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 2013 and the reports of the directors and auditor thereon to the Annual General Meeting.

2. REMUNERATION (RESOLUTIONS 2 TO 4)

Changes made to the Companies Act 2006 (the "Act") have resulted in new requirements this year both for the content of the Directors' remuneration report (the "Report") and its approval. Accordingly the Report, which is set out on pages 64 to 79, contains:

– A statement by Mark Elliott, chairman of the company's Remuneration Committee;

– The directors' remuneration policy in relation to future payments to the directors and former directors; and

– The annual implementation report on remuneration, which sets out payments made in the financial year ending 31 December 2013.

The policy part of the Report, which sets out the company's forward looking policy on directors' remuneration (including the approach to exit payments to directors), is subject to a binding shareholder vote by ordinary resolution at least every three years. The statement by the Remuneration Committee chairman and the annual implementation report on remuneration will, as in the past, be put to an annual advisory shareholder vote by ordinary resolution.

Resolution 2 is therefore the ordinary resolution to approve the directors' remuneration policy which is set out within the Report on pages 66 to 72. As noted on page 64, the directors' remuneration policy will commence on 6 June 2014. Payments will continue to be made to directors and former directors (in their capacity as directors) in accordance with existing contractual arrangements until this date.

Once the directors' remuneration policy commences, all payments by the company to the directors and any former directors must be made in accordance with the policy (unless the payment is separately approved by shareholder resolution).

If the directors' remuneration policy is approved and remains unchanged, it will be valid for up to three financial years without a new shareholder approval. If the company wishes to change the policy, it will need to put the revised policy to a vote again before it can implement the new policy.

If the directors' remuneration policy is not approved, the company will, if and to the extent permitted by the Act, continue to make payments to directors in accordance with existing contractual arrangements and will seek shareholder approval for a revised policy as soon as practicable.

Resolution 3 is the resolution to approve the directors' remuneration report, other than the part containing the directors' remuneration policy. This is an advisory resolution and does not affect the future remuneration paid to any director.

Resolution 4 relates to the Long Term Incentive Plan ("LTIP") which the company proposes to introduce to replace the Performance Share Plan which was adopted by the Board in July 2004 and will expire in July 2014. In order to ensure executives continue to be incentivised to deliver the group's strategy over the longer term, the Remuneration Committee has concluded that a replacement long term incentive plan should be introduced and, having consulted widely, has set revised performance measures, including the introduction of average operating cash flow as a third measure. The principal terms of the LTIP are set out in the appendix to these explanatory notes on pages 156 and 157. This ordinary resolution seeks shareholder approval of the LTIP. The full rules will be available for inspection during the hours and at the locations set out in note 18 to the Notice of Meeting.

3. FINAL DIVIDEND (RESOLUTION 5)

A final dividend of 5.54p (DKK 0.4954) per ordinary share for the year ended 31 December 2013 is recommended for payment by the directors. If the recommended final dividend is approved, it will be paid on Friday 13 June 2014 to all ordinary shareholders who were on the register of members at the close of business on 2 May 2014.

4. ELECTION AND RE-ELECTION OF DIRECTORS (RESOLUTIONS 6 TO 16)

Resolution 6 deals with the election of Mr Raja as a director as he was appointed since the company's last Annual General Meeting and, in accordance with the company's articles of association, he will retire and stand for election.

Resolutions 7 to 16 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.

Biographies of each of the directors seeking election or re-election are set out on pages 48 and 49. 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.

5. REAPPOINTMENT OF AUDITOR AND AUDITOR'S REMUNERATION (RESOLUTIONS 17 AND 18)

Resolution 17 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 18 authorises the directors to set the auditor's remuneration.

6. AUTHORITY TO ALLOT SHARES (RESOLUTION 19)

Resolution 19 seeks shareholder approval for the directors to be authorised to allot shares.

At the last Annual General Meeting of the company held on 6 June 2013, 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. This authority expires at the end of this year's Annual General Meeting. Of this amount 470,220,000 shares could only be allotted pursuant to a rights issue.

Resolution 19 will, if passed, renew this authority to allot on the same terms as last year's resolution (save that the number of shares in question has increased). 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 £258,598,000 representing a little under two thirds of the company's issued ordinary share capital as at 28 March 2014 (the latest practicable date prior to publication of the Notice of Annual General Meeting). Of this amount, 517,196,000 shares (representing a little under one third 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 2015.

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 it is the directors' current intention to stand for election annually in any event in accordance with the requirements of the UK Corporate Governance Code.

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 6,934,564 shares held within the G4S Employee Benefit Trust and referred to on page 137 (note 37 to the consolidated financial statements) are accounted for as treasury shares.

7. DISAPPLICATION OF STATUTORY PRE-EMPTION RIGHTS (RESOLUTION 20)

Resolution 20 seeks shareholder approval to give the directors authority to allot shares in the capital of the company pursuant to the authority granted under Resolution 19 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 £258,598,000 (representing a little under two thirds 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 £129,299,000 (representing a little under one third 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 £19,394,000, representing approximately 5% of the issued ordinary share capital of the company as at 28 March 2014 (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 19, the terms of Resolution 20 are the same as last year's resolution (save that the number of shares in question has increased).

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 20 will expire upon the expiry of the general authority conferred by Resolution 19 (i.e. at the end of the next Annual General Meeting of the company).

8. PURCHASE OF OWN SHARES (RESOLUTION 21)

Resolution 21 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 155,159,000 (representing a little less than 10% of the company's issued ordinary share capital as at 28 March 2014 (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 2015.

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 28 March 2014 (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 22)

Resolution 22 deals with the rules on political donations contained in the Act. Under these 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 6 June 2013. 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 22 also covers political donations made, or political expenditure incurred, by any subsidiaries of the company.

10. PERIOD OF NOTICE FOR CALLING GENERAL MEETINGS (RESOLUTION 23)

Resolution 23 is a resolution to allow the company to hold general meetings (other than Annual General Meetings) on 14 days' notice.

The minimum notice period permitted by the Act for general meetings (other than Annual General Meetings) is 21 days. However the Act allows 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 23 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, and will balance that against the need for shareholders to consider their voting decisions, particularly where the proposals concerned are complex and may require more time for proper evaluation.

APPENDIX

SUMMARY OF THE G4S LONG TERM INCENTIVE PLAN (THE "LTIP")

Administration
Awards will be granted, and the LTIP will be administered, by the board, or a duly authorised committee of the board. Awards for executive directors will be determined and administered by the Remuneration Committee (and references to the board shall mean the Remuneration Committee in respect of such awards).

Eligibility
Awards may be granted to any of the employees of the company or its subsidiaries, including the executive directors.

Form of awards
Under the LTIP, awards will take the form of either:

– a conditional right to receive shares which will be automatically transferred to the award holder following vesting (a "Conditional Award"); or

– an interest in shares which will be held on behalf of the award holder until vesting (a "Forfeitable Share Award"). The award holder will not be entitled to call for or otherwise deal in the shares subject to a Forfeitable Share Award prior to vesting.

Timing of grant of awards
Awards under the LTIP may, save in exceptional circumstances, only be granted within a period of 42 days (i) commencing on the date of the adoption of the LTIP or (ii) following the date of announcement by the company of its interim or final results (or as soon as practicable thereafter if the company is restricted from being able to grant awards during such period).

Awards under the LTIP may not be granted more than ten years after the rules are approved by shareholders of the company in general meeting.

Non-Transferable and Non-Pensionable
Awards are non-transferable and do not form part of pensionable earnings.

Dividend equivalents
Award holders may receive an additional payment (or shares of equivalent value) equal to the dividends during the vesting period which would have been paid on the number of shares that vest. Award holders shall not be, unless the board determines otherwise, entitled to receive any dividends paid in respect of shares subject to a Forfeitable Share Award.

Individual limit
The maximum market value of the shares over which an employee may be granted an award under the LTIP in any calendar year shall not exceed an amount equal to 250 per cent. of the employee's gross annual basic salary at that time.

Plan Limits
Shares may be newly issued, transferred from treasury or market purchased for the purposes of the LTIP.

The number of shares subject to outstanding options or awards granted within the previous 10 years and the number of shares issued for the purpose of options and awards granted within the previous 10 years shall not exceed 10 per cent. of the company's ordinary share capital in issue immediately prior to the proposed date of grant under all employees' share schemes adopted by the company.

The number of shares subject to outstanding options or awards granted within the previous 10 years and the number of shares issued for the purpose of options and awards granted within the previous 10 years shall not exceed five per cent. of the company's ordinary share capital in issue immediately prior to the proposed date of grant under all discretionary employees' share schemes adopted by the company.

These limits do not include rights to shares which have been released, lapsed or otherwise become incapable of exercise or vesting. Any option or award which the board has determined will only be satisfied with existing shares (or which is granted on such terms), will not be subject to or counted in calculating the above limits. Treasury shares will count as new issue shares for the purpose of these limits for so long as institutional investor bodies consider that they should be so counted.

Performance conditions
The board will determine the performance conditions which will apply to awards and which will be measured, ordinarily, over a period of not less than three years (or such shorter period as the board may determine to be appropriate on the recruitment of an employee). There will be no provision for re-testing. The board may alter the performance conditions if events happen after the date of grant that cause the board to consider that any element of the performance condition is no longer a fair measure of the company's performance, provided that the revised target is not considered to be materially less challenging in the circumstances. Performance conditions proposed for executive directors are outlined in the company's remuneration policy, and will be set out in the annual report on directors' remuneration.

Vesting
Awards will normally only vest three years after the date of grant (or such earlier date as the board may determine to be appropriate on the recruitment of an employee), while the award holder remains in office or employment with the group, and to the extent that relevant performance conditions have been met.

For those awards that are to be granted in June 2014, the board has determined that any such awards will be treated as if they were granted in March 2014 (both in respect of the vesting period and the share price that is to be used to calculate the number of shares over which an award can be granted) in order to bring these awards in line with the company's usual grant cycle. This is because the board has historically granted allocations under the company's existing Performance Share Plan in March each year, but as noted in paragraph 2 of the Explanatory Notes on page 154, the Performance Share Plan will shortly be expiring and therefore new awards will be granted under the LTIP. As the LTIP will not be adopted by the board until after it has been approved by shareholders at the Annual General Meeting, awards under the LTIP cannot be granted until June 2014 at the earliest.

If the board so determines, an award may be satisfied in whole or in part by a cash payment as an alternative to the issue or transfer of shares.

Leavers
An award will normally lapse where the award holder ceases to hold office or employment with the group. Awards will not lapse on death or where the cessation of office or employment with the group is due to injury, disability, ill-health, redundancy, retirement, the transfer of the award holder's employment in connection with a business sale, the company with which the award holder holds office or employment ceasing to be a member of the group, or any other reason if the board so determines (a "Good Leaver").

Where an award holder ceases employment for a Good Leaver reason, the award will continue and vest on its normal vesting date. However, the board may determine that the award will instead vest on or at any time following the date of cessation. On the death of a participant, an award shall immediately vest.

Corporate actions
In the event of a change of control, awards will normally vest. In the event of the passing of a resolution for the voluntary winding-up of the company, awards will vest. In the event of a demerger of a substantial part of the group's business, a special dividend or a similar event affecting the value of the shares to a material extent, awards may be adjusted as set out below or the board may allow awards to vest. Where the corporate action forms part of an internal re-organisation, unless the board determines otherwise, an award shall not vest, and instead will be rolled-over into an award over shares in the new controlling company of equivalent value.

Extent of vesting
Awards will only vest (including for leavers or on a corporate action) to the extent that the relevant performance conditions have been satisfied. Where an award vests prior to the normal vesting date, the board will assess performance using such information as it determines to be appropriate.

Where, prior to the normal vesting date, an award holder ceases employment for a Good Leaver reason or there is a corporate action, the number of shares in respect of which an award vests will, unless the board determines otherwise, be pro-rated on the basis of the number of whole months which have elapsed from grant to the date of cessation or the corporate action (as applicable).

Variation of capital
The number of shares subject to awards may be adjusted, in such manner as the board may determine, following any variation of share capital of the company, a demerger of a substantial part of the group's business, a special dividend or a similar event affecting the value of shares to a material extent.

Alterations
The board may amend the LTIP rules as it considers appropriate, subject to any relevant legislation, provided that no modification may be made which confers any additional advantage on participants relating to eligibility, plan limits, the basis of individual entitlement, the price payable for the acquisition of shares and the provisions for the adjustment of awards without prior shareholder approval, except in relation to performance conditions or minor amendments to benefit the administration of the LTIP, to take account of a change in legislation, or to obtain or maintain favourable tax exchange control or regulatory treatment for participants or the company (or other group companies).

Clawback
The board may apply clawback where at any time before or within two years of vesting it determines that the financial results of the company were misstated, an error was made in any calculation or in assessing performance, which resulted in the number of shares in respect of which the award was granted or vested being more than it should have been. The board may also apply a claw-back where the award holder has been dismissed for misconduct.

A clawback may be satisfied in a number of ways, including by reducing the amount of any future bonus, by reducing the vesting of any subsisting or future options or awards (other than tax-advantaged options or awards), by reducing the number of shares under any vested but unexercised option and/or by either one or both of a requirement to make a cash payment or transfer of shares to the company.

The clawback provisions will not apply following the occurrence of a takeover or similar corporate event.

Overseas plans
The LTIP contains provisions which permit the board to establish further plans for the benefit of overseas employees based on the LTIP but modified as necessary or desirable to take account of overseas tax, exchange control or securities laws. Any new shares issued under such plans would count towards the individual and overall plan limits outlined above.