

# Recommendation and explanatory notes relating to business to be conducted at the Annual General Meeting on 6 June 2013

The board of G4S plc considers that the Resolutions set out in the Notice of Annual General Meeting are likely to promote the success of the company and are in the best interests of the company and its shareholders as a whole. The directors unanimously recommend that you vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings.

Explanatory notes in relation to the business to be conducted at the Annual General Meeting are set out below.

## 1. Financial statements of the company (Resolution 1)

The chairman will present the financial statements of the company for the year ended 31 December 2012 and the reports of the directors and auditor thereon to the Annual General Meeting.

## 2. Remuneration report (Resolution 2)

It is mandatory for all listed companies to put their directors' remuneration report to an advisory shareholder vote. As the vote is advisory it does not affect the actual remuneration paid to any individual director.

## 3. Final dividend (Resolution 3)

A final dividend of 5.54p (DKK 0.473) per ordinary share for the year ended 31 December 2012 is recommended for payment by the directors. If the recommended final dividend is approved, it will be paid on Friday 14 June 2013 to all ordinary shareholders who were on the register of members at the close of business on 17 May 2013.

## 4. Election and re-election of directors (Resolutions 4 to 14)

Resolutions 4 to 8 deal with the election of those directors who have been or will have been appointed since the company's last Annual General Meeting and who, in accordance with the company's articles of association, will retire and stand for election.

Resolutions 9 to 14 deal with the re-election of the other directors in accordance with the requirements of the UK Corporate Governance Code which provides for all directors of FTSE 350 companies to be subject to re-election by shareholders every year. Lord Condon, Mr Dighton and Mr Lerenius will retire from the board at the conclusion of the meeting and so are not seeking re-election.

Biographies of each of the directors seeking election or re-election are set out on pages 54 to 57 apart from Mr Weller whose biography appears on page 64 and Mr Almanza whose biography is set out below. Mr Almanza will join the board with effect from 1 May 2013 and, in accordance with the company's articles of association and, being eligible, will retire and offer himself for election at the Annual General Meeting which will be the first such meeting since his appointment.

The board has confirmed following a performance review that all directors standing for re-election continue to perform effectively and demonstrate commitment to their roles.

### Biography of Mr Ashley Almanza

A chartered accountant by training, Mr Almanza, who holds an MBA from London Business School, held a number of senior roles at BG Group from 1993 to 2012, including Chief Financial Officer from 2002 to 2011 and Executive Vice President from 2009 to 2012. He was previously chairman of the Hundred Group of Finance Directors. Mr Almanza has experience as a long-serving FTSE 100 chief financial officer, as well as broad-ranging international experience and strong finance skills.

Mr Almanza is currently a non-executive director of Schroders plc and a member of the Advisory Board of Oxford University Centre for Business Taxation.

## 5. Reappointment of auditor and auditor's remuneration (Resolutions 15 and 16)

Resolution 15 relates to the reappointment of KPMG Audit Plc as the company's auditor to hold office until the next Annual General Meeting of the company. Resolution 16 authorises the directors to set the auditor's remuneration.

## 6. Authority to allot shares (Resolution 17)

Resolution 17 seeks shareholder approval for the directors to be authorised to allot shares.

At the last Annual General Meeting of the company held on 7 June 2012, the directors were given authority to allot ordinary shares in the capital of the company up to a maximum nominal amount of £235,110,000. Of this amount 470,220,000 shares could only be allotted pursuant to a rights issue. This authority expires at the end of this year's Annual General Meeting.

Resolution 17 will, if passed, renew this authority to allot on the same terms as last year's resolution. The board considers it appropriate that the directors be granted the same authority to allot shares in the capital of the company up to a maximum nominal amount of £235,110,000 representing approximately 66% of the company's issued ordinary share capital as at 25 March 2013 (the latest practicable date prior to publication of the Notice of Annual General Meeting). Of this amount, 470,220,000 shares (representing approximately 33% of the company's issued ordinary share capital) can only be allotted pursuant to a rights issue. The authority will last until the conclusion of the next Annual General Meeting in 2014.

The directors do not have any present intention of exercising this authority. In accordance with best practice, if the directors were to exercise this authority so as to allot shares representing more than one third of the current capital of the company, they would all offer themselves for re-election at the following Annual General Meeting, although, as noted in 4. above, it is the directors' current intention to stand for election annually in any event.

As at the date of the Notice of Annual General Meeting, the company does not hold any ordinary shares in the capital of the company in treasury. However, the 7,589,853 shares held within the G4S Employee Benefit Trust and referred to on page 127 (note 38 to the consolidated financial statements) are accounted for as treasury shares.

## 7. Disapplication of statutory pre-emption rights (Resolution 18)

Resolution 18 seeks shareholder approval to give the directors authority to allot shares in the capital of the company pursuant to the authority granted under Resolution 17 for cash without complying with the pre-emption rights in the Companies Act 2006 (the "Act") in certain circumstances. This authority will permit the directors to allot:

- (a) shares up to a nominal amount of £235,110,000 (representing approximately 66% of the company's issued share capital) on an offer to existing shareholders. However unless the shares are allotted pursuant to a rights issue (rather than an open offer), the directors may only allot shares up to a nominal amount of £117,555,000 (representing approximately 33% of the company's issued share capital) (in each case subject to any adjustments, such as for fractional entitlements and overseas shareholders, as the directors see fit); and
- (b) shares up to a maximum nominal value of £17,633,000, representing approximately 5% of the issued ordinary share capital of the company as at 25 March 2013 (the latest practicable date prior to publication of the Notice of Annual General Meeting) otherwise than in connection with an offer to existing shareholders.

As with Resolution 17, the terms of Resolution 18 are the same as last year's resolution.

The directors confirm their intention to follow the provisions of the Pre-emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period. The Principles provide that companies should not issue shares for cash representing more than 7.5% of the relevant company's issued share capital in any rolling three-year period, other than to existing shareholders, without prior consultation with shareholders.

The authority contained in Resolution 18 will expire upon the expiry of the general authority conferred by Resolution 17 (i.e. at the end of the next Annual General Meeting of the company).

## 8. Purchase of own shares (Resolution 19)

Resolution 19 seeks to renew the company's authority to buy back its own ordinary shares in the market as permitted by the Act. The authority limits the number of shares that could be purchased to a maximum of 141,066,000 (representing a little less than 10% of the company's issued ordinary share capital as at 25 March 2013 (the latest practicable date prior to publication of the Notice of Annual General Meeting)) and sets minimum and maximum prices. This authority will expire at the conclusion of the company's Annual General Meeting in 2014.

The directors have no present intention of exercising the authority to purchase the company's ordinary shares but will keep the matter under review, taking into account the financial resources of the company, the company's share price and future funding opportunities. The authority will be exercised only if the directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally. No shares were purchased pursuant to the equivalent authority granted to the directors at the company's last Annual General Meeting.

As at 25 March 2013 (the latest practicable date prior to the publication of the Notice of Annual General Meeting), there were no options over the ordinary shares in the capital of the company.

## 9. Political donations (Resolution 20)

Resolution 20 is designed to deal with the rules on political donations contained in the Act. Under the rules, political donations to any political parties, independent election candidates or political organisations or the incurring of political expenditure are prohibited unless authorised by shareholders in advance. What constitutes a political donation, a political party, a political organisation or political expenditure is not easy to decide, as the legislation is capable of wide interpretation. Sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling public duties and support for bodies representing the business community in policy review or reform, may fall within this.

Therefore, notwithstanding that the company has not made political donations requiring shareholder authority in the past, and has no intention either now or in the future of making any such political donation or incurring any such political expenditure in respect of any political party, political organisation or independent election candidate, the board has decided to put forward Resolution 20, which is the same as the resolution on this subject which was passed at the company's Annual General Meeting held on 7 June 2012. This will allow the company to support the community and put forward its views to wider business and government interests without running the risk of being in breach of the law. This authority will cover the period from the date Resolution 20 is passed until the conclusion of the next Annual General Meeting of the company. As permitted under the Act, Resolution 20 also covers political donations made, or political expenditure incurred, by any subsidiaries of the company.

## 10. Period of notice for calling general meetings (Resolution 21)

Resolution 21 is a resolution to allow the company to hold general meetings (other than Annual General Meetings) on 14 days' notice.

Before the introduction of the Companies (Shareholders' Rights) Regulations 2009 on 3 August 2009, the minimum notice period permitted by the Act for general meetings (other than Annual General Meetings) was 14 days. One of the amendments made to the Act by the Regulations was to increase the minimum notice period for general meetings of listed companies to 21 days, but with an ability for companies to reduce this period back to 14 days (other than for Annual General Meetings) provided that two conditions are met. The first condition is that the company offers a facility for shareholders to vote by electronic means. This condition is met if the company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website. The second condition is that there is an annual resolution of shareholders approving the reduction of the minimum notice period from 21 days to 14 days.

The board is therefore proposing Resolution 21 as a special resolution to approve 14 days as the minimum period of notice for all general meetings of the company other than Annual General Meetings. The approval will be effective until the company's next Annual General Meeting, when it is intended that the approval be renewed. The board will consider on a case by case basis whether the use of the flexibility offered by the shorter notice period is merited, taking into account the circumstances, including whether the business of the meeting is time sensitive.