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

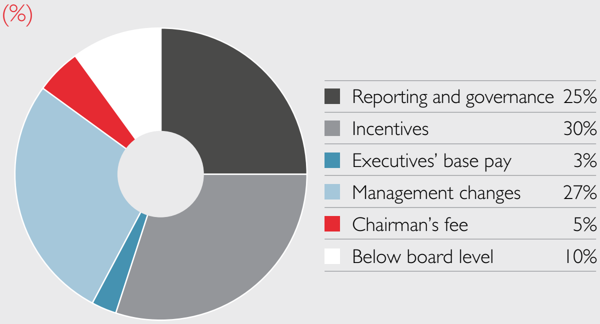
As reported last year, the CEO's and CFO's salaries were increased by 1% with effect from 1 January 2016.

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:

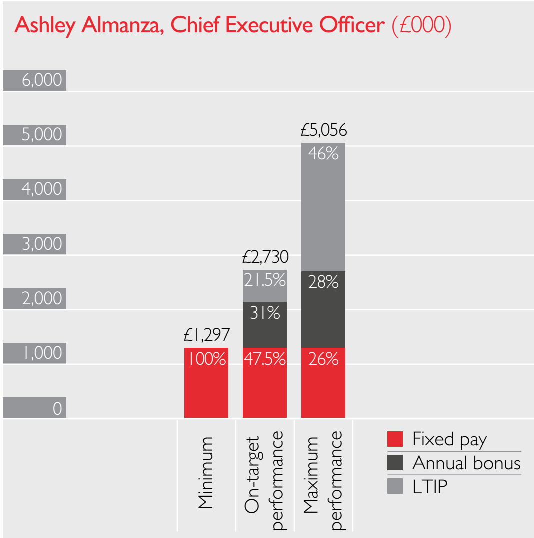
Plan	Automatic "good leaver" categories	Treatment for "good leavers"	Treatment for other leavers
Annual bonus (cash element)	All leavers other than voluntary resignation and summary dismissal.	Executive directors may receive a bonus to be paid on the normal payment date and in accordance with the agreed 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.

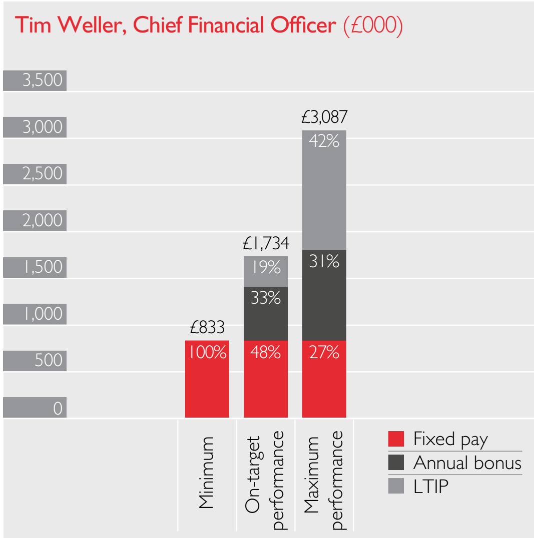
As directors may leave employment for a wide range of reasons, the committee retains discretion to approve payments where the reason for leaving does not fall precisely within the prescribed "good leaver" category. The committee will take account of the director's performance in office and the circumstances 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

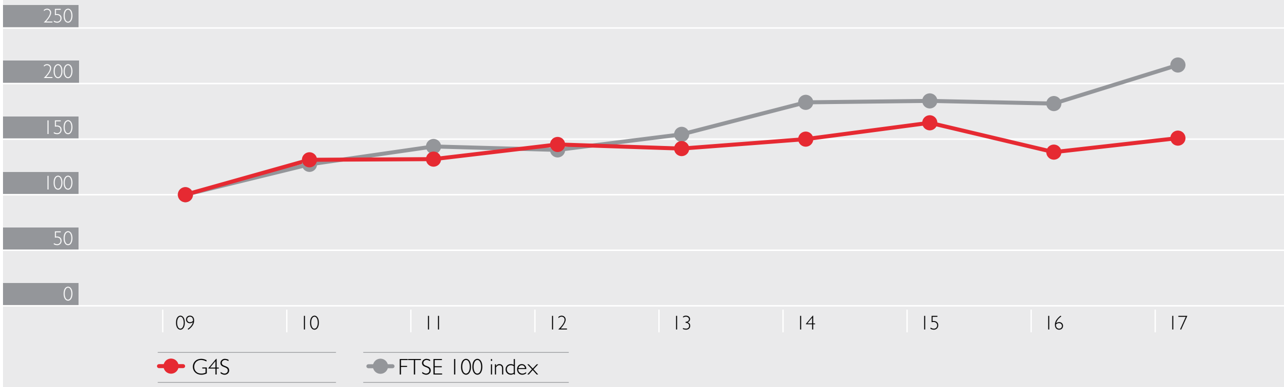
Legal and adviser expenses

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