THE REMUNERATION COMMITTEE

Mark Elliott
Remuneration Committee Chairman

"I am pleased to present the directors' remuneration report for 2015. As is mentioned elsewhere in this annual report, 2015 was a year of good progress in implementing the strategy which the new management team developed towards the end of 2013. The year has not been without its challenges, but the direction of travel is right and the underlying performance of the business is reflected in the remuneration outcomes which are described in this section of the report."

Over the previous two years the Remuneration Committee had consulted with shareholders on the company's remuneration policy and a proposed new Long Term Incentive Plan, which was approved by shareholders in 2014. In 2015 the Remuneration Committee has concentrated on ensuring the policies and reward schemes which are in place operate in a way which properly reflects and rewards sustainable value creation.

We have again looked carefully at what financial measures are most appropriate for the group's strategy and at those items which should be included in or excluded from the underlying performance metrics used to determine the extent to which executives' performance has achieved the development of the group for its stakeholders.

I will retire from the board, and therefore as Remuneration Committee chairman, at the conclusion of the 2016 AGM. I am pleased to say that John Daly has agreed to take over the role. Under John's leadership, the committee plans to review the remuneration policy during 2016 since that policy will require shareholder approval in 2017 and, as part of that review, the committee will consider whether the remuneration arrangements for the group can be improved or simplified. For any proposed significant changes to the policy, the committee will consult with major shareholders prior to the 2017 AGM.

How performance is reflected in remuneration outcomes

The committee looked carefully at the underlying performance of the on-going business of the group in determining the appropriate measures of performance in the year and over the longer period applicable to the performance share plan period which ended in 2015.

In order to properly reflect that underlying performance, the committee has taken account of changes to the business over the relevant measurement period and made adjustments where appropriate to enable an equivalent comparison. So, for example, the performance against which the earnings in 2015 was measured was adjusted to take into account the effects of the capital restructuring which resulted from the share placement in 2013, foreign exchange rate movements over the period of the plan, discontinued and acquired businesses, changes in pensions and other accounting treatments and provisions for certain legacy onerous contracts. The intention was to ensure that the measurement of the actual and targeted performance was done on a like for like basis. The effect of some changes was to reduce the target, whilst others increased it. Where adjustments were made for new onerous contract provisions, the accounting provision taken in the year in relation to future losses would only have effect in relation to those future years.

The 2015 annual bonus outcome for the CEO and CFO was 70% and 65% of maximum bonus opportunity respectively, which reflected a 14% growth in underlying earnings for 2015.

Scoring for non-financial metrics applicable to the annual bonus for the CEO and CFO was 67% and 33% of maximum respectively (with the maximum contributing 15% of maximum bonus potential in each case). Grahame Gibson did not have non-financial objectives given his change in role and subsequent retirement. Full details of the bonus outcomes for each of the executive directors are set out on pages 84 and 85.

Annual bonus due to the CEO and CFO in excess of 50% of maximum was deferred for a period of three years and paid in G4S shares under the plan rules. In addition, the CEO and CFO volunteered to translate immediately the entire cash element (net of tax) of their annual bonus payments into G4S shares which will contribute towards their minimum shareholding requirements. As a result of these awards they have both increased considerably their outright shareholdings as well as their interests in deferred shares.

We have reviewed whether the adjustments to prior years' results would have resulted in any change to the bonus calculation for existing or former executive directors and were satisfied that no claw-back is applicable as a result, since the relevant performance measures would still have been satisfied.

In relation to the 2013 performance share plan which vests this year, the measurement of EPS performance was normalised to allow for a proper like for like comparison between the business as it was in 2012 (the baseline year) and the business as it was at the time of vesting as described above. The half of the award which was measured against total shareholder returns did not earn any award and overall 26.5% of the total award vested based on performance over the three year period from 2013 to 2015. The awards to past directors have been subject to review of the applicable legal and performance criteria, following which it was concluded that the pro-rated awards were payable.

How we implemented our remuneration policy

When operating the policy, the committee takes account of the overall approach and structure of employee reward across the group and pay decisions for the wider workforce as well as the results of appropriate benchmarking data. It is the committee's intention that pay should reflect the responsibility attached to the role fulfilled, individual performance and other relevant market information. The remuneration available must allow the group to attract, retain and motivate directors and other senior executives who will lead the group in the long-term interest of its stakeholders.

Base salary reviews

As reported last year, the CEO's and CFO's salaries were increased by 3% with effect from 1 January 2015 and Grahame Gibson's base pay for 2015 remained unchanged.

For 2016, following a review, the CEO's base pay has been increased by 1% and that for the CFO remains unchanged. This review took account of market salary levels as well as salary increases elsewhere in the group. The increase awarded to the CEO was somewhat lower than the average percentage increase applicable to group employees based in the UK. Mr Gibson retired in October 2015.

The committee is also responsible for setting the fees for the chairman of the board. The committee conducted a review in 2015 and concluded that no increase should be made, but confirmed its intention to continue to ensure that the position was rewarded appropriately and that the chairman's fee should continue to be reviewed regularly.

How we operate our annual bonus plan

For 2015, the committee decided to operate the annual bonus with financial measures of performance of underlying group earnings and underlying group operating cash flow before capex and the same measures will be applied in 2016. The non-financial measures of performance are aligned with the group's strategic objectives. The proportion of maximum bonus attributable to non-financial measures was set at 15% for both the CEO and CFO in 2015, but for 2016, the CFO's non-financial measure will contribute up to 30% of maximum bonus opportunity, with a consequent decrease in the proportion of the annual bonus that will depend on group financial performance. The committee concluded that it was appropriate to bring the arrangements for the CFO into line with those applicable to other senior functional executives given the significant element of his role which will be involved with strategic projects which are not purely financial.

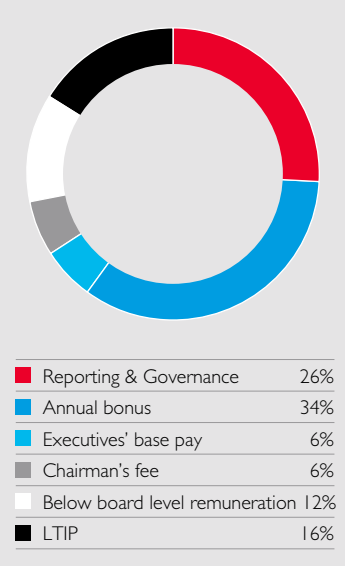
Our long-term incentive plan

The long-term incentive plan introduced in 2014 had overwhelming support from shareholders and will continue to operate unchanged in 2016.

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 80. 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.

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



Consulting with our shareholders

I will be available to answer questions and listen to the views of our shareholders at the forthcoming Annual General Meeting.

Retirements

In October 2014 it was announced that Grahame Gibson would retire from the board at the company's Annual General Meeting in 2015. Mr Gibson therefore stood down from the board on 4 June 2015, but continued to be paid in accordance with the terms of his employment contract until he retired on 20 October 2015. Mr Gibson remained eligible for annual bonus for 2015 as well as PSP and LTIP awards in which he participated, in each case pro-rated to his retirement date.

As reported previously, Trevor Dighton stepped down from the board at the 2013 Annual General Meeting and retired from the company on 30 July 2014. Mr Dighton remained eligible to receive an award under the 2013 PSP, pro-rated for the period of his employment to 30 July 2014. Details of the award which vested are set out on page 87.

Mark Seligman stepped down from the Remuneration Committee when he retired from the board at the AGM in 2015 and, as mentioned above, I will retire from the board (and leave the Remuneration Committee) at the conclusion of the 2016 AGM. John Daly will succeed me as chairman of the Remuneration Committee.

The committee's performance

The committee's formal performance review carried out at the end of 2015 concluded that the committee was effective and its performance was rated highly overall. Suggestions were made for improving the committee's performance further and as a consequence the committee will review and, with the engagement of the executive directors, seek to simplify the group's incentive arrangements for its most senior employees whilst supporting the recruitment and retention of top class talent and measuring the linkage between value creation and incentivisation.

Voting on remuneration

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 once again this year.

Mark Elliott
Remuneration Committee Chairman

24 March 2016

Committee membership and attendance

Meetings attended

	Scheduled	Unscheduled
Mark Elliott (Chairman)	3 of 3	1 of 1
John Daly	2 of 2	–
Winnie Fok	3 of 3	1 of 1
Mark Seligman	1 of 1	1 of 1
Clare Spottiswoode	3 of 3	1 of 1

Mark Seligman retired from, and John Daly was appointed to, the board and the committee in June 2015

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 targets 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)
- **Long-term incentives**
- Long term incentive plan (three years)

Remuneration Policy

The company's remuneration policy for directors was set out in full in the company's 2013 Annual Report and Accounts on pages 66 to 72 and can also be found on the company's website. It 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. The policy refers to a long term incentive plan which was also approved at the 2014 Annual General Meeting, with 96.88% of all votes cast in favour. The remuneration policy came into effect on 6 June 2014 and will continue to apply for up to three financial years unless a new or revised policy is approved by shareholders in the meantime. No changes are proposed. For convenience a summary of some of the main features of the policy is set out on pages 77 to 82 below.

Directors' remuneration policy – summary

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; or
- 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

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 4 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 which are reimbursed 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

None.

Directors' remuneration policy – summary *continued*

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

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 below on page 80).

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

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 2014, 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 89.

Awards are subject to clawback in certain circumstances (see below on page 80).

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 receives 20% of base pay and the other executive director received 40% of base pay reflecting his historic participation in a defined benefits plan which has been closed.

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

Maximum opportunity
Maximum opportunity of up to 25% of base pay for the CEO and 20% for the other executive directors save that 40% of base pay per annum was payable to Grahame Gibson.

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 fees at any other time if appropriate. The chairman's fees are reviewed against other companies of a similar size.

Maximum opportunity
Ordinarily, any increase of 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 component 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 of 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 which are reimbursed 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 summary

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 aimed 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 payments for loss of office notwithstanding that they are not in line with the policy summarised above where the terms of the payment were agreed (i) before the policy came into effect or (ii) 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.

In particular, awards made under the previous Performance Share Plan will continue to vest in accordance with the rules of that plan and to the extent that the relevant performance tests are met.

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)	LTIPs	
	2014 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 table summarised 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 table summarised 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 table.
- 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 Himanshu Raja's contracts (dated 2013) include:

- Following board approval, Ashley Almanza is allowed to hold two external non-executive appointments and retain the fees paid to him for the appointments. He is currently a non-executive director of Noble Corporation and Schroders plc, but Mr Almanza will step down from the board of Schroders plc on 28 April 2016. Himanshu Raja is allowed to hold one external non-executive appointment and retain any fees paid directly to him for the appointment, although he does not currently hold such an appointment.
- Mitigation obligations on termination payments are explicitly included in the executive directors' contracts. Notice payments for Ashley Almanza are payable monthly and those for Himanshu Raja are payable in two six-monthly instalments, in advance.

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. Ashley Almanza will not be eligible for bonus accrual during any period of garden leave. Himanshu Raja's contract does provide for such accrual, although any payment would depend on the discretion of the Remuneration Committee.

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. 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.
Performance Share Plan (previous)	- Injury, disability or ill health - Redundancy - Retirement - Death - Change of control or sale of employing company or business - Any other circumstances, provided that the Remuneration Committee considers there are exceptional circumstances	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 the performance measures.	Awards will lapse.
Long Term Incentive Plan (current)	- 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 Remuneration 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.

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 2015 financial year for each executive director, together with the comparative figures for 2014. Aggregate executive directors' emoluments are shown in the final column of the table.

	Base pay		Benefits		Annual Bonus		PSP		Pension related benefits		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Ashley Almanza	916,700	890,000	122,059	100,559	956,670	1,308,300	237,286	n/a	229,175	222,500	2,461,890	2,521,359
Grahame Gibson	329,332	609,084	69,831	83,604	281,938	439,823	180,867	0	131,733	243,633	993,701	1,376,864
Himanshu Raja	643,750	625,000	108,232	121,729	623,528	890,625	197,739	n/a	128,750	125,000	1,701,999	1,762,354

Notes:

1. Grahame Gibson ceased to be a director on 4 June 2015, but continued to be employed by the group until 20 October 2015. The 2015 sums for base pay, benefits, annual bonus and pension-related benefits shown in the table are the payments he received in respect of his qualifying service to 4 June 2015. Payments made in relation to the period thereafter are set out on page 87. The sum shown in the table in relation to the PSP payment for 2015 is however the full amount paid to Mr Gibson since the performance period over which entitlement was measured ran from 2013 to 2015 and dividing the sum between the period before and after his retirement from the board is not meaningful. Mr Gibson's 2015 PSP entitlement was pro-rated to 20 October 2015.
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 2015 are £70,777 for Ashley Almanza, £47,225 for Himanshu Raja and £7,716 for Grahame Gibson. Benefit values also include local travel costs of £16,668 and £37,504 for Ashley Almanza and Himanshu Raja respectively who bear the tax themselves, and other business costs which HMRC deems to be benefits. In 2015 for Grahame Gibson, the benefits value includes a total value of £32,498 relating to flights for him and his family between the UK and US.
3. The 2014 benefits values also include taxes met by the company in respect of certain expenses which were incurred in the prior year.
4. Part of Mr Gibson's salary was paid in sterling and part in US$. The US$ element has been converted into sterling for the purposes of reporting, at the exchange rates prevailing in each month in which Grahame Gibson was paid. The average exchange rate during the period was $1.5326 ($1.65055 in 2014).
5. 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, apart from Grahame Gibson's 2015 annual bonus which was paid entirely in cash due to his retirement.
6. In addition, for 2015, Ashley Almanza received £115,000 from Schroders plc and a fee of $82,500 as well as shares valued at $56,531 from Noble Corporation from his non-executive directorships referred to on page 81 and retained such remuneration. For 2014, the equivalent sums were £115,000, $96,000 and $230,993 respectively.
7. Mr Almanza received an additional PSP award in May 2013 upon becoming CEO, the EPS performance period for which runs to 31 December 2015. The TSR performance however will not be measured until shortly before the vesting date in May 2016 and therefore the 2015 PSP figure in the table above does not include any sums which may be due in respect of the May 2013 award.

Non-executive directors

The following table shows a single total figure of remuneration in respect of qualifying services for the 2015 financial year for each non-executive director, together with the comparative figures for 2014. 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
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
John Connolly	365,000	356,500	n/a	n/a	n/a	n/a	n/a	n/a	2,857	5,307	367,857	361,307
Adam Crozier	60,875	58,400	n/a	n/a	n/a	n/a	n/a	n/a	1,173	1,489	62,048	59,889
John Daly	35,028	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,530	n/a	36,558	n/a
Mark Elliott	60,875	58,400	13,000	10,750	18,250	17,775	n/a	n/a	10,995	2,495	103,120	89,420
Winnie Fok	60,875	58,400	n/a	n/a	n/a	n/a	n/a	n/a	11,416	10,087	72,291	68,487
Mark Seligman	25,922	58,400	n/a	n/a	n/a	7,582	20,220	46,800	6,417	2,166	32,339	114,948
Paul Spence	60,875	58,400	n/a	n/a	n/a	n/a	n/a	n/a	10,606	39,545	71,481	97,945
Clare Spottiswoode	60,875	58,400	n/a	n/a	18,250	17,775	n/a	n/a	2,341	1,916	81,466	78,091
Tim Weller	60,875	58,400	n/a	n/a	18,500	10,192	n/a	n/a	1,008	1,954	80,383	70,546

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

1. Mark Seligman stepped down as chair of the Audit Committee on 5 June 2014 and retired as a non-executive director on 4 June 2015.
2. Tim Weller was appointed as Chair of the Audit committee on 6 June 2014.
3. John Daly was appointed as a non-executive director on 5 June 2015.
4. Benefit values include the cost of overnight accommodation, travel and meals 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.

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

2015 Annual bonus

During the financial year ending 31 December 2015, the performance measures relating to the annual bonus scheme rules were consistent with the remuneration policy, with 85% of the bonus for both Ashley Almanza and Himanshu Raja and 100% of the bonus for Grahame Gibson being based on achievement of challenging financial performance measures. The financial performance measures were based on budgeted group earnings and budgeted group operating cash flow before capital expenditure. 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 remaining 15% of the bonus for Messrs Almanza and Raja was linked to objectives relating to non-financial performance, which consist of personal objectives or relate to the organisation and which are linked to specific elements of the group's strategy for which the directors concerned had responsibility.

The maximum bonus potential has remained unchanged from 2014. It is 150% of base pay for Ashley Almanza and Himanshu Raja and 125% of base pay for Grahame Gibson. 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 2015 and set out details of each of the financial measures, the targets in respect of these measures and the actual outcomes:

Ashley Almanza

Financial measures	Targets	Achievement	% of maximum bonus	Score achieved
Group Earnings	£195m	£196m	70%	45%
Group OCF	£448m	£477m	15%	15%
Total			85%	60%

15% of maximum bonus potential was allocated to non-financial measures and the level of achievement was assessed at 10%.

Non-financial objectives were set in the following areas;

Health & safety
Strategy & execution
People & culture
Organisation
Governance

Mr Almanza performed well in delivering the first phase of the strategy, strengthening the leadership team and developing a more efficient organisation. Safety remains an area where management has identified the need for performance improvement across the organisation.

Himanshu Raja

Financial measures	Targets	Achievement	% of maximum bonus	Score achieved
Group Earnings	£195m	£196m	70%	45%
Group OCF	£448m	£477m	15%	15%
Total			85%	60%

15% of maximum bonus potential was allocated to non-financial measures and the level of achievement was assessed at 5%.

Non-financial objectives were set in the following areas;

People, capability building, values and organisation
Governance & control
Operational Excellence
Cost Leadership initiatives

Mr Raja met his cost leadership and operational excellence objectives in relation to procurement and the first phase of IT strategy development. Further focus is required on cost leadership within the finance organisation and cash management and controls.

Grahame Gibson

Financial measures	Targets	Achievement	% of maximum bonus	Score achieved
Group Earnings	£195m	£196m	80%	51%
Group OCF	£448m	£477m	20%	20%
Total			100%	71%

Mr Gibson's bonus entitlement was pro-rated over the period in 2015 during which he was employed, i.e. to 20 October 2015.

The table below sets out the annual bonus awards which were made to executive directors in respect of the financial year ending 31 December 2015 based on the performance described above:

	2015 annual bonus (£)	2015 annual bonus (% of salary)	2015 annual bonus deferred (% of salary)
Ashley Almanza	£956,670	104%	29%
Himanshu Raja	£623,538	97%	22%
Grahame Gibson	£476,327	86%	0%

Mr Gibson's bonus shown here is the full payment made, including for the period after he stood down from the board.

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. Additionally, Messrs Almanza and Raja immediately translated the cash element of their bonus (after tax) into G4S shares.

	Cash	Deferred shares
Ashley Almanza	£687,525	£269,145
Himanshu Raja	£482,813	£140,725
Grahame Gibson	£476,327	£0

Performance Share Plan (PSP)

The PSP values shown in the 2015 and 2014 columns of the single figure table relate to the PSP awards made in March 2013 and March 2012 for the three year performance periods ending on 31 December 2015 and 31 December 2014 respectively. The performance measures and targets of these PSP awards are set out below:

Half of each award (2012 and 2013)		Half of each award (2012 and 2013)	
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%

The table below illustrates the company's performance against the 2012 PSP award targets and the resulting payout as shown in the 2014 column of the single figure table:

	Performance	Vesting (% of element)
Average annual growth in EPS	Decrease of 7.2% pa	0%
Relative TSR	Ranked between 14th and 15th in peer group	0%
Total vesting		0% of maximum

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:

	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

Total pension entitlements (audited information)

Neither Ashley Almanza nor Himanshu Raja is a member of the group's pension plan, which is a defined contribution group personal pension plan available to all UK employees. Instead they receive cash allowances of 25% and 20% of their base pay, respectively.

Grahame Gibson ceased accruing pensions under the company's defined benefit scheme on 6 April 2006. A salary supplement in lieu of pension of 40% of basic salary was paid from then on until his retirement on 20 October 2015. His total accrued pension in the defined benefits scheme at 31 December 2015 was nil (£24,200 at 31 December 2014).

In 2011, Grahame Gibson transferred the majority of his pension benefits to a private pension arrangement leaving a residual pension payable from age 60. Grahame Gibson has passed normal retirement date which was 17 January 2013 and the accrued pension set out above includes the application of a late retirement factor.

The earliest date when entitlement to a pension arises without consent and without actuarial reduction is age 60 (the normal retirement date).

On 3 March 2015, Grahame Gibson transferred his remaining and residual pension benefits in an amount of £363,188 to a private pension arrangement. The transfer value was calculated using the same actuarial basis as that used by the trustees of the pension scheme for all members.

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 2015 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	788,627	2,291,750	40% EPS/ 30% TSR / 30% AOCF	01/01/2015 – 31/12/2017	25%
Grahame Gibson	Conditional shares	425,508	1,236,527	40% EPS/ 30% TSR / 30% AOCF	01/01/2015 – 31/12/2017	25%
Himanshu Raja	Conditional shares	443,048	1,287,500	40% EPS/ 30% TSR / 30% AOCF	01/01/2015 – 31/12/2017	25%

Notes:

1. The face value calculation 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.

Performance measures for long term incentives awarded in 2015

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 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. 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' shareholding 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 225.50p per share at 31 December 2015.

	2015	2014	Number of Deferred shares held as at 31/12/15	Total shares under LTIP awards subject to performance	Share ownership requirements (% of salary)	Shareholding requirements achieved at 31/12/15	Further shares acquired or deferred since 31/12/15
Ashley Almanza	150,000	100,000	306,149	2,528,364	200%	37%	405,218
Himanshu Raja	100,000	50,000	195,859	1,331,236	150%	36%	267,063
Grahame Gibson	550,000	657,553	0	1,246,734	n/a	n/a	n/a

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 2015, the trustees of the employee benefit trust held 6,320,144 shares (2014 – 6,408,450).
3. Includes any shares owned by connected persons.
4. There were no vested but unexercised interests.
5. Since 31 December 2015 Mr Almanza acquired 191,935 shares outright and 146,410 deferred shares on 16 March 2016 and a further 66,873 shares on 22 March 2016 upon the vesting of the 2013 PSP and Mr Raja acquired 134,786 shares outright and 76,552 deferred shares on 16 March 2016 and a further 55,725 shares on 22 March 2016 upon the vesting of the 2013 PSP.

The shareholdings for non-executive directors are shown below.

	As at 31.12.2015	As at 31.12.2014
John Connolly	209,642	202,704
Adam Crozier	2,000	2,000
John Daly	–	n/a
Mark Elliott	25,000	25,000
Winnie Fok	20,000	20,000
Mark Seligman	n/a	75,496
Paul Spence	20,000	10,000
Clare Spottiswoode	4,681	4,681
Tim Weller	37,570	37,570

Since 31 December 2015 Mr Daly acquired 30,000 shares on 11 March 2016 and Mr Connolly acquired 100,000 shares on 16 March 2016.

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)

Nick Buckles

Nick Buckles ceased to be a director in May 2013. His unvested awards under the 2013 PSP have been pro-rated to that date. Mr Buckles has been awarded shares to the value of £32,929 under that scheme.

Trevor Dighton

Trevor Dighton ceased to be a director in June 2013 and retired in July 2014. He was eligible on a pro-rata basis to July 2014 for an award under the 2013 PSP. Mr Dighton has been awarded shares to the value of £91,724 under that scheme.

PAYMENTS FOR LOSS OF OFFICE (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.

Mr Gibson was entitled under the terms of his contract to payment comprising the following amounts in respect of the period from 5 June 2015 until his contract came to an end on 20 October 2015:

- Base pay of £227,065
- Annual bonus of £194,338
- Benefits of £15,998
- Cash allowance in lieu of pension of £90,826

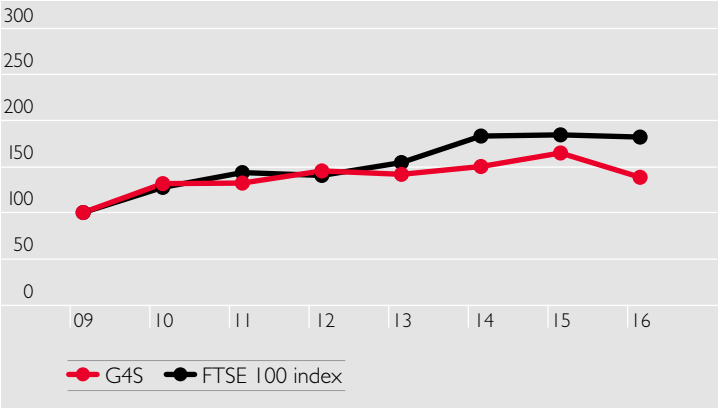
No further such payments are due to be made.

Mr Gibson's unvested awards under the PSP remained subject to performance and were pro-rated to 20 October 2015. The award made in 2013 has vested and the total amount paid under that award appears in the single figure table on page 83. The LTIP awards made in 2014 and 2015 remain subject to performance which will be tested at the normal vesting dates.

PERFORMANCE GRAPH AND TABLE

The line graph shows the seven-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 – 2015 Total Shareholder Return



CEO's pay in last ten financial years

Year	2006	2007	2008	2009	2010	2011	2012	2013[1]	2013[1]	2014	2015[2]
Incumbent	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Ashley Almanza	Ashley Almanza	Ashley Almanza
CEO's total single figure of annual remuneration (£'000)	1,908	2,269	2,376	3,248	2,823	1,542	1,186	514	1,459	2,521	2,462
Bonus % of maximum awarded	76%	95%	83%	74%	53%	0%	0%	0%	72%	98%	70%
PSP% of maximum vesting	63%	75%	100%	100%	58%	14%	0%	0%	n/a	n/a	27%

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) have 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 2014 and 2015 compares with the percentage change in the average of each of those components of pay for a selected group of G4S employees. The Remuneration Committee has chosen all employees in the UK as the group which should provide the most appropriate comparator.

G4S employs 610,000 employees globally. Inflation is a key driver of general increases in salary and the structure of the benefits provided is often driven by local market practice. Hence, as the Group CEO is based in the UK, employees in the same country, rather than all employees within the group, have been chosen as the comparator.

	Percentage change in remuneration between 2014 and 2015		
	Salary	Benefits	Bonus
CEO	3%	19%	(27)%
Average change for all other UK employees	4.4%	11%	See note below

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.

	2015	2014	Change
Dividends paid	£145m	£143m	+1.4%
Total employee costs	£4,792m	£4,955m*	-3.3%

* Restated (see note (11))

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

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN 2016

A summary of the directors' remuneration policy is set out on pages 77 to 82 and the full policy can also be found on www.g4s.com/investors.

Executive directors' remuneration

Base pay

For 2016, at the annual pay review, it was decided to increase Mr Almanza's base pay by 1% from £916,700 to £925,867. No change was made to Mr Raja's base pay.

Annual Bonus Scheme

The annual bonus for the 2016 financial year will operate on the same basis as that for 2015 and will be consistent with the remuneration policy. The maximum bonus opportunity remains at 150% of base pay for both Ashley Almanza and Himanshu Raja. 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 an 85% weighting for Ashley Almanza. For Himanshu Raja, the financial measures are allocated a lower weighting of 70% for 2016. The non-financial measures will therefore account for up to 15% and 30% of their maximum bonus opportunity for Messrs Almanza and Raja respectively.

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

Ashley Almanza

- Embed a stronger health & 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

Himanshu Raja

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

Details of the performance measures and targets are deemed to be commercially sensitive since they relate to the 2016 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 2016 annual report and accounts. The proposed target levels for 2016 have been set to be challenging and align with the 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 2015. 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 2016 financial year under the LTIP approved by the shareholders at the 2014 AGM will be consistent with the remuneration policy. As for 2015, the Remuneration Committee considers that a combination of earnings per share growth, total shareholder return and cumulative cash flow targets are the most appropriate performance measures for the 2016 awards, as they provide a transparent 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 2016 financial year are subject to the performance conditions listed in the table below:

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 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 the 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. 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 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

For 2015, the Remuneration Committee received advice from Deloitte as the committee's appointed advisor on executive and senior management remuneration matters. The Remuneration 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	**£56,800**	Advice on controls, tax advice on expatriate and share plans, and also provided 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.

Herbert Smith Freehills LLP provided legal advice to the company, including in relation to 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 Remuneration Committee on remuneration packages for senior executives within the group. Further guidance was received from the group's HR directors, Irene Cowden (who held the role in the first six months of the year) and Jenni Myles (in the second six months) and the director of compensation and benefits Sok Wah Lee. Neither the group chief executive nor the group HR directors participated in discussions regarding their own remuneration.

The Remuneration 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 76.

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 4 June 2015, 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 2014.

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 – 2015 AGM	96.92%	3.08%	334,376

Mark Elliott
Remuneration Committee Chairman

24 March 2016

This is the report of the directors of the board of G4S plc for the year ended 31 December 2015.

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 171 to 188.

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 116, a management statement contained in the strategic report and in the Directors' report and responsibility statements on pages 91 to 95.

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 54 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 55 to 90 and the Chief Financial Officer's review on pages 96 to 105 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 154 to 158 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 0.3793) per share paid on 16 October 2015
- Final dividend of 5.82p (DKK 0.5615) per share payable on 10 June 2016

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 28 April 2016.

4 Capital

The issued share capital of G4S plc at 31 December 2015 is as set out on page 166 (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 24 March 2016 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 2015 the directors had authority in accordance with a resolution passed at the company's Annual General Meeting held on 4 June 2015 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 6,320,144 shares held within the Trust and referred to on page 167 (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 GBP 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 commitments 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 USD 550,000,000 and series B-D senior notes representing USD 450,000,000 remain outstanding and mature between 1 March 2017 and 1 March 2022. The second USPP Agreement is for USD 513,500,000 and GBP 69,000,000 and series C-F senior notes representing USD 298,5000,000 and GBP 69,000,000 remain outstanding and mature between 15 July 2016 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 GBP 2,000,000,000 Euro Medium Term Note Programme the company issued three tranches of Medium Term Notes (MTNs) to various institutions on 13 May 2009 (GBP 350,000,000), 2 May 2012 (Euro 600,000,000) and 6 December 2012 (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