This is the report of the directors of the board of G4S plc for the year ended 31 December 2017.

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 187 to 201.

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

2. Reporting obligations

In compliance with relevant listing rules and also with DTR4.1.5.R and DTR4.1.8R, the Integrated Report and Accounts 2017 contain the consolidated results for the year, shown in the Consolidated income statement on page 132, a management statement contained in the strategic report and in the Directors' report and responsibility statements on pages 116 to 119.

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, prospects of the Group and other information which fulfils the requirements of a management report, are all contained on pages 4 to 65 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 85 to 115 and the Chief Financial Officer's review on pages 37 to 50 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 168 to 172 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 0.2948) per share paid on 13 October 2017
- Final dividend of 6.11p (DKK 0.5097) per share payable on 15 June 2018

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 3 May 2018.

4. Capital

The issued share capital of G4S plc at 31 December 2017 is as set out on page 182 (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 8 March 2018 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 2017 the directors had authority in accordance with a resolution passed at the company's annual general meeting held on 25 May 2017 to make market purchases of up to 155,159,000 of the company's shares.

The company does not hold any treasury shares as such. However, the 4,362,068 shares held within the Trust and referred to on page 182 (note 36 to the consolidated financial statement) are accounted for as treasury shares. The Trust has waived its right to receive dividends in respect of the company's shares which it held during the period under review.

5. Significant agreements – change of control

The company is party to a £1,000,000,000 multi-currency revolving credit facility agreement which requires prompt notification of a change of control event following which funds committed but unutilised could be cancelled and repayment of outstanding funds utilised would need to be made within 45 days.

The company entered into two US Private Placement Note Purchase Agreements (the "USPP Agreements"), on 1 March 2007 and 15 July 2008 respectively. The first USPP Agreement is for $550,000,000 and series C-D senior notes representing $250,000,000 remain outstanding and mature between 1 March 2019 and 1 March 2022. The second USPP Agreement is for $513,500,000 and £69,000,000 and series D-F senior notes representing $298,500,000 and £44,000,000 remain outstanding and mature between 15 July 2018 and 15 July 2020. Under the terms of both USPP Agreements, the company is required to offer the note holders the right to purchase the notes at par value together with interest thereon upon a change of control.

Under the terms of the £2,500,000,000 Euro Medium Term Note Programme the company issued four tranches of Medium Term Notes (MTNs), issued to various institutions on 13 May 2009 (£350,000,000), 6 December 2012 (€500,000,000), 9 November 2016 (€500,000,000) and 2 June 2017 (€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 credit rating in the period immediately prior to the change of control, or in certain circumstances where the MTNs are downgraded to sub-investment as a result of the change of control.

The Group's UK pension scheme trust deed contains provisions which apply if a takeover event occurs. Following such an event, the appointment and removal of trustees becomes subject to unanimous trustee agreement and the trustees acquire the unilateral power to set the employer contribution rates in certain sections of the scheme.

6. Post balance sheet events

There have been no significant events from 31 December 2017 to the date of this report.

7. Research and development expenditure

Research in connection with the development of new services and products and the improvement of those currently provided by the Group is carried out continuously. Research and development written-off to profit and loss during the year amounted to £4m (2016:£4m).

8. Employees

Asking for, listening to and acting on the feedback from our people enables us to address their concerns and capture their ideas for improvements. They are closest to our operations and to the needs of our customers in a constantly changing marketplace. We value the feedback from our biennial global and management surveys and take time in between to address the issues raised. The high response rate helps identify underlying problems and provides a strong mandate for action. In addition to the surveys we encourage dialogue with our employees directly and also seek feedback from our networks with union representatives at a global, European and local level. These networks provide early warning signs of any issues and are an additional avenue for communication and for sharing updates on business performance. More information on employee communication and consultation can be found on pages 16 and 17.

Our managers are invited to participate in webinars which coincide with announcements of our financial results and are encouraged to cascade the information shared with their teams. In 2017, we also introduced new on-line newsletters for our senior managers containing information on contract wins, projects and market developments. The newsletters showcase examples of security innovations and help businesses struggling with similar challenges to become early adopters building on new ideas rather than recreating them.

We do not employ forced, bonded or child labour. We appoint people based on their skills and capabilities and not any personal characteristics which are discriminatory or illegal in the countries in which we work. Our aim is to develop and grow so removing barriers to employment helps us ensure we tap into the widest talent pool and are able to harness all the skills and abilities people have. If, during the course of their employment individuals become disabled and unable to meet the job requirements we seek to retrain or retain their talents by making reasonable adjustments wherever possible. Further information on our approach to diversity and inclusion can be found on page 16.

9. Political donations

Each year the company's shareholders have passed a resolution on a precautionary basis to allow the company and its subsidiaries to make political donations or incur political expenditure not exceeding £50,000. However, the board confirms that the Group's policy is not to make any financial contribution to political parties and that the company and its subsidiaries have made no contributions during the year to political parties carrying on activities, or to candidates seeking election within the EU, or anywhere else in the world.

10. Greenhouse gas emissions

Alongside the risks faced by people and infrastructure from climate change are the challenges presented by global economic conditions.

Managing fuel costs and the impact of "carbon taxes" through programmes to improve the Group's energy efficiency and reduce its environmental impacts are important to the continued effectiveness and sustainability of the Group's business.

We follow WBCSD* and WRI** Greenhouse Gas Protocol to measure our Scope 1 and 2 emissions – vehicle fleet, fuel, refrigerants and electricity usage for G4S businesses over which the Group has financial and operational control. In addition the Group has measured Scope 3 emissions from employee business air travel.

The businesses that reported data in the 2017 GHG measurement represent 90% of the Group's operations, across a 12 month period. This level of measurement, including each of the Group's main service types, allows reliable calculation of the total GHG emissions for 100% of the Group.

The G4S total carbon footprint during 2017, extrapolated to 100% of the business equates to some 501,467 t/CO_2e. These CO_2e emissions, including emissions generated by services which our customers have outsourced to G4S, have decreased by 2.5% since 2016 – against a 3.2% revenue growth in our core businesses during the same period, reflecting the efforts made to increase the energy efficiency of our business.

In 2018, we will continue to implement energy efficiency strategies with the aim of reducing carbon intensity by at least 3.5% per annum.

* World Business Council for Sustainable Development

** World Resources Institute

For further details, please visit g4s.com/env

GHG emissions (t/CO_2e)

(Based on 90% measurement)	2016	2017
Vehicles (inc. refrigerants)	256,081	**261,398**
Total buildings (inc. refrigerants)	139,831	**139,728**
Including electricity emissions of	*114,243*	***103,915***
Air travel	15,261	**20,368**

Carbon intensity

	2016	2017
Tonnes CO_2e per £m turnover	68.1	**62.9**

11. Substantial holdings

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

As at 31.12.2017	
Invesco	202,498,965 (13.05%)
BlackRock, Inc.	93,462,222 (6.02%)
Mondrian Investment Partners Limited	78,613,679 (5.07%)
Harris Associates LP	79,355,377 (5.11%)

Between 1.1.2018 and 8.3.2018	
Invesco	201,499,651 (12.98%)
Blackrock, Inc.	98,401,235 (6.34%)

12. Auditor

A resolution to re-appoint PricewaterhouseCoopers LLP, chartered accountants, as auditor to the company for 2018, and for their remuneration to be fixed by the Audit Committee, will be submitted to the annual general meeting.

13. Directors

The directors, biographical details of whom are contained on pages 68 and 69, held office throughout the year, apart from Ian Springett who retired from the board on 20 June 2017 and John Ramsay, who was appointed to the board on 1 January 2018.

In accordance with the code provisions on re-election of directors in the UK Corporate Governance Code, each of the directors continuing in office will offer themselves for re-election. The board believes that the directors standing for re-election possess experience and expertise relevant to the company's operations; that they continue to be effective; that they are committed to the success of the company; and that they should be re-elected (or elected) at the annual general meeting.

The contracts of service of the executive directors have no unexpired term since they are not for a fixed term. They are terminable at 12 months' notice. None of the non-executive directors has a contract of service.

The company has executed deeds of indemnity for the benefit of each of the directors in respect of liabilities which may attach to them in their capacity as directors of the company. These deeds are qualifying third-party indemnity provisions as defined by section 234 of the Companies Act 2006 and have been in effect since 14 June 2010 for Ms Spottiswoode, 1 October 2010 for Ms Fok, 8 June 2012 for Mr Connolly, 1 January 2013 for Mr Spence,1 April 2013 for Mr Weller,1 May 2013 for Mr Almanza, 5 June 2015 for Mr Daly, 27 May 2016 for Mr Mogford, 1 July 2016 for Ms Thoralfsson, 1 January 2017 for Mr Springett and 1 January 2018 for Mr Ramsay. Copies of the forms of indemnity are available on the company's website. In addition, indemnities have been granted by the company in favour of certain of the directors of some of the Group's subsidiaries in the USA, Greece, India, the UAE and the Philippines. The company has maintained a directors' and officers' liability insurance policy throughout the year under review.

Details of directors' interests (including the interests of their connected persons) in the share capital of G4S plc are set out on page 101, and the directors' remuneration is set out on page 96.

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information, and to establish that the company's auditor is aware of that information.

None of the directors had a material interest in any contract significant to the business of the Group during the financial year.

By order of the board

Celine Barroche
Company Secretary

8 March 2018