John Connolly, Chairman

GOOD GOVERNANCE IN SUPPORT OF SUSTAINABLE GROWTH

In his introduction to the Strategic Report, our chief executive officer, Ashley Almanza, outlined the substantial progress made during 2016 in implementing our strategy. Having been chairman for nearly five years, I am pleased to see that the transformation programme initiated by Ashley and his team in 2013 is delivering tangible results and has created a solid platform for the Group to continue to develop further.

Our governance

Our governance structure, described in this report, is designed to enable the board to discharge its responsibilities. In leading the board I am keen to foster an environment conducive to rigorous challenge and open debate amongst board members on strategy, performance, risk, corporate accountability and sustainability. Our board performance, both collective and individual, is reviewed every year and this exercise allows particular focus on any area identified for further development and board succession planning. We place an ever stronger focus on risk management. Good risk management is fundamental to us delivering our strategy and it is therefore central to our decision making process. In 2013, we established a Risk Committee designed to ensure adequate focus was given to defining and embedding a new risk management framework within the organisation. In 2016, the need for this committee, which is separate from the Audit Committee, was reviewed. We concluded that the scale of the on-going transformation of the Group warrants the additional focus that a stand-alone committee devoted to risk provides. Of equal importance is good communication with our shareholders and to this end we hold various events throughout the year. Further information on the engagements that took place during 2016 is set out on page 68. The Company's policy on remuneration of directors is set out on pages 80 to 88 of this report and a separate resolution to approve this policy will be put to shareholders at the annual general meeting on 25 May 2017. No material changes have been made since the policy was last approved in 2014. We look forward to receiving shareholders' support once again this year.

IN THIS SECTION

Board of directors	58
Executive committee	60
Corporate governance report	62
Audit Committee report	72
Directors' remuneration report	78
Directors' report	99
Directors' responsibilities	102

Changes to the board

Effective boards need directors who bring the right balance of skills, experience and knowledge and are drawn from a range of diverse backgrounds. The work associated with changes to the board and succession planning were important elements of the Nomination Committee's activity during the year under review. The work of the Nomination Committee during the year is described on page 69.

As announced previously, Mark Elliott and Adam Crozier retired from the board at the conclusion of the AGM on 26 May 2016. Mark Elliott, who had been a non-executive director since 2006 and Senior Independent

Director for nine years, handed over his role as chairman of the Remuneration Committee to John Daly. Himanshu Raja stepped down as Group CFO in October and was succeeded by Tim Weller - a former non-executive director of the G4S board and an experienced FTSE Chief Financial Officer. The board is grateful to Mark, Adam and Himanshu for their contributions during their tenure and delighted that Tim has moved into his new executive role within the Group.

Over the last twelve months, two new directors - Steve Mogford and Barbara Thoralfsson - joined the board. Steve Mogford, who was appointed on 27 May, took on the role of Senior Independent Director. Barbara Thoralfsson joined the board on 1 July. In December we announced that Ian Springett, a serving FTSE CFO with extensive international experience, would join the board from 1 January 2017 and take on the role of chair of the Audit Committee. Unfortunately, due to the onset of a medical condition, Ian was not able to take on the role of Audit Committee chair, although he remains on the board and we look forward to his return as soon as possible. Paul Spence, who was already a member of the Audit Committee and had chaired the December Audit Committee meeting, was appointed as interim chair with effect from 20 January 2017. Paul, who also chairs the Risk Committee, has strong leadership skills and extensive experience of the complexities faced by businesses with an international footprint.

The diversity of skills and experience brought by the new board members is already proving very valuable. Steve Mogford, a serving CEO and Barbara Thoralfsson both bring extensive technology and international business experience to the board. These appointments have undoubtedly added to the diversity of skills and backgrounds of the board. Succession planning and ensuring we have the skills required to enable the board to provide effective challenge and oversight in support of the continuing transformation of the Group is kept under constant review.

Results

It is pleasing to be able to report on good progress in 2016 with the management team working well together. As reported by our chief executive on page 4, 2016 saw further substantial progress in implementing the Group's strategy.

BOARD CULTURE

Creating and maintaining an effective board culture is vital to ensuring good decision making, healthy debate and challenge and also to set the tone for the rest of the organisation. A key element of the selection process for each new board member is to assess whether a particular candidate will bring the right level of challenge, independence and openness. The result is a board where members are both challenging but also supportive of each other.

Culture features implicitly or explicitly in all discussions and interactions. We recognise that strong governance is an essential component of a healthy culture and that the board should set the tone for the entire organisation.

Continuing business performance saw a 6.3% increase in revenue, which rose to £6.8 billion. It is worth noting the increased contribution of technology, software and systems, which represented 13% of Group revenues in 2016 (10% in 2015). This increase reflects our continued investment in technology and innovation. The combination of growing revenues and better productivity generated a 9.7% increase in the Group's PBITA to £454 million. Improved profit and more effective working capital management saw operating cash flow rise by more than 61% to £638 million. Earnings per share rose by 16.5% to 15.9 pence per share.

Growth in profits and operating cash flow, together with disposal proceeds of £82 million helped reduce the Group's net debt to 2.8x (2015: 3.4x) and we remain on track to meet the target of 2.5x in the next 12 to18 months.

The board is confident in the Group's outlook and proposes a final dividend of 5.82p (DKK 0.5029) per share, payable on 9 June 2017. With an interim dividend of 3.59p (DKK 0.3143) paid on 14 October, this will bring the total dividend for the year to 9.41p per share (DKK 0.8172).

Values

We recognise the value of a healthy corporate culture, which supports our strategic objectives and is not only an enabler and a differentiator (i.e. a source of competitive advantage), but also protects and generates value. It is important that our corporate culture is clear in its content and effective at all levels within our organisation. With this in mind, we embarked on an exercise to refresh our corporate values during 2016. The CSR Committee oversaw the process, reviewing progress and providing input at each of its meetings. This thorough exercise resulted in simpler values, that sit within a framework, which enables all employees across the Group readily to understand their relevance to our business and how they work together.

The values are being embedded in our human resources processes from recruitment through to evaluation. Our 2017 global senior management and employee surveys will also be aligned to the new values. During the year, the board will have a number of opportunities to engage with employees across the Group and these meetings will give directors useful insight into how the values are embedding in the business. Further information on our values can be found on page 15 and in our CSR Report 2016.

People

With operations in around 100 countries and over 585,000 employees, we are acutely aware that G4S is well placed to contribute positively to societies across the world. Our employees play an important role in this respect. On behalf of the board, I wish to thank the employees of G4S whose hard work and dedication in delivering services to customers in sometimes difficult and challenging environments is truly inspiring.

John Connolly
Chairman

Key to committee membership
- N Nomination
- C CSR
- Ri Risk
- A Audit
- Re Remuneration
- Committee chairman

1. John Connolly N Ri
Non-executive director/
Chairman of the board

Appointed June 2012

John Connolly has extensive experience working in a global business environment and in sectors with strategic relevance to the Group.

A chartered accountant, John spent his career until May 2011 with global professional services firm Deloitte, was Global Chairman between 2007 and 2011 and, prior to that, Global Managing Director between 2003 and 2007. He was Senior Partner and CEO of the UK Partnership from 1999 until his retirement from the firm.

Current external commitments: Chairman of Amec Foster Wheeler plc and director of a number of private companies.

Beyond commercial business roles, he is the chairman of the Great Ormond Street Hospital Charity board of trustees.

2. Ashley Almanza Ri
Chief executive officer

Appointed May 2013

Ashley Almanza has extensive board and executive management experience in complex international businesses. He held a number of senior executive roles at BG Group from 1993 to 2012, including CFO from 2002 to 2011 and Executive Vice President from 2009 to 2012. As Executive Vice President he was accountable for BG Group's UK, European and Central Asian businesses. He was a non executive director of Schroder plc 2011 to 2016.

He holds an MBA from London Business School.

Current external commitments: Non-executive director of Noble Corporation. Board member of the Ligue Internationale des Sociétés de Surveillance.

3. John Daly Re A
Non-executive director

Appointed June 2015

John Daly has significant executive management experience in major international businesses with extensive knowledge of Asia and the Middle East.

After an early career in sales and marketing with Schering-Plough, Pennwalt Corporation, Bristol-Myers Pharmaceuticals and Johnson & Johnson, he joined British American Tobacco (BAT) in 1994. He held various executive leadership positions at BAT over the course of 20 years in Europe, the Middle East and Asia. Most recent positions at BAT were chief operating officer (from 2010 to 2014) and Regional Director for Asia Pacific, based in Hong Kong (from 2004 to 2010).

Current external commitments: Non-executive director of Britvic plc and Wolseley plc.

4. Winnie Kin Wah Fok C Re A

Non-executive director

Appointed October 2010

Winnie Fok has extensive international board and senior management experience with extensive knowledge of Asian markets and strong involvement in Scandinavia.

An auditor by training, was involved in management positions in finance, audit and corporate advisory work and a wide range of roles in asset management firms investing with a focus in Asia. Senior partner of EQT and CEO of EQT Partners Asia Limited; managing director of CEF New Asia Partners Limited.

Current external commitments: Senior advisor to Wallenberg Foundations AB; non-executive director of Volvo Car Corporation; SEB AB and an investment committee member for the HOPU Investment Fund.

5. Steve Mogford N A

Non-executive director/Senior independent director

Appointed May 2016

Steve Mogford has extensive experience of delivery of complex programmes in the defence, infrastructure and utilities market. Serving FTSE100 CEO.

After graduating in astrophysics, maths and physics, served a 30-year career with British Aerospace, later BAE Systems, during which time he held several senior management positions before being appointed chief operating officer, with particular responsibility for programmes, major projects and customer support, and a member of the BAE Systems plc board. He was chief executive of SELEX Galileo, the defence electronics company owned by Italian aerospace and defence organisation Finmeccanica for four years prior to joining United Utilities Group plc (a UK based water and wastewater service company) in 2011 as CEO.

Current external commitments: CEO of United Utilities Group PLC.

6. Paul Spence A Ri C

Non-executive director

Appointed January 2013

Paul Spence has in-depth knowledge of outsourcing in both the public and private sectors and extensive international experience in key developing countries such as India, China and Brazil.

A graduate of the Wharton School at the University of Pennsylvania with a degree in economics and decision sciences; served a 30-year career with Capgemini and its predecessors. Having started in the US and become 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 CEO Capgemini Ernst & Young UK. He then spent eight years serving on Capgemini's executive management committee during which time his roles included deputy group CEO and CEO of Capgemini Global Outsourcing Services.

Current external commitments: Non-executive director of Actual Experience plc.

7. Clare Spottiswoode C Re

Non-executive director

Appointed June 2010

Clare Spottiswoode has considerable experience in the public sector, the energy markets and the financial services sector.

A mathematician and economist by training, worked for the UK Treasury, director general of Ofgas, the UK gas regulator; policyholder advocate for Norwich Union's with-profits policyholders at Aviva and a member of the Independent Commission on Banking and the Future of Banking Commission.

Current external commitments: Chairman of Flow Group plc; non-executive director of Ilika plc, Partnership Assurance Group plc, BW Offshore Limited and JRP Group plc as well as being a director of a number of private companies.

8. Ian Springett A Ri

Non-executive director

Appointed January 2017

Ian Springett has extensive international and financial experience in the petroleum industry. Serving FTSE 250 CFO.

A chartered accountant, having qualified with Coopers & Lybrand in London. Prior to joining Tullow Oil, Ian worked at BP for 23 years where he gained extensive international experience and held a number of senior positions, including vice-president of BP Finance, CFO for the United States and he also served as a business unit leader in Alaska.

Current external commitments: Chief Financial Officer of Tullow Oil plc.

9. Barbara Thoralfsson N Re

Non-executive director

Appointed July 2016

Barbara Thoralfsson has international executive and senior management experience and strong knowledge of North America, Latin America, Scandinavia and Asia.

After an early career in marketing, held senior management roles in the consumer goods and telecommunications sectors including CEO of NetCom ASA, Norway's second largest mobile network operator between 2001 and 2005. She holds an MBA in marketing and finance from Columbia University in New York and a BA in psychology from Duke University in North Carolina.

Current external commitments: Non-executive chair of ColArt Holdings Limited and Norfolier Greentec AS, non-executive director of Svenska Cellulosa Aktiebolaget SCA (publ) and Hilti AG.

10. Tim Weller Ri

Chief financial officer

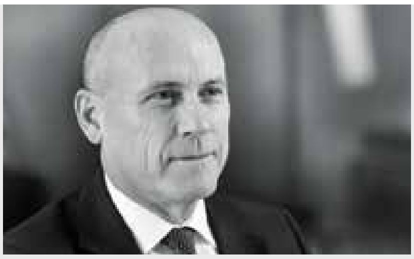
Appointed April 2013 as a non-executive director and chief financial officer since October 2016.

Tim Weller brings significant experience of the energy and utilities sectors. An accountant by training, he joined KPMG in 1985, rising to partnership in 1997 before joining Granada plc as director of financial control.

Between 2002 and 2010, he gained significant further experience in the energy and utilities sectors holding CFO positions with Innogy (one of the UK's leading integrated energy companies at the time), RWE Thames Water (the world's third largest water and wastewater service company) and United Utilities Group PLC (a UK-based water and wastewater service company). He was CFO of Cable & Wireless Worldwide plc between 2010 and 2011 and CFO of Petrofac Limited (the international oil and gas service provider) between 2011 and October 2016.

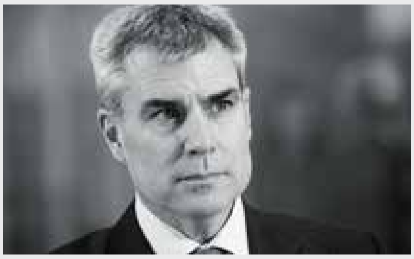
Current external commitments: Non-executive director of the Carbon Trust.

Executive Committee



Ashley Almanza
Chief Executive Officer

See page 58 for full biography



Tim Weller
Chief Financial Officer

See page 59 for full biography

Martin Alvarez
Regional President, Latin America & Caribbean

Martin joined G4S as Regional President Latam in 2013.

Martin has extensive experience working and living throughout Latin America. Martin joined G4S from Dell, where he served eight years in regional roles, finishing as executive director of multi-country Latin America (MCLA), responsible for 38 countries, more than US $1 billion in revenue Prior to Dell, Martin spent 10 years with DHL holding various management and leadership roles including Sr.Vice President, DHL Mexico and Global Accounts Director.

Martin has an MBA from IESE in Barcelona and a bachelor's degree in International Trade and Finance from Louisiana State University.

Jon Corner
Regional President, Asia Pacific

Jon has extensive leadership experience in both line and commercial functional roles across emerging market countries and regions.

Jon was appointed Regional President, Asia Pacific in October 2015. Jon joined G4S in November 2012 as Regional Sales Director, and prior to taking on his current role, led the transformation of the commercial function across the Asia Middle East Region.

Prior to joining G4S, Jon was the executive vice president for Inchcape Shipping Services, a maritime services company with offices in 65 countries. Jon held senior line and functional roles with Inchcape Shipping Services over a 13 year period.

Claude Allain
Regional President, Middle East & India

Claude joined G4S as Regional President Middle East & India in January 2016.

Prior to joining G4S he was vice president and general manager for Johnson Controls Middle-East & Africa and he had several general management positions in Southern Europe, Eastern-Europe and North America and Middle-East.

Claude brings a wealth of experience in service and technology industries, having previously held senior business development and general management roles in Honeywell, Emerson and Invensys.

Claude holds a bachelor's degree in Chemical and Physic Science from University of Rennes, a Master in Finance from ICG and also graduated from INSEAD.

Mel Brooks
Regional President, Africa

Mel was appointed Regional President, Africa in May 2015.

Mel's previous roles within G4S where as Group Strategy & Commercial Director and CEO for G4S India, 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, North America

John joined G4S in November 2014 as Regional CEO North America.

Prior to joining G4S, John was executive vice president and president, commercial business for OfficeMax where he led the global, business-to-business division. John was formerly president, North America Commercial for ADT/Tyco Security Services, where he led the transformation of the business to a technology services leader and the separation of the residential and commercial security businesses in North America.

John is a board member for Miami University Advisory Athletic Board and past board member of the Make-a-Wish Foundation. John holds a bachelor's degree in business from Miami University.

Graham Levinsohn
Regional CEO, Europe

Graham became Regional CEO of Europe in November 2013. Graham has more than 20 years' experience in the security industry, having joined Securicor Cash Services in 1994 as general manager, marketing.

Since then, Graham has held a number of commercial and line management positions in both the cash and security lines of the business. Graham was responsible for the creation of the UK cash centres outsourcing business in 2001 and divisional managing director for G4S Cash Services UK. He became Group strategy and development director in 2008 and joined the executive committee in 2010.

Graham is a fellow of the Chartered Institute of Marketing and a director of COESS and a member of the Ligue Internationale des Sociétés de Surveillance.

Søren Lundsberg-Nielsen
Group General Counsel

Søren began his career as a lawyer in Denmark and since 1984 he has had a wide range of legal experience as general counsel for international groups in Denmark, Belgium and the US before joining Group 4 Falck in 2001 as Group General Counsel.

Søren has been involved in a wide range of successful mergers and acquisitions during his career, including the acquisition of Wackenhut and the Group 4 Falck merger with Securicor.

Søren has overall responsibility for all internal and external legal services for G4S as well as 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 Chamber of Commerce and author of the book Executive Management Contracts, published in Denmark.

Jesus Rosano
Group Strategy and Commercial Director

Jesus joined G4S in March 2014 as Regional Business Development SVP.

In 2015 his responsibilities expanded to chief operations officer Latin America and he was appointed Group Strategy and Commercial Director in January 2016.

Jesus joined G4S from DHL, where he held senior line, functional and regional roles in a number of markets in Latin America and North America over an 11 year period. Before DHL, Jesus worked in strategy consulting and investment banking. Jesus holds a bachelor's degree in Engineering and Administration from ITESM University, Mexico.

Jenni Myles
Group HR Director

Jenni became Group HR Director in 2015 and has extensive experience in employee engagement, talent management and organisational development.

Jenni joined G4S in 1998 and has held several senior HR roles at both a Group and regional level. As Director of Employee Engagement & HR, Jenni led the Group's employee engagement and labour relations strategy and held general HR responsibility for Africa, Asia, Middle East & Latin America. As Chief HR Officer for the Americas region Jenni led the people and organisation strategy across 30 countries and over 100,000 employees.

Prior to joining G4S, Jenni held HR positions in a variety of business sectors such as automotive, FMCG and consulting. Jenni is a Fellow of the Chartered Institute of Personnel & Development (FCIPD).

Peter Neden
Regional President, UK & Ireland

Peter became Regional President of UK & Ireland in May 2014. Peter was previously Regional managing director of G4S Outsourcing Services for the UK & Ireland region.

Previous roles included responsibility for the business development programme within G4S in the UK and Africa regions, as well as a number of senior positions in both the commercial and government businesses across the Group.

Prior to the merger between Group 4 Falck and Securicor, Peter was Securicor's development director, having joined the company in 2001. Peter's early career included a number of sales, marketing and general management roles within Centrica.

Peter has a degree in economics from the University of Nottingham.

Debbie Walker
Group Corporate Affairs Director

Debbie is Group Corporate Affairs Director, heading the corporate communications team which focuses on the Group's key audiences – media, government, employees and customers. Debbie is also responsible for the Group's CSR and human rights strategies.

Prior to the merger between Group 4 Falck and Securicor, Debbie held a number of senior marketing and communications roles within the Securicor group from 1993 to 2004.

OUR GOVERNANCE FRAMEWORK

The board oversees the Group's overall governance framework, reviews and approves the strategy, monitors managements' performance against agreed targets and ensures appropriate controls are in place and operating effectively.

BOARD

Role and responsibilities

- Review and approves the company's strategy
- Monitor management's performance against agreed targets
- Review, approve and promote companys' values and standards
- Review its own performance on a yearly basis

CHIEF EXECUTIVE OFFICER

GROUP EXECUTIVE COMMITTEE

NOMINATION COMMITTEE

Role and responsibilities

- Review board composition
- Lead the process for new board and committee appointments
- Review succession planning processes

See page 69

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Role and responsibilities

- Review, agree and establish the company's CSR strategy and recommend policies to ensure these remain an integral part of the Group's strategy
- Monitor compliance with CSR policies throughout the Group and the integration of CSR processes within the Group's risk management and approval processes

See page 70

RISK COMMITTEE

Role and responsibilities

- Advise the board on Group's overall risk appetite and tolerance
- Oversee the company's risk management framework and review its effectiveness
- Review major contracts and projects

See page 71

AUDIT COMMITTEE

Role and responsibilities

- Oversee the financial reporting process and ensure the integrity of the company's financial statements
- Monitor internal audit
- Approve external audit scope and fee, review and monitor external auditor's independence

See page 72

GROUP RISK AND INTERNAL AUDIT FUNCTION

REMUNERATION COMMITTEE

Role and responsibilities

- Approve remuneration of chairman of the board, the executive directors, other members of the executive committee and the company secretary of the board
- Monitor level and structure of remuneration of other senior management of the Group

See page 78

There is a detailed schedule of matters reserved to the board.

These fall within 12 categories:

- Strategy and management
- Structure and capital
- Financial reporting and controls
- Risk and internal controls
- Contracts
- Communication
- Board membership and other appointments
- Remuneration
- Delegation of authority
- Corporate governance matters
- Policies
- Other matters – such as settling material litigation

The board fulfils a number of its most important functions through its committees. The work of these committees is described below in this report. The terms of reference of each of the committees are available on the Company's website at www.g4s.com/investors.

Management decisions, development and implementation of strategy are delegated to management.

KEY ROLES IN GOVERNANCE FRAMEWORK

Chairman of the board

- Responsible for promoting good corporate governance and ensuring board compliance with regulatory requirements
- Ensures board effectiveness
- Promotes a culture of challenge, debate, openness and support
- Ensures NEDs receive a comprehensive induction and on-going training to support the performance of their duties
- Maintains regular contact with major shareholders and conveys their views to the board

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

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

Senior Independent Director

- Acts as a sounding board for the chairman and as intermediary for the other directors when needed
- 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)

- Challenge constructively
- Monitor managements' performance against agreed targets
- Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are effective
- Determine appropriate levels of remuneration of executive directors
- Prime role in appointing directors and in board succession planning

Company Secretary

- Secretary to the board and its committees
- 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

BOARD BALANCE

Board balance

Non-Executive directors	80%
Executive directors	20%

Gender

Male	70%
Female	30%

Industry experience

Business services

Energy/Utilities

Finance

FMCG

Logistics

Manufacturing/operations

Technology

Geographical experience

Africa

Asia Pacific

Europe

Latin America

Middle East & India

North America

UK & Ireland

Board tenure 2016

2 years or less	30%
> 2 yrs < 4 yrs	20%
> 4yrs < 6 yrs	30%
6 yrs < 8 yrs	20%

Board composition

As at the date of this report, the board comprises 10 members: the non-executive chairman (John Connolly), seven other non-executive directors and two executive directors. The board considers all the non-executive directors to be independent.

The names of the directors serving as at 31 December 2016 and their biographical details are set out on pages 58 and 59. All these directors served throughout the year under review, apart from Steve Mogford, a non-executive director and the Senior Independent Director who was appointed on 27 May 2016 and Barbara Thoralfsson, a non-executive director, who was appointed on 1 July 2016. Adam Crozier and Mark Elliott, two non-executive directors, both retired from the board at the conclusion of the Company's annual general meeting, on 26 May 2016. Himanshu Raja, an executive director, stepped down from the board on 1 October 2016. Ian Springett, whose biographical details also appear on page 59, was appointed to the board on 1 January 2017.

Induction, information and professional development

A tailored induction is provided to new directors joining the board. In the case of non-executive directors, this includes spending time with the executive directors and other senior executives to understand the business, its structure and people, as well as the Company's strategy and financial performance. Induction also provides details of the Group's governance policies and values as well as its structure and risk management framework.
The induction programme is designed to ensure directors joining the board have the necessary understanding of their role and how they can maximise their effectiveness.

To build on the induction programme, directors receive further briefings both to help in their own development and also to enhance their awareness of the different elements of the business. Briefings are provided to board members on legal, governance, compliance and reporting developments and to members of board committees from time to time on matters relevant to their work on those committees.

In addition, non-executive directors learn about the Group's business and meet employees and management through site visits. Information about the interactions between members of the board, in particular non-executive directors, and the business during the year are set out on page 68.

Board performance review

In 2016, Lintstock Limited assisted the board with its performance review. The review involved detailed self-assessment questionnaires being completed by board members and regular board committee attendees. The results of the questionnaires were used as the basis for reports produced by Lintstock which analysed the performance of not only the board, but also each board committee and director. These reports were considered by the board and each of the board's committees when reviewing their performance and informed the planning for the board's priorities in 2017.

As part of this review process, Lintstock also reported on the performance of each of the directors and separately on that of the chairman. 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 report on the chairman was used to inform the discussion amongst the non-executive directors about the chairman which was conducted by the senior independent director without the chairman being present.

Lintstock has no connection with the Company other than evaluating the board and its committees' performance.

INDUCTION PROGRAMME – FOCUSED SESSION

As part of their induction programme, in September, Steve Mogford and Barbara Thoralfsson attended a session designed to develop further their understanding of the Company's business, markets and main relationships. Over a day, they met with and received in-depth presentations from members of the group executive team and senior managers. Areas covered included strategy and investor relations, finance and information technology, governance and corporate social responsibility as well as legal, human resources and health and safety.

Diversity

Diversity is one of the Group's organisational strengths, which helps it operate successfully across a wide range of countries and complex environments. The Group's workforce reflects that diversity in terms of its mix of gender, age, race, religion, nationality, language, background and experience.

For the board, diversity of thinking and experience is seen as vital to ensure the Group can seize the right opportunities in each market to grow and consider fully the risks of doing so. As well as being diverse in terms of gender and nationality, the board also includes members with diverse skills, personal attributes and experience. Some members have international assignment experience and others bring extensive experience of a variety of industries. In addition, the board has a mix of both long-serving and new members. These differences greatly enrich debate in the boardroom, bring fresh perspectives and new market and customer understanding. Whilst recruitment of any new members to the board is always based on merit, diversity is a key consideration. In recent appointments, assistance has been sought from executive search agencies which are signatories of the Voluntary Code of Conduct to help ensure the most diverse talent pools are reached and an approach in line with best practice is adopted.

Board activities (%)

Performance monitoring	30%
Group strategy	21%
Governance and risk	19%
Understanding the business	12%
Board and committee composition	9%
Specific issues	9%

BOARD MEETINGS

Seven scheduled board meetings and a number of additional meetings and calls were held during the year ended 31 December 2016. Each year, one of these meetings is an extended two-day meeting at which, in addition to normal board business, the board and executive committee review the Group 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.

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 chairmen 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 2017 including a two-day board and strategy meeting.

Meeting attendance in 2016

	meetings attended
Executive directors	
Ashley Almanza (CEO)	10/10
Himanshu Raja (CFO)[1 6]	6/8
Tim Weller (CFO)[2 6]	8/10
Non-executive directors	
John Connolly (chairman)	10/10
Adam Crozier[3]	4/4
John Daly[5]	9/10
Mark Elliott[3] (senior independent director)	4/4
Winnie Fok	10/10
Steve Mogford[4] (senior independent director)	6/6
Paul Spence	10/10
Clare Spottiswoode	10/10
Barbara Thoralfsson	5/5

1. Mr Raja stepped down from his role of chief financial officer and from the board on 1 October 2016.
2. Mr Weller was a non-executive director until 24 October 2016 when he became chief financial officer.
3. Messrs Elliott and Crozier retired from the board on 26 May 2016.
4. Mr Mogford took on the role of senior independent director on 27 May 2016 and Ms Thoralfsson joined the board on 1 July 2016.
5. Mr Daly was unable to attend one meeting due to a commitment made prior to his appointment to the board.
6. In relation to one additional meeting, apologies were received from Messrs Raja and Weller who had a conflicting engagement. In relation to another additional meeting called to discuss the position of the chief financial officer, Messrs Raja and Weller who had both been invited to attend the meeting each decided not to do so given that they would have a conflict of interest and be unable to take part in almost the entirety of the meeting.

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 least every three years and that at least one-third of the directors not standing for election for the first time stand for re-election at each annual general meeting. However, in accordance with the UK Corporate Governance Code provision on re-election of directors, all continuing directors stand for re-election every year.

Conflicts authorisation

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. The affected directors did not vote when their own interests were considered. Where the board deemed it appropriate, such authorisation was given subject to certain conditions. The board reviews such matters on a regular basis.

SITE TRIP TO BRUSSELS

In December 2016, board and committee meetings were held in Brussels. In addition to receiving an in-depth business presentation and meeting with strategic customers, board members visited business operations in Zaventem airport and at the G4S office located in close proximity to Maelbeek metro station in central Brussels.

Board members met employees who were affected by the horrific attacks of 22 March 2016, including some G4S colleagues who were injured in the attacks at the airport. At our central Brussels office, members of the board met employees who, having turned their office into a temporary first aid centre, used their medical and organisational skills to provide support to victims of the attacks on the metro. The board commended their dedication and bravery in these extremely difficult circumstances.

RISK MANAGEMENT AND INTERNAL CONTROL

The board has carried out a robust assessment of the principal risks facing the Company and of how those risks might affect the prospects of the Company. The principal risks and their possible impact on the Company and the mitigations taken are set out on pages 52 to 55.

The directors acknowledge their responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness each year. 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 51 sets out some of the key features of the Group's risk management process, which was in place throughout the year under review. The key elements are:

- Country and regional management teams are required to identify and manage risks in their business.
- Significant risks and mitigating actions are recorded in the Group's governance risk and control tool.
- In addition to this bottom-up review members of the group executive committee provide input to the risk identification process and address identified gaps in mitigating actions through updates in key controls that countries must use to mitigate many of their risks.
- The risk profiles ensure that internal audit reviews of the adequacy, application and effectiveness of risk management and internal controls are targeted on the key risks.

Both the Regional Audit Committees and members of the group executive committee receive internal audit reports that cover key risks.

The chief executive officer, chief financial officer and group director of risk and audit report on risks and planned mitigations to the Risk Committee of the board. The process outlined above is reviewed regularly by the board through its Risk Committee to ensure its robustness and suitability to meet the Group's needs. Further information about the Risk Committee, its remit, work during 2016 and its plans for 2017 can be found on page 71.

During 2017 the risk management improvement plan will continue to focus on: early identification and mitigation of emerging risks; progressing mitigation action plans; and enhancing the relevance and accuracy of information being provided to the business.

The internal control system includes clearly defined reporting lines and authorisation procedures, a comprehensive budgeting and monthly reporting system and written policies and control standards.

In addition to a wide range of internal audit reports, senior management also receives assurance from other sources including security inspections, third party reviews, external audit reports, summaries of whistleblowing activity, fraud reports and self-assessments by country management teams of their effective operation of key control standards.

The Group has in place appropriate internal control and risk management systems for financial reporting. The Group has a single global consolidation system which is used for both internal management reporting, budgeting and planning as well as external reporting.

The Group has a comprehensive budgeting process with the budget being approved by the board. Forecasts for the year are reported quarterly. Actual results at business unit, region and Group level are reported monthly and variances are reviewed. A programme of balance sheet reviews was included in the work of Group internal audit during 2016.

The Audit Committee undertakes a high-level review of risk management and internal control each year. As well as the above processes and sources of assurance, the Audit Committee also considers the following year-end reporting in conducting this review:

- Summary of internal audit work including update on all open audits with a deficient rating, analysis of results by region, common audit findings and areas identified for improvement in internal controls
- Summary of exceptions on compliance statements from each country reported through their regional executives. These cover a broad range of matters including: accuracy of financial reporting and that all significant accounting judgements have been discussed with group finance team; core controls have operated effectively; risk reporting and mitigation is up to date; Speak Out is operated in accordance with Group policies
- A broad overview of the general risk management and internal control systems in place during the year
- External audit year-end reporting on financial controls and accounting

Further information about the Audit Committee, its remit, work during 2016 and its plans for 2017 can be found on pages 72 to 77.

Whilst good improvement has been made in the quality of internal controls during the year, given the number of countries in which the Group operates and the variety of systems used across the Group there is still opportunity for improvement in the operational effectiveness of mandated controls and this will continue to be a focus during 2017. The Audit Committee has confirmed that it is satisfied that the Group's risk management and internal control processes are appropriate. The board has reviewed the Group's risk management and internal control system for the year to 31 December 2016 by considering reports from the Audit Committee and the Risk Committee and has taken account of events since 31 December 2016.

FAIR, BALANCED AND UNDERSTANDABLE ASSESSMENT

In accordance with the UK Corporate Governance Code, the board has given consideration to whether the Integrated Report and Accounts, taken as a whole, is fair, balanced and understandable. The preparation of the annual 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 management and other contributing personnel within the Group. The process was reviewed by the Audit Committee and the board has reviewed a paper setting out the governance relating to the preparation of the report prepared by management. 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 C.1.1 can be found on page 102.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The board's statement on the Company's corporate governance performance is based on the September 2014 edition of the UK Corporate Governance Code, which is available on the Financial Reporting Council's website (https://www.frc.org.uk).

The Company complied throughout the year under review with the provisions of the Code, except during the last four months of the year under review in relation to the composition of the Audit Committee. This matter is addressed on page 72. The Corporate governance report, together with the Audit committee report, the Risk committee report and the Directors' remuneration report, describe how the board has applied these provisions.

BOARD CONNECTIONS 2016

- The board conducted a visit to two sites in one of the Group's largest markets in Europe. Further details of the board's trip to Brussels are set out on page 66
- The chairman's three-day visit to meet the business and senior management team in India in June and two-day visit to the UAE in October during which he visited various business sites and met with senior management
- Board members attended the Global Leadership Trade Fair in London in March
- Paul Spence attended meetings of the Regional Audit Committees for both the North America and Latin America regions
- Throughout the year, the board received presentations from members of the Group Executive team and also had the opportunity to meet members of senior management at events organised from time to time

2017 SUMMARY BOARD PLAN

Each year, following consideration of Lintstock's report on the board's performance the board formally adopts a plan setting out the key areas of focus. In 2017, our plan will again include:

- Annual review of Group strategy and execution of the strategy
- Induction and integration of new board members
- Board and management succession planning
- Monitoring business performance
- Increasing understanding of the Group's businesses and management teams
- Maintaining emphasis on risk management and efficient structures

RELATIONS WITH SHAREHOLDERS

The Company actively seeks to engage with shareholders and during 2016, the chief executive officer and the chief financial officer had contact via one-on-one meetings, group meetings and telephone conference calls with shareholders and analysts. The shareholders covered represented over 80% of the share register and over 220 institutions.

In January and February 2017 the chairman met with major shareholders as part of an annual round of governance meetings. The chairman reported on those meetings to the board. The chair of the CSR Committee, Clare Spottiswoode, and relevant senior executives met with a group of Socially Responsible Investors in September 2016, updating them on the Group's corporate responsibility programme. On the same day, senior management hosted a visit to two prisons by a NSRI investor and adviser (please see page 15 and the 2016 CSR report for more details). In addition, Clare had a number of ad hoc meetings with investors.

It is intended that all the directors (other than Clare Spottiswoode who has a conflicting engagement) will attend and be available to answer questions at the Company's annual general meeting, which is an important opportunity for communication between the board and shareholders, particularly private shareholders. At the annual general meeting, the meeting is informed of the number of proxy votes cast and the final results of votes on the resolutions are published subsequently on the company's website.

THE NOMINATION COMMITTEE

John Connolly
Nomination Committee Chairman

"In what was a busy year for the Nomination Committee, I am pleased to report that the new appointments made during the year, and described in the report below, have resulted in a strong increase in the mix of skills and competence on the board. In addition, succession planning remains an area of strong focus."

Committee membership and attendance during 2016

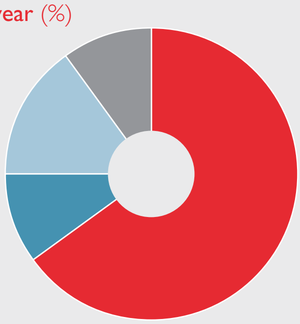
	Meetings attended
John Connolly (Chairman)	4 of 4
Adam Crozier[1]	2 of 2
Mark Elliott[1]	2 of 2
Steve Mogford[2]	2 of 2
Barbara Thoralfsson[3]	2 of 2

1. Mark Elliott and Adam Crozier retired from the board and the Nomination Committee after the conclusion of the company's annual general meeting on 26 May 2016.
2. Steve Mogford was appointed to the board, the Audit Committee and the Nomination Committee on 27 May 2016.
3. Barbara Thoralfsson was appointed to the board, the Remuneration Committee and the Nomination Committee on 1 July 2016.

Responsibilities

The Nomination Committee is responsible for making recommendations to the board on appointments and on maintaining a balance of skills and experience on the board and its committees. Succession planning for the board is a matter which is devolved primarily to the Nomination Committee, although the committee's deliberations are reported to and debated by the full board. The board itself also reviews more general succession planning for the senior management of the Group.

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



Recruitment of NEDs	(65%)
Extending terms of appointments for NEDs	(10%)
Succession planning	(15%)
Reviewing board committee membership	(10%)

The committee's terms of reference are available at www.g4s.com/investors.

Refreshing the board

Mark Elliott and Adam Crozier retired from the board in 2016. Mark fulfilled several roles (Senior Independent Director, Remuneration Committee chairman and member of the Nomination Committee) and Adam sat on the Audit and Nomination Committees. The Nomination Committee gave consideration to how these roles would be filled as well as to the balance of expertise and experience available to the board after their departures. John Daly took on the Remuneration Committee chairmanship on 27 May 2016. JCA Partners LLP (JCA) was appointed to assist the Nomination Committee with the recruitment of two more non-executive directors, and Steve Mogford and Barbara Thoralfsson were appointed on 27 May and 1 July respectively. Steve and Barbara joined me on this committee. Steve also joined the Audit committee and Barbara also joined the Remuneration Committee. We announced on 15 August 2016 that Tim Weller would succeed Himanshu Raja as chief financial officer. As a result, Tim stood down as chairman (and as a member) of the Audit Committee. He became chief financial officer on 24 October 2016. The Zygos Partnership (Zygos) was appointed to assist with the search for a new non-executive director qualified to act as the chairman of the Audit Committee. On 1 January 2017, Ian Springett was appointed to the board. Each of JCA and Zygos was provided with a brief setting out the requirements for the roles to be filled and preferred attributes of potential candidates. In selecting candidates, consideration was given to the skills and competence required to fill the role, the need to maintain and enhance diversity of relevant skills and experience on the board as well as corporate culture and fit. Shortlisted candidates were then interviewed by the chairman, the members of the committee and the CEO. Neither Zygos nor JCA has any connection with the Company other than as provider of recruitment consultancy services to the Nomination Committee, save that JCA has in the past also provided a benchmarking service for a senior management role.

The term of appointment of Mr Connolly, Ms Spottiswoode, Ms Fok and Mr Spence expired during 2016 and after consideration of their independence, commitment to the role, their other commitments and the experience and qualities they bring to the board, the committee recommended to the board that their appointment be extended. Mr Connolly did not participate in the committee's deliberations regarding his term of appointment.

Succession planning

The entire board has considered succession planning for the senior management of the Group during 2016 and in addition, the Nomination Committee gave further consideration to board succession plans.

Diversity

The board's approach to diversity is set out on page 65.

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 Nomination Committee's performance was determined to have been satisfactory, but areas of increased focus were identified and have been included as priorities for the committee's work in 2017.

In 2017, the committee will continue to ensure that it has appropriate plans for board and executive succession.

THE CSR COMMITTEE

Clare Spottiswoode
CSR Committee Chair

"Good CSR practice underpinned by strong corporate culture and values, is at the heart of how we do business. In 2016, our values were updated to ensure better alignment with the Group strategy and vision and launched to the senior management population. We look forward to sharing the results of this initiative with the entire organisation and our stakeholders during 2017.

Our continued focus on health and safety will remain a key part of the committee's activity during 2017."

Committee membership and attendance during 2016

	Meetings attended
Clare Spottiswoode (Chair)	3 of 3
Winnie Kin Wah Fok[1]	2 of 3
Paul Spence	3 of 3

1. Winnie Fok was unable to attend one meeting following the cancellation of her flight due to typhoon conditions.

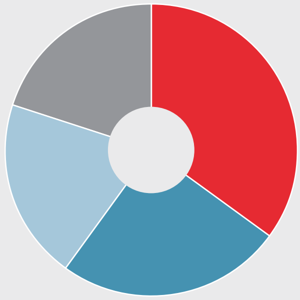
Other regular attendees include, the regional president for the UK and Ireland region, the group corporate affairs director and the group human resources director. From 2017, the regional president for the Africa region, will also be a regular attendee.

Responsibilities

The CSR Committee reviews and monitors the Group's CSR strategy, which includes developing policies on various CSR-related matters for consideration by the board and reviewing the activities of the executives who have responsibility for CSR matters. The CSR Committee also reviews and monitors how the Group performs against relevant policies.

The committee oversees reporting on CSR matters and the company's separate CSR Report for 2016, which provides more details on the Group's CSR strategy and progress made during the year, is available at www.g4s.com. Further details of the committee's responsibilities can be found in the committee's terms of reference which are available at www.g4s.com/investors.

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



The CSR Committee receives regular updates on current issues from the human resources and CSR teams. The results of the materiality exercise completed towards the end of 2015 informed the Group's CSR strategy and CSR reporting in 2016. As part of the CSR Committee's focus on health and safety during the year, the committee oversaw the revision and re-issue of the health and safety management system and standards to health and safety professionals across the Group. This initiative was supported by the provision of additional guidance and training.

As part of its normal cycle of work, the committee received regular health and safety reports including the results of seven critical country reviews (CCRs) carried out during the year. CCRs remain an important and effective tool to support those businesses where fatalities have occurred in assessing their health and safety management, raising awareness and ensuring improvements and appropriate mitigations are put into place. Unfortunately the number of fatalities across the Group in 2016 has not reduced from the previous year. This is very disappointing. Trend data showed that the number of fatalities resulting from road traffic accidents had decreased significantly, but unfortunately the effect of this improvement was negated by a rise in the level of attack-related fatalities. In 2017, the committee will oversee renewed efforts deployed to reinforce training of front-line employees.

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 committee continued to perform well in monitoring compliance with CSR policies and in seeking to embed them within the Group's business processes. Following the performance review, the committee has concluded that it should continue to focus on a small set of topics that are relevant globally and provide strong oversight on improving them, as well as ensuring that health and safety and compliance continues to be a major focus.

Work also includes the committee overseeing the implementation of the culture and values initiative across the Group and reviewing the integration of CSR processes with the Group's broader business risk management.

THE RISK COMMITTEE

Paul Spence
Risk Committee Chairman

"In 2016, the Risk Committee continued to oversee managements' ongoing work to improve the quality of risk management across the Group.

These changes included placing more accountability for risk management where it is most effective, i.e. at operating unit level, by improving the understanding of and compliance with those controls which have the most material impact on the management of our key risks. We also monitored management's initiative to simplify and improve minimum financial controls and legal and human resources policies."

Committee membership and attendance during 2016

	Meetings attended
Paul Spence (Chairman)	7 of 7
Ashley Almanza	7 of 7
John Connolly	7 of 7
Himanshu Raja[1]	6 of 6
Tim Weller	7 of 7

1. Himanshu Raja retired from the Risk Committee in October 2016.

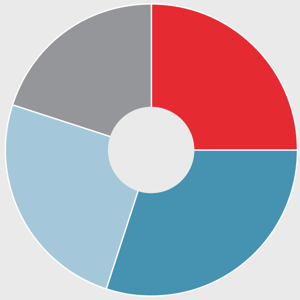
Other regular attendees include the group director of risk and internal audit.

Four scheduled committee meetings and a number of additional meetings and calls were held during the year ended 31 December 2016.

Responsibilities

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 and assesses the effectiveness of the Group's risk management systems. The committee's composition ensures that a broad set of skills and experience comes together to look at how the Group manages risk in the business. The Risk Committee also considers certain major contracts which require board approval due to their size or level of risk. Further details can be found in the committee's terms of reference available at www.g4s.com/investors.

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



Large contract/bid approval	(25%)
In depth review of specific high risk contracts/projects	(30%)
Risk governance/ Internal controls	(25%)
Contract, risk management	(20%)

Risk governance remained a strong area of focus during 2016 with the Risk Committee receiving regular reports on the continuing process of embedding enterprise risk management standards further and cascading accountability for risk management to country and operational business management. The committee also monitored the initiative to streamline risk management processes and simplify minimum controls applicable to various functions including finance, legal, human resources, firearms, screening and health and safety across the Group. The review and update of contract approval processes was also the subject of two presentations at the March and December meetings.

During the year, the Risk Committee received regular updates on significant residual risks and carried out detailed reviews including delivery of core service lines and major contracts. Further details of the significant risks and uncertainties facing the business are set out on pages 52 to 55.

Contract risk management remains a key area of focus for the committee which undertakes a review of a major contract at each of its meetings. The Risk Committee also considered proposed bids for certain contracts that required board approval between scheduled board dates.

Committee performance

The result of the assessment of the committee's performance in 2016, carried out with Lintstock's assistance, was again positive. The committee's work had been particularly effective in ensuring the company's risk management policies were aligned with its strategy.

In 2017, we will review major contracts, selected areas of principal risk and the Group's risk management accountability matrix.

THE AUDIT COMMITTEE

Paul Spence
Audit Committee Chairman

"In 2016, the Audit Committee's work focused on monitoring progress made on the implementation of an updated financial controls framework, designed to improve the effectiveness of the Group's internal risk management and control environment. We reviewed how these new controls are being embedded in a sustainable way in the business and the progress made in the culture change that is required along with the change in controls.

We also continued our focus on ensuring that matters of judgement were subject to rigorous review, and supported the board with the analysis of the viability statement and with an assessment on the preparation of the annual report on a fair, balanced and understandable basis, particularly considering the guidance on alternative performance measures issued during 2016 by the European Securities and Markets Authority ("ESMA") and the Financial Reporting Council ("FRC").

We have also welcomed three new members onto the committee, two of them as a result of directors stepping down from the committee and one to strengthen further the committee's experience. Looking forward to the 2017 financial year, the committee will remain focused on the Group's control environment and on monitoring how the changes instigated in 2016 are working in practice."

Committee membership and attendance during 2016

	Meetings attended
Paul Spence[1] (Chairman)	4 of 4
John Daly	3 of 4
Adam Crozier[2]	2 of 2
Steve Mogford[3]	2 of 2
Tim Weller[1] (Chairman)	3 of 3

1. Tim Weller stepped down as chair and as a member of the Audit Committee on 15 August 2016. Paul Spence was nominated to chair the meeting of the committee in December 2016.
2. Adam Crozier retired from the board and the Audit Committee after the AGM on 26 May 2016.
3. Steve Mogford became a member on 27 May 2016.
4. Other regular attendees include the chief financial officer, the Group financial controller, the company secretary, the Group director of risk and internal audit and representatives of the Group's external auditor. The chairman of the board, a chartered accountant who spent his executive career with Deloitte, also attends most meetings. In addition the chief executive also attends meetings from time to time when invited by the chairman.

Committee Membership

The membership of the committee changed substantially in the year, with Adam Crozier stepping down from the board after the AGM in May 2016, and Steve Mogford joining the committee following his appointment to the board on 27 May. Tim Weller stepped down from his role as chairman of the committee in August 2016 prior to his appointment as the Group's chief financial officer in October 2016.

During the search for a new non-executive director qualified to act as the chairman of the committee, Paul Spence was nominated by his fellow committee members to chair the December meeting. The Company applied all of the principles and provisions of the Code relevant to the committee throughout the year under review, except that during the period following Tim Weller having stepped down from his role as chairman, the Audit Committee did not have a member with recent and relevant financial experience for the remainder of the year. Only one meeting took place during that period and no financial results were considered at that meeting. The board remains satisfied therefore that formal and transparent arrangements for considering how the corporate reporting and risk management and internal control principles should be applied and for maintaining an appropriate relationship with the company's auditor were in place at all times.

As reported previously, Ian Springett was appointed to the board and as chair of the Audit Committee with effect from 1 January 2017. Unfortunately, in January Ian had to take an extended leave of absence in order to undergo treatment for a medical condition. Accordingly with effect from 20 January 2017, Paul Spence was appointed interim chairman of the Audit Committee and Winnie Fok became a member. Mr Spence was already a member of the committee. Ms Fok brings an accounting and audit background and both Mr Spence and Ms Fok together with the other members of the committee bring significant and relevant experience gained at senior management level. Their skills and experience are set out on page 59. In order to ensure continued compliance with main principle C.1 of the Code, until Mr Springett is able to take up his role, certain additional steps are being taken. These include the provision of further support and additional training to the interim chair, as well as the promotion of greater interaction between Mr Spence and the company's external auditor. The chairman engages with the external auditors on a regular and in depth basis.

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.

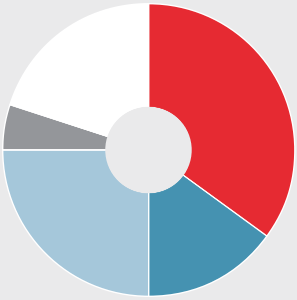
After each meeting, the chairman of the committee reports to the board on the matters which have been discussed.

Responsibilities

The committee ensures that there is effective governance of the Group's financial reporting and internal controls to safeguard 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.

During the year, the terms of reference of the Audit Committee were updated, to reflect the requirements of the EU Audit Regulation and Directive, the CMA's Statutory Audit Services Order and the UK Corporate Governance Code 2016 ("New Code"). While the New Code required the members of the committee as a whole to have competence relevant to the sectors in which the Company operates, other changes include the requirement for the committee to approve the fee for the external audit and the provision of advice to the board at its request in relation to the viability statement and any assumptions underpinning it.

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



Effectiveness of financial controls and risk management procedures	(35%)
External audit and non-audit services	(15%)
Financial reporting	(25%)
Whistleblowing / fraud allegations	(5%)
Internal audit	(20%)

Further details can be found in the committee's terms of reference available at www.g4s.com/investors

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.

In addition, in 2016, the committee reviewed and approved management's draft responses to queries raised by the FRC in respect of the 2014 Annual Report. Subsequent to the issue of the 2015 Annual Report the FRC confirmed that their enquiries into the 2014 Annual Report were closed.

Changes reflected in the 2015 Annual Report following resolution of the FRC's queries largely comprised enhancements to disclosures, particularly in respect of revenue recognition, taxation, and specific and other separately disclosed items.

Significant judgements and issues considered by the Audit Committee

The primary judgements and issues considered by the committee in the 2016 financial statements, and how these were addressed, were:

ONEROUS CONTRACT PROVISIONS

Description

The Group delivers certain long-term outsourcing services that are complex in nature. Some of those contracts may evolve to become loss-making and lead to a position where future net unavoidable losses over their life are expected. This requires determining the net present value of future estimated losses in order to calculate an onerous contract provision. The identification and measurement of such provisions requires significant judgement, given the often extended time periods involved and the number of variables that are not all within management's control.

During the year, management operated the enhanced processes and controls introduced in 2014, including a review by the chief financial officer on a quarterly basis of the top 25 contracts and those with low profitability for each region.

Details of the outcome of the assessment of contract provisions are set out in the Chief Financial Officer's Review on page 35.

Action taken

The committee reviewed in respect of each onerous contract, the critical assumptions provided by management and enquired about the judgements made, the robustness of the assumptions, the sensitivities to changes in the assumptions and the disclosure provided in relation to the key material judgements. The committee also considered the implications of the extension of the Compass contract to August 2019 announced in December 2016 and the related sub-contractor dispute.

Conclusion

The Audit Committee was satisfied that the level of provisions and the related disclosures as at 31 December 2016 were appropriate.

PORTFOLIO RATIONALISATION PROGRAMME

Description

The Group has continued to make progress in the portfolio rationalisation programme announced in 2013, identifying operations in a further 10 businesses or countries to be sold or closed. Given that the size of the operations in these businesses or countries is individually not significant for the Group, they do not meet the definition under IFRS 5 to be classified as discontinued operations. Management presents them separately in the adjusted performance measures in the preliminary results announcement and in the Chief Executive Officer's Review and provides a detailed reconciliation to the statutory financial statements. Management classifies these entities within assets held for sale when it is expected that the carrying amount of these entities will be recovered principally through a sale transaction in the next 12 months.

During 2016, for 14 of the businesses previously reported as portfolio businesses, management focus and changing market conditions have resulted in improved performance and we have formally concluded that we will retain these businesses. We have therefore reported the results of these businesses in continuing businesses in 2016 and have restated the 2015 results accordingly.

During 2016 16 businesses related to the portfolio rationalisation programme were sold or closed.

Action taken

The committee reviewed progress made on the portfolio rationalisation programme against the Group's strategy announced in November 2013, checked that the businesses that management had identified for sale or closure were in line with that strategy and reviewed the related accounting and disclosure judgements.

Conclusion

The committee was satisfied with the progress made, that the adjusted performance measures in respect of the programme were presented in a balanced way, and that the information provided to enable stakeholders to reconcile adjusted performance measures to statutory results was appropriate.

GOODWILL IMPAIRMENT TESTING

Description

The total value of the Group's goodwill as at 31 December 2016 was £2.0bn, 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 estimation of the recoverable amount of goodwill supported by the Group's cash generating units requires significant judgement, 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.

As a result of the annual review of the carrying value of goodwill, £9m of goodwill was impaired, relating to a business closure and the balance remaining at the 2016 financial year end was £1,990m (see notes 4 and 18 to the consolidated financial statements). Details of the Group's goodwill, impairment test and related disclosures are provided in note 18.

Action taken

The Audit Committee reviewed the methodology and results of the impairment test prepared by management.

The Audit Committee reviewed the assumptions used in relation to long-term growth, resulting headroom and sensitivities applied by management. In addition, these results were considered against alternative valuation bases such as reference to transactions for similar assets in similar locations, both within the Group and external to the Group.

For those businesses that are expected to be sold as part of the strategic portfolio management programme, the Audit Committee reviewed the recoverable value on the basis of expected sale price less costs to sell, whereas for those portfolio businesses that are expected to be closed, goodwill was impaired fully and the recoverable value of the assets was considered.

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.

Conclusion

The committee was satisfied with the carrying value of goodwill and related disclosures as at 31 December 2016.

TAXATION

Description

The Group operates in around 100 countries and is therefore subject to numerous reviews by individual tax authorities in the ordinary course of business. In some instances, these may result in claims being raised by those 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, where necessary, 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 2016, total deferred tax assets were £285m (2015: £187m). 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.

Action taken

The Audit Committee reviewed the Group's approach to taxation and confirmed that the Group operates under the tax policy approved by the committee in 2015, which complies with the UK Confederation of British Industry 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 risks 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 would be recovered and made enquiries of the external auditor on the appropriateness of the Group's tax position.

The committee considered the Group's enhanced disclosures, recognising that the FRC has undertaken a thematic review in this area during the year.

Conclusion

The committee was satisfied with the Group's approach to tax, with the recoverability of deferred tax assets and with the accounting treatment and disclosure of tax exposures.

RISK OF ACCOUNTING ERRORS AND MANAGEMENT OVERRIDE OF INTERNAL CONTROLS

Description

The Group operates in around 100 countries and has around 650 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 execution of the controls. As set out on page 51, the Group has adopted a three lines of defence model to control and manage risks across the Group.

Over the course of the last three years the Group has made significant investment in strengthening capability in finance, internal audit and risk and 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 reviewed and approved the internal audit plan for the year as well as the updated financial controls framework rolled out in 2016. The committee received regular updates on the overall control environment of the Group, including progress made on the implementation of the updated financial controls, results of internal audits, training and up-skilling of capabilities across the Group, as well as the regular reports from the external auditor and the output of the whistleblowing process.

The committee confirmed in particular that controls had been strengthened to minimise the risk of re-occurrence of control failures that required the restatement of the 2014 annual results and balance sheet in the 2015 annual report and considered progress made to reduce reliance on manual controls, by developing and integrating financial and operational systems across the Group, covered in further detail by the board.

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 over the next 12 to 24 months.

GOING CONCERN AND LIQUIDITY RISK

Description

The Group has net debt of £1,670 million. The board has set a goal of net debt to EBITDA ratio of <2.5 times over the medium term.

The Group has financial covenants related to its committed bank facilities, and the private loan notes, all of which are subject to one financial covenant based on net debt to EBITDA ratio, measured in accordance with the respective agreements, where net debt to EBITDA should be lower than 3.5 times. Non-compliance with covenants could lead to an acceleration of maturities.

Consideration of whether the Group is a going concern is a fundamental responsibility of the board and the Audit Committee has given this matter its full attention. The going concern assertion has a significant impact on the financial statements in terms of both the valuation of assets and liabilities held and the presentation of assets and liabilities as non-current. The Audit Committee has given due consideration to the guidance issued by the FRC 'Going Concern and Liquidity Risk – guidance for Directors of UK Companies 2009' and its Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published in September 2014.

Action taken

The committee reviewed the Group's projections of cash flow and net debt, taking into account reasonable risk sensitivities, as well as the financing facilities and funds available to the Group.

The committee also reviewed compliance with covenants, the availability of headroom in relation to those covenants, reasonable downside scenarios considering the risk profile of the Group, as well as the going concern assumptions in the context of the three-year viability statement included on page 55.

Conclusion

The committee was satisfied that the Group should adopt the going concern basis of accounting in the financial statements and recommended the same to the board.

SPECIFIC ITEMS

Description

The Audit Committee reviewed the treatment of items considered as specific items and therefore requiring separate disclosure to assist the reader in understanding the results of the Group. Management prepared documentation to support these items and the disclosure proposed in the financial statements.

Action taken

The Audit Committee reviewed and challenged, in light of the guidance issued by the FRC in December 2013 and October 2016, the disclosures prepared by management in relation to specific items, considered whether the nature of these items was consistent with the Group's accounting policies that were being applied consistently from year to year and confirmed 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 equally and consistently as specific items, in particular for both top-up and reversal of provisions. The committee noted that the volume of specific items was reduced significantly in 2016 following its establishment of a threshold amount below which onerous contracts and other transactions would no longer be considered for classifications as specific items.

Conclusion

The committee was satisfied that the Group's accounting policy on specific and other separately disclosed items had been applied correctly and that the designation of specific items was subject to objective and balanced criteria, with clear disclosure and explanation of non-recurring items, and was appropriate to give a meaningful and balanced view of the continuing operations of the Group.

Viability statement

As mentioned earlier, the committee's terms of reference were updated during the year to clarify that the committee would provide advice to the board at its request in relation to the viability statement. At the March 2017 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 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.

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 55.

Fair, balanced and understandable

One of the key compliance requirements of a group's financial statements is for the annual report, taken as a whole, to be fair, balanced and understandable. Guidelines on Alternative Performance Measures (APMs) were issued by the European Securities and Markets Authority (ESMA) and have been applicable since July 2016. In addition, the FRC issued a "Frequently Asked Questions" guidance document and published the results of its thematic review on this matter. The committee considered each of the above in assessing whether the Group's annual report was fair, balanced and understandable.

The committee 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 by factual evidence or 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 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 both 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 reviewed progress on the strengthening of internal controls, and on plans to continue progress, which included a targeted audit plan for 2016 from Group Internal Audit for those areas where issues have been identified, such as fair value adjustments in respect of legacy acquisitions in Brazil, and a review of the Group's financial control framework with a view to simplifying it to cover key essential controls to ensure that these are met, along with training programmes and up-skilling capabilities.

The committee also considered the plans being implemented by management to reduce reliance on manual controls, through the gradual implementation and integration of new financial systems.

Further details on internal controls are set out on page 51. The Audit Committee confirmed to the board that it is satisfied that the Group's risk management and internal control processes and procedures are appropriate and effective.

Internal audit

During 2016, the internal audit function spent a significant amount of time reviewing the operational effectiveness and providing training and advice to business units on minimum financial controls in order to prevent recurrence of previous control failures. This included the roll-out of an updated financial controls framework, the completion by business units of self-assessments against these controls based on their local control environment, with review and oversight of progress provided through the Regional Audit Committees. This enabled the identification of areas for improvement and where further training would be useful. Additional follow-up reviews of businesses and areas where improvement was considered to be necessary were carried out.

In 2017 the internal audit team will focus on assessing the effectiveness of a broader set of mandated controls with the goal of focusing local management on the most material control issues specific to their local environment, again with the support of the Regional Audit Committees to assist in driving improvements where appropriate.

External auditor

Following an audit tender process during 2014 PricewaterhouseCoopers LLP (PwC) was appointed the Group's new external auditor for the 2015 financial year. PwC was subsequently re-appointed at the 2016 AGM to hold office until the next AGM. Richard Hughes has been lead audit partner since the beginning of 2015.

During the year, the committee reviewed PwC's Group audit plan and the scope to be undertaken, reviewed their reports on external audit findings with particular focus on the areas set out above, had private sessions with the external auditor both during the year and at the Audit Committee, and approved the fee for the external audit. The committee also considered and approved the representation letter to be issued to the auditor.

Non-audit services

To ensure that the independence of the audit is not compromised, the committee has put 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 outsourcing 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 would require prior approval by the committee. Every year, the Audit Committee reviews its policy on the provision of non-audit services by the external auditor.

During 2016, amendments were made to the non-audit services policy to take account of the FRC's revised Ethical Standard issued in June, which prohibited certain services previously permitted (including the majority of tax services) and limited the pre-approval of other services at a level of fees which would be clearly trivial with effect from 1 January 2017. The auditor, PwC, has written to the Audit Committee confirming that, in its opinion, it was independent for the period through to 28 March 2017.

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.

Effectiveness of the external auditor

A combination of formal and informal processes is used in the assessment of the effectiveness of the external audit process. A formal questionnaire is completed at the end of the audit by members of the Audit Committee, by the group finance department and by the finance directors of significant operations across the Group, and the results of those questionnaires are reviewed by the Audit Committee. The assessment of the external audit for 2016 concluded that it remained effective and that the external auditor is independent.

Regulator's review of our external audit

During the year, the Audit Quality Review (AQR) team from the FRC reviewed the quality of the 2015 audit performed by PwC. The committee discussed the results of that review, which were satisfactory, corroborating the results of the committee's own independent evaluation of PwC which concluded that the external auditor was effective. The committee received a report from PwC detailing how the 2016 audit would address the one finding identified by the AQR team and was satisfied with PwC's planned response.

CMA Order Compliance

The G4S Group audit was put out to tender in 2014, following which PwC were appointed with effect from 2015. The committee thereby confirms that the company has complied with the Audit Services for Large Companies (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2004.

Committee performance

The assessment of the committee's performance, conducted with assistance from Lintstock, concluded that the committee remained effective, in particular in reviewing the quality of the Group's financial reporting. In 2017, we will review the committee's annual cycle of work to ensure appropriate alignment with the board's agenda and the board's induction for new members. We will also review management's plans to sustainably embed controls across the business.

THE REMUNERATION COMMITTEE

John Daly
Remuneration Committee Chairman

"Having succeeded Mark Elliott as chairman of the Remuneration Committee in May, I would like to express my thanks to him for his excellent work whilst chairman of the committee. I am very keen to continue the work and focus of the committee in ensuring the alignment of our remuneration structure with the Company's strategy, to drive total focus from our executive team on the delivery of sustainable shareholder value."

Committee membership and attendance during 2016

	Meetings attended
John Daly (Chairman)[1]	5 of 5
Mark Elliott[2]	2 of 2
Winnie Fok[3]	4 of 5
Clare Spottiswoode	5 of 5
Barbara Thoralfsson[4]	3 of 3

1. John Daly succeeded Mark Elliott as chairman of the Remuneration Committee in May 2016.
2. Mark Elliott retired from the board and the committee in May 2016.
3. Winnie Fok was unable to attend one meeting following the cancellation of her flight due to typhoon conditions.
4. Barbara Thoralfsson joined the board and the committee in July 2016.

There were three scheduled meetings and two additional meetings were held during the year ended 31 December 2016.

Business context and performance

In a year of rising geo-political risk and increased political uncertainty, and against a slow economic recovery in developed countries and reduced growth in developing countries, management made substantial progress in delivering the Group's strategy. They produced tangible results, with continuing business revenue growth of 6.3%, PBITA increase of 9.7% to £454m and operating cash flow increase of 61.5% to £638m. Further details are set out in the chief executive officer's introduction to the Strategic Review on pages 4 to 7.

2016 Remuneration outcomes

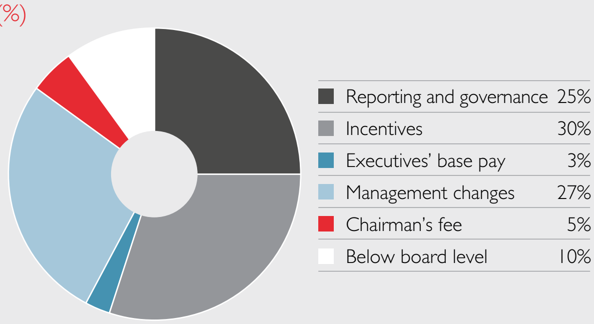
As reported last year, the CEO's and CFO's salaries were increased by 1% with effect from 1 January 2016.

Annual bonus – Against the backdrop of strong financial performance, annual bonus outcomes for the executive directors resulted in payouts of 146% of salary for the CEO and 136% for the CFO, representing stretch performance.

Long term incentive plan – given the very strong business performance in the year, as described above, awards that were granted in 2014 vested based on performance over the three year period to the end of 2016 at a level of 70%. While stretch performance was achieved based on the measurement of average operating cash flow and average annual growth in EPS, 30% of the award which was measured against relative total shareholder return did not meet the required threshold.

Further information on the levels of executive remuneration earned in 2016, including performance against the relevant targets, are given on pages 89 to 96.

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



Key areas of focus in 2016

Committee membership

At the 2016 AGM, Mark Elliott retired from the board and I took over from him as chairman of the committee. I would like to thank Mark for his insightful contributions to the work of the committee. On 1 July, Barbara Thoralfsson joined the board of G4S plc and the committee. Barbara's experience of executive and senior management remuneration structures in other markets is a useful addition to the committee's broad knowledge base.

Management changes

Tim Weller succeeded Himanshu Raja as chief financial officer of the Company after Mr Raja stepped down from the board on 1 October 2016. The committee discussed and approved the arrangements associated with Mr Raja's departure, details of which were published on our website www.g4s.com/investors on 15 August 2016 and which can also be found on page 95. The committee also approved Mr Weller's remuneration taking into consideration relevant market factors and the skills and experience that Tim brings to the role. Further details can be found on page 59.

Our remuneration policy

As announced last year, in anticipation of the Company's remuneration policy requiring shareholder approval in 2017, the committee undertook an extensive review of the existing Director's Remuneration Policy ("Current Policy") during 2016. In doing so, the committee was mindful of the overall approach and structure of employee reward across the Group, developments in remuneration for executives in the global market as well as views of the investor community.

The review sought to assess whether the Current Policy remained suitably aligned to the Company's strategy and provided effective incentives to the executives and senior management team. Particular attention was paid to the variable components of remuneration and their operation. The Remuneration Committee also received the assistance of its adviser, who aided the development of remuneration proposals by providing information on remuneration arrangements at similar businesses operating on a global scale and evolving market practices.

A particular area of focus was our choice of performance measures. The performance measures in the Long Term Incentive Plan (LTIP) approved by shareholders in 2014 consist of growth in earnings per share, relative total shareholder return and average operating cash flow. The Remuneration Committee considers that performance in all these critical areas is achieved by delivering the Group strategy and the areas with the most direct correlation between strategic priorities and performance are highlighted below.

Earnings per share growth is directly and immediately impacted by improvements in *productivity* and *operational excellence* for example through IT investment, global procurement initiatives and operational efficiency programmes which help build momentum in profit performance.

Operating cash flow improvements have been driven by greater *financial discipline* across the Group as new behaviours and better controls are embedded in the finance function and in the broader management team and this stronger cash flow performance is sustained through delivery of consistent, *excellent* service to our customers.

Total shareholder return is strongly influenced by our ability to differentiate our service through *innovation*, leading to revenue growth in new sectors as well as increased market share. Our continued focus on *health and safety* also correlates to sustainable performance by embedding strong values at all levels in the organisation.

Having concluded its review, the committee found that the Current Policy operates effectively and continues to align the executives with the longer-term performance of the business. Minor amendments were made to remove certain terms no longer required following the retirement of Grahame Gibson, the former chief operating officer, from the board in 2015. I wrote to shareholders representing 60% of our shareholders base in March 2017 to advise them of the Remuneration Committee's decision concerning remuneration policy.

The policy is set for a period of three years. However, we will continue to review the position to ensure the policy is aligned to the Company's evolving business needs as we continue the transformation of G4S across the Group.

Implementation of remuneration in 2017

Pay review

For 2017, the CEO's base pay has been increased by 1.5% and that for the new CFO remains unchanged. This pay review took account of market salary trends as well as salary increases elsewhere in the Group. The increase awarded to the CEO was lower than the average percentage increase applicable to Group employees based in the UK.

Incentives

The bonus opportunity and LTIP award levels remain unchanged in 2017.

In relation to bonus, the committee seeks to set targets that support the overarching strategy, reflect the business context for the relevant period. Targets are also intended to be stretching whilst remaining achievable and are compatible with the Group's risk appetite. The committee is confident that the targets set meet these criteria, based on the range of assumptions in the Company's budget.

The long-term incentive plan introduced in 2014 had overwhelming support from shareholders and will continue to operate unchanged in 2017.

UK Code compliance

The committee had in place malus and clawback before their introduction became a feature of the revised UK Corporate Governance Code. These arrangements are explained on page 84. The committee is also conscious of the Code's requirement that executive directors' remuneration should be designed to promote the long-term success of the Company – and that performance-related elements of remuneration should be transparent, stretching and applied rigorously. This aligns with the Remuneration Committee's own philosophy.

The committee's performance

The committee's formal performance review carried out at the end of 2016 concluded that the committee continues to be effective and to perform well. As the transformation of the Group gains momentum and results in evolving organisational structures, the committee will continue to review and analyse the reward strategy for the senior management population to ensure strong alignment with the Company's strategy. In doing so, the committee will take account of remuneration practices in those markets where it seeks to recruit, develop and retain key talent from a highly international and mobile population.

Voting on remuneration

The Company's current remuneration policy for directors was approved by shareholders at the Company's annual general meeting held on 5 June 2014 with 98.38% of all votes cast in favour. It came into effect on 6 June 2014 and continued to apply for up to three years. In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, a new remuneration policy will be submitted to shareholders for approval at the AGM on 25 May 2017, which will apply for up to three years.
The committee believes that the Current Policy is adequate to motivate and retain our executive team whilst supporting the delivery of sustainable returns to shareholders, we are therefore proposing to make no substantive changes to the policy from that approved in 2014.

In addition, the annual report on remuneration will be put to an advisory vote at this year's annual general meeting, and we look forward to receiving shareholders' support on both resolutions once again this year.

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

John Daly
Remuneration Committee Chairman

28 March 2017

Responsibilities

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

It also agrees with the board the framework and policy for the remuneration of other senior managers of the Group and reviews and recommends to the board the remuneration of the company secretary.

In determining remuneration policy, the committee takes into account a variety of legal and regulatory requirements and the relevant provisions of the UK Corporate Governance Code.

The committee also determines policy on the duration, notice period and termination payments under the contracts with the executive directors, with a view to recognising service to the Company whilst ensuring that failure is not rewarded and that the duty to mitigate loss is recognised.

The committee approves the design and determines the target measures and formulae for performance-related pay schemes operated by the Company. It approves the eligibility of executive directors and other group executive committee members for annual bonuses and benefits under long-term incentive plans and assesses performance against the objectives of those plans.

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

Our remuneration approach

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

Fixed pay

- base pay
- retirement benefits
- other benefits

Short-term incentives

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

Long-term incentives

- long term incentive plan (three years)

Directors' remuneration policy

This section sets out the Directors' remuneration policy, which is subject to a binding vote of the shareholders' at the Company's next annual general meeting on 25 May 2017. Subject to its approval, this remuneration policy will be effective from that date. The Current Policy, which can be found in the annual report and accounts 2013, is available on the Company's website at www.g4s.com/investors and will continue to apply until the policy set out below is approved. As explained in the introduction to this report, minor amendments were made to remove certain terms no longer required following the retirement of the former chief operating officer from the board in October 2015.

Directors' remuneration policy

Remuneration policy for executive directors

BASE PAY

Purpose and link to strategy

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

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

Operation

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

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

Maximum opportunity

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

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

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

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

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

Performance measures and clawback

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

BENEFITS

Purpose and link to strategy

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

Operation

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

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

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

Maximum opportunity

Maximum benefits per director per annum:

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

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

Performance measures and clawback

None.

Remuneration policy for executive directors

ANNUAL BONUS

Purpose and link to strategy

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

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

Operation

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

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

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

Bonuses are not pensionable.

Maximum opportunity

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

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

Performance measures and clawback

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

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

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

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

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

The deferred element of the bonus is not subject to any further performance measures but is subject to clawback in certain circumstances. The non-deferred part of the bonus, which is settled in cash, is also subject to clawback (see separate section on page 84).

Directors' remuneration policy *continued*

Remuneration policy for executive directors *continued*

LONG TERM INCENTIVE PLAN

Purpose and link to strategy

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

Operation

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

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

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

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

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

Maximum opportunity

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

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

Performance measures and clawback

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

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

At threshold, 25% of the relevant portion vests. This increases on a straight-line basis up to 100% for performance in line with maximum. Targets are set out on page 97.

Awards are subject to clawback in certain circumstances (see below on page 84).

RETIREMENT BENEFITS

Purpose and link to strategy

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

Operation

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

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

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

Maximum opportunity and clawback

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

Performance measures

None.

Remuneration policy for non-executive directors

CHAIRMAN'S FEE

Purpose

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

Operation

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

Maximum opportunity

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

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

NON-EXECUTIVE DIRECTORS' FEES (EXCLUDING THE CHAIRMAN)

Purpose

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

Operation

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

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

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

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

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

Maximum opportunity

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

Fees payable to non-executive directors (including the chairman) in aggregate per annum shall not exceed the maximum specified in the Company's articles of association for the relevant year.

BENEFITS

Purpose

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

Operation

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

Maximum opportunity

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

Benefits and expenses will reflect the actual cost of provision.

Notes to the directors' remuneration policy

1. Performance measures

Annual Bonus Plan – The actual performance measures and targets are set by the Remuneration Committee at the beginning of each year. The performance measures used for our annual bonus plan have been selected to reflect the Group's key performance indicators. The committee aims to ensure that the measures appropriately encourage the executive directors to focus on the Company's strategic annual priorities, whilst the targets are set to be stretching but achievable.

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

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

Legacy plans – The committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed (i) before 5 June 2014 (the date the company's first shareholder-approved directors' remuneration policy came into effect); (ii) before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved directors' remuneration policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a director of the Company and, in the opinion of the committee, the payment was not in consideration for the individual becoming a director of the Company.

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

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

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

2. Malus and claw-back mechanisms

Since 2010, any cash and/or shares awarded under the annual bonus plans and the previous Performance Share Plan may be subject to clawback. The Long Term Incentive Plan and the annual bonus plan may be subject to malus or clawback from the executive director concerned if the Remuneration Committee so determines and, in the case of misstatement of accounts, where the Audit Committee concurs. The time period in which the clawback can be operated depends on the reason for the overpayment as set out in the table below.

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

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

Principles and approach to recruitment and internal promotion of directors

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

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

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

- The on-going remuneration package to be designed in accordance with the policy above.
- New executive directors will participate in the annual bonus scheme and Long Term Incentive Plan on the same basis as existing executive directors.
- The Remuneration Committee has discretion to grant one-off cash or share-based awards to executive directors where it determines that such an award is necessary to secure the recruitment of that executive director and where it is in the best interests of the company to do so. Such awards would only be made as compensation for remuneration relinquished under a previous employment (i.e. buy-out arrangements) and would be intended to mirror forfeited awards as far as possible by reflecting the value, nature, time horizons and performance measures attached. In such circumstances, the Company will disclose a full explanation of the detail and rationale for such one-off awards.
- In certain circumstances, it may be necessary to buy out long notice periods of previous employment.

- With regard to internal promotions, any commitments made before promotion and unconnected with the individual's promotion may continue to be honoured even if they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled.
- For external and internal appointments, the Remuneration Committee may agree that the Company will meet certain relocation expenses (including legal fees), as set out in the policy.
- In determining the approach for all relevant elements, the Remuneration Committee will consider a number of factors, including (but not limited to) external market practice, current arrangements for existing executive directors and other internal relativities.

Service contracts

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

Executive directors' service contracts all have the following features:

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

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

- Upon his appointment, following board approval, Ashley Almanza was allowed to hold two external non-executive appointments and retain the fees paid to him for the appointments. Following Ashley Almanza stepping down from the board of Schroders plc in April 2016, he remains a non-executive director of Noble Corporation. Mr Almanza's contract of employment was subsequently amended to reflect this reduction in the number of non-executive directorships he holds. Tim Weller is allowed to hold one external non-executive appointment and retain any fees paid directly to him for the appointment. He is currently non-executive director of the Carbon Trust.
- Mitigation obligations on termination payments are explicitly included in the executive directors' contracts. Notice payments for Ashley Almanza and Tim Weller are payable monthly.

Non-executive directors' letters of appointment:

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

Fees are normally reviewed annually.

Loss-of-office payment

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

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

The contracts do not provide for the payment of a guaranteed bonus in the event of termination. Neither Ashley Almanza nor Tim Weller will be eligible for bonus accrual during any period of garden leave.

In relation to Mr Almanza, the value of the termination payment would cover the balance of any salary and associated benefits payments due to be paid for the remaining notice period, the value of which will be determined by the Remuneration Committee. In relation to Mr Weller, the value of the termination payment would amount to the balance of any salary due to be paid for the remaining notice period multiplied by 1.25 to reflect the value of contractual benefits during such period. The Remuneration Committee would also retain the discretion to make appropriate payments necessary to finalise any settlement agreement, but in exercising such discretion the Remuneration Committee would remain mindful to ensure that there was no reward for failure.

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

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

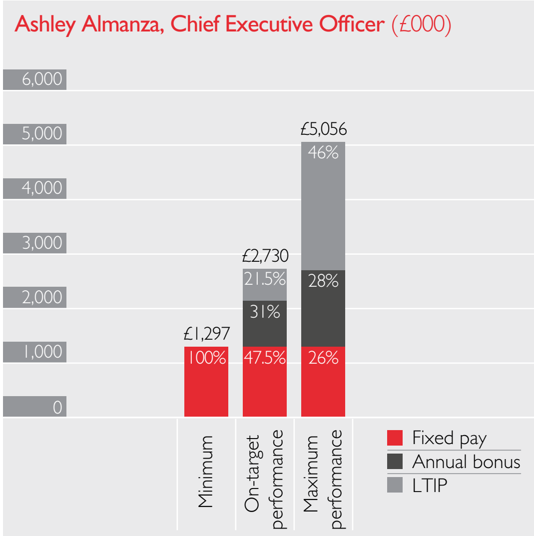
Plan	Automatic "good leaver" categories	Treatment for "good leavers"	Treatment for other leavers
Annual bonus (cash element)	All leavers other than voluntary resignation and summary dismissal.	Executive directors may receive a bonus to be paid on the normal payment date and in accordance with the agreed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

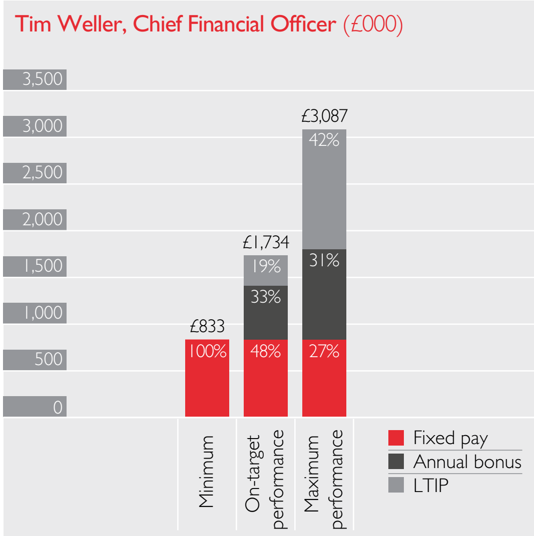
As directors may leave employment for a wide range of reasons, the committee retains discretion to approve payments where the reason for leaving does not fall precisely within the prescribed "good leaver" category. The committee will take account of the director's performance in office and the circumstances of their exit. The committee will seek to balance the interests of shareholders, the departing director and the remaining directors. Any awards subject to performance conditions would be assessed at the end of the relevant period and be subject to time apportionment.

Corporate Action

If the Company is subject to a change in control, the Long Term Incentive Plan provides that awards will vest subject to the performance targets having been satisfied up to the date of the change of control and, unless the committee determines otherwise, time pro-rating. On a variation of share capital, other reorganisation of the Company, or a demerger of a substantial part of the Group's business, the committee may make such adjustment to awards as it may determine to be appropriate.

Illustrations of application of remuneration policy





2017	CEO	CFO
Base pay	£939,755	£643,750
Benefits	£122,000	£60,000
Pension	£234,939	£128,750
Total Fixed Pay	£1,296,694	£832,500

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

The bar charts above set out the effect of the executive directors' remuneration policy as it will apply in 2017 and based on the assumptions set out below:

	Minimum	Threshold	Maximum
Fixed pay	Consists of total fixed pay including base salary, benefits and retirement benefits • Base salary – salary effective as at 1 January 2017 • Benefits – amount received by Group CEO in 2016 including business expenses classified by HMRC as benefits but which the company does not consider to be benefits in the ordinary sense. The figure is an estimate for the Group CFO • Retirement benefits –25% of salary for Ashley Almanza, 20% of salary for Tim Weller		
Annual bonus	No payout	35% of the maximum payout (i.e. 52.5% of salary for Ashley Almanza and Tim Weller)	100% of the maximum payout (i.e. 150% of salary for Ashley Almanza and Tim Weller)
Long-term incentives	No vesting	25% vesting under the LTIP (i.e. 62.5% of salary for Ashley Almanza and 50% of salary for Tim Weller)	100% of the maximum payout (i.e. 250% of salary for Ashley Almanza and 200% of salary for Tim Weller)

Statement of consideration of employment conditions elsewhere in the Group

The structure of the executive directors' pay policy is generally in line with the policy for remuneration of the senior management within the Group, although the levels of award will be different. The performance measures that apply in the variable element of the remuneration will reflect the relevant areas of responsibilities. There may be one-off awards for retaining scarce and critical individuals below board level. Remuneration of employees globally will depend on local regulation and practice, taking any collective bargaining agreements into account, where they exist.

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

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

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

Statement of consideration of shareholder views

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

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

ANNUAL REPORT ON REMUNERATION

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED INFORMATION)

Executive directors

The following table shows a single total figure of remuneration in respect of qualifying services for the 2016 financial year for each executive director, together with the comparative figures for 2015. Aggregate executive directors' emoluments are shown in the final column of the table.

£	Base pay		Benefits		Annual Bonus		LTIP – PSP		Pension related benefits		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Ashley Almanza	**925,867**	916,700	**109,985**	193,588	**1,347,136**	956,670	**2,175,179**	441,710	**231,467**	229,175	**4,789,634**	2,737,843
Tim Weller	**122,145**	n/a	**6,019**	n/a	**166,945**	n/a	**n/a**	n/a	**24,429**	n/a	**319,538**	n/a
Himanshu Raja	**482,812**	643,750	**85,590**	108,232	**637,312**	623,528	**1,018,339**	197,739	**96,563**	128,750	**2,320,616**	1,701,999

Notes:

1. In relation to Himanshu Raja and Tim Weller, the information relates to the part years during which they have served as executive directors.

a. For Himanshu Raja, this includes the period when he was an executive director to 1 October 2016. Payments made after that date, including any payment of loss of office, are shown on page 95.

b. For Tim Weller, this was from his appointment date as an executive director on 24 October 2016. Prior to this date, Mr Weller was a non-executive director of the Company, and fees relating to his non-executive directorship of the Company are found on page 90.

2. 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 2016 are £22,422 for Ashley Almanza and £15,435 for Himanshu Raja. Benefit values also include local travel costs of £17,384 and £32,274 for Ashley Almanza and Himanshu Raja respectively who bear the tax themselves, and contain other business costs which HMRC deems to be benefits.

3. The 2015 benefits values also include taxes met by the Company in respect of certain expenses which were incurred in the prior year. 2015 benefit values for Ashley Almanza also include the grossed-up costs of security measures, as well as the installation of a security system at his home, of £71,529.

4. Any bonus due above 50% of the individual's maximum bonus entitlement is awarded as deferred shares, which vest after a period of three years unless the individual ceases employment prior to the third anniversary and qualifies as a good leaver, in which case release of such deferred shares occurs shortly after termination of employment. Mr Almanza received £652,735 of his bonus in the form of 221,116 shares deferred for three years. Further information regarding 2016 bonus performance and resulting pay-outs is set out on page 91.

5. In addition, for 2016, Ashley Almanza received £37,618 from Schroders plc, and a fee of $95,000 as well as shares, valued at $316,674 from Noble Corporation from his non-executive directorships referred to on page 85, and retained such remuneration. For 2015, the equivalent sums were £115,000, $82,500 and $56,531 respectively.

6. In addition, since becoming an executive director of G4S plc on 24 October 2016, Mr Weller received and retained £3,214 from the Carbon Trust for his non-executive directorship for the remainder of the year under review. Mr Weller's annual fee in relation to this appointment is £17,000 per annum.

7. In relation to the LTIP-PSP column, vesting of awards in 2015 relates to the PSP, whereas vesting of awards in 2016 relates to the long term incentive plan approved by the shareholders in 2014. Further information regarding performance and vesting of the 2014 LTIP is set out on page 93.

8. In relation to Mr Almanza, the PSP figure for 2015 has been updated to include the vesting of a PSP award he received in May 2013 upon becoming CEO, which vested in May 2016. Mr Almanza retained 57,969 shares after tax and NI contributions were met. The deemed value of these shares was £1.869 per share.

Non-executive directors

The following table shows a single total figure of remuneration in respect of qualifying services for the 2016 financial year for each non-executive director, together with the comparative figures for 2015. Aggregate non-executive directors' emoluments are shown in the last column of the table.

£	Base fee		SID		Chair of Committee		Deputy Chair		Benefits		**Total**	Total
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
John Connolly	**370,000**	365,000	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**99,279**	2,857	**469,279**	367,857
Adam Crozier	**25,095**	60,875	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**4,817**	1,173	**29,912**	62,048
John Daly	**61,750**	35,028	**n/a**	n/a	**11,005**	n/a	**n/a**	n/a	**3,025**	1,530	**75,780**	36,558
Mark Elliott	**25,095**	60,875	**6,096**	13,000	**7,518**	18,250	**n/a**	n/a	**23,618**	10,995	**62,327**	103,120
Winnie Fok	**61,750**	60,875	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**8,698**	11,416	**70,448**	72,291
Steve Mogford	**36,733**	n/a	**8,923**	n/a	**n/a**	n/a	**n/a**	n/a	**285**	n/a	**45,941**	n/a
Paul Spence	**61,750**	60,875	**n/a**	n/a	**18,500**	n/a	**n/a**	n/a	**8,721**	10,606	**88,971**	71,481
Clare Spottiswoode	**61,750**	60,875	**n/a**	n/a	**18,500**	18,250	**n/a**	n/a	**1,399**	2,341	**81,649**	81,466
Barbara Thoralfsson	**30,875**	n/a	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**1,158**	n/a	**32,033**	n/a
Tim Weller	**50,034**	60,875	**n/a**	n/a	**11,814**	18,500	**n/a**	n/a	**–**	1,008	**61,848**	80,383

Notes:

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

1. John Connolly's fee was increased to £375,000 per annum with effect from 1 July 2016.
2. For 2016, benefit values for Mr Connolly include the grossed-up costs for security measures, as well as the installation of a security system at his home, of £97,506.
3. Mark Elliott stepped down as chair of the Remuneration Committee and retired as a non-executive director on 26 May 2016.
4. Adam Crozier retired as a non-executive director on 26 May 2016.
5. Tim Weller stepped down as chair of the Audit Committee on 15 August 2016 and as a non-executive director on 23 October 2016.
6. John Daly took over as chair of the Remuneration Committee on 27 May 2016.
7. Steve Mogford was appointed as a non-executive director on 27 May 2016 and is the Senior Independent Director.
8. Barbara Thoralfsson was appointed as a non-executive director on 1 July 2016.
9. 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.

Further notes to the single total figure of remuneration tables (audited information)

New executive director's remuneration

As mentioned previously, Tim Weller joined the board in April 2013 as a non-executive director and became an executive director of the Company when he took on the role of chief financial officer on 24 October 2016. The various components of his remuneration, as approved by the committee in line with the directors' remuneration policy, are as follows:

- Base pay of £643,750 per annum for 2016.
- Benefits include a car allowance of £18,000 per annum, 25 days holiday, private health care and life insurance.
- Participation in the annual bonus scheme with a maximum opportunity of 150% of base pay. Under this scheme, any bonus payable in excess of 50% of maximum entitlement is required to be deferred as shares with a deferral period of three years.
- Participation in the Company's 2016 LTIP – an award of 544,736 conditional shares of G4S plc under the Company's LTIP was granted on a pro-rata basis, relative to his start date as CFO and the vesting period of 36 months, with a deemed date of grant of March 2016. The vesting of such award will be subject to the achievement of performance conditions measured over a three-year period beginning in the deemed year of grant. Further information is set out on page 94.
- Cash allowance of 20% of base pay per annum in lieu of pension.
- Compensation for the amounts Mr Weller forfeited in relation to variable remuneration arrangements in place with his previous employer relating to 2014 and 2015 performance share plans. The Remuneration Committee agreed the grant of an award of 100,000 shares on equivalent terms to the Company's 2015 LTIP and a further award of 250,000 shares on equivalent terms to the Company's 2016 LTIP. These conditional awards were granted on 8 November 2016, with deemed dates of grant of March 2015 and March 2016 respectively. Further information is set out on page 94.
- In addition, Mr Weller may be entitled to receive compensation for the forfeiture of his 2016 bonus from his previous employer, Such compensation would consist of a conditional award of up to a maximum of 100,000 shares on equivalent terms to the Company's 2016 LTIP, which is subject to performance and employment conditions.

2016 Annual bonus

During the financial year ending 31 December 2016, the performance measures relating to the annual bonus scheme rules were consistent with the current Policy, with 85% of the bonus for Ashley Almanza and 70% for Messrs Raja and Weller being based on achievement of challenging financial performance measures. The financial performance measures were based on budgeted group earnings (excluding specific and other separately disclosed items) and budgeted Group operating cash flow before capital expenditure and pension deficit repayment. On-target performance would result in a payment of 60% of maximum entitlement, with 100% only being earned in the event of achievement of a stretch performance significantly in excess of budget. The element of bonus determined for each financial performance measure is calculated by interpolating actual achievement against the range between the minimum i.e. entry threshold and the maximum target to achieve maximum performance.

The remaining 15% of the bonus for Mr Almanza and 30% for Messrs Raja and Weller was linked to objectives relating to non-financial performance, which consisted of personal objectives or relate to the organisation and which were linked to specific elements of the Group's strategy for which the directors concerned had responsibility.

The maximum bonus potential remained unchanged from 2015. It was 150% of base pay for Messrs Almanza, Raja and Weller. Bonuses are paid in cash up to 50% of maximum entitlement. Where the bonus amount is in excess of 50% of the maximum bonus potential, the amount which exceeds 50% will be delivered in the form of a deferred share award which vests after a period of three years.

The tables below show how pay was linked to performance in 2016 and set out details of each of the financial measures, the targets in respect of these measures and the actual outcomes:

2016 annual bonus – Performance conditions and outcomes

Ashley Almanza

Financial measures	Weighting (% of maximum bonus)	Threshold to earn bonus	Target	To achieve full vesting	Achievement	Score achieved (% of total for each measure)
Group Earnings	50%	£223.2m	£230.1m	£237.1m	£246m	100%
Group OCF	35%	£563.5m	£580.9m	£599.2m	£663m	100%
Total	85%	n/a	n/a	n/a	n/a	100%

Personal objectives

Mr Almanza was able to earn up to 15% of the maximum bonus potential for achieving personal objectives. These were designed to align with the strategic priorities for 2016 (see pages 12 to 13) and were set out in the 2015 Remuneration report. Mr Almanza's 2016 personal objectives were:

- Embed a stronger health and safety culture
- Improve efficiency and effectiveness of the organisation, people and culture
- Implement market and product specific strategies
- Strengthen contract controls and take-on processes

Significant progress was made in delivering all these areas, including implementation of organisation restructures, launch of the new values and the expansion of technology and innovative service offerings to new markets. Health and safety processes have improved and there has been a material reduction in road-related fatalities, however safety remains an area where further improvement is required. Therefore Mr Almanza's performance in relation to his personal objectives was assessed at 80% of the maximum potential.

Himanshu Raja

Financial measures	Weighting (% of maximum bonus)	Threshold to earn bonus	Target	To achieve full vesting	Achievement	Score achieved (% of total for each measure)
Group Earnings	35%	£223.2m	£230.1m	£237.1m	£246m	100%
Group OCF	35%	£563.5m	£580.9m	£599.2m	£663m	100%
Total	70%	n/a	n/a	n/a	n/a	100%

Following his retirement from the board of G4S plc on 1 October 2016, Mr Raja remained eligible for an annual bonus in respect of the year under review subject to the applicable performance conditions being met. The 2016 annual bonus was determined (on a pro-rata basis for the number of whole months worked in the bonus year) at the normal time for the payment of annual bonuses. 30% of Mr Raja's bonus potential was allocated to non-financial measures. The Remuneration Committee recognised that Mr Raja had put in place strong foundations for the transformation of the finance, risk management and procurement functions. His 2016 objectives focused specifically on organisational efficiency, including procurement savings, integrated IT systems development and implementation, cash flow and capital expenditure management as well as fiscal efficiency, and in aggregate his performance was assessed as on target across these areas. 70% of Mr Raja's bonus potential was based on achievement of financial performance targets, namely Group Earnings of £230.1m and Group OCF of £580.9m. Following stretch financial performance being met and the achievement of on-target personal objectives, Mr Raja's total bonus entitlement was £637,312.

Tim Weller

Financial measures	Weighting (% of maximum bonus)	Threshold to earn bonus	Target	To achieve full vesting	Achievement	Score achieved (% of total for each measure)
Group Earnings	35%	£223.2m	£230.1m	£237.1m	£246m	100%
Group OCF	35%	£563.5m	£580.9m	£599.2m	£663m	100%
Total	70%	n/a	n/a	n/a	n/a	100%

Personal objectives

Mr Weller, who became an executive director in October 2016 was able to earn up to 30% of the maximum bonus potential for achieving personal objectives. The personal objectives for the CFO role were set at the beginning of the year to align with the strategic priorities for 2016. These were set out in the 2016 Remuneration report and were as follows:

- Organisational efficiency including procurement savings
- Integrated IT systems development and implementation
- Cash flow and capital expenditure management
- Fiscal efficiency

The strong performance in procurement savings achieved, and in cash flow and capital expenditure management in particular have resulted in a level of achievement for his non-financial objectives of 21 out of 30, or 70%.

Mr Weller's bonus entitlement was pro-rated over the period in 2016, from 24 October 2016, when he became chief financial officer.

The table below sets out the annual bonus awards which were made to executive directors in respect of the financial year ended 31 December 2016, based on the performance described above:

	2016 annual bonus	2016 annual bonus (% of salary)	2016 annual bonus deferred (% of salary)
Ashley Almanza	£1,347,136	146%	70.5%
Himanshu Raja	£637,312	132%	n/a
Tim Weller	£166,945	136% of salary earned in the period from 24 October	n/a

Any bonus due above 50% of the individual's maximum bonus entitlement is awarded as deferred shares which vest after a period of three years.

	Cash	Deferred shares
Ashley Almanza	£694,400	£652,736
Himanshu Raja	£637,312	£0
Tim Weller	£166,945	£0

Mr Weller's bonus was paid fully in cash. In coming to this decision, the Remuneration Committee, having taken account of the fact that any compensation for the forfeiture of Mr Weller's bonus from his previous employer would consist of an award under the Company's LTIP, subject to both employment and performance conditions, concluded that the deferral element of the Company's deferred bonus had been satisfied.

Long term incentive plan (LTIP)

The 2016 values shown in the fourth column of the single-figure table relate to the LTIP awards made in July 2014, with a deemed award date of March 2014. 2015 values shown in that column of the single-figure table relate to the PSP awards made in March and May 2013. The performance measures and targets of these awards are set out below:

Performance measures and targets for PSP 2013 award

Half of each award		Half of each award	
Average annual growth in EPS period ending on 31 December in the third year	Proportion of allocation vesting	Ranking against the bespoke comparator group by reference to TSR	Proportion of allocation vesting
Less than global CPI + 4% pa	Nil	Below median	Nil
Global CPI + 4% pa (11% over 3 years)	25%	Median	25%
Global CPI + 4 to 11% pa	Pro-rata between 25% and 100%	Between median and upper quartile	Pro-rata between 25% and 100%
Greater than global CPI + 11% pa (33% over 3 years)	100%	Upper quartile	100%

Performance measures and targets for the 2014 LTIP awards

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

The table below illustrates the Company's performance against the 2013 PSP award targets and the resulting payout as shown in the 2015 column of the single figure table:

Measure	Performance	Vesting (% of element)
Average annual growth in EPS	Increase of 8.1% pa	53%
Relative TSR	Ranked between 14th and 15th in peer group	0%
Total vesting		26.5% of maximum

The table below illustrates the company's performance against the 2014 LTIP award targets and the resulting payout as shown in the 2016 values in the fourth column of the single figure table:

Measure	Performance	Vesting (% of element)
Average annual growth in EPS	Increase of 15.3% pa	40%
Relative TSR	Ranked between 43rd and 44th in peer group	0%
Average OCF	129%	30%
Total vesting		70% of maximum

Vesting under the 2014 LTIP was 70% of maximum as a result of both maximum performance being achieved, both on an adjusted and non-adjusted basis for both annual growth in EPS and average OCF elements. Relative TSR performance was impacted by fluctuations to the share price in the performance period and did not result in any pay-out for this measure of the 2014 LTIP. In the same period, dividend payments to shareholders were maintained throughout the relevant period and dividends totalling £428m were distributed to shareholders. The Company's credit rating at 'BBB-' long-term and 'A-3' short-term with a Negative outlook was maintained.

Total pension entitlements (audited information)

None of the executive directors is a member of the Group's pension plan, which is a defined contribution group personal pension plan available to all UK employees. Instead the CEO and CFO receive cash allowances of 25% and 20% of their base pay, respectively.

SCHEME INTERESTS AWARDED DURING THE FINANCIAL YEAR (AUDITED INFORMATION)

Awards under the LTIP approved by the shareholders at the Company's AGM in June 2014 were made in March 2016 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 below:

Director	Award type	Number of shares	Face value (£)	Performance condition	EPS,TSR and AOCF Performance period	% vesting at threshold
Ashley Almanza	Conditional shares	1,259,114	2,314,668	40% EPS/30% TSR/30% AOCF	01/01/2016 – 31/12/2018	25%
Himanshu Raja	Conditional shares	700,363	1,287,500	40% EPS/30% TSR/30% AOCF	01/01/2016 – 31/12/2018	25%
Tim Weller	Conditional shares	794,736	1,460,963	40% EPS/30% TSR/30% AOCF	01/01/2016 – 31/12/2018	25%
Tim Weller	Conditional shares	100,000	290,600	40% EPS/30%TSR/30%AOCF	01/01/2015 – 31/12/2017	25%

Notes:

1. The face-value calculation for all awards deemed granted in March 2016 was based on a share price of £1.8383 which represents the average closing share price during the three business days following the announcement of the Company's 2015 financial results. The face-value calculation for the 100,000 share award to Mr Weller, deemed granted in March 2015, was based on a share price of £2.906 which represents the average closing share price during the three business days following the announcement of the Company's 2014 financial results.
2. Further details on performance conditions are set out in the table below.
3. Any vesting of Mr Raja's award will be pro-rated to 1 October 2016.
4. Tim Weller was granted 350,000 conditional shares by deed of grant on 8 November 2016, 100,000 of which were deemed granted in March 2015 and 250,000 of which were deemed granted in March 2016. Tim Weller was also granted 544,736 conditional shares by deed of grant on 22 November 2016. The conditional award is deemed for the purposes of the Plan, including the performance conditions, as having been granted on the original grant date of 15 March 2016.

Performance measures for long-term incentives awarded in 2016

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

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

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

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

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

The executive directors are required to build up a minimum shareholding in G4S, as explained in the remuneration policy. Shares are valued for these purposes at the year-end price, which was 235p per share at 31 December 2016.

	2016	2015	Share ownership requirements (% of salary)	Shareholding requirements achieved at 31/12/16	Number of Deferred shares held as at 31/12/16	Further shares acquired or deferred since 31/12/2016	Total shares under LTIP awards subject to performance at 31/12/16
Ashley Almanza	466,777	150,000	200%	118.4%	452,559	611,117	3,010,111
Himanshu Raja	n/a	100,000	150%	n/a	n/a	n/a	788,798
Tim Weller	37,570	n/a	150%	13.7%	n/a	n/a	894,736

Notes:

1. Deferred share awards and PSP or 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.
2. In addition to the above, each of the directors has a deemed interest in the total number of shares held by the Company's employee benefit trust. As at 31 December 2016, the trustees of the employee benefit trust held 4,844,243 shares (2015 – 6,320,144 shares).
3. Includes any shares owned by persons closely associated with the directors.
4. Since 31 December 2016, Mr Almanza received 221,116 deferred shares on 14 March 2017 relating to the deferred element of the 2016 annual bonus and a further 390,001 shares on 20 March upon the vesting of the 2014 LTIP.
5. The total shares under LTIP awards subject to performance for Mr Raja takes into account the pro-rated forfeitures following his departure.
6. Details of share awards granted to Mr Weller under the Company's Long Term Incentive Plan are set out in the above scheme interests awarded during the financial year table.

The shareholdings for non-executive directors are shown below.

	As at 31.12.2016	As at 31.12.2015
John Connolly	**309,642**	209,642
Adam Crozier	**n/a**	2,000
John Daly	**30,000**	n/a
Mark Elliott	**n/a**	25,000
Winnie Fok	**20,000**	20,000
Steve Mogford[1]	**0**	n/a
Paul Spence	**20,000**	20,000
Clare Spottiswoode	**4,681**	4,681
Barbara Thoralfson	**0**	n/a
Tim Weller[2]	**n/a**	37,570

1. Since 31 December 2016, Mr Mogford acquired 10,000 shares on 13 March 2017.
2. Mr Weller was a non-executive director of the Company until 24 October 2016 when he became an executive director (chief financial officer). Details of his current shareholdings are set out in the table on page 94.

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

PAYMENTS TO PAST DIRECTORS (AUDITED INFORMATION)

Grahame Gibson

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

Mr Gibson's unvested awards made in 2014 and 2015 under the LTIP remained subject to performance and were pro-rated to 20 October 2015. Performance is to be tested at the normal vesting dates. The PSP award made in 2013 vested in March 2016 when Mr Gibson received 96,175 shares. The award made in 2014 has vested and Mr Gibson received 187,092 of shares on 20 March 2017.

PAYMENTS FOR LOSS OF OFFICE (AUDITED INFORMATION)

Himanshu Raja

In accordance with the Company's announcement dated 15 August 2016, Mr Raja stepped down from the board of the Company and his role as chief financial officer on 1 October 2016. On the same day, in accordance with section 430(2B) of the Companies Act 2006, details of remuneration arrangements relating thereto were published on the Company's website www.g4s.com. In accordance with Section 16 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, details of Mr Raja's remuneration arrangement are provided below. Mr Raja entered into a settlement agreement with the Company which provides for the payments and benefits set out below. All remuneration payments made so far or remaining to be made to Mr Raja are in accordance with the terms of his service agreement with the Company and the terms of the Company's Directors' Remuneration Policy.

Salary and contractual benefits

Mr Raja continued to receive salary and benefits in respect of the period up to and including 1 October 2016 in the usual way. Thereafter, he received a payment in lieu of his 12 month notice period (PILON) of £698,644 representing base salary and contractual benefits, calculated and paid in two instalments as follows:

- the sum of £349,322 paid in October 2016 (comprising £281,641 in respect of base salary, £56,328 in respect of pension allowance, £7,875 in respect of car allowance and £3,478 being the value of contractual benefits);
- the sum of £23,518 in respect of holiday pay was also paid in October 2016; and
- a further £349,322, calculated on the same basis, payable in April 2017, six months after the termination of employment, subject to reduction under his service agreement for any expected income from alternative employment.

Past annual deferred bonus plans

- The balance of past annual bonuses deferred to shares awarded in March 2014, 2015 and 2016, totalling 272,411 shares, plus 17,440 additional shares due to dividends accrued up to and including June 2016, minus such shares sold on behalf of Mr Raja as necessary to reimburse the Company for the amount of income tax and national insurance contributions arising as a result of the transfer, were released to Mr Raja shortly after the termination of his employment.

Long Term Incentive Plans

Taking account of Mr Raja having put into place strong foundations for the transformation of the finance, risk and procurement functions, the committee exercised its discretion to determine that Mr Raja's LTIP awards would not lapse and would vest at the normal vesting date (pro-rated to the date of cessation of employment).

The LTIP award made in 2014 vested on 20 March 2017 when Mr Raja received 344,499 shares. Details relating to Mr Raja's remaining award of shares, pro-rated accordingly, are set out in the table below:

Date of award	Vesting date	Shares awarded	Pro-rated
18/03/14	18/03/2017	540,657	450,547
20/03/15	20/03/2018	443,048	221,524
15/03/16	15/03/2019	700,363	116,727
Total shares		1,684,068	788,798

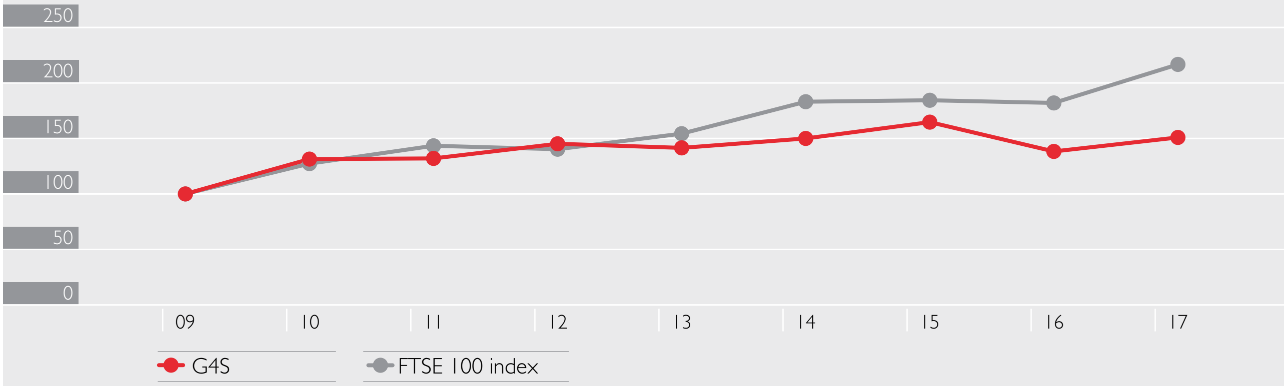
Legal and adviser expenses

The Company covered legal fees incurred by Mr Raja in connection with the settlement agreement in an amount of £5,000 plus VAT, and outplacement fees (if any) in connection with career transition in an amount of £30,000 plus VAT. Payments were made directly to Mr Raja's advisers.

PERFORMANCE GRAPH AND TABLE

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

2009 – 2016 Total Shareholder Return



CEO's pay in last ten financial years

Year	2007	2008	2009	2010	2011	2012	2013	2013	2014	2015	2016
Incumbent	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Ashley Almanza	Ashley Almanza	Ashley Almanza	Ashley Almanza
CEO's total single figure of annual remuneration (£'000)	2,269	2,376	3,248	2,823	1,542	1,186	514	1,459	2,521	2,738	4,790
Bonus % of maximum awarded	95%	83%	74%	53%	0%	0%	0%	72%	98%	70%	97%
PSP % of maximum vesting	75%	100%	100%	58%	14%	0%	0%	n/a	n/a	27%	70%

Notes:

1. Nick Buckles stepped down as CEO on 31 May 2013 and Ashley Almanza took over as CEO from 1 June 2013.
2. After July 2011, the CEO's total single figure of annual remuneration included payment in lieu of pension. This was 40% of base pay for Nick Buckles and is 25% of base pay for Ashley Almanza. Prior to July 2011, a notional sum equal to 40% of relevant base pay has been included.

   The value of shares that vested in the relevant year under the PSP (or a notional value in the case of shares vested but unexercised) has been included in the prior year's CEO's total figures, since that is the most relevant year for measurement of performance.
3. The figures before 2013 did not include taxable expenses

PERCENTAGE CHANGE IN CEO'S REMUNERATION

The table below shows how the percentage change in the CEO's salary, benefits and bonus between 2015 and 2016 compares 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 – 2015 and 2016 – as the Group which should provide the most appropriate comparator, as the Group CEO is based in the UK.

	Percentage change in remuneration between 2015 and 2016		
	Salary	Benefits	Bonus
CEO	1.0%	(42.3%)	40.8%
Average change for all other UK employees	4.0%	See note below	See note below

Notes:

1. Mr Almanza's benefit values for 2015 include a one-off cost, details of which are set out in the notes to the table on page 89.
1. The above inflation increase in salary for UK employees reflects the alignment of pay practices with the new National Living Wage.
2. 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.
3. Information on bonuses is not readily available for all other UK employees.

RELATIVE IMPORTANCE OF SPEND ON PAY

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

	2016	2015	Change
Dividends paid	**£145m**	£145m	–
Total employee costs	**£5,240m**	£4,792m	+9.3%

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

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN 2017

Decisions were taken on the basis of the directors' remuneration policy approved in 2014 and will be implemented in accordance with that policy, and in accordance with the directors' remuneration policy after the Company's 2017 AGM, if approved.

Our remuneration policy for directors as set out on pages 80 to 88 will, if approved, take effect following the Company's 2017 AGM and will then be implemented as set out below.

Executive directors' remuneration

Base pay

For 2017, at the annual pay review, it was decided to increase Mr Almanza's base pay by 1.5% from £925,867 to £939,755. No change was made to Mr Weller's base pay.

Annual Bonus Scheme

The annual bonus for the 2017 financial year will operate on the same basis as that for 2016 and will be consistent with the existing and proposed remuneration policy. The maximum bonus opportunity remains at 150% of base pay for both Ashley Almanza and Tim Weller. The financial measures are group earnings and operating cash flow. These have been selected as they support the Company's key strategic objectives. As for last year, the financial measures are allocated weightings of 85% and 70% for Ashley Almanza and Tim Weller respectively. The non-financial measures will therefore account for up to 15% and 30% of their maximum bonus opportunity for Messrs Almanza and Weller respectively.

These non-financial measures are based on the Group's strategy and core values and include the following key areas:

Ashley Almanza

- Improve health and safety performance
- Update growth and innovation strategy
- Continue to strengthen Global leadership team
- Substantially complete portfolio programme

Tim Weller

- Organisational efficiency of finance functions
- Delivery of integrated IT systems
- Procurement efficiency

Details of the performance measures and targets are deemed to be commercially sensitive since they relate to the 2017 financial year. To the extent that they are no longer commercially sensitive, targets and performance levels against them will be disclosed in the Company's 2017 annual report and accounts. The proposed target levels for 2017 have been set to be challenging and align with the Group's strategic priorities and business plan. In reviewing the targets, the committee took into account a number of factors, including for example the fact that in relation to group earnings, the minimum target that needs to be met in order for any bonus to be payable must be at least equal to the earnings in 2016. The committee considered the proposed targets relating to non-financial measures and concluded that these were also demanding.

Long Term Incentive Plan

The level of awards due to be granted in the 2017 financial year under the LTIP approved by shareholders at the 2014 AGM will be consistent with the existing and proposed remuneration policy. As for 2016, the committee considers that a combination of earnings per share growth, total shareholder return and average cash flow targets are the most appropriate performance measures for the 2017 awards, as they provide a robust method of assessing the Company's performance, both in terms of underlying financial performance and returns to shareholders.

Awards granted under the LTIP during the 2017 financial year are subject to the performance conditions listed in the table below:

Performance measures for long-term incentives awarded in 2017

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

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

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

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

Adjustments to EPS will be made in respect of:

- Constant exchange rates – in line with previous years, these will be normalised to the rates in the base year
- Acquisitions – earnings will be added to the EPS base at the level used in the acquisition business case
- Disposals – earnings will be removed from the EPS base at the business plan rate
- Share buy-back – the Company will only execute buy-backs if the investment is economically accretive and it is in the interest of the Company. The adjusted EPS for the purposes of calculating performance against the LTIP target shall be further adjusted by:

  (a) increasing the average number of shares in issue during the performance year by the number of shares bought back during the past three years

  (b) decreasing the net interest cost in the performance year in respect of the interest charge on the cash cost of any share buy-backs during the past three years. Interest will be calculated at the Group's average costs of funds for the year.

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

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

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

TSR ranking will be verified externally.

Non-executive directors' remuneration

The fees payable to the non-executive directors other than the chairman are set by the executive directors and the chairman. The fees payable to the non-executive chairman are set by the Remuneration Committee. In both cases, fees are reviewed mid-year.

ADVISORS TO THE REMUNERATION COMMITTEE

Deloitte was appointed as the Remuneration Committee's advisor in 2014 and such appointment was reviewed and confirmed in August 2016. 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	£49,440	Advice on controls, tax advice on expatriate and share plans, and other consulting services. These services were provided by different parts of Deloitte.

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

Herbert Smith Freehills LLP provided legal advice to the Company, including in relation to Mr Raja's remuneration arrangements and the operation of the Company's incentive arrangements. This advice was available to be considered by the Remuneration Committee.

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.

Information about who are the members of the Remuneration Committee and their attendance at meetings of the committee during the year under review can be found on page 78.

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 2013 was passed at the Company's annual general meeting held on 5 June 2014. At the Company's annual general meeting held on 26 May 2016, a resolution was passed to approve the Directors' Remuneration Report (other than the part containing the summary of the Directors' Remuneration Policy) for the year ended 31 December 2015.

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

Resolution	For	Against	Withheld
Directors' Remuneration Policy – 2014 AGM	98.38%	1.62%	787,216
Directors' Remuneration Report – 2016 AGM	98%	2%	236,880

John Daly
Remuneration Committee Chairman

28 March 2017

Directors' report

This is the report of the directors of the board of G4S plc for the year ended 31 December 2016.

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 162 to 176.

G4S plc has its primary listing on the London Stock Exchange and a secondary listing on the NASDAQ OMX exchange in Copenhagen.

2 Reporting obligations

In compliance with relevant listing rules and also DTR4.1.5.R and DTR4.1.8R, the annual report contains the consolidated results for the year, shown in the Consolidated income statement on page 110, a management statement contained in the strategic report and in the Directors' report and responsibility statements on pages 99 to 102.

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 and prospects of the Group and other information which fulfil the requirements of a management report are contained on pages 4 to 55 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 set out on pages 56 to 98 and the Chief Financial Officer's review on pages 32 to 40 are also incorporated in this report by reference. 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 31 to the consolidated financial statements on pages 144 to 148 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

The directors propose the following dividend for the year:

- Interim dividend of 3.59p (DKK 0.3143) per share paid on 14 October 2016
- Final dividend of 5.82p (DKK 0.5029) per share payable on 9 June 2017

Shareholders on the Danish VP register will receive their dividends in Danish kroner. Shareholders who hold their shares through CREST or in certificated form will receive their dividends in sterling unless they prefer to receive Danish kroner by way of a cheque payable in the UK, in which case they should apply in writing to the Registrars by no later than 27 April 2017.

4 Capital

The issued share capital of G4S plc at 31 December 2016 is as set out on page 157 (note 35 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 28 March 2017 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 2016 the directors had authority in accordance with a resolution passed at the Company's annual general meeting held on 26 May 2016 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 4,844,243 shares held within the Trust and referred to on page 157 (note 36 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 £1,000,000,000 multi-currency revolving credit facility agreement which requires prompt notification of a change of control event following which funds committed but unutilised could be cancelled and repayment of outstanding funds utilised would need to be made within 45 days.

The Company 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 is for $550,000,000 and series B-D senior notes representing $450,000,000 remain outstanding and mature between 1 March 2017 and 1 March 2022. The second USPP Agreement is for $513,500,000 and £69,000,000 and series D-F senior notes representing $298,500,000 and £44,000,000 remain outstanding and mature between 15 July 2018 and 15 July 2020. Under the terms of both USPP Agreements, the Company is required to offer the note holders the right to purchase 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 issued four tranches of Medium Term Notes (MTNs) to various institutions on 13 May 2009 (£350,000,000), 2 May 2012 (€600,000,000), 6 December 2012 (€500,000,000) and 9 November 2016 (Euro 500,000,000). 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 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

There have been no significant events from 31 December 2016 to the date of this report.

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 £4m (2015: £8m).

8 Employees

With such a large and geographically dispersed workforce, consultation and communication has to be both continuous and consistent. We use all methods available to us and are constantly looking to improve. The software technology we've invested in has brought multiple benefits including greater reach and accessibility for employee communications. The global intranet now connects around 65,000 employees and allows them to share information and stay up to date on the Company's performance and significant changes. Global communities such as those developed for health and safety are helping drive improvements in some key areas of business focus. Our employee relations agreements with trade unions and global employee engagement survey are two other critical channels for sharing information on Company performance and gathering employee feedback on a range of issues affecting them. More information on both can be found on pages 16 and 18.

To be effective and grow we know we need to foster an environment where people feel able to share their own ideas and challenge each other's in a supportive way. Working inclusively and treating each other with respect are not only core to our values but vital to our sustained success so we invest time and effort in our diversity and inclusion strategies. We have robust policies and procedures in place to prevent discrimination and harassment and provide training on diversity and inclusion for managers and people involved in recruitment and promotion, while proactive local initiatives support our philosophy and commitments in this area.

Where existing employees become disabled as a result of injury or illness, we also want to ensure we continue to support them, including making reasonable adjustments or offering support through our Employee Trust Fund where applicable. For further information on our approach to diversity and inclusion please go to page 16.

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.

What we are doing

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 2016 GHG measurement represent 91.6% 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.

How we are performing

The G4S total carbon footprint during 2016, extrapolated to 100% of the business equates to some 503,821 t/CO_2e. These CO_2e emissions, including emissions generated by services which our customers have outsourced to G4S, have decreased by 1.01% since 2015 – against a 6.3% growth in the business during the same period, reflecting the efforts made to increase the energy efficiency of our business.

In 2017, we will continue to implement energy efficiency strategies with the aim of reducing carbon intensity by at least 4.5% per annum.

* World Business Council for Sustainable Development

** World Resources Institute

For further details, please visit www.g4s.com/env

GHG emissions

(Based on 91.6% measurement)	2015	2016
Vehicles (inc. refrigerants)	269,003	**275,793**
Total buildings (inc. refrigerants)	149,900	**143,388**
Including electricity emissions of	111,599	**114,243**
Air Travel	16,102	**15,275**

Carbon intensity

	2014	2015	2016
Tonnes CO_2e per £m turnover	73.6	70.9	**68.4**

11 Substantial holdings

The Company had been notified under DTR 5 of the following interests in the ordinary capital of G4S plc:

As at 31.12.2016

Invesco	186,129,638 (11.99%)
BlackRock, Inc.	87,814,349 (5.66%)
Mondrian Investment Partners Limited	78,613,679 (5.07%)
Woodford Investment Management LLP	78,247,804 (5%)
Harris Associates LP	78,143,564 (5.04%)
Tweedy, Brown Company LLC	71,420,862 (5.06%†)

Between 1.1.2017 and 28.3.2017

BlackRock, Inc. – 7.3.17	88,396,749 (5.69%)

† notification received prior to issue of 140,925,757 new shares in August 2013, therefore percentage based on total shares in issue at that date

12 Auditor

A resolution to re-appoint PricewaterhouseCoopers LLP, chartered accountants, as auditor to the Company for 2017, 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 58 and 59, held office throughout the year, apart from Steve Mogford who was appointed on 27 May 2016, Barbara Thoralfsson who was appointed on 1 July 2016 and Ian Springett who was appointed on 1 January 2017. Mark Elliott and Adam Crozier retired from the board at the conclusion of the Company's annual general meeting on 26 May 2016 and Himanshu Raja stepped down from the board on 1 October 2016.

In accordance with the code provisions on re-election of directors in the UK Corporate Governance Code, each of the directors continuing in office will offer themselves for re-election. The board believes that the directors standing for re-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 executed deeds of indemnity for the benefit of each of the directors in respect of liabilities which may attach to them in their capacity as directors of the Company. These deeds are qualifying third-party indemnity provisions as defined by section 234 of the Companies Act 2006 and have been in effect since 14 June 2010 for Ms Spottiswoode, 1 October 2010 for Ms Fok, 8 June 2012 for Mr Connolly, 1 January 2013 for Mr Spence, 1 April 2013 for Mr Weller, 1 May 2013 for Mr Almanza, 5 June 2015 for Mr Daly, 27 May 2016 for Steve Mogford, 1 July 2016 for Barbara Thoralfsson and 1 January 2017 for Ian Springett. 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 in the UK, the USA, Germany, the Netherlands, India and the Philippines. 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 pages 94 and 95, and of the directors' remuneration are set out on pages 89 and 90.

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

28 March 2017

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report 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.

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;
- for the parent company financial statements, state whether applicable UK Accounting Standards 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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, the names of whom are set out on pages 58 and 59 of this annual report, confirm that, to the best of his or her knowledge:

- the financial statements in this annual report 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 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 55 includes information on the Group structure, the performance of the business and the principal risks and uncertainties it faces. The financial statements on pages 110 to 185 include information on the Group and the Company's financial results, financial outlook, cash flow and net debt and balance sheet positions. Notes 22, 26, 27, 30 and 31 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 110 to 176 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 31 to the financial statements. 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 financial statements.

Directors are also required to provide a broader assessment of viability over a longer period, which can be found on page 55 of the annual report and accounts.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the 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 28 March 2017 and signed on its behalf by Tim Weller, chief financial officer.

Tim Weller
Chief Financial Officer

28 March 2017