Vista, 01324-010 São Paulo, Brazil			
EMPRESA NACIONAL DE SEGURANCA LTDA	Brazil	100	
Rua Rui Barbosa 70, 1° andar, Bela Vista 01326-010 São Paulo, Brazil			
G4S PARTICIPAÇÕES LTDA	Brazil	100	
CITCO Building, Wickhams City, P.O. Box 662, Road Town, Tortola, British Virgin Islands			
G4S GROUP HOLDING (ASIA) LTD	British Virgin Islands	100	
Flat/ RM 101B & 104/F, Tower 2, The Harbourfront, 22 Tak Fung Street, Kowloon, Hong Kong			
G4S SECURE SOLUTIONS (ASIA) LTD	British Virgin Islands	100	
1395 University Blvd, 33458 Jupiter, FL, United States			
G4S HOLDINGS LTD	British Virgin Islands	100	
G4S (BVI) HOLDCO (COLOMBIA II) LTD	British Virgin Islands	100	
ASHINO HOLDINGS LTD	British Virgin Islands	100	
Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands			
ARMORGROUP (SPECIAL CLEARANCE SERVICES) LTD	British Virgin Islands	100	
Kingston Chambers, P.O. Box 173, Road Town Tortola, British Virgin Islands			
HILL & ASSOCIATES CONSULTANTS LTD	British Virgin Islands	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands			
HILL & ASSOCIATES CONSULTANTS (MIDDLE EAST) LTD	British Virgin Islands	100	
Old Airport Road, Bonapriso Doula, Cameroon			
G4S SECURITY SERVICES CAMEROON PLC	Cameroon	48.54	
150 Ferrand Drive, Suite 600, M3C 3E5 Toronto, Ontario, Canada			
G4S SECURE SOLUTIONS (CANADA) LTD. (G4S SOLUTIONS DE SECURITE (CANADA) LTEE)	Canada	100	
5255 Orbitor Drive, L4W 5M6 Mississauga, Ontario, Canada			
INDO BRITISH GARMENTS (CANADA) LTD	Canada	100	
Sterling Trust (Cayman) Limited, Whitehall House, 238 North Church Street, k1-1102 Grand Cayman, Cayman Islands			
SERVICE MASTERS LTD	Cayman Islands	100	
No 48/85, Avenue Kolwezi, Gombe, Kinshasa, DRC			
G4S CENTRAFRIQUE SECURITE SOLUTION SURL	Central African Republic	100	
Avda. Zañartu 1680, Ñuñoa – Santiago, Chile			
G4S HOLDINGS CHILE S.A.	Chile	100	
G4S SECURITY SERVICES REGIONES, S.A.	Chile	100	
G4S SECURITY SERVICES LIMITADA	Chile	100	
ARRIENDOS FAST CAR, LTDA.	Chile	100	
CAPACITACIÓN Y DESARROLLO, LTDA.	Chile	100	
13F, Hui Shang Building, 1286 Min Sheng Road, Pudong New District, 200122, Shanghai, China			
G4S FACILITIES MANAGEMENT LTD.	China	100	
G4S MANAGEMENT SERVICES (SHANGHAI) CO. LTD	China	100	
West Floor 9, Bus Tower 1001, Lianhau branch, Futian District, 518036 Shenzhen, China			
SHENZHEN G4S DONAR TECHNOLOGY CO. LTD	China	100	
Room 01-4 Tower A 8F, Yi Cheng International Centre No.10 Rong Hua Middle Road Beijing Development Area, 100176 Beijing, China			
G4S SECURITY SYSTEMS (BEIJING) CO. LTD	China	75	
Room 710A, 7/F, Nan Fang Securities Building, 140 -148 Ti Yu Dong Lu, Tian He District, Guangzhou, China			
G4S TECHNOLOGY (CHINA) LTD	China	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
6A, Huamin Empire Plaza, No. 728 Yan An Road (W), 200050 Shanghai, China			
HILL & ASSOCIATES (PRC) LTD	China	100	
17-1 Bai Ma Miao Xiang, Shangcheng District, Hangzhou, China			
G4S ZHEJIANG SECURE SOLUTIONS CO. LTD	China	90	
Room 204-7, 2/Floor, China Diamond Exchange Center Building, Tower B, No. 1701 Century Boulevard, Pudong New Area, Shanghai, China			
G4S INTERNATIONAL LOGISTICS (SHANGHAI) CO. LTD	China	100	
Avenida 26 No 69A-51 Torre A, Int 1 Piso 3, Bogota, Colombia			
G4S SECURE SOLUTIONS COLOMBIA S.A.	Colombia	100	
G4S HOLDING COLOMBIA SA	Colombia	100	
G4S TECHNOLOGY COLOMBIA S.A.	Colombia	100	
EBC INGENIERIA S.A.S	Colombia	100	
Avenida 26 No. 69A – 51 Torre A, Int 1, Piso 2, Bogota, Colombia			
G4S RISK MANAGEMENT COLOMBIA S.A.	Colombia	94.5	
Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica			
GFOURS S.A.	Costa Rica	100	
WACKENHUT SERVICIOS DE SEGURIDAD, S.A.	Costa Rica	100	
WACKENHUT SERVICIO DE ESCOLTAS, S.A.	Costa Rica	100	
G FOUR S GRUPO DE SERVICIOS ESPECIALES DE SEGURIDAD, S.A.	Costa Rica	100	
G FOUR S CONSULTOR EN SEGURIDAD, S.A.	Costa Rica	100	
Cinco Esquinas de Tibas de la Clinica, Clorito Picado 150 mts. Oeste, Costa Rica			
G CUATRO S VALOURS S.A.	Costa Rica	100	
G CUATRO S CASH SOLUTIONS S.A.	Costa Rica	100	
Kaya Flamboyan 6, Curaçao, Dutch West Indies, Curacao			
G4S GULF HOLDINGS NV	Curacao	100	
Diianiras 17, 2045 Strovolos Nicosia, P.O. Box 23989 1687, Nicosia, Cyprus			
G4S SECURE SOLUTIONS (CYPRUS) LTD	Cyprus	100	
G4S AVIATION (CYPRUS) LTD	Cyprus	80	
P.O. Box 23989, 1687 Nicosia, Cyprus			
G4S HOLDING CYPRUS LTD	Cyprus	100	
Na Kosince 2257/9, 180 00 Prague 8, Czech Republic			
G4S SECURE SOLUTIONS (CZ), A.S.	Czech Republic	100	
G4S CASH SOLUTIONS (CZ) A.S.	Czech Republic	100	
G4S SERVICES S.R.O.	Czech Republic	100	
108, Boulevard du 30 Juin, Gombe, Kinshasa, Democratic Republic of Congo			
G4S (DRC) S.A.R.L.	Democratic Republic of Congo	95	

Company Name	Country of Incorporation	% owned by group	% owned by plc
Roskildevej 157, DK-2620 Albertslund, Denmark			
G4S HOLDINGS (DK) A/S	Denmark	100	100
G4S INTERNATIONAL (DK) A/S	Denmark	100	
G4S SECURITY SERVICES A/S	Denmark	100	
G4S KYHLENSO A/S	Denmark	100	
G4S VIKINGA SURAMERICANA APS	Denmark	100	
G4S SURAMERICANA HOLDING APS	Denmark	100	
Paseo de los Locutores #36, Ensanche Piantini, Santo Domingo, Dominican Republic			
G4S SECURE SOLUTIONS S.A.	Dominican Republic	95	28.5
G4S CASH SOLUTIONS S.A.	Dominican Republic	95	
Gral. Giacomo Roca N33-92 y Bosmediano, Quito, Ecuador			
G4S SECURE SOLUTIONS (ECUADOR) CIA LTDA.	Ecuador	99.9	
Luis Cordero E12-114 y Toledo, Quito, Ecuador			
G4S HOLDING (ECUADOR) S.A.	Ecuador	99.9	
Calle Moscú E09-8 y Av. República del Salvador, Quito, Ecuador			
DEFENCE SYSTEMS ECUADOR DSE CIA LTDA	Ecuador	99.9	
G4S FACILITY MANAGEMENT CIA LTDA	Ecuador	99.9	
Av. Principal la Perla S52-136 y Quinta Transversal Quito Ecuador			
CEFOSEG CIA. LTDA.	Ecuador	100	
2nd District, 90th Street, Area 6, 5th Settlement, New Cairo, Cairo, Egypt			
G4S SECURE SOLUTIONS (EGYPT) LLC	Egypt	85	
Head Office: Ismalia Public Free Zone Area, Egypt			
INDO BRITISH GARMENTS EGYPT S.A.E.	Egypt	99	
7 El Sherka El Porsaidia St., Auba Boula Sq. Ard El Golf, Heliopolis, Cairo, Egypt			
FS INVESTMENTS LLC	Egypt	99	
3A Nabatat Street, Garden City, Cairo, Egypt			
G4S LOTUS FACILITIES MANAGEMENT COMPANY	Egypt	51	
12 Suhag St. Extension of Harun El-Rasheed St., Heliopolis, Cairo, Egypt			
G4S FACILITIES MANAGEMENT (EGYPT) LLC	Egypt	100	
Av. Olimpica 3765, San Salvador, El Salvador			
G4S SECURE SOLUTIONS EL SALVADOR S.A. DE C.V.	El Salvador	100	
Paldiski mnt 80, 10617 Tallinn, Estonia			
AS G4S BALTICS	Estonia	100	
AS G4S GRUPP	Estonia	100	
AS G4S EESTI	Estonia	100	
G4S CASH SOLUTIONS HOLDING (ESTONIA) OU	Estonia	100	
G4S CASH SOLUTIONS (ESTONIA) OU	Estonia	100	

41. Details of Related Undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc
Töökoja 1, 11313 Tallinn, Estonia			
ALARMTEC AS	Estonia	100	
Fabianinkatu, 29B, Helsinki, 00100, Finland			
G4S SECURE SOLUTIONS FINLAND OY	Finland	100	
18 R Pasquier, 75008 Paris, France			
G4S INTERNATIONAL HOLDINGS (FRANCE) SAS	France	100	
9 Place de la Madeleine 75008 Paris, France			
G4S AVIATION SECURITY (FRANCE) SAS	France	100	
G4S SECURE SOLUTIONS FRANCE SAS	France	100	
Quartier Ambowe, BP 4000 Libreville, Gabon			
G4S GABON SECURE SOLUTIONS S.A.	Gabon	99.9	
9 Booster Street, Fajara, SK Serrekunda, Gambia			
G4S SECURE SOLUTIONS (GAMBIA) LTD	Gambia	100	
Rathenaustrasse 53, D-63263 Neu-Isenburg, Germany			
G4S INTERNATIONAL LOGISTICS (GERMANY) GMBH	Germany	100	
C/o Baker Tilly GmbH & Co KG AG Wirtschaftspruefungsgesellschaft Valentinskamp 88 20355 Hamburg, Germany			
G4S SECURITY HOLDINGS DE GMBH	Germany	100	
G4S IMMOBILIEN-VERWALTUNGS GMBH	Germany	100	5.2
G4S SECURITY SOLUTIONS (GERMANY) GMBH	Germany	100	
31 Second Labone Street, Labone, Accra, Ghana			
G4S SECURITY SERVICES (GHANA) LTD	Ghana	100	
G4S (GHANA) LTD	Ghana	100	
G4S SECURE SOLUTIONS (GHANA) LTD	Ghana	100	
G4S RISK MANAGEMENT (AFRICA) LTD	Ghana	49	
7, Sorou Str., 144 52 Metamorphosis, Athens, Greece			
G4S SECURE SOLUTIONS SA	Greece	100	
G4S HELLAS HOLDING SA	Greece	100	
G4S CASH SOLUTIONS SA	Greece	100	
G4S TELEMATIX SA	Greece	39.4	
G4S AVIATION AND PORTS SECURE SOLUTIONS SA	Greece	100	
G4S RMS LTD	Greece	100	
G4S SECURITY SYSTEMS AND MONITORING SERVICES (GREECE) SA	Greece	100	
5 klm, Spaton-Loutsas aven., 190 19 Spata, Greece			
WSW SKYKAP SERVICES SA	Greece	42.5	

Company Name	Country of Incorporation	% owned by group	% owned by plc
National Road Palaiokastritsas, 491 00 Kerkiras, Greece			
HELLAS GUARD S.A. UNDER LIQUIDATION	Greece	18	
35 Kountouriotou, 555-35 Thessaloniki, Greece			
CSI DEFENSE LTD	Greece	50	
Maurice Bishop Highway Grand Anse St. George's, Grenada			
G4S SECURE SOLUTIONS (GRENADA) LTD.	Grenada	51	
1851A Army Drive, Harmon, Guam, 96913, Guam			
G4S SECURE SOLUTIONS (GUAM), INC.	Guam	100	
G4S SECURITY SYSTEMS (GUAM) INC.	Guam	100	
Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala			
WACKENHUT DE GUATEMALA SA	Guatemala	50	
WACKENHUT ELECTRONICA SA	Guatemala	47.5	
G4S DOCUMENTA, S.A.	Guatemala	50	
FACILITY SERVICES, S.A.	Guatemala	28	
G4S SECURE SOLUTIONS, S.A.	Guatemala	50	
Homefield Rue de L'Epinel Forest, GY8 0HL, Guernsey			
G4S SECURE SOLUTIONS (GUERNSEY) LTD	Guernsey	100	
P.O. Box 384, 4th Floor, The Albany, South Esplanade, GY1 4NF St. Peter Port, Guernsey			
G4S INSURANCE (GUERNSEY) LTD	Guernsey	100	100
Commune de Ratoma, Kipe Centre Emetteur, Pres de la Seg, Conakry, Guinea			
G4S SECURITY SERVICES (GUINEA) SARL	Guinea	75	
1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong			
G4S (HONG KONG – HOLDING) LTD	Hong Kong	100	
VERDI LTD	Hong Kong	100	
G4S SECURE SOLUTIONS (HONG KONG) LTD	Hong Kong	100	
G4S GURKHA SERVICES LTD	Hong Kong	100	
HONG KONG SECURITY LTD	Hong Kong	100	
G4S DOCUMENT MANAGEMENT SERVICES (HONG KONG) LTD	Hong Kong	100	
G4S FACILITY SERVICES (HONG KONG) LTD.	Hong Kong	100	
G4S CASH SOLUTIONS (HONG KONG) LTD	Hong Kong	100	
SECURICOR MACAU INVESTMENT LTD	Hong Kong	100	
G4S GROUP HOLDING (CHINA) LTD	Hong Kong	100	
STARPOINT INVESTMENTS LTD	Hong Kong	100	
G4S SECURITY SYSTEMS (HONG KONG) LTD	Hong Kong	100	
GREAT STEP INVESTMENT LTD	Hong Kong	100	
VICTORY STEP GROUP LTD	Hong Kong	75	
G4S TECHNOLOGY (HONG KONG) LTD	Hong Kong	100	
G4S CASH SOLUTIONS (HONG KONG-HOLDING) LTD	Hong Kong	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
Unit 02, 7/F, Beautiful Group Tower, 77 Connaught Rd Central, Hong Kong			
G4S INTERNATIONAL LOGISITICS (HONG KONG) LTD	Hong Kong	100	
Suite 1701-08, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong			
HILL & ASSOCIATES LTD	Hong Kong	100	
C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India			
G4S CENTRAL MONITORING SERVICES (INDIA) PVT. LTD	India	100	
G4S SECURE SOLUTIONS (INDIA) PVT. LTD	India	49	
INDO-BRITISH GARMENTS (P) LTD	India	100	
G4S CASH SOLUTIONS (INDIA) PVT LTD	India	100	18.5
G4S FLEET MANAGEMENT SERVICES (INDIA) PVT. LTD	India	100	
G4S SECURITY SYSTEMS (INDIA) PVT. LTD	India	100	
G4S CORPORATE SERVICES (INDIA) PVT. LTD.	India	100	
FIRST SELECT (P) LTD	India	100	
G4S FACILITY SERVICES (INDIA) PVT. LTD	India	100	
MONITRON SUPPORT SERVICES PVT. LTD	India	49.5	
Office Unit No.301, Third Floor, A-Wing,Eureka Tower, Building No. 7, Mind Space, Link Road, Malad (west), 400064 Mumbai, India			
MONITRON SECURITY (P) LTD	India	100	
Block B3, 3rd Floor, DLF World Tech Park, DLF IT SEZ, Silokhera122001 Gurgaon, Haryana, India			
G4S IT SERVICES (INDIA) PVT. LTD	India	100	84.5
Plot No. 43, Road No. 14, Banjara Hills, 500034 Hyderabad, India			
PROTEX SECURITY SERVICES (AP) PVT. LTD	India	48.9	
INVESTIGATION AND SECURITY SERVICES (INDIA) PVT. LTD	India	46.7	
Upper Ground Floor, Tower B, Building No. 10, DLF Cyber City, 122002 DLF Phase II, Gurgaon, Haryana, India			
HILL & ASSOCIATES (INDIA) PVT. LTD	India	100	
C-30, Chirag Enclave, , 110048 New Delhi, India 110048 New Delhi, India			
SOPEDU SECURITY PRIVATE LIMITED	India	100	
The Security Center- Unit 407, Cilandak Commercial Estate KKO, 12560 Jakarta, Indonesia			
PT G4S SECURITY SERVICES	Indonesia	97	
PT G4S EURONET (INDONESIA)	Indonesia	53	
PT G4S SECURITY SOLUTION SERVICES	Indonesia	100	
Jl. Ciputat Raya No. 18, Pondok Pinang, Kebayoran Lama, 12310 Jakarta, Indonesia			
PT G4S CASH SERVICES	Indonesia	83.9	
Menara Jamsostek Fl.22, Jl. Jend. Gatot Subroto No. 38, Kuningan Barat, Jakarta Selatan, Indonesia			
PT CASINTRANS PERDANA	Indonesia	100	
Gedung Setiabudi 2 Lt.3A Suite 3A-01 Jl. H.R. Rasuna, Said Kav.62, 12920 Jakarta, Indonesia			
PT HILL KONSULTAN INDONESIA	Indonesia	99	
Jl. Administrasi Negara 1A No. 30, Bendungan Hilir, Tanah Abang, 10210 Jakarta, Indonesia			
PT G4S CASH SYSTEMS	Indonesia	86.7	
Erbil, S9/14 Erbil Baharka Street, New Azadi Atconz Compund, Iraq			
COMPANY (ORDNANCE MANAGEMENT) FOR MINE CLEARANCE/ LTD	Iraq	100	
Unit 5 Calmount Buisness Park, Ballymount, Dublin 12, Ireland			
GROUP 4 SECURICOR GLOBAL RISKS LTD	Ireland	100	
G4S SECURE SOLUTIONS (IRE) LTD	Ireland	100	
G4S SUPPORT SERVICES (IRELAND) LTD	Ireland	100	
G4S HOLDINGS (IRELAND) LTD	Ireland	100	
G4S MONITORING (IRE) LTD	Ireland	100	
A1 SECURITY TECHNOLOGIES LTD	Ireland	100	
G4S FACILITIES MANAGEMENT (IRE) LTD	Ireland	100	
ALARM MONITORING SERVICES LTD	Ireland	100	
G4S FINANCE (IRELAND) LTD	Ireland	100	
GDJS SECURITY LTD	Ireland	100	
Bluebell Industrial Estate, Bluebell Ave, Dublin 12, Ireland			
G4S CASH SOLUTIONS IRELAND LTD	Ireland	100	
Unit B Offices, City West Shopping Centre, Dublin 24, D24 P650, Ireland			
G4S COMPLIANCE AND INVESTIGATIONS (IRELAND) LIMITED	Ireland	100	
IOM Buisness Park, Ballacottier, Braddon, Isle of Man, IM2 2SE			
G4S SECURE SOLUTIONS (ISLE OF MAN) LTD	Isle of Man	100	
1a Ha'Yarden St. Air Port City, Lod, Israel			
POLICITY LTD	Israel	25	
111, Arlozorov Street, Tel Aviv-Yafo, Israel, 6209809			
G4S INTERNATIONAL LOGISTICS (ISRAEL) LTD	Israel	100	
3 Boulevard Valerie Giscard d'Estaing, 01 BP 6065 ABJ 01 Abidjan, Ivory Coast			
G4S SECURE SOLUTIONS (CI) SA	Ivory Coast	97.5	
Rue B31, Lot 29, Cocody danga Nord Abidjan, 20 BP 845 Abidjan 20 Abidjan, Ivory Coast			
ARMORGROUP COTE D'IVOIRE SA	Ivory Coast	100	

41. Details of Related Undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc
6-8 East Avenue, 5 Kingston W.I., Jamaica			
G4S JAMAICA LTD	Jamaica	100	
202, Musashino Hills, 2299-4 Fussa, Fussa-shi, 1970011 Fussa-shi, Japan			
G4S SECURE SOLUTIONS JAPAN K.K	Japan	100	
2-2-15, #403, Minami-Aoyama, Minato-ku, 107-0062 Tokyo, Japan			
HILL & ASSOCIATES (JAPAN) KK	Japan	100	
Third Floor, 37 Esplanade, JE2 3QA St Helier, Jersey			
G4S HOLDINGS INDIA LTD[iii]	Jersey	100	
The Security Centre Rue des Pres Trading Estate, JE2 7QP St Saviour, Jersey			
G4S SECURE SOLUTIONS (JERSEY) LTD	Jersey	100	
The Old Chapel, Sacre Coeur, Rouge Bouillon St Helier, Jersey, JE2 3ZA			
G4S INTERNATIONAL EMPLOYMENT SERVICES LTD	Jersey	100	
# 12, Mithqual El Fayez St., Third Circle, Jebel, P.O. Box 831358, 11183 Amman, Jordan			
G4S SECURE SOLUTIONS INTERNATIONAL INC (JORDAN) LTD.	Jordan	50	
Roxy Al Ozaizi Street – Dana Center 2, 11183 Amman, Jordan			
G4S SECURE SOLUTIONS INT. (JORDAN) FOR INTEGRATED SOLUTIONS	Jordan	60	
Witu Rd off Lusaka Rd, P O Box 30242, GPO 00100 Nairobi, Kenya			
G4S KENYA LTD	Kenya	100	
G4S FIRE SERVICES (KENYA) LTD	Kenya	100	
G4S RISK MANAGEMENT (KENYA) LTD	Kenya	100	
Plot No. LR 209/368/10, Armor House, Lenana Road, P.O. Box 2714 Nairobi, Kenya			
ARMORGROUP KENYA LTD	Kenya	100	
P.O. Box 22063, 13081 Safat, Kuwait			
GROUP 4 SECURITY SOLUTIONS CO.WLL	Kuwait	48.51	
P.O. Box 117, 13002 Safat, Kuwait			
AL MULLA SECURITY SERVICES KSCC	Kuwait	49	
Stigu Str 10, LV-1021, Riga, Latvia			
AS G4S LATVIA	Latvia	100	
AS G4S CASH SERVICES LATVIA	Latvia	100	
Saliba Building Awkar Dbayeh, 70-461, Antelias Beirut, Lebanon			
GROUP 4 SECURITY SERVICES LEBANON SAL	Lebanon	50.6	50.6
G4S SECURITY SYSTEMS LEBANON SAL	Lebanon	50.5	

Company Name	Country of Incorporation	% owned by group	% owned by plc
397 Hilton Hill Road Maseru, Lesotho			
G4S SECURE SOLUTIONS LESOTHO (PTY) LTD	Lesotho	100	
G4S CASH SOLUTIONS LESOTHO (PTY) LTD	Lesotho	100	
J.Jasinskio 16C, LT-01112 Vilnius, Lithuania			
UAB G4S LIETUVA	Lithuania	100	
14 Rue du Père Raphaël – P.O. Box 1513, L-1015 Luxembourg			
G4S SECURITY SOLUTIONS S.A.R.L.	Luxembourg	100	
G4S GENERAL SERVICES SA	Luxembourg	100	
G4S FINANCE (LUXEMBOURG) SARL	Luxembourg	100	100
G4S CASH SOLUTIONS (LUXEMBOURG) S.A.R.L.	Luxembourg	100	
Avenida Venceslau de Morais, 185-191, 1 Andar A, Macau			
G4S (MACAU – HOLDING) LTD	Macau	100	
G4S VALUABLES TRANSPORTATION (MACAU) LTD	Macau	100	
Avenida Venceslau de Morais, 157, BL 2,2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau			
HILL & ASSOCIATES (MACAU) LTD	Macau	100	
G4S SECURE SOLUTIONS (MACAU) LTD	Macau	100	
GREAT WALL SECURITY SERVICES LTDA.	Macau	100	
GREAT WALL PROPERTY MANAGEMENT SERVICES LTD	Macau	100	
GREAT WALL HOLDINGS LTD	Macau	100	
Lot II, 161 HC Ambohijatovo Ivandry Immeuble Millenium, 10101 101 Antananarivo Renivohitra C.U., Madagascar			
G4S MADAGASCAR SOLUTIONS DE SECURITE SARL	Madagascar	100	
Chirimba Industrial Area, P O Box 720, Blantyre, Malawi			
G4S SECURE SOLUTIONS (MALAWI) LTD	Malawi	99.7	
G4S PREMIER GUARDING SERVICES (MALAWI) LTD	Malawi	100	
25-2, Jalan PjU 1/42A, Dataran Prima, 47301 Petaling Jaya, Malaysia			
G4S MALAYSIA SDN. BHD	Malaysia	60	
ALMO SYSTEMS SDN BHD	Malaysia	49	
Suite 226, 1st floor, FAS Business Avenue, No.1, Jalan Perbandaran, 47301 Petaling Jaya, Malaysia			
GROUP 4 FALCK CMS SDN BHD	Malaysia	49	
No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia			
SAFEGUARDS G4S SDN BHD	Malaysia	49	
SECURICOR (MALAYSIA) SDN BHD	Malaysia	49	
SAFEGUARDS G4S (SABAH) SDN BHD	Malaysia	49	
SAFEGUARDS G4S (SARAWAK) SDN BHD	Malaysia	49	
SAFEGUARDS G4S SECURITY SYSTEMS SDN BHD	Malaysia	49	

Company Name	Country of Incorporation	% owned by group	% owned by plc
910 (Suite 1), Block B, Phileo Damansara 2, No 15, Jalan 16/11, Off Jalan Damansara, Petaling Jaya,46350 Selangor Darul Ehsan, Malaysia			
GWENKENS SECURITY SERVICES SDN BHD	Malaysia	44	
SAFEGUARDS G4S ACADEMY SDN BHD	Malaysia	44	
GWENKENS CENTRAL MONITORING SDN BHD	Malaysia	44	
1st Floor, Lot 6, Jalan 225, Sec 51A, Petaling Jaya, 46100 Selangor, Malaysia			
G4S MANAGEMENT SERVICES (ASIA PACIFIC) SDN BHD	Malaysia	100	
2nd floor, No 2-4 Jalan Manau, 50460 Kuala Lumpur, Malaysia			
HILL CORPORATE SERVICES SDN BHD	Malaysia	100	
Level 15B, Main Office Tower, Financial Park, Jalan Merdeka, 87000 Labuan, Malaysia			
RISK CONSULTING (L) LTD	Malaysia	100	
Unit No 9-7, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia			
HILL RISK CONSULTING (MALAYSIA) SDN BHD	Malaysia	100	
Level 21, Suite 21.10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia			
VIVA POWERTECH SDN. BHD	Malaysia	100	
Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing No 1 Leboh Ampang, 50100 Kuala Lumpur, Malaysia			
INDO BRITISH GARMENTS MALAYSIA SDN BHD	Malaysia	100	
Hamdallaye ACI 2000, street 405 – gate 558, Bamako, Mali			
G4S (MALI) SARL	Mali	100	
Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta			
G4S SECURITY SERVICES (MALTA) LTD	Malta	50.1	
G4S SECURITY SERVICES LTD	Malta	50.1	
G4S HOLDINGS (MALTA) LTD	Malta	100	
G4S COMMUNITY SERVICES LIMITED	Malta	50.1	
82 Rue Victor Severe, 97200, Fort de France, Martinque			
G4S SECURE SOLUTIONS FRENCH WEST INDIES	Martinque	100	
c/o Multiconsult Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius			
G4S HOLDINGS CHINA LTD	Mauritius	100	
HILL RISK MANAGEMENT LTD	Mauritius	100	
HILL & ASSOCIATES (MAURITIUS) LTD	Mauritius	100	
HILL RISK CONSULTING (MAURITIUS) LTD	Mauritius	100	
c/o Intercontinental Trust LTD, Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius			
S GRAY MANAGEMENT SERVICES LTD	Mauritius	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
Barranca del Muerto #380, CP 01020 Mexico, D.F., Mexico			
G4S HOLDINGS MÉXICO, SA DE CV	Mexico	100	
G4S SECURITY SYSTEMS S.A. DE C.V.	Mexico	100	
G4S PRIVATE SECURITY SERVICES, SA DE CV	Mexico	100	
Cvijetna Street no.25, Podgorica, Montenegro			
G4S SECURITY SERVICES CRNA GORA DOO PODGORICA	Montenegro	85	
24 Lotissement la Colline, Sidi Maarouf, 20150 Casablanca, Morocco			
MAROC PROTECTION SURVEILLANCE SA	Morocco	100	
G4S (MAROC) SA	Morocco	100	
FIRST SELECT MOROCCO SA	Morocco	99.9	
G4S INTERGRATED SERVICES MOROCCO SA	Morocco	100	
Rua Mariano Machado nr. 99/186, Maputo, Mozambique			
WACKENHUT MOZAMBIQUE LIMITADA	Mozambique	90	
Av da Organizacao da Unidade Africana, 121, Maputo, Mozambique			
G4S SECURE SOLUTIONS MOCAMBIQUE LIMITADA	Mozambique	87.5	
No 2085, Avenida Ahmed Sekoe Toure, Maputo, Mozambique			
G4S ORDNANCE MANAGEMENT (MOCAMBIQUE), LIMITADA	Mozambique	90	
33 General Murtala Ramat Muhammed Street, Eros, Windhoek, Namibia			
G FOUR S MANNED SECURITY (NAMIBIA) (PTY) LTD	Namibia	100	
G FOUR S AVIATION SECURITY (NAMIBIA) (PTY) LTD	Namibia	100	
G FOUR S SECURE SOLUTIONS (NAMIBIA) (PTY) LTD	Namibia	100	
G FOUR S CASH SOLUTIONS (NAMIBIA) (PTY) LTD	Namibia	100	
Ichhunadi Marg, Baluwatar, Ward No. 4, Kathmandu Metropolitan City, Kathmandu, Nepal			
G4S SECURITY SERVICES NEPAL (P) LTD	Nepal	99.9	
SECURITAS PRODUCT NEPAL P. LTD	Nepal	100	
G4S FACILITY & EMPLOYMENT SERVICES NEPAL PVT. LTD	Nepal	100	
P.O. Box 20423, House # 75/45, Lazimpat, Kailash Chaur, Kathmandu, Nepal			
FIRST SELECT NEPAL (P) LTD	Nepal	100	
Hogehilweg 12, 1101CD Amsterdam Zuidoost, Netherlands			
G4S INTERNATIONAL (NL) BV	Netherlands	100	
G4S HOLDING (B) BV	Netherlands	100	
G4S INDIA HOLDINGS (NL) BV	Netherlands	100	
G4S SECURE MONITORING BV	Netherlands	100	
G4S INTERNATIONAL HOLDINGS 101 (NL) BV	Netherlands	100	
G4S SECURITY SERVICES BV	Netherlands	100	
G4S HOLDINGS 102 (NL) B.V.	Netherlands	100	
G4S HOLDINGS 103 (NL) BV	Netherlands	100	
G4S GROUP HOLDING (ASIA) BV	Netherlands	100	
G4S BEHEER BV	Netherlands	100	

41. Details of Related Undertakings of G4S plc *continued*

Subsidiaries ***continued***

Company Name	Country of Incorporation	% owned by group	% owned by plc
G4S SERVICES BV	Netherlands	100	
G4S PUBLIC SECURITY BV	Netherlands	100	
IBG EUROPE BV	Netherlands	100	
G4S OVERSEAS HOLDINGS BV	Netherlands	100	
G4S CASH SOLUTIONS HOLDINGS B.V,	Netherlands	100	
G4S PAY B.V.	Netherlands	100	
G4S CASH SOLUTIONS HOLDINGS NO 2 B.V.	Netherlands	100	
Evert van de Beekstraat 1 rumimtenummer 66, Luchthaven Schiphol, 1118 CL Netherlands			
G4S AVIATION SECURITY BV	Netherlands	100	
Ptolemaeuslaan 61, 3528 BR Utrecht, Netherlands			
G4S CASH SOLUTIONS BV	Netherlands	100	
G4S CASH MANAGEMENT BV	Netherlands	100	
Galvanistraat 89, 6716 AE Ede, Netherlands			
G4S TRAINING & SAFETY BV	Netherlands	100	
G4S DIRECT BV	Netherlands	100	
ROTUS BV	Netherlands	100	
Amperestraat 25, 6716 BN Ede, Netherlands			
G4S PERSONNEL BV	Netherlands	100	
Donk 1D, 2991 LE Barendrecht, Netherlands			
G4S FIRE & SAFETY BV	Netherlands	100	
Tolnasingel 1, 2411PV Bodegraven, Netherlands			
INZETBAAR BV	Netherlands	100	
Kiotoweg 221 3047 BG Rotterdam Netherlands			
SECURCASH BV	Netherlands	100	
Level 3, 2 Kalmia Street, Ellerslie, 1051, New Zealand			
G4S NEW ZEALAND LTD	New Zealand	100	
Reparta Belmonte, Dr. Hospital Velez Paiz, 1 Cuadra Holis Arriba, Nicaragua			
G4S SECURE SOLUTIONS NICARAGUA, SOCIEDAD ANÓNIMA	Nicaragua	51	
27, Oba Akinjobi Street, GIRA, Ikeja, Lagos, Nigeria			
OUTSOURCING SERVICES LTD	Nigeria	99.9	
G4S SECURE SOLUTIONS NIGERIA LTD	Nigeria	100	
ARMORGROUP (NIGERIA) LTD	Nigeria	100	
13A, A.J. Marinho Drive, Victoria Island, Lagos, Nigeria			
SCHC LTD	Nigeria	99	
AIB Plaza, Off Akin Adesola Street, Victoria Island, Lagos, Nigeria			
G4S TRACKING SOLUTIONS LTD	Nigeria	60	
1 Murtala Mohammed Drive (Formerly Bank Road), Ikoyi, Lagos, Nigeria			
ASSETGUARD SERVICES LTD	Nigeria	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
Plot 7a Acme Road, Block C, Ogba Inustrial Scheme, Ikeja, Lagos, Nigeria			
G4S/GLOBAL RISKS NIGERIA LTD	Nigeria	100	
PMB 384 PPP Box 1000, 96950 Saipan, Northern Mariana Islands			
G4S SECURE SOLUTIONS (CNMI) INC.	Northern Mariana Islands	100	
P.O. Box 1625, 112, Ruwi Muscat, Oman			
G4S SECURITY SOLUTIONS LLC	Oman	49	
G4S SERVICES LLC	Oman	49	
B-61, KDA Scheme 01, 7550 Karachi, Pakistan			
HILL & ASSOCIATES PAKISTAN (PVT.) LTD	Pakistan	100	
Calle 41, 2-40 Bella Vista, Panama			
INVERSIONES SETESCA	Panama	100	
SEGURIDAD TECNICA SA	Panama	44	
TELEMETRIA Y ALARMA SA	Panama	17.6	
DETECTA SA	Panama	44	
LIMPIE SA	Panama	44	
METERS CORP.	Panama	100	
Marbella, Ave. Aquilino de la Guardia Ocean Business Plaza, Piso 17-1704, Panama City, Panama			
G4S S.A.	Panama	100	
Section 61, Allotment 13, Morata Street, Gordons, National Capital District, Papua New Guinea			
G4S SECURE SOLUTIONS (PNG) LTD	Papua New Guinea	100	
Sinton Spence Chartered Accountants 2nd Floor Brian Bell Plaza Turmu St. Boroko, Boroko, Papua New Guinea			
MONT BLANC LTD	Papua New Guinea	100	
PO Box 5392 Boroko NCD, Papua New Guinea			
G4S PNG LTD	Papua New Guinea	100	
Nery Quevedo 315 Esq. Hipolito Garron, Asuncion, Paraguay			
WACKENHUT PARAGUAY SA	Paraguay	80	
Av. El Sol 916, Urbanización La Campiña., Chorrillos, Lima, Peru			
G4S PERU S.A.C.	Peru	99.9	
G4S SECURE MONITORING AND RESPONSE PERU S.A.C.	Peru	99	
100 E. Rodriquez Avenue, Ugong Norte, 1552 Quezon City, Philippines			
G4S CASH SOLUTIONS PHILLIPINES INC.	Philippines	59	
Carretera #1 Plaza Bairoa, Suite 211, Caguas, Puerto Rico			
G4S SECURE SOLUTIONS (PUERTO RICO) INC.	Puerto Rico	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
15 Charles de Gaulle Square, 12th floor, District 1, Bucharest, Romania			
G4S SECURE SOLUTIONS SRL	Romania	100	
G4S CASH SOLUTIONS SRL	Romania	100	
G4S FIRE & SAFETY S.R.L.	Romania	100	
36 Dzerzhinskogo, 693000 Yuzhno Sakhalinsk, Russia			
LLC PSE G4S SECURITY SERVICES – SAKHALIN	Russia	100	
62A Amurskaya Str, Office 103, 693000 Yuzhno-Sakhalinsk, Russia			
LLC G4S TECNICAL SOLUTIONS – SAKHALIN	Russia	75	
Building 1, 4 Ukhtomsky Pereulok, 111020 Moscow, Russia			
G4S EURASIA LLC	Russia	100	
107023, Moscow, M. Semenovskaya str., 9, bld I Russia			
LLC GROUP 4 SECURICOR	Russia	99	
5698 Nyarutarama, P.O. Box 7230, Kigali, Rwanda			
G4S RWANDA LTD	Rwanda	99	
P.O. Box CP 6098 Conway Post Office, Castries, Saint Lucia			
G4S SECURE SOLUTIONS (ST. LUCIA) LTD	Saint Lucia	51	
P.O. Box 31049, 21497 Jeddah, Saudi Arabia			
AL MAJAL GROUP 4S FOR SECURITY AND SAFETY LIMITED LIABILITY COMPANY	Saudi Arabia	49	
Post Code 6930, 21452 Jeddah, Saudi Arabia			
AL MAJAL SERVICE MASTER LLC	Saudi Arabia	49	
P.O. Box 2779, 21461 Jeddah, Saudi Arabia			
MOHAMMED BIN ABDOUD AL AMOUDI CO FOR CIVILIAN SECURITY SERVICES PARTNERSHIP (ALMAJAL)	Saudi Arabia	0	
Bulevar Peka Dapcevica 32 Belgrade, Serbia			
G4S SECURE SOLUTIONS D.O.O.	Serbia	85	
6 Spur Road, P.O Box, Freetown, Sierra Leone			
G4S SECURE SOLUTIONS (SL) LTD	Sierra Leone	100	
8 Commonwealth Lane, #04-04 (Annex), 149555 Singapore			
GROUP 4 SECURICOR (S) PTE. LTD	Singapore	100	
G4S SECURITY SYSTEMS (S) PTE. LTD	Singapore	100	
G4S SECURE SOLUTIONS (SINGAPORE) PTE. LTD	Singapore	100	25.3
158 Cecil Street, 069 545 #11-01 Singapore			
G4S INTERNATIONAL LOGISTICS (SINGAPORE) PTE LTD	Singapore	100	
51 Cuppage Road, #10-18, 229469, Singapore			
HILL & ASSOCIATES RISK CONSULTING (SINGAPORE) PTE LTD	Singapore	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
Visnova 16, 831 01 Bratislava, Slovak Republic			
G4S SECURITY SYSTEMS (SK) S.R.O.	Slovak Republic	100	
G4S SECURE SOLUTIONS (SK), A.S.	Slovak Republic	100	
G4S FIRE SERVICES (SK), S.R.O	Slovak Republic	100	
G4S TECHNOLOGY SOLUTIONS (SK), S.R.O	Slovak Republic	100	
Stegne 21, 1000 Ljubljana, Slovenia			
G4S DRUZBA ZA VAROVANJE D.O.O. (G4S D.O.O.)	Slovenia	96.2	
Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa			
GROUP 4 FALCK (PTY) LTD	South Africa	100	
G4S SECURITY SERVICES (AFRICA) (PROPRIETARY) LTD	South Africa	100	
G4S SECURE SOLUTIONS (SA) (PTY) LTD(iii)	South Africa	80	
G4S AVIATION SECURITY (SA) (PTY) LTD	South Africa	49	
G4S INTEGRITY ASSESSMENT (PTY) LTD	South Africa	49	
GRAY SECURITY SERVICES (SA) (PROPRIETARY) LTD	South Africa	49	
G4S CASH SOLUTIONS (SA) (PTY) LTD(iii)	South Africa	74.9	
G4S INSURANCE (SA) LTD	South Africa	74.9	
ELWIERDA (GAUTENG) (PTY) LTD	South Africa	74.9	
CMS MICRO FINANCE (PTY) LTD	South Africa	74.9	
G4S EMPOWERMENT VENTURES (SA) (PTY) LTD	South Africa	48.4	
G4S CARE AND JUSTICE SERVICES (SOUTH AFRICA) (PTY) LTD	South Africa	100	
G4S CORRECTION SERVICES (BLOEMFONTEIN) (PTY) LTD	South Africa	81	
GSL REBOUND (PTY) LTD	South Africa	100	
SKYCOM (PTY) LTD	South Africa	49	
ACCESS AND BEYOND (PTY) LTD	South Africa	49	
INTEGRATED SKY FORCE SOLUTIONS (PTY) LTD	South Africa	72.2	
INVESTMENT SURVEYS (PTY) LTD	South Africa	100	
G4S DEPOSITA (RF) (PTY) LTD	South Africa	74.9	
G4S ATM ENGINEERING (SA) (PTY) LTD	South Africa	74.9	
INTEGRA (PTY) LTD	South Africa	100	
THETHA TECHNOLOGIES (PTY) LTD	South Africa	74.9	
G4S AFRICA (PROPRIETARY) LTD	South Africa	100	
G4S VALUABLE LOGISTICS (SA) (PTY) LTD	South Africa	100	
CMS MANCO (PROPRIETARY) LTD	South Africa	100	
Unit 31, First Floor Waterford Office Park, Corner Witkoppen & Waterford Road, Fourways 1610, South Africa			
G4S INTERNATIONAL LOGISTICS (SOUTH AFRICA) PTY.	South Africa	100	
Sorento Suite, 5 de Haviland Crescent, Ill Villaggio Persequor Pretoria, Gauteng, South Africa			
INDO BRITISH GARMENTS PVT. LTD, EXTERNAL PROFIT	South Africa	100	
21 Vauxhall Street, 2 Colombo, Sri Lanka			
G4S SECURITY SERVICES (PRIVATE) LTD.	Sri Lanka	60	

41. Details of Related Undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc
8 Mek Nimer Street, P.O. Box 47, Khartoum, Sudan			
ARMORGROUP SUDANESE CO LTD	Sudan	100	
c/o Eversheds Sutherland AG , Stadelhoferstrasse, 22 8001, Zurich, Switzerland			
G4S INTERNATIONAL LOGISTICS (SWITZERLAND) AG	Switzerland	100	
Al-Aasar Building, near the Central Post office, Sinjikdar, Damascus, Syria			
GROUP 4 SYRIA LIMITED LIABILITY COMPANY	Syria	29.4	
20F-1, No. 266, Sec 1, Wenhua 2nd Road, Linkou Dist, 24448 New Taipei City, Taiwan			
G4S SECURE SOLUTIONS (TAIWAN) LTD	Taiwan	100	
G4S ATM SOLUTIONS (TAIWAN) LTD	Taiwan	100	
G4S PROPERTY MANAGEMENT LTD	Taiwan	100	
G4S SECUREWELL SECURE SOLUTIONS (TAIWAN) LTD	Taiwan	100	
HILL & ASSOCIATES (TAIWAN) LTD	Taiwan	100	
8F-3, No 15, Jingguo Rd, Taoyuan Dist, Taoyuan City 330, Taiwan			
G4S WEI FUNG SECURE SOLUTIONS (TAIWAN) LTD	Taiwan	100	
6F, No.320, Sec. 1, Neihu Rd., Neihu Dist.,Taipei City 11493, (R.O.C), 22101 Taipei, Taiwan			
G4S SYSTEM ENGINEERING CORPORATION	Taiwan	85	
16th Floor, Suite 1, No. 266, Sec. 1, Wen-Hwa 2nd Road, Linko Hsiang, Taipei, 22101, Taiwan			
G4S SECURITY SYSTEMS CO. LTD	Taiwan	85	
Plot No. 37, Ali Hassan Mwinyi Road, Kinondoni Municipality, P O Box 5555, Dar Es Salaam, Tanzania			
G4S SECURE SOLUTIONS (TZ) LTD	Tanzania	100	
G4S SUPPORT SERVICES (T) LTD	Tanzania	98	
TDFL, 3rd Floor (Opposite Sheraton Hotel), Dar-es-Salaam, Tanzania			
ARMORGROUP TANZANIA LTD	Tanzania	100	
2922/205-206 Charn Issara Tower II, 11th Floor, New Petchburi Road, Bangkapi, Huaykwang, 10310 Bangkok, Thailand			
G4S (THAILAND) LTD	Thailand	73.5	
G4S SECURITY SERVICES (THAILAND) LTD	Thailand	73.7	
G4S HOLDINGS (THAILAND) LTD	Thailand	73.4	
INTER-ASIAN ENTERPRISES (IAE) COMPANY LTD	Thailand	73.5	
ASIAN HOLDING INTERNATIONAL COMPANY LTD	Thailand	72	
HILL RISK CONSULTING (THAILAND) CO., LTD(iii)	Thailand	49	

Company Name	Country of Incorporation	% owned by group	% owned by plc
G4S HOLDINGS 4 (THAILAND) LTD	Thailand	48.9	
G4S HOLDINGS 3 (THAILAND) LTD	Thailand	48.9	
G4S HOLDINGS 2 (THAILAND) LTD	Thailand	48.9	
G4S HOLDINGS 1 (THAILAND) LTD	Thailand	48.9	
45/1 Silom 19 Building, 2nd Floor, Soi Silom 19, Silom Road, Silom, 10500 Bangrak, Bangkok, Thailand			
G4S INTERNATIONAL LOGISTICS HOLDING (THAILAND) LTD	Thailand	48.9	
G4S INTERNATIONAL LOGISTICS (THAILAND) LTD	Thailand	100	
61-63 Edward Street, Port of Spain, Trinidad & Tobago			
G4S HOLDINGS (TRINIDAD) LTD	Trinidad & Tobago	51	
G4S SECURE SOLUTIONS (TRINIDAD) LTD	Trinidad & Tobago	51	
Ayazaga Mah. Ataturk Cad Mezarlik Sok No 1 Ayazaga, Sariyer, Istanbul, Turkey			
G4S GÜVENLIK HIZMETLERI ANONIM ŞIRKETI	Turkey	100	
G4S ELEKTRONIK SISTEMLERI ANONIM ŞIRKETI	Turkey	100	
Plot 6, Nakasero Road, Nakasero, Kampala, Uganda			
G4S SECURE SOLUTIONS (UGANDA) LTD	Uganda	100	
Plot 53 Lumumba Avenue, Nakasero, Kampala, Uganda			
ALARM PROTECTION SERVICES LTD	Uganda	100	
21A Moskovskij ave, 02073 Kiev, Ukraine			
GROUP 4 SECURITAS LLC	Ukraine	99.4	
G4S SECURE SOLUTIONS (UKRAINE) LTD	Ukraine	100	
G4S SECURITY SOLUTIONS (UKRAINE) LTD	Ukraine	100	
Chain Tower (Oriental Travel Building), First Floor, Muroor Street, P.O. Box 31859 Abu Dhabi, United Arab Emirates			
G4S SECURE SOLUTIONS LLC	United Arab Emirates	49	
P.O. Box 32634, Dubai, United Arab Emirates			
GROUP 4 FALCK SERVICES LLC	United Arab Emirates	49	
GROUP 4 SECURICOR INFORMATION TECHNOLOGY UAE LLC (G4S)	United Arab Emirates	48.5	
GROUP 4 SECURICOR FACILITY SERVICES LLC (G4S)	United Arab Emirates	48.5	
SHAMS AGRICULTURAL SERVICES L.L.C (G4S)	United Arab Emirates	48.5	
FIRST SELECT UAE LLC	United Arab Emirates	48.5	
P.O. Box 31859, Abu Dhabi, United Arab Emirates			
G4S ALARM MONITORING SERVICES LLC	United Arab Emirates	24.5	

Company Name	Country of Incorporation	% owned by group	% owned by plc
Unit 1-05, Street W B 4, Airport Free Zone, 54907, United Arab Emirates			
G4S INTERNATIONAL LOGISTICS (MIDDLE EAST) FZE	United Arab Emirates	100	
Dubai, 215634, United Arab Emirates			
G4S EVENTS SERVICES UAE LLC	United Arab Emirates	48.5	
Unit No. Al Mas 2 – D14, Al Mas Tower, Plot No. LT2, Jumeirah Lake Tower Dubai, United Arab Emirates			
G4S INTERNATIONAL LOGISTICS (MIDDLE EAST) DMCC	United Arab Emirates	100	
Level 14 – Tower 2, Al Fattan Currency House, Dubai International Financial Centre, Dubai, United Arab Emirates			
G4S CASH 360 INTERNATIONAL FZCO	United Arab Emirates	100	
Level 14 203 Al Shamal Building Plot # 113-242, Al Daghya Deira, United Arab Emirates			
G4S INTERNATIONAL LOGISTICS MIDDLE EAST LLC	United Arab Emirates	49	
5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom			
G4S UK HOLDINGS LTD[iii]	United Kingdom	100	
G4S 084 (UK) LTD	United Kingdom	100	99.8
G4S CARE AND JUSTICE SERVICES (UK) LTD	United Kingdom	100	
G4S 308 (UK) LTD	United Kingdom	100	
G4S 309 (UK) LTD	United Kingdom	100	
G4S REGIONAL MANAGEMENT (UK&I) LTD[iii]	United Kingdom	100	
G4S FACILITIES MANAGEMENT (UK) LTD[iii]	United Kingdom	100	
G4S OVERSEAS HOLDINGS LTD	United Kingdom	100	
G4S GOVERNMENT AND OUTSOURCING SERVICES (UK) LTD	United Kingdom	100	
STRATUS INTEGRATED SERVICES LTD	United Kingdom	100	
G4S HEALTH SERVICES (UK) LTD	United Kingdom	100	
G4S INVESTIGATION SOLUTIONS (UK) LTD	United Kingdom	100	
G4S FINANCE (SOUTH AFRICA) LIMITED	United Kingdom	100	100
G4S MONITORING TECHNOLOGIES LTD	United Kingdom	100	
G4S INTEGRATED SERVICES HOLDINGS LTD	United Kingdom	100	
G4S CASH SOLUTIONS HOLDINGS LTD	United Kingdom	100	
G4S CASH SOLUTIONS CORPORATE SERVICES LTD	United Kingdom	100	
G4S CASH 360 INTERNATIONAL LTD	United Kingdom	100	
G4S INTERNATIONAL LOGISTICS (HOLDING) LTD	United Kingdom	100	
G4S CASH MINORITIES LTD	United Kingdom	100	
G4S CASH SOLUTIONS HOLDINGS NO 2 LTD	United Kingdom	100	
G4S CASH SOLUTIONS (2019) LTD	United Kingdom	100	
G4S RETAIL SOLUTIONS HOLDINGS LTD	United Kingdom	100	
GROUP 4 LTD	United Kingdom	100	
G4S GLOBAL HOLDINGS LTD	United Kingdom	100	
SECURICOR LTD	United Kingdom	100	
G4S INTERNATIONAL 105 (UK) LTD	United Kingdom	100	
G4S AMERICAS (UK) LTD	United Kingdom	100	
G4S AVIATION (FRANCE) LTD	United Kingdom	100	
G4S HOLDINGS UK (AG) LTD	United Kingdom	100	
G4S NOMINEES LTD	United Kingdom	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
G4S INTERNATIONAL HOLDINGS LTD	United Kingdom	100	
G4S FINANCE MANAGEMENT (AG) LTD	United Kingdom	100	
G4S FINANCE LTD	United Kingdom	100	
FIRST SELECT HOLDINGS LTD	United Kingdom	100	
G4S US HOLDINGS LTD	United Kingdom	100	
G4S WORLDWIDE HOLDINGS LTD	United Kingdom	100	
G4S DEFENCE SYSTEMS EURASIA LTD	United Kingdom	100	
G4S DSL HOLDINGS LTD (ii)	United Kingdom	100	
G4S HOLDINGS INTERNATIONAL (AG) LTD	United Kingdom	100	
G4S US INVESTMENTS LTD	United Kingdom	100	
IBG HOLDINGS (UK) LTD	United Kingdom	100	
G4S INTERNATIONAL FINANCE PLC	United Kingdom	100	100
G4S CORPORATE SERVICES LTD	United Kingdom	100	100
G4S FINANCE (BRAZIL) LTD	United Kingdom	100	100
Challenge House, International Drive, Tewkesbury, Gloucestershire, GL20 8UQ, United Kingdom			
G4S TECHNOLOGY LTD	United Kingdom	100	
AMAG TECHNOLOGY LTD	United Kingdom	100	
Sutton Park House, 15 Carshalton Road, Sutton, Surrey, SM1 4LD, United Kingdom			
G4S SECURITY SERVICES (UK) LTD	United Kingdom	100	
G4S AVIATION SERVICES (UK) LTD	United Kingdom	100	
G4S SECURE SOLUTIONS (UK) LTD	United Kingdom	100	
G4S CASH SOLUTIONS (UK) LTD	United Kingdom	100	
G4S CASH CENTRES (UK) LTD	United Kingdom	100	
G4S TRUSTEES LTD*	United Kingdom	100	100
G4S CASH SOLUTIONS EMPLOYEES' CRIMINAL ATTACK FUND LTD [v]	United Kingdom		
G4S BULLION SOLUTIONS (UK) LTD	United Kingdom	100	
G4S GURKHA SERVICES (UK) LTD	United Kingdom	100	
Unit 6, Central Park Estate, Staines Road, Hounslow, England, TW4 5DJ			
G4S INTERNATIONAL LOGISTICS (UK) LTD	United Kingdom	100	
46 Gillingham Street, London, SW1V 1HU, United Kingdom			
G4S RISK MANAGEMENT LTD	United Kingdom	100	
G4S SECURE SOLUTIONS (IRAQ) LTD	United Kingdom	100	
G4S RISK CONSULTING LTD	United Kingdom	100	
G4S ORDNANCE MANAGEMENT LTD	United Kingdom	100	
Site 16 Sydenham Buisness Park Airport Road West, Belfast, BT3 9LN, United Kingdom			
G4S FIRE AND SECURITY SYSTEMS LTD	United Kingdom	100	
20701 Manhattan Place, CA 90501-1829 Torrance, United States			
AMAG TECHNOLOGY INC[iii]	United States	100	
2711 Centerville rd, 19808 Wilmington, DE, United States			
G4S HOLDING ONE INC.	United States	100	
WACKENHUT U.S. PROPERTIES INC.	United States	100	
WACKENHUT FOREIGN PROPERTIES INC.	United States	100	
US DEFENSE SYSTEMS LLC[iv]	United States	100	
G4S RETAIL SOLUTIONS (USA) INC.	United States	100	

* Pension trust not part of the consolidation.

41. Details of Related Undertakings of G4S plc *continued*

Subsidiaries ***continued***

Company Name	Country of Incorporation	% owned by group	% owned by plc
900 Market Street, Suite 200, DA 19801 Wilmington, Delaware, United States			
TUHNECKCAW INC.	United States	100	
4200 Wackenhut Drive, Suite 100, FL 33410 Palm Beach Gardens, FL, United States			
AMERICAN GUARD & ALERT INC.	United States	100	
TWC/FL/01 INC.	United States	100	
WACKENHUT HOMELAND SECURITY, INC.	United States	100	
G4S US INC.	United States	100	
PROLOGIS Cargo Center 75, JFK International Airport, North Hangar Road, Suite 210 Jamaica 11430 New York, United States			
G4S INTERNATIONAL LOGISTICS (USA), INC.	United States	100	
1395 University Blvd, 33458 Jupiter, FL, United States			
VEBA TRUST	United States	100	
G4S GUATEMALA HOLDING, LLC(iv)	United States	100	
G4S ELECTRONICA HOLDING, LLC(iv)	United States	100	
G4S GUATEMALA FACILITY SERVICES, LLC(iv)	United States	100	
G4S SECURE SOLUTIONS (USA) INC.	United States	100	
G4S SECURE SOLUTIONS INTERNATIONAL INC.	United States	100	
910 Paverstone Drive, 27615 Raleigh, NC, United States			
G4S COMPLIANCE & INVESTIGATIONS, INC.	United States	100	
21 North Avenue, MA 01803 Burlington, United States			
G4S TECHNOLOGY HOLDINGS (USA) INC.	United States	100	
G4S TECHNOLOGY SOFTWARE SOLUTIONS LLC(iv)	United States	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
1209 Orange Street, DE 19801 Wilmington, Delaware, United States			
RONCO CONSULTING CORPORATION	United States	100	
1200 Landmark Center, Ste 1300, 68102 Omaha, NE, United States			
G4S SECURE INTEGRATION LLC(iv)	United States	100	
ADESTA LLC	United States	100	
601 Abbot Rd., 48823 Lansing, United States			
RENAISSANCE CENTER MANAGEMENT COMPANY(iii)	United States	90.9	
156 College Street, 3rd Floor, 05401 VT, IS, United States			
TITANIA INSURANCE CO OF AMERICA	United States	100	
701 Brazos Suite 1050, 78701 Austin, Texas, United States			
SERVICE AND SUPPLY INTERNATIONAL, INC.	United States	100	
Cufre 2320, Montevideo, Uruguay			
G4S SECURE SOLUTIONS (URUGUAY) S.A.	Uruguay	80	
Off 50 Meter Road, Hadda, 11805 Sana'a, Yemen			
GROUP 4S SECUTIRY SERVICES YEMEN LTD	Yemen	25	
P.O. Box 32914, 10 H Kabulonga Road, Lusaka, Zambia			
G4S SECURE SOLUTIONS ZAMBIA LTD	Zambia	100	
Plot 3144, Mukwa Road, Lusaka, Zambia			
SAFETECH (COPPERBELT) LTD	Zambia	100	
Plot 7305, Kambala Road, Lusaka, Zambia			
SAFETECH ZAMBIA LTD	Zambia	100	

Associated companies

Company Name	% owned by group	Profit or loss	Registered address
G4S-SJC LLC	20	not material	1395 University Blvd., 33458 Jupiter, United States
G4S PARSONS PACIFIC LLC	20	not material	7121 Fairway Drive, Suite 301, 33418 Palm Beach Gardens, FL, United States

Joint Ventures

Company Name	Registered address	% owned by group undertakings	Factors on which joint management is based	Date of last financial year if not 31/12
PARKSEC LIMITED	Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta	50.1	Joint venture agreement	
PACIFIC BUILDING SERVICES MANAGEMENT LIMITED (JV)	Level 6, Era Rumana Building Champions Parade, Port Moresby, Papua New Guinea	50	1 director appointed to the board	
BRIDGEND CUSTODIAL SERVICES LIMITED(ii)	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	58.68	Joint venture agreement	30 September
BLOEMFONTEIN CORRECTIONAL CONTRACTS (PTY) LIMITED	Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa	20	Joint venture agreement	30 September
POLICITY – OPERATOR LIMITED	Virginia 1, Beit Shemesh, Israel	50	Joint venture agreement	
G4S QATAR S.P.C	Villa no. 321, Corner of Abduallah Bin Rawaha Street, C Ring Road, P.O. Box 18592 Doha, Qatar	0	Joint venture agreement	
BUSINESS CASH CENTER S.A.	Parc Industriel de la CFCIM, lot No63, Bouskoura, Casablanca, Morocco	45.7	Joint venture agreement	
T.I.S. TOTAL INTEGRATED SERVICES LTD	Diianiras 17, 2045 Strovolos Nicosia, P.O. Box 23989 1687, Nicosia, Cyprus	50	Joint venture agreement	

CLASSIFICATIONS KEY
(i) Ordinary shares
(ii) Deferred shares
(iii) Preference including cumulative, non-cumulative and redeemable shares
(iv) Units
(v) Limited by guarantee

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital £m	Share premium £m	Retained earnings £m	Hedging reserve £m	Reserve for own shares £m	Total equity £m
At 1 January 2019	**388**	**258**	**722**	**–**	**(14)**	**1,354**
Comprehensive loss						
Loss for the year	**–**	**–**	**(36)**	**–**	**–**	**(36)**
Other comprehensive (loss)/income						
Items that will not be re-classified to profit or loss:						
Re-measurements relating to defined retirement benefit scheme	**–**	**–**	**(127)**	**–**	**–**	**(127)**
Tax on items taken directly to equity	**–**	**–**	**22**	**–**	**–**	**22**
Total comprehensive loss	**–**	**–**	**(141)**	**–**	**–**	**(141)**
Transactions with owners:						
Dividends paid	**–**	**–**	**(150)**	**–**	**–**	**(150)**
Own shares purchased	**–**	**–**	**–**	**–**	**(11)**	**(11)**
Own shares awarded	**–**	**–**	**(12)**	**–**	**12**	**–**
Share-based payments	**–**	**–**	**4**	**–**	**–**	**4**
	–	**–**	**(158)**	**–**	**1**	**(157)**
At 31 December 2019	**388**	**258**	**423**	**–**	**(13)**	**1,056**
At 1 January 2018	388	258	918	–	(12)	1,552
Comprehensive loss						
Loss for the year	–	–	(76)	–	–	(76)
Other comprehensive (loss)/income						
Items that will not be re-classified to profit or loss:						
Re-measurements relating to defined retirement benefit scheme	–	–	38	–	–	38
Tax on items taken directly to equity	–	–	(7)	–	–	(7)
Items that may be re-classified subsequently to profit or loss:						
Change in fair value of cash-flow hedging financial instruments	–	–	–	1	–	1
Cash-flow hedging fair value transferred to income statement	–	–	–	(1)	–	(1)
Total comprehensive loss	–	–	(45)	–	–	(45)
Transactions with owners:						
Dividends paid	–	–	(150)	–	–	(150)
Own shares purchased	–	–	–	–	(11)	(11)
Own shares awarded	–	–	(9)	–	9	–
Share-based payments	–	–	8	–	–	8
	–	–	(151)	–	(2)	(153)
At 31 December 2018	388	258	722	–	(14)	1,354

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	2019 £m	2018[2] £m
ASSETS			
Non-current assets			
Intangible assets	(d)	**40**	3
Investments in subsidiaries	(e)	**3,032**	3,101
Trade and other receivables	(g)	**1,355**	1,473
Retirement benefit surplus	(k)	**64**	75
Deferred tax assets	(l)	**108**	96
		4,599	4,748
Current assets			
Trade and other receivables	(g)	**58**	44
Current tax asset		**13**	–
Cash and cash equivalents		**2**	1
		73	**45**
Assets classified as held for sale	(f)	**7**	–
		80	45
Total assets		**4,679**	4,793
LIABILITIES			
Current liabilities			
Bank overdraft		**(4)**	(1)
Loan notes (unsecured)	(h)	**(56)**	(464)
Current tax liability		**–**	(2)
Trade and other payables	(i)	**(3,121)**	(2,536)
		(3,181)	(3,003)
Non-current liabilities			
Loan notes (unsecured)	(h)	**(86)**	(148)
Retirement benefit obligations	(k)	**(356)**	(288)
		(442)	(436)
Total liabilities		**(3,623)**	(3,439)
Net assets		**1,056**	1,354
EQUITY			
Share capital	(m)	**388**	388
Share premium		**258**	258
Retained earnings[1]	(n)	**423**	722
Reserve for own shares	(o)	**(13)**	(14)
Total equity		**1,056**	1,354

1. The loss for the financial year was £36m (2018: £76m).
2. During the year, the company reconsidered the presentation of certain intercompany receivables. To the extent that it does not expect the balances to be settled within the coming 12 months, it concluded that it would be more appropriate to present the balances within non-current rather than current assets even though they are repayable on demand. At the same time, it reconsidered the presentation of certain balances that have been previously been recorded net. Despite the Group's practice being to consider and settle such balances net, since the relevant agreements do not permit netting, they have been presented gross. The effect of this change in presentation is to increase non-current receivables by £1,466m; to decrease current receivables by £912m and to increase current payables by £554m as at 31 December 2018. There was no effect on net assets or the loss for the year.

The parent company financial statements on pages 246 to 254 were approved by the board of directors and authorised for issue on 29 April 2020.

They were signed on its behalf by:

Ashley Almanza
Director

Tim Weller
Director

Company's registered number 4992207

(a) General information

G4S plc (the 'company') is incorporated in the United Kingdom, registered in England and Wales, and domiciled in the UK. It is a public company, limited by shares. The company's registered office is given on page 256. The company's principal activities during the year have been as a holding company. The financial statements are presented in sterling, which is the company's functional currency, and in millions of pounds.

(b) Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard ('FRS') 101-Reduced Disclosure Framework.

(c) Significant accounting policies

Basis of preparation

The financial statements have been prepared under the going concern basis and using the historical cost convention, except for the revaluation of certain financial instruments, in accordance with Companies Act 2006 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice ('UK GAAP')). The principal accounting policies and measurement bases adopted are the same as those disclosed in note 3 to the consolidated financial statements including the new standards adopted, except as noted below, and have been applied consistently to all the years presented, unless stated otherwise. Judgments made by the directors in the application of these accounting policies which have a significant effect on the financial statements, and estimates with a significant risk of material adjustment, have been disclosed in note 4 to the consolidated financial statements.

Going concern

Pages 163 to 210 of the consolidated financial statements contain information on the performance of the Group, its financial position, cash flows, net debt position and borrowing facilities. Further information, including financial risk management policies, exposures to market and credit risk and hedging activities, is given in note 30 to the consolidated financial statements, 'Financial risk'. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Exemptions

In accordance with section 408(3) of the Companies Act 2006, the company is exempt from the requirement to present its own income statement.

The company has taken advantage of certain disclosure exemptions in FRS 101, in part because its financial statements are included in the publicly-available consolidated financial statements of G4S plc.

These disclosure exemptions relate to:

- the requirements of IAS 7 – Statement of Cash Flows;
- the requirement of IAS 1 – present a third balance sheet;
- the statement of compliance with International Financial Reporting Standards adopted by the European Union;
- new IFRSs that have been issued but are not yet effective and which have not been applied by the company;
- comparative information for the movements from the beginning to the end of the year in respect of intangible assets and certain other additional comparative information;
- information on the assumptions used in the determination of fair value and recoverable amounts of cash-generating units containing goodwill and management's approach to determining these amounts;
- financial instruments disclosures required by IFRS 7 – Financial Instruments: Disclosures;
- disclosures required by IFRS 13 – Fair Value Measurement;
- certain related-party disclosures on key management compensation and transactions entered into between two or more wholly-owned members of a Group; and
- capital management disclosures.

Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less provisions for impairment. The accounting policy for impairments is disclosed in note 3(i) to the consolidated financial statements.

Intangible assets

Intangible assets primarily relate to expenditure incurred in developing the Javelin ERP system and are stated at cost, net of amortisation and any provision for impairment. Amortisation is charged to the income statement to write off the cost of the assets by equal annual instalments over their expected useful economic lives, up to a maximum of 10 years.

Amounts owed by/to Group undertakings

Amounts owed by/to Group undertakings are recognised initially at fair value and are subsequently stated at amortised cost. Finance income and expense are recognised in the income statement on an accruals basis using the effective interest method. The company uses simplified approach for the impairment review of trade receivables and general approach for the loans to subsidiaries. Amounts owed by Group undertakings are classified according to the intention of repayment of these loans.

Share-based payments

The company issues equity-settled share-based payments to certain employees. The fair value of equity-settled share-based payments is determined at the date of grant and is either expensed in income statement if it relates to employees of the company or capitalised as an investment in the relevant subsidiary if it relates to the employees of a subsidiary company, with a corresponding increase in equity, and amortised on a straight-line basis over the vesting period, based on the company's estimate of the shares that will eventually vest. The amount expensed or capitalised is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions.

The company also issues cash-settled share-based payments to certain employees, which are recognised as a liability at fair value at the date of grant. The value of the liability is re-measured at each reporting date and at the date on which the liability is settled. The fair value of cash-settled share-based payments is expensed in the income statement if it relates to employees of the company and capitalised as an investment in the relevant subsidiary if it relates to employees of a subsidiary company.

Financial guarantees

The company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group. The company considers these to be insurance arrangements and accounts for them as such. The company therefore treats such contracts as a contingent liability unless and until such time as it becomes probable that the company will be required to make a payment under the guarantee. The contingent liabilities are disclosed in note (t).

Adoption of new and revised accounting standards and interpretations

There was no material effect from the adoption of any new and revised standards or interpretations in the year ended 31 December 2019. Further information is presented in note 3(u) to the consolidated financial statements.

(d) Intangible assets

	Software £m
Cost	
At 1 January 2019	12
Additions	42
At 31 December 2019	54
Accumulated amortisation	
At 1 January 2019	(9)
Amortisation charge	(5)
At 31 December 2019	(14)
Carrying amount	
At 31 December 2018	3
At 31 December 2019	**40**

All additions in the year primarily relate to the Javelin ERP system, an internally-generated software system.

(e) Investments in subsidiaries

Subsidiary undertakings	2019 £m	2018 £m
Shares at net book value:		
At 1 January	**3,101**	3,098
Additions	**–**	1,479
Contribution through share-based payments	**2**	3
Disposal	**(71)**	(1,479)
At 31 December	**3,032**	3,101

Full details of all investments held by the parent company are disclosed in note 41 to the consolidated financial statements. There were no impairment charges recorded in respect of the company's investments in subsidiaries during the current or prior years.

(f) Assets classified as held for sale

	2019 £m	2018 £m
Investment in subsidiaries – held for sale	**7**	–
At 31 December	**7**	–

On 26 February 2020 the Group announced that it had reached an agreement to sell the majority of its conventional cash businesses to Brink's. Following this announcement the company has presented certain investments associated with the cash businesses subject to the transaction as held for sale in the 2019 financial statements.

(g) Trade and other receivables

	2019 £m	2018[1] £m
Within current assets		
Amounts owed by Group undertakings – trade	**56**	36
Amounts owed by Group undertakings – other	**1**	2
Other receivables	**1**	5
Derivative financial instruments at fair value (note (j))	**–**	1
Total trade and other receivables within current assets	**58**	44
Within non-current assets		
Amounts owed by Group undertakings – loan	**1,349**	1,466
Derivative financial instruments at fair value (note (j))	**6**	7
Total trade and other receivables within non-current assets	**1,355**	1,473

1. During the year, the company reconsidered the presentation of certain amounts owed by Group undertakings - loan. See footnote 2 to the statement of financial position.

Amounts owed by Group undertakings are unsecured, interest-free or interest-bearing based on market rates ranging from 1.11% to 20.25%, and repayable on demand.

(h) Loan notes (unsecured)

	2019 £m	2018 £m
The loan notes are repayable as follows:		
Within one year	**56**	464
In the second year	**–**	59
In the third to fifth years inclusive	**86**	89
Total loan notes	**142**	612

The company issued fixed rate loan notes in the US Private Placement market totalling US$550m on 1 March 2007. US$100m of these notes matured and were repaid on 1 March 2014, US$ 200m of these notes matured and were repaid on 1 March 2017, US$145m of these notes matured and were repaid on 1 March 2019, and the remaining notes mature in March 2022 (US$105m).

The company issued further fixed-rate loan notes in the US Private Placement market totalling US$514m and £69m on 15 July 2008. US$65m of these notes matured and were repaid on 15 July 2013, US$150m matured and were repaid on 15 July 2015, £25m matured and were repaid on 15 July 2016, US$224m and £44m matured and were repaid on 15 July 2018. The remaining notes mature in July 2020 (US$75m).

The company issued its inaugural public note of £350m using its European Medium Term Note Programme on 13 May 2009. The note matured in May 2019.

All loan notes are stated at amortised cost. The loan notes issued in March 2007 are designated in a fair value hedge relationship and their carrying value includes a fair value adjustment in relation to the hedged interest rate risk. Derivatives relating to the loan notes, described in note (j), have a fair value loss in the year of £2m (2018: £5m). The management of currency risk and interest rate risk is also described in note (j).

Together with G4S International Finance plc, the company has a £750m revolving credit facility of which £34m matures in August 2023 and £716m matures in August 2024. As at 31 December 2019 drawings made by G4S International Finance Plc from this facility amounted to £240m. In addition, the company, along with G4S International Finance Plc, has a £250m bridge facility in place at year end. This was original negotiated as a 12 month facility in July 2019 for £300m, with a 6 month extension option but it was reduced to £250m in December 2019 and the extension period reduced to 3 months, giving a final maturity of October 2020 if the extension option is exercised.

(i) Trade and other payables

	2019 £m	2018[1] £m
Within current liabilities:		
Amounts owed to Group undertakings - trade	**161**	155
Amounts owed to Group undertakings – loan	**2,955**	2,352
Other taxation and social security costs	**1**	2
Accruals	**3**	23
Other payables	**1**	4
Total trade and other payables	**3,121**	2,536

1. During the year, the company reconsidered the presentation of certain amounts owed to Group undertakings - loan. See note 2 in the statement of financial position.

Amounts owed to Group undertakings are unsecured, interest-free or interest-bearing based on market rates, and repayable on demand.

(j) Derivative financial instruments

The carrying values of derivative financial instruments at the reporting date are presented below:

	2019 Assets £m	2018 Assets £m
Interest rate swaps designated as fair value hedges	**6**	8
Less: maturity within 12 months:		
Interest rate swaps designated as fair value hedges	**–**	1
Included within current assets	**–**	1
Maturing after 12 months	**6**	7

The mark-to-market valuation of the derivatives has decreased by £2m (2018: £17m), partly due to derivatives maturing during the year. The gain/(loss) recognised in respect of movements in the fair value of the derivatives is analysed below:

	2019 Income statement £m	2018 Income statement £m	2019 Other comprehensive income £m	2018 Other comprehensive income £m
Cross currency swaps designated as cash flow hedges	**–**	1	**–**	–
Interest rate swaps designated as fair value hedges	**(2)**	(5)	**–**	–
	(2)	(4)	**–**	–

Derivative financial instruments are stated at fair value, measured using techniques consistent with Level 2 of the valuation hierarchy as explained in note 3(g) to the consolidated financial statements. The fair values are calculated using discounted cash flow models. The relevant currency yield curve is used to forecast the floating rate cash flows anticipated under the instrument, which are discounted back to the balance sheet date.

Currency risk and cross-currency swaps

The Group conducts business in many currencies. The Group presents its consolidated financial statements in Sterling and as a consequence is subject to foreign exchange risk due to the translation of the results and net assets of its foreign subsidiaries. The company, together with its subsidiary G4S International Finance plc, hedges a substantial portion of the Group's exposure to fluctuations in the translation into sterling of the Group's overseas net assets by holding loans in foreign currencies. On consolidation, translation adjustments arising on the translation of foreign currency loans are recognised in equity to match translation adjustments on foreign currency equity investments as they qualify as net investment hedges. However, in the company's own financial statements, translation adjustments arising on the translation of foreign currency loans are recognised in the income statement and are in part hedged by cross currency swaps.

The company uses cross currency interest rate swaps to manage part of the foreign currency risk associated with non functional currency debt. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The ineffective portion of movements in the fair value of hedging instruments is recognised immediately in the company income statement.

There were no cross-currency interest rate swaps outstanding as at 31 December 2019 (2018: nil).

(j) Derivative financial instruments *continued*

Cost of Hedging

The currency basis spread is a margin that is present in a cross currency derivative that is not present in a hedged item that is a single currency exposure. As such, when designating a cross currency derivative as a hedging item and measuring the effectiveness of the hedge, the Group excludes the currency basis spread. Additionally, when cross currency swaps are designated in a net investment hedge to manage the spot to spot exposure of net assets, forward points inherent in the derivative are also considered to be a cost of hedging. Changes in the fair value of derivatives that are designated as net investment hedges or cash flow hedges which relate to the currency basis spread or forward points described above are recognised in other comprehensive income and included in the cost of hedging reserve which is a component of equity.

The balance held in this reserve was nil (2018: nil).

Interest rate risk and interest rate swaps

Borrowings issued at fixed rates expose the company to fair value interest rate risk, which the company manages within policy limits approved by the directors. When fixed/floating interest rate debt in the preferred mix is unavailable directly from investors, interest rate swaps are utilised to create the desired blend in accordance with Group Treasury policy which is to maintain a fixed percentage of debt within the range of 25% to 75%. The quantity of interest rate swaps outstanding in the company is expected to continue to decline as treasury activity is increasingly conducted by G4S International Finance plc.

(k) Retirement benefit obligations

The company is the sponsoring company for the Group's UK defined benefit pension scheme, to which it provides a guarantee over all payments to be made to the scheme by the operating companies. The following disclosures relate to the UK scheme only and are given because the disclosures in note 31 of the Group financial statements refer to the consolidated Group position and include certain non-UK schemes.

The amounts recognised in the statement of financial position and the various components of income, other comprehensive income and cash flow are as follows:

2019	Obligation £m	Assets £m	Deficit £m
At 1 January 2019	(2,432)	2,219	(213)
Amounts recognised in income			
Current service cost (in cost of sales)	(2)	–	(2)
Past service cost – curtailments	3	–	3
Interest on obligations and assets (in finance costs)	(68)	63	(5)
Administration costs paid from plan assets (in administration expenses)	(1)	–	(1)
Total amounts recognised in income	(68)	63	(5)
Re-measurements			
Actuarial gain – change in financial assumptions	(343)	–	(343)
Actuarial gain – change in demographic assumptions	34	–	34
Actuarial loss – experience	(2)	–	(2)
Return on assets	–	184	184
Re-measurement effects recognised in other comprehensive income	(311)	184	(127)
Cash			
Employer contributions	–	53	53
Benefits paid from plan assets	94	(94)	–
Net cash	94	(41)	53
At 31 December 2019[1]	(2,717)	2,425	(292)

1. Retirement benefit surplus £64m and retirement benefit obligation £356m.

2018	Obligation £m	Assets £m	Deficit £m
At 1 January 2018	(2,595)	2,345	(250)
Amounts recognised in income			
Current service cost (in cost of sales)	(4)	–	(4)
Past service cost – equalisation of benefits (in specific items)	(35)	–	(35)
Interest on obligations and assets (in finance costs)	(65)	60	(5)
Administration costs paid from plan assets (in administration expenses)	(1)	–	(1)
Total amounts recognised in income	(105)	60	(45)
Re-measurements			
Actuarial gain – change in financial assumptions	130	–	130
Actuarial loss – change in demographic assumptions	56	–	56
Actuarial gain – experience	(26)	–	(26)
Return on assets	–	(122)	(122)
Re-measurement effects recognised in other comprehensive income	160	(122)	38
Cash			
Employer contributions	–	44	44
Benefits paid from plan assets	108	(108)	–
Net cash	108	(64)	44
At 31 December 2018[1]	(2,432)	2,219	(213)

1. Retirement benefit surplus £75m and retirement benefit obligation £288m.

Contributions in 2019 included £52m (2018: £41m) of additional contributions in respect of the deficit in the UK scheme.

(l) Deferred tax assets

The reconciliation of deferred tax assets is as follows:

	Intangible assets £m	Retirement benefit obligation £m	Share-based payments £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 January 2019	**1**	**37**	**2**	**45**	**11**	**96**
(Charge)/credit to the income statement	**–**	**(9)**	**(1)**	**2**	**(2)**	**(10)**
Credit to equity	**–**	**21**	**–**	**–**	**–**	**21**
Charge to equity – change in tax rate	**–**	**1**	**–**	**–**	**–**	**1**
At 31 December 2019	**1**	**50**	**1**	**47**	**9**	**108**
At 1 January 2018	1	44	2	49	3	99
Credit/(charge) to the income statement	–	–	–	(4)	8	4
Charge to equity	–	(7)	–	–	–	(7)
At 31 December 2018	1	37	2	45	11	96

At 31 December 2019, the company had unutilised tax losses of approximately £219m (2018: £250m) potentially available for offset against future profits. A deferred tax asset of £37m (2018: £43m) has been recognised in respect of these unutilised tax losses based on expected/forecast profitability from approved budgets and business plans.

The UK Chancellor of the Exchequer announced in his Budget of 11th March 2020 that the planned decrease in the corporation tax rate from 19% to 17% with effect from 1 April 2020 is to be reversed. This reversal had not been substantively enacted at year end and therefore the deferred tax assets relating to the UK reflect the enacted 17% tax rate. The impact of the proposal to keep the corporation tax rate at 19% (which has been enacted on 17th March 2020) is an increase in the value of deferred tax assets recognised by £13 million, including £6m relating to the UK retirement benefit schemes.

In addition, the company has estimated capital losses of approximately £2.7bn (2018: £2.7bn) of which £141m (2018: £139m) have been agreed with HMRC. In 2019, the company has recognised a deferred tax asset of £10m (2018: £2m) in relation to capital losses on the basis of future planned transactions which would result in a capital gain.

(l) Deferred tax assets *continued*

Following the 2020 UK Budget announcement (above), the use of brought forward capital losses is to be restricted to 50% of capital gains arising on or after 1 April 2020. If enacted, the legislation will reduce the deferred tax asset on capital losses from £10m to £6m.

(m) Share capital

Disclosures about the share capital of the company have been included in note 34 to the consolidated financial statements.

(n) Retained earnings

Included in the company's retained earnings are £384m (2018: £684m) of distributable profits.

(o) Reserve for own shares

Disclosures about the reserve for own shares of the company have been included in note 35 to the consolidated financial statements.

(p) Auditor's remuneration

Fees payable to PricewaterhouseCoopers LLP for the audit of the company's annual financial statements have been disclosed in note 10 to the consolidated financial statements.

(q) Staff costs and employees

The average monthly number of employees, including executive directors was:

	2019 Number	2018 Number
Average number of employees (FTE corporate)	12	16

The aggregate remuneration of employees, including executive directors, employed by the Company comprised:

	2019 £m	2018 £m
Wages and salaries	4	6
Social security costs	1	1
Employee benefits	3	5
Total staff costs	8	12

Information about the directors' remuneration, long-term incentive plans, pension contributions and entitlements is set out in the Directors' Remuneration Report on pages 128 to 148.

(r) Share-based payments

The company has both equity-settled and cash-settled share-based payment schemes in place, being the conditional allocations of G4S plc shares. An Employee Benefit Trust established by the Group holds shares to satisfy the vesting of conditional allocation awards. Share-based payments disclosures relevant to the company are presented within note 37 to the consolidated financial statements.

(s) Related-party transactions

Certain disclosures relevant to the company are presented within note 38 to the consolidated financial statements. Company transactions with Group undertakings primarily consist of royalty charges, central service charges and loan transactions.

(t) Contingent liabilities

To help secure cost-effective finance facilities for its subsidiaries, the company issues guarantees to some of the Group's finance providers. At 31 December 2019 guarantees totalling £473m (2018: £540m) were in place in support of such facilities.

The company also guarantees the debt obligations of certain subsidiaries. At 31 December 2019 contingent liabilities of £2,080m (2018: £1,393m) were outstanding in support of such debt obligations.

(u) Dividends

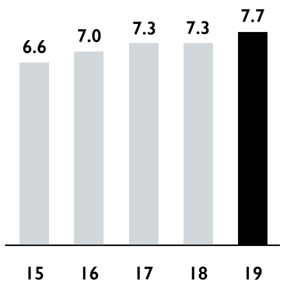
Amounts recognised as distributions to equity holders of the company in the year have been disclosed in note 14 to the consolidated financial statements.

(v) Post balance sheet event

Subsequent to the year end Covid-19, which emerged in China during 2019, has developed into a pandemic. Efforts to slow the spread of the virus have resulted in governments across the world taking measures to limit interactions between individuals which has had a consequential effect on the global economy resulting in further significant interventions being made by governments to support national and global economies. Further details of the risks faced by the Group as a result of Covid-19 and the Group's ability to manage its growing global effects are set out in pages 81 and 168.

Group Financial Record

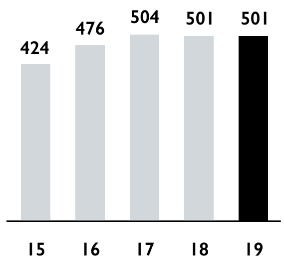
Revenue* (bn)



£7.7bn

REVENUE IN 2019

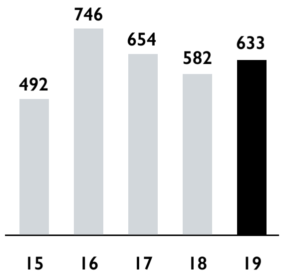
Adjusted PBITA* (m)



£501m

ADJUSTED PBITA DEFINED AS PROFIT BEFORE INTEREST, TAX AND AMORTISATION AND EXCLUDING SPECIFIC AND OTHER SEPARATELY DISCLOSED ITEMS IN 2019

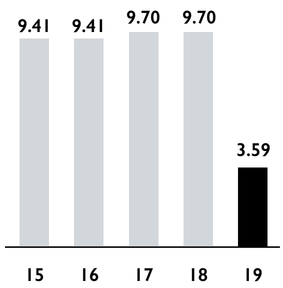
Operating cash flow* (m)



£633m

OPERATING CASH FLOW IN 2019

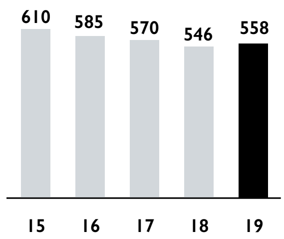
Dividend (pence per share)



3.59p**

TOTAL DIVIDEND PER SHARE FOR 2019

Employees ('000)



558,000

INCLUDING JOINT VENTURES AND BUSINESSES SUBJECT TO THE CONVENTIONAL CASH DISPOSAL

* Underlying revenue, Adjusted PBITA and operating cash flow are Alternative Performance Measures (APMs) as described on pages 52 and 53 and exclude results from disposed businesses, onerous contracts and specific and other separately disclosed items, but include the results from the businesses subject to the conventional cash disposal. A reconciliation between underlying results and statutory results is provided on page 62.

** The board concluded that the uncertainty relating to Covid-19 and its impact on economic activity in our key markets meant it was in the best interests of all stakeholders not to recommend the payment of a final 2019 dividend at the forthcoming AGM.

General information

Financial calendar

Results announcements

Q1 Trading update – April
Half-year results – August
Q3 Trading update – November
Final Results – March

Dividend payment

Interim paid – 11 October 2019

Annual General Meeting

17 June 2020

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Registered number

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Legal Entity Identifier code

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Auditor

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London WC2N 6RH

Stockbrokers

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25 Bank Street
Canary Wharf
London E14 5JP

Citigroup Global Markets Limited
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB

Financial advisors

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

G4S website

g4s.com

General shareholder information

Registrars and transfer office

All enquiries relating to the administration of shareholdings should be directed to:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Shareholder portal

www.signalshares.com

Signal shares is an online facility provided by the company's registrars, Link Asset Services, for shareholders to manage their holding securely online reducing the need for paperwork. By registering for a free portal account, shareholders are able to access a range of online facilities 24 hours a day including those described below.

View account holding details

Allows shareholders to access their personal account, shareholding balance, share transaction history, indicative share valuation and dividend payment history. It also enables shareholders to buy and sell shares.

Change of address, bank mandates, downloadable forms

Allows shareholders to update their postal address and complete, change or delete bank mandate instructions for dividends. A wide range of shareholder information, including downloadable forms such as stock transfer forms, is also available.

Dedicated helpline

Link Asset Services also has a helpline to help users with all aspects of the service. The numbers are noted above. Lines are open 09.00 to17.30 Monday to Friday.
Telephone: within the UK 0371 664 0300*
Email: enquiries@linkgroup.co.uk

Buy and sell shares

Link Asset Services provide a service to buy and sell shares, there is no need to preregister and there are no complicated application forms to fill in. For further information on this service, or to buy and sell shares visit linksharedeal.com or call 0371 664 0445*.

Please note that beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the company or the company's registrar.

* Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

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Designed and produced by Black Sun Plc.

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