



May 2021

Dear Member

G4S Pension Scheme ("the Scheme") Acquisition of G4S plc by Allied Universal

Introduction

As you may be aware, on 5th April 2021 Allied Universal [announced](#) its acquisition of G4S plc ("G4S"). This announcement followed a formal offer from Allied Universal to purchase G4S, which was recommended by the G4S Board and accepted by G4S shareholders.

As Trustee of the Scheme, we entered into discussions with Allied Universal shortly after it announced an interest in acquiring G4S, in order to understand the impact on the Scheme and to look after the interests of Scheme members. After extensive discussions we negotiated a comprehensive pensions agreement with Allied Universal which we believe represents a very positive outcome for the Scheme. The purpose of this letter is to provide further information regarding the agreement reached.

You do not need to take any action as a result of this letter. Although Allied Universal is now the owner of G4S, the Scheme continues to operate in the same way as before and G4S is still the principal employer of the Scheme. There is no change to the benefits you have built up in the Scheme. We will continue to look after your benefits and manage the Scheme on your behalf, and your benefits remain protected by UK pensions law and the statutory oversight of the Pensions Regulator.

Summary of pensions agreement

The key points of the pensions agreement are:

- **More money for the Scheme** – We have agreed with Allied Universal to target a higher level of funding for the Scheme, and we have negotiated a significant increase in the amount of money G4S will pay into the Scheme in order to achieve this target. This means there will be more money in the Scheme and the Scheme will be less reliant on G4S.
- **A parent company guarantee** – Allied Universal has provided a parent company guarantee in respect of any amounts due from G4S to the Scheme.
- **Other measures** to strengthen the support offered to the Scheme by Allied Universal.

Taken together, these measures put the Scheme on a strong footing for the future and significantly accelerate the expected time for all sections of the Scheme to reach a fully funded, low risk position. As a result, we will be able to take further action to manage the investment risk taken by the Scheme, with a view to reducing the volatility in the Scheme's funding position.



Further detail

We have provided further detail in the enclosed Frequently Asked Questions section, which we hope you will find useful. If you have any further questions please contact the Scheme administrator, Capita, using one of the following options:

Tel: 0345 120 0900

Email: g4spensions@capita.co.uk

Further information and updates will be provided on our web page which is g4s.com/g4sps.

Summary Funding Statement

We have also enclosed the latest Summary Funding Statement which shows how the funding position of the GSL Section changed over the year to 5 April 2020. We are required by law to provide this information. However, it is important to recognise that a lot has happened since then. First, the funding position has improved significantly since 5 April 2020, as global financial markets recovered from the initial shock caused by the coronavirus pandemic. Second, as explained above, we have negotiated a new funding agreement with Allied Universal. The Frequently Asked Questions section includes further detail regarding what this means for Scheme funding.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Allan Course', written over a white rectangular background.

Allan Course

Chair of the Trustee of the G4S Pension Scheme



Frequently Asked Questions

Who is Allied Universal?

Allied Universal is a leading security and facility services company in North America.

Following the acquisition of G4S, Allied Universal is now the 3rd largest employer in North America and the 7th largest employer in the world.

Is G4S still connected to the Scheme?

Yes. G4S is still the principal employer of the Scheme.

Has my pension changed as a result of the acquisition of G4S by Allied Universal?

No. Your pension is unchanged and the Scheme continues to operate as it did before.

Why have you agreed a higher funding target with Allied Universal?

As Trustee we are committed to ensuring that the Scheme has sufficient funding to pay the promised benefits to members. Pensions legislation requires us to set a prudent funding target taking into account various factors including the strength of the employer supporting the Scheme.

We have agreed with Allied Universal that we will target a higher level of funding for the Scheme than was previously the case. In simple terms this means we have agreed that the Scheme should have more money available to pay benefits to members. The reason for making this change is to make your benefits more secure in the long term.

How long will it take to reach the higher funding target?

The GSL Section is very well funded and has had a funding surplus for many years. Our actuary estimates that the GSL Section has already reached the higher funding target agreed with Allied Universal. We have agreed with Allied Universal that we will aim to reach the new higher funding target for the other sections of the Scheme by December 2026.

How much more money will G4S pay into the Scheme?

The GSL Section had a funding surplus at the 2018 actuarial valuation and so G4S is not currently paying any money into the GSL Section (other than in respect of a small number of members who are still building up additional pension in the GSL Section).

As noted above, our actuary estimates that the GSL Section has already reached the higher funding target agreed with Allied Universal. As a result we have agreed that G4S does not currently need to pay any additional money into the GSL Section. We will review the funding position of the GSL Section in more detail as part of the 2021 actuarial valuation and if the GSL Section has a shortfall relative to the higher funding target agreed with Allied Universal we will agree a funding plan with Allied Universal to address that shortfall.

What about the other sections of the Scheme?

Under the pensions agreement, an extra £239 million of contributions will be paid to the Securicor Section and an extra £105 million of contributions will be paid to the Group 4 Section, in both cases over the period to December 2026. These contributions have been calculated to help both sections reach the new higher funding target by December 2026.

As noted above, the GSL Section is already fully funded at the agreed level and therefore no additional contributions are required to be paid to the GSL Section.



Can these contributions be altered?

The new funding plan allows the Trustee and Allied Universal to change how the overall contributions to the Scheme are divided between the Securicor Section and the Group 4 Section, with a view to targeting full funding of both sections by the same date. Our actuary is currently undertaking a valuation of all three sections of the Scheme as at 5 April 2021 and we will consider whether it is necessary to divide the contributions differently between the Securicor Section and the Group 4 Section once the results are available later this year.

In addition, if the GSL Section has a funding shortfall at an actuarial valuation then we will agree a funding plan with Allied Universal to address that shortfall.

What is the current funding position of the GSL Section?

As noted in the Summary Funding Statement that accompanies this letter, the funding position of the GSL Section has improved significantly since 5 April 2020, as global financial markets recovered from the initial shock caused by the coronavirus pandemic. Our actuary has estimated that by 28 February 2021 the funding level had improved to around 123% with a surplus of around £67 million. These figures are measured against the funding target previously agreed with G4S and do not reflect the higher funding target agreed with Allied Universal.

The 2021 actuarial valuation of the GSL Section is in progress and we will report the results to you when the valuation has been completed later this year. Although detailed results will not be available for some time yet, our actuary estimates that the GSL Section has already reached the higher funding target agreed with Allied Universal and is likely to have a comfortable funding surplus when measured against that higher target.

Why has Allied Universal provided a parent company guarantee?

Allied Universal has agreed to guarantee any payments due from G4S to the Scheme. This provides an additional layer of security to the Scheme, as if for any reason G4S was not able to meet its financial obligations to the Scheme, Allied Universal would be obliged to make the necessary payments instead.

What are the other measures in the pensions agreement?

Certain aspects of the pensions agreement are confidential but these other measures are designed to strengthen the support offered to the Scheme by Allied Universal.

Should I be worried about the security of my pension?

No. Our primary responsibility as Trustee of the Scheme is to ensure there is enough money in the Scheme to pay the promised benefits to all members. We believe the agreement we have reached with Allied Universal represents a good outcome for the Scheme and puts the Scheme on a strong footing for the future. Your benefits remain protected by UK pensions law and the statutory oversight of the Pensions Regulator.

Do I need to do anything?

There is no need for you to take any action as a result of these changes.

**Can I transfer my pension elsewhere?**

Yes, provided your benefits have not yet come into payment and subject to certain other conditions. However, transferring out of the Scheme is a big decision with significant financial implications and is not something that you should consider without a lot of careful planning. If you are thinking of transferring out of the Scheme we strongly recommend that you consider taking financial advice from an Independent Financial Adviser with specialist pensions expertise. This is a requirement if your benefits are valued at £30,000 or more. You should also be aware of the risk of pension scams.

Is the Pensions Regulator aware of the situation?

Yes. We held regular talks with the Pensions Regulator during the negotiations with Allied Universal and kept the Pensions Regulator informed of developments throughout the process. We have provided the Pensions Regulator with full details of the pensions agreement that we reached with Allied Universal.

Where can I find more information?

Further information and updates will be provided on our web page which is:

g4s.com/g4sps

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