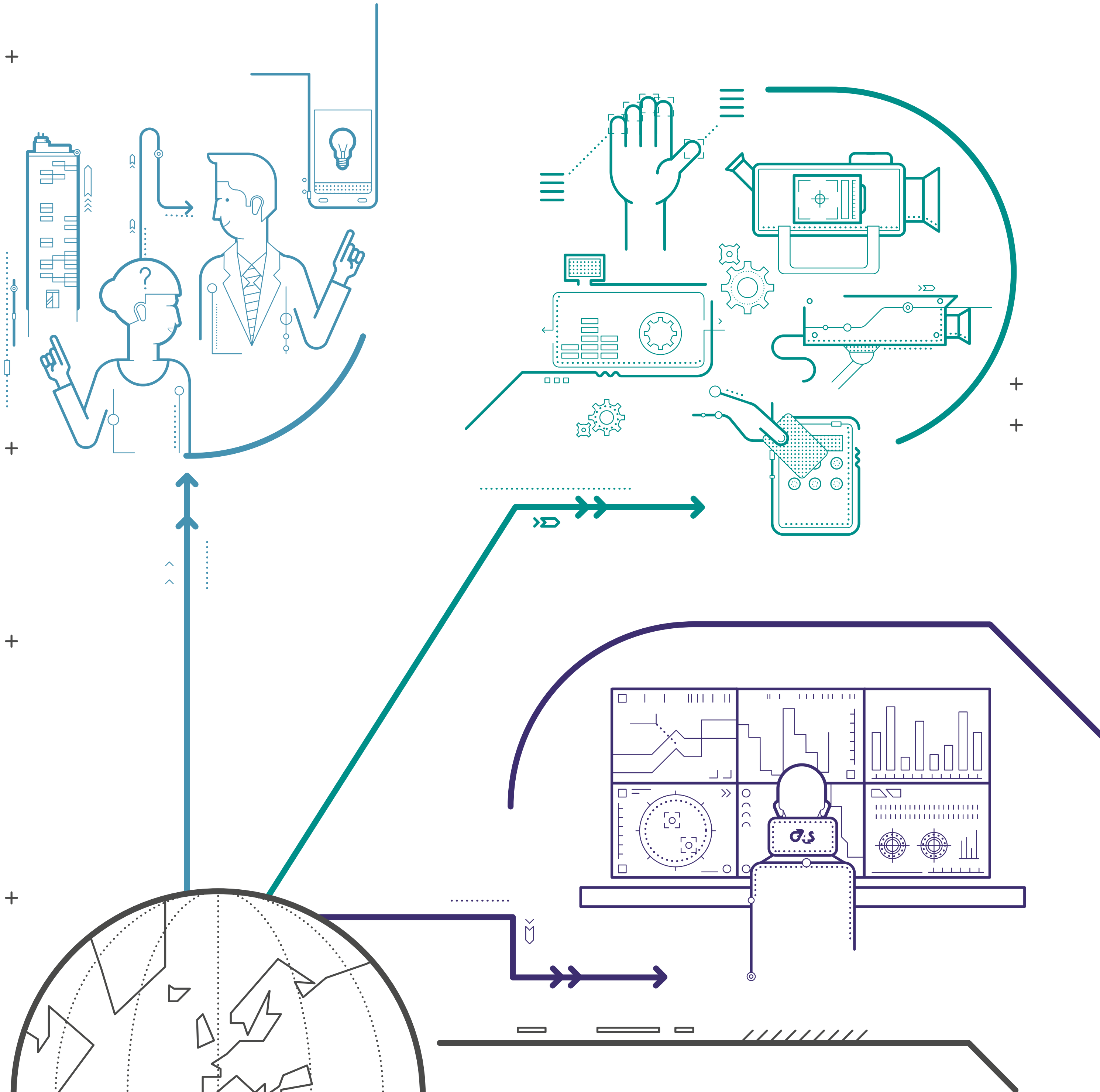
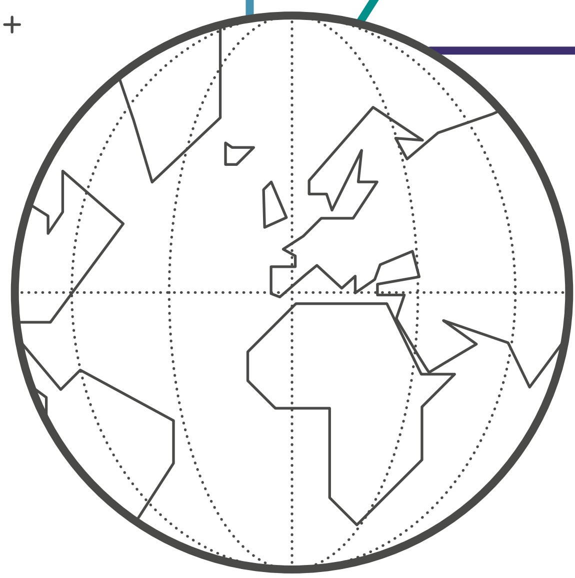




# INSIGHT
# INNOVATION
# INTEGRATION

Securing Your World

Integrated Report and Accounts 2016

# SECURING YOUR WORLD

Our enduring strategic aim is to demonstrate the values and performance that make G4S the company of choice for customers, employees and shareholders.

We aim to do this by delivering industry-leading, innovative solutions and outstanding service to our customers, by providing engaging and rewarding work for employees and by generating sustainable growth and returns for our shareholders.


Visit: www.g4s.com for more information

# Financial highlights and contents

## FINANCIAL HIGHLIGHTS

### CONTINUING BUSINESSES

Revenue KPI

£6.8bn +6.3%

(2015: £6.4bn)

PBITA KPI

£454m +9.7%

(2015: £414m)

EPS KPI

15.9p +16.5%

(2015: 13.7p)

Operating cash flow KPI

£638m +61.5%

(2015: £395m)

### STATUTORY RESULTS

Revenue

£7.6bn +10.6%

(2015: £6.9bn)

Profit before tax

£296m +279.5%

(2015: £78m)

EPS

12.8p

(2015: 0.5p)

Net cash flow from operating activities of continuing operations

£615m +71.3%

(2015: £359m)

Dividend per share

9.41p

(2015: 9.41p)

See page 32 for basis of preparation and definition of continuing businesses and page 33 for a reconciliation to statutory results. The Chief Financial Officer's review is on pages 32 to 40.

Ashley Almanza, CEO

### Strategy & Business Review

**The strategic review is set out within the Strategy and Business review on pages 4 to 55.**

Read more in our CEO review on page 4

John Connolly, Chairman

### Corporate Governance

**Ensuring that good governance is in place throughout G4S is vital for the delivery of long-term sustainable value for shareholders and for all the Group's other stakeholders.**

Read more in our Chairman's statement on page 56

## STRATEGIC REPORT

### Overview



### Strategy & Business Review



## GOVERNANCE REPORT



## FINANCIAL REPORT



### Shareholder information



KPI Financial KPI

KPI Other financial and non-financial KPIs

Please see pages 28 to 29 for a description of the Group's financial and non-financial KPIs and how they link to the Group's strategic priorities

# SECURING YOUR WORLD

## OUR BUSINESSES

**G4S is the world's leading, global, integrated security company specialising in the provision of security and related services across six continents.**

We offer a broad range of services on a standalone basis or in conjunction with other services to provide customers with valuable integrated solutions. Technology, software and systems accounted for 13% of the Group's continuing business revenues in 2016 and technology enabled security services contributed more than an additional £1.5 billion revenues in 2016.

## SECURE SOLUTIONS (83% OF REVENUES)

### SECURITY SERVICES AND SYSTEMS (78%)

#### Market

G4S operates an integrated security business in more than 90 countries across the globe. The global security market is highly fragmented; there are few international suppliers and our competitors are typically smaller local and regional companies.

#### Our approach

We design, market and deliver a wide range of security and related services and our global footprint provides valuable access to a highly diversified customer base in markets around the world. We aim to differentiate G4S by providing industry leading security solutions that are innovative, reliable and efficient.

Our scale and focus on productivity supports our cost competitiveness and our sustained investment in professional staff, technology, software and systems enables us to provide innovative and reliable solutions for our customers on a stand-alone or integrated basis.

### CARE AND JUSTICE SERVICES (5%)


#### Market

G4S's Care and Justice services are concentrated in the UK and Australia.

The care and justice market is fairly consolidated with a small number of large providers. Larger companies are usually better equipped to deliver the highly specialised services in this sector.

#### Our approach

G4S will only offer custody, detention, rehabilitation and care services where we can maintain a qualified talent pool and where the political, legal, human rights and regulatory framework is consistent with our Group values and results in acceptable operational, commercial and reputational risk.

## CASH SOLUTIONS (17% OF REVENUES)

### CASH SOLUTIONS

#### Market

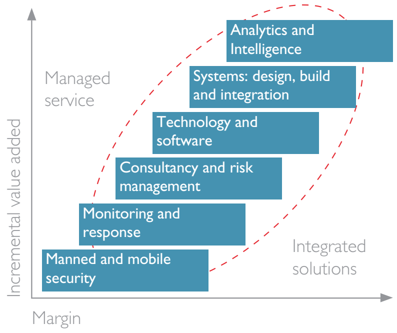
G4S Cash Solutions is one of a small number of large, global cash businesses and is the market leader or number two in 41 of its 44 markets. Each market is highly regulated, often by central banks, and the business requires significant infrastructure and expertise. G4S competes with local, national and a small number of international competitors. Cash usage in most developed markets is mature, with flat or gradually declining volumes at an aggregate market level. Cash usage continues to increase in emerging markets.

#### Our approach

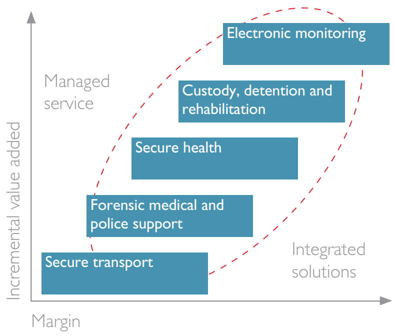
We transport, process, recycle, securely store and manage cash and we provide secure international logistics for cash and valuables. Our strategy is designed to enable us to accumulate volumes through cost leadership and product and service differentiation. To do this, we invest in technology and develop and sell proprietary cash management systems which combine skilled professionals with software, hardware and operational support in an integrated managed service.

We operate around the globe, focusing on markets where we are able to build and sustain a material market share in our key service offerings.

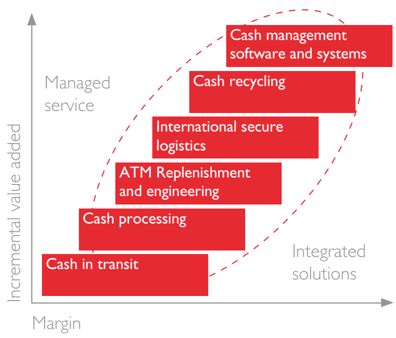
## Our solutions




## Our solutions




## Our solutions




# OUR STRATEGY

Our strategy addresses the positive, long-term demand for security and related services and our enduring strategic aim is to demonstrate the values and performance that make G4S the company of choice for customers, employees and shareholders. We aim to do this by delivering industry-leading, innovative solutions and outstanding service to our customers, by providing engaging and rewarding work for employees and by generating sustainable growth and returns for our shareholders. These aims are underpinned by the key programmes in our strategic plan:


Please see page 12 for more details.

# OUR VALUES AND 'ONE G4S'

Our people and values underpin everything we do. Our 'One G4S' model brings all areas of our business together and is designed to ensure that the way we go about our business is consistent across our global operations and is strongly aligned with our strategy and our values.

We believe that this approach will generate significant benefits for our customers, employees and shareholders.

We act with...

**INTEGRITY AND RESPECT**

We are passionate about...

**SAFETY, SECURITY AND SERVICE EXCELLENCE**

We achieve this through...

**INNOVATION AND TEAMWORK**

Please see page 15 for more details.

# SECURING YOUR WORLD

"Since 2013, the year in which we commenced the transformation of G4S, the Group's continuing businesses have grown revenues by 15% and EPS by 45% while generating operating cash flow of £1.9 billion.

Our investment in organic growth, innovation and productivity is clearly evident in the Group's improving performance and financial position as reflected in our 2016 results. G4S now has much stronger foundations, growing competitive capabilities and an attractive array of market opportunities, which underpin our aim of delivering sustainable profitable growth."

**Ashley Almanza,** Group Chief Executive Officer

## Strategy – transforming G4S:

Our strategy addresses the positive long-term demand for security and related services and our enduring strategic aim is to demonstrate the values and performance that make G4S the company of choice for customers, employees and shareholders. We aim to do this by delivering industry-leading, innovative solutions and outstanding service to our customers, by providing engaging and rewarding work for employees and by generating sustainable growth and returns for our shareholders.

The Group has materially improved its focus over the past three years and implements its strategy across two main business segments:

**Secure Solutions**, comprising:

- Security services, software, technology and systems
- Care and Justice services focused on custody, detention, care and rehabilitation in the UK and Australia

**Cash Solutions** comprising secure transportation, processing, recycling and storage of cash and valuables in domestic and international markets.

In 2013, we set out our strategy to transform G4S and I am pleased to report that in 2016 we made further, substantial progress in each of the key programmes in our strategic plan:


### People and values:

Our people and values are critical to the successful execution of our strategy. We have been strengthening our organisation by investing in talent through recruitment, internal development, promotion and training. In 2015 449,000 colleagues participated in a global employee survey and in 2016 we used that information and feedback to engage actively with our colleagues across the Group. Since 1 January 2016, we have two new regions – Asia Pacific and Middle East & India (replacing Asia Middle East) which brought additional executive resource and focus to these important markets.

In October 2016, Tim Weller succeeded Himanshu Raja as Chief Financial Officer. Tim is a highly accomplished executive with extensive commercial and financial experience in global businesses. Tim previously served as a non-executive director on our board and it is greatly to our advantage that he already has deep understanding of G4S and our transformation programme. I thank Himanshu for the contribution he made over the past three years.

As a result of the very substantial investment made in recruitment, development and training since 2013, G4S today has a much stronger global leadership team. In turn, this places the Group in a stronger position to achieve our strategic goals in the coming years. During 2016 we launched our new Group values. These clear values reflect the standards we set for the way in which we conduct our business. Through our behaviours and actions, we are working to embed these values in the culture of our organisation. I firmly believe that these values are vital to the long-term success of G4S. They are described in further detail on page 15.

### Customer relationships and service excellence:

During 2016 we continued to embed a customer and market focussed approach to sales operations and customer service management. In addition to adopting a standard sales management system we have established a Net Promoter Score model across the Group to measure and respond to customer satisfaction scores (see page 20). Alongside these measures we continue to invest in strategic account management to ensure that we anticipate and serve our customers' needs.

### Growth and Innovation:

During 2016, G4S won new contracts with an annual value of over £1.3 billion and total contract value of £2.5 billion. At the same time, we replenished our pipeline which now has an annual value of £6.8 billion and sustained average contract retention rates of around 90%. We expect demand for our services to grow by around 4% to 6% per annum over the medium term and we continue to see the benefit of investing in product and service development. Our technology, software and systems revenues grew strongly and now account for 13% of continuing business revenues. This included substantial progress with services such as Symmetry (integrated access control system) and secure integration, Retail Cash Solutions and Deposita (cash management). Further information on these solutions can be found on pages 21, 22 and 23. In our Secure Solutions business, technology-enabled services and solutions contributed over £1.5 billion in revenues in 2016.

### Operational excellence and Productivity:

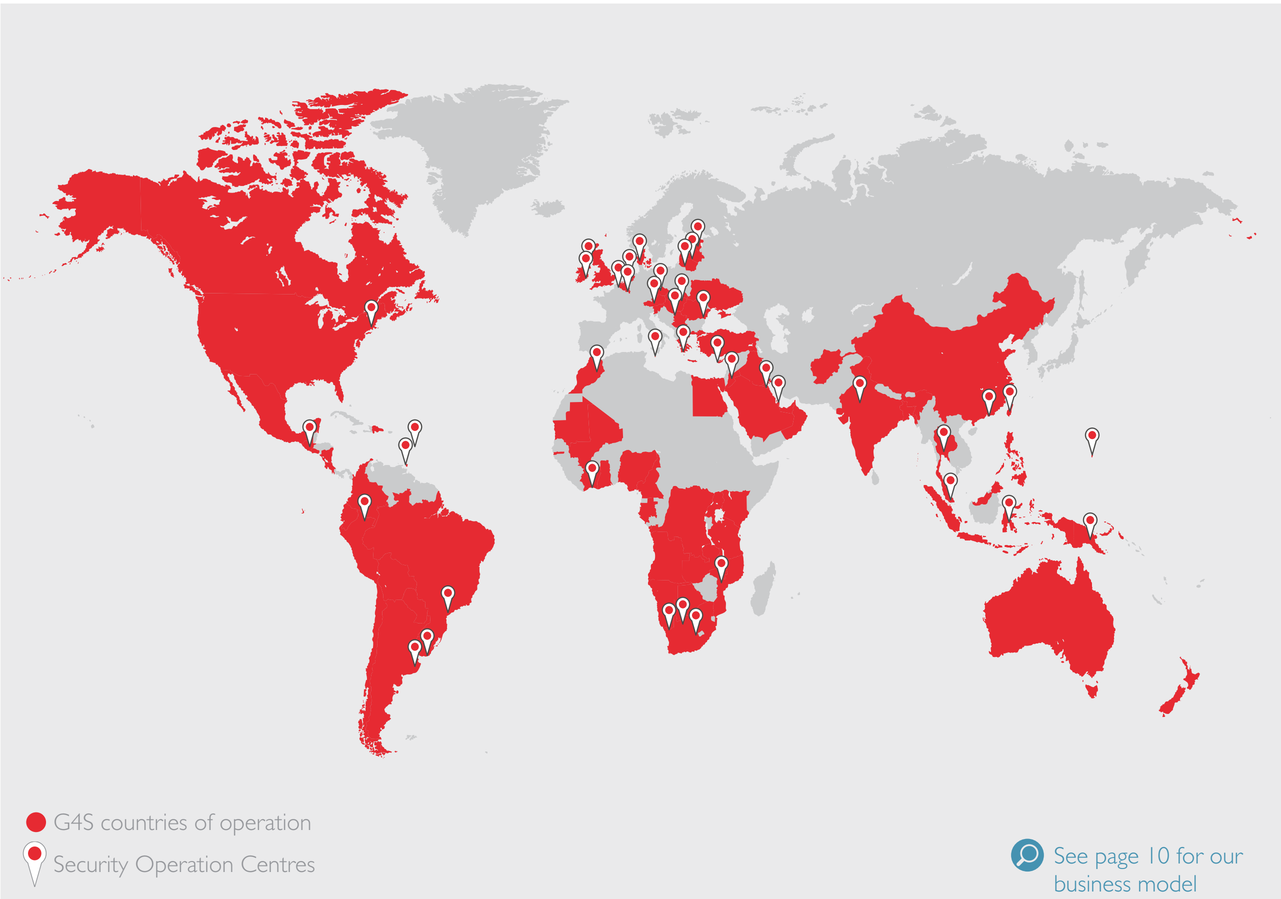
Our operational excellence and productivity programmes delivered further benefits, allowing us to continue to invest in product and service development whilst at the same time improving the Group's profit before interest, tax and amortisation (PBITA). Some of our emerging markets businesses are at a much earlier stage in our transformation programme but in our developed markets we expect to extract greater efficiencies through the implementation of automated, lean business processes and we will be piloting this initiative in Ireland during 2017.

### Health & Safety:

The safety and wellbeing of our employees and those in our care is a key priority for the group executive team and the global leadership team. Our goal is zero harm and to achieve this we are striving to ensure that every G4S employee understands and complies with safe and secure working practices. We work in an inherently hazardous industry: many of our employees travel extensively and many are trained and deployed to protect our customers and their property. As a result, road traffic accidents and criminal attacks are inherent risks we face in delivering some of our services. We have therefore invested in considerable improvements to our health and safety policies, practices, training and resources across the Group. Whilst we have made progress in significantly reducing road traffic fatalities, we faced a sharp increase in both the number and intensity of armed attacks, particularly in our emerging markets Cash Solutions businesses. As a direct result of this increase, I regret to report that 47 colleagues lost their lives in the line of duty in 2016. We are working with peer companies and the police to mitigate these attacks. We pay tribute to the courage and service of colleagues who lost their lives and we remain committed to our goal of zero harm.

**>£1.5bn**
Revenue from technology-enabled services in continuing businesses in 2016

## G4S SECURE SOLUTIONS: GLOBAL RESOURCE & CAPABILITY




See page 10 for our business model

16.6%
Increase in earnings from continuing businesses in 2016

### Financial and commercial discipline:

Since 2013 we have strengthened capital investment processes and we are applying capital with greater consistency and rigour. Strengthening our working capital management processes was a key priority for our finance and line management teams in 2016 and the weighting of operating cash flow in our annual incentive plans was increased accordingly. I am pleased to report that we saw a significant improvement in working capital management and operating cash flow in 2016.

We have also strengthened contract approval processes, whether they require significant capital investment or not.

### Portfolio programme:

Our portfolio programme has materially improved our strategic focus. Since 2013 we have divested 29 businesses (with annual revenues of c.£1 billion and PBITA of £25 million), realising proceeds of £345 million, and a further 27 businesses (with revenues of c.£445 million) are being sold or exited. In 2016 we closed four businesses and sold a further 12, realising proceeds of £82 million, including £52 million in respect of the UK Utilities business and reached agreement for the sale of G4S Israel for £88 million. The impact on our 2015 results from continuing businesses due to re-presentation of portfolio businesses is provided on page 34.

## Performance:

### Continuing business performance

Supported by the continuous investment in organic sales and business development, revenues rose by 6.3% to £6.8 billion. In addition, our investment in technology and innovation was clearly reflected in the favourable change in our revenue mix, with revenues from technology, software and systems now accounting for 13% of Group revenues (2015:10%).

The combination of growing revenues and improved productivity saw the Group's PBITA rise by 9.7% to £454 million, whilst earnings per share rose by 16.5% to 15.9 pence per share. The increase in profit and more effective working capital management saw operating cash flow rise by more than 61% to £638 million.

### Statutory results

Revenue growth was 10.6% and profit before tax increased by 279.5%. A more detailed review of the statutory results can be found on page 32, with a reconciliation to results from continuing businesses provided on page 33.

### Net debt and dividend:

Growth in profits and operating cash flow, together with disposal proceeds of £82 million helped reduce the Group's net debt to EBITDA to 2.8x (2015: 3.4x). In line with our intention to maintain dividends until net debt to EBITDA is below 2.5x, the board is recommending that the final dividend be maintained at 5.82p per share (DKK 0.5029), bringing the total dividend for the full year to 9.41p per share – unchanged from the previous year.

**ONE G4S**

The scale and breadth of G4S is a key strength and our 'One G4S' approach will help us to achieve strategic, commercial and operational alignment and to maximise synergies – both revenue and cost – across the Group. We are striving for One G4S through consistency in the following areas:

- Brand and marketing
- Product and service development
- Sales and operating models
- Processes for line and support functions
- Common values and culture

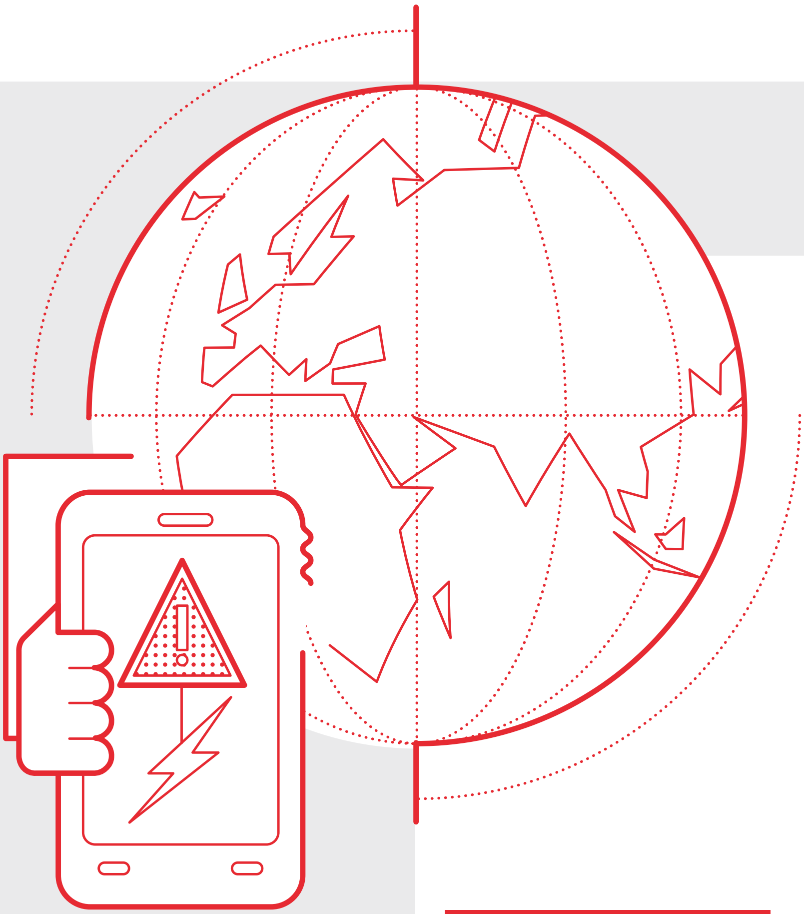
## Outlook:

During 2016, the Group made good progress with its transformation strategy. We now have much stronger foundations, growing competitive capabilities and an attractive array of market opportunities. We believe that the long-term demand for our core services remains positive and that the Group's transformation strategy will produce further performance improvements and underpin our aim of delivering sustainable, profitable growth. Finally, I would like to thank all of our colleagues across the world whose expertise and dedication to our customers and G4S is reflected in the substantial progress made by the Group in 2016.

Ashley Almanza
Group Chief Executive Officer

Watch the CEO Review online at www.g4s.com/investors

# MEETING THE DEMAND



## The world continues to face a series of divergent and emerging threats. Governments and companies require holistic approaches to ensure the security of their people and assets both at home and abroad.

The evolving nature of terrorism, which continues to threaten societies outside insurgent strongholds, has elevated security risks and concerns in many parts of the world. The key trends are featured in G4S Risk Consulting publications.

The rapidly changing nature of crime, social unrest and political uncertainty has added complexity to the security needs of our customers around the world.

G4S offers a comprehensive range of security services and solutions (see pages 2 and 3) across a global footprint.

We have invested and will continue to invest in technology, software and systems in order to provide innovative, reliable and efficient security solutions that help our customers respond to more complex and dynamic security needs.

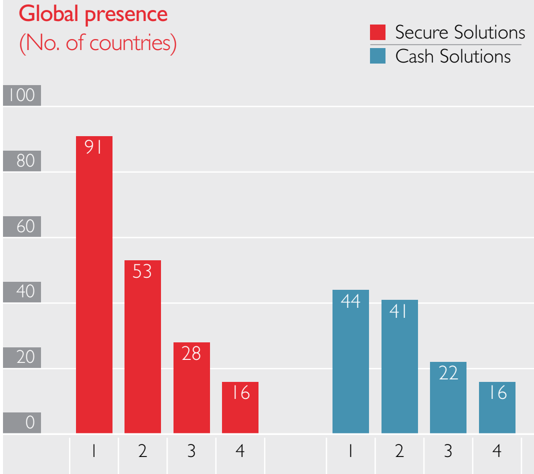
### SECURITY 500 TOP TRENDS

In November 2016, Security Magazine published some of the key concerns and priorities of the top 500 chief security officers in the United States:

- Asset protection, theft and investigations
- Workplace violence
- Terrorism
- Business continuity
- Budget and funding
- Training and employee retention, hiring
- Technology management
- Secure executive and employee travel
- Global Security Operations Centre management
- Cyber security

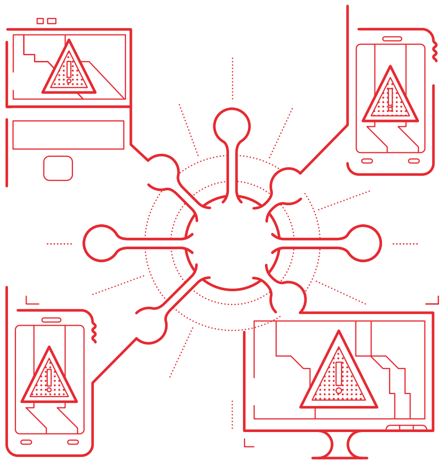
## WELL POSITIONED TO MEET DEMAND

Global presence
(No. of countries)




| | | | |
|---|---|---|---|
| 1. G4S | 91 | 1. G4S | 44 |
| 2. Securitas | 53 | 2. Brinks | 41 |
| 3. Garda | 28 | 3. Loomis | 22 |
| 4. Prosegur | 16 | 4. Prosegur | 16 |

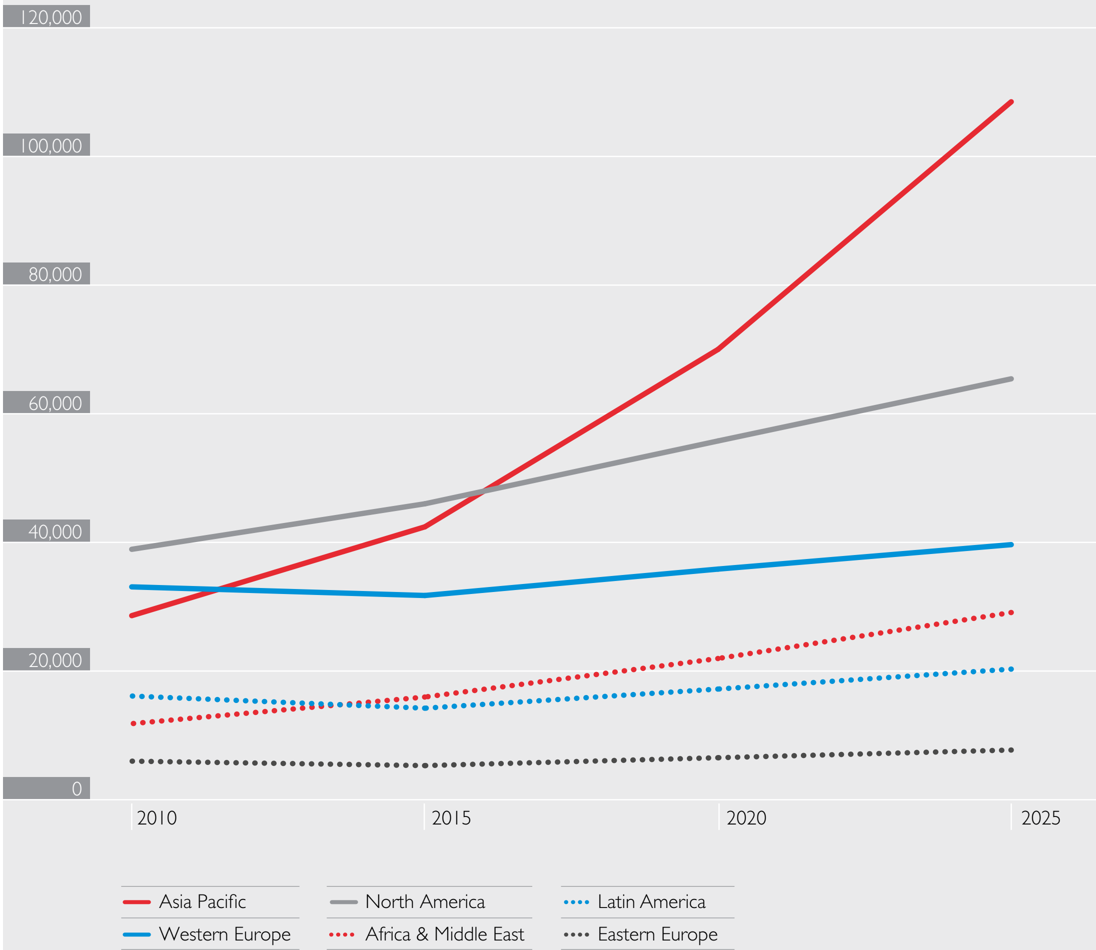
For a more detailed description of G4S products and services please see pages 2 to 3. For G4S's business model and its customer approach please see page 10.



**5-6%**
Expected market growth from 2015 to 2025 per annum**

**4-6%**
revenue growth per annum expected for G4S in the medium term

Global security market by region 2010-2025 ($m)




Source: Freedonia World Security Services report January 2017 excluding residential security.

# OUR BUSINESS MODEL DELIVERING SUSTAINABLE VALUE

## WHY CUSTOMERS CHOOSE G4S

The evolving security landscape continues to pose greater and more divergent challenges for governments, organisations and individuals across the world, supporting projected growth of the global security market by 5% to 6% p.a. to $270 billion in 2025. In addressing this demand, we aim to differentiate G4S by providing industry-leading solutions that are innovative, reliable and efficient and which protect, and add value to, our customers' organisations.

As the world's leading integrated security company, G4S is characterised by:

### Global footprint

We provide a broad range of products and services across more than 90 countries and throughout seven major regions. This scope provides us with a strong understanding and clear visibility of how security trends are evolving across the world. This insight is invaluable for positioning our solutions at the heart of customer needs.

### Deep understanding

We support our knowledge of global security trends with a deep understanding of our customers' unique needs. We have a strong heritage of more than 100 years in the security industry, helping to distinguish positively the G4S brand in our key markets around the world. Our dedicated sector experts, involvement in industry bodies and academic institutions, strategic customer relationships and customer service feedback mean that we can tailor our solutions to offer maximum value to our diverse set of customers.

### Security professionals and expertise

We recruit, screen and deploy over 150,000 new people each year. We have over 585,000* employees whose unique skills and shared values are focused on delivering high-quality service to our many thousands of customers.

### Technology (hardware and software) and innovation

We continue to invest in technology to meet the growing demand for integrated security solutions – which combine consultation, technology (hardware and software), installation, staffing and maintenance – and to drive the development of innovative new solutions for clients.

### Customer service

Excellent customer service is one of our core values and an area in which we continue to invest significantly. In the past three years, we have focused in particular on our capability, processes and performance measures to drive growth, customer retention and customer satisfaction.

## OUR CUSTOMER APPROACH

INTEGRATION

### 4. Manage

G4S designs, builds and manages global security operations centres (GSOC) for customers, both on a standalone basis and as part of an integrated offering. The GSOC receives, analyses and responds to all the security intelligence and data for a customer. Customers may outsource these activities to a G4S GSOC in order to obtain network benefits and access our security expertise. Knowledge gained through managing GSOCs reinforces our ability to assess, design, build and integrate new solutions.

G4S provides comprehensive Cash Solutions services encompassing key elements of the cash supply chain. Our managed services typically combine software, equipment and services in an integrated solution.

INNOVATION

### 3. Build and Integrate

In some markets, we are seeing a move towards integrated solutions where security or cash management services are delivered under one integrated solution. G4S will continue to invest in building its capability and breadth in many of these areas.

### 2. Design

We employ our growing resource and capability to design a solution to meet our customers' requirements, protecting and/or adding value to their organisation. This may involve a single service, bundled services (two or more services including facilities services in selective markets) or an integrated security solution from the G4S portfolio.

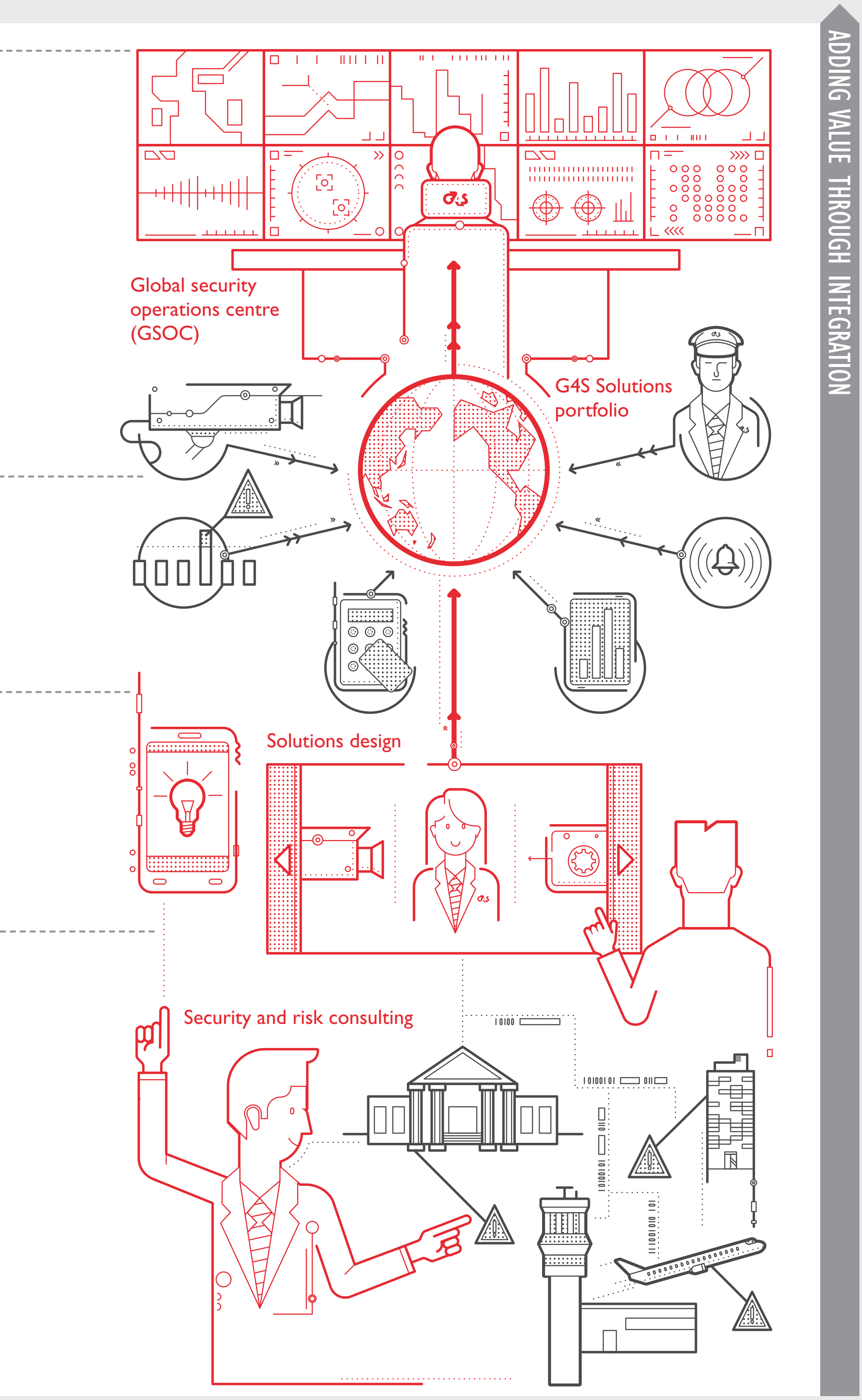
INSIGHT

### 1. Assess

We combine our understanding of our customers' business and objectives, with our security expertise to assess the customers' security risks and requirements.

**In order to grow our provision of security and related services, we use our unique industry and customer insight to deliver services that are innovative (see page 22), efficient, effective and integrated (see page 24). We do this in a stepwise process: 1. Assess, 2. Design, 3. Build and Integrate security solutions from our portfolio and 4. Manage.**

* The Group has over 585,000 employees including 27,000 employees in portfolio businesses.




## VALUE CREATION AND PERFORMANCE MEASUREMENT

### Customers

Through understanding our customers' needs we can offer them value-added, innovative, cost-effective security solutions and build enduring relationships – ensuring we have a sustainable business model. KPIs include customer and contract retention and customer satisfaction (see page 20).

### Shareholders

Our business model seeks to deliver sustainable, profitable growth for shareholders. Since 2013 we have increased continuing business sales by 15%, grown EPS by 45% and generated operating cash flow of £1.9 billion.

As a service company, the majority of our business has a relatively low level of capital intensity, but when capital investment is required – in areas such as Cash Solutions, we have the financial discipline and processes in place to allocate capital in a disciplined manner.

### Employees

Our employees are critical to our service delivery and by engaging with our employees fairly and ensuring they have the right training and skills to undertake their roles, we can attract and retain the right people. We have a zero harm goal for the health and safety of our employees (see page 14).

### Suppliers

We have a responsible procurement policy consistent with our business ethics policy (see page 24). All our suppliers must be respectful of human rights and respect established environmental standards.

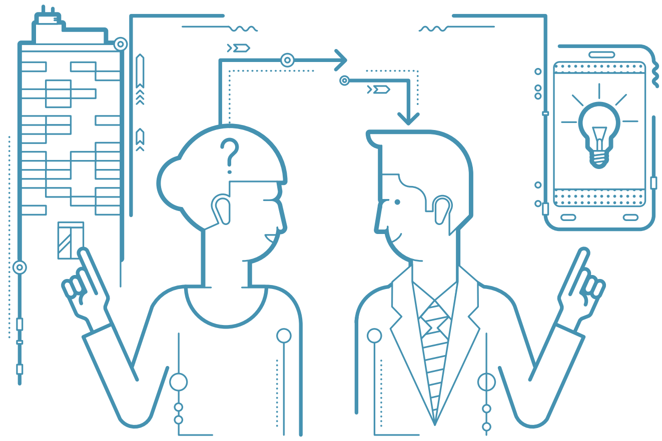
### Society

As the world's leading security company we believe that our 585,000* employees help to keep society safer. Please see the 2016 CSR report for a more detailed discussion of G4S's role in society.

# STRATEGY AND PERFORMANCE OVERVIEW

This section summarises how we have prioritised the key elements of the Group's transformation, focusing our resources and expertise in areas where we can achieve the best results for customers and sustainable growth and return for investors.

See page 14 onwards for more detail and the progress in our key performance indicators.



## CUSTOMERS AND SERVICE EXCELLENCE

**c.90%** KPI

Contract retention in 2016

### We build long-term customer relationships based upon trust and understanding of our customers' business and objectives

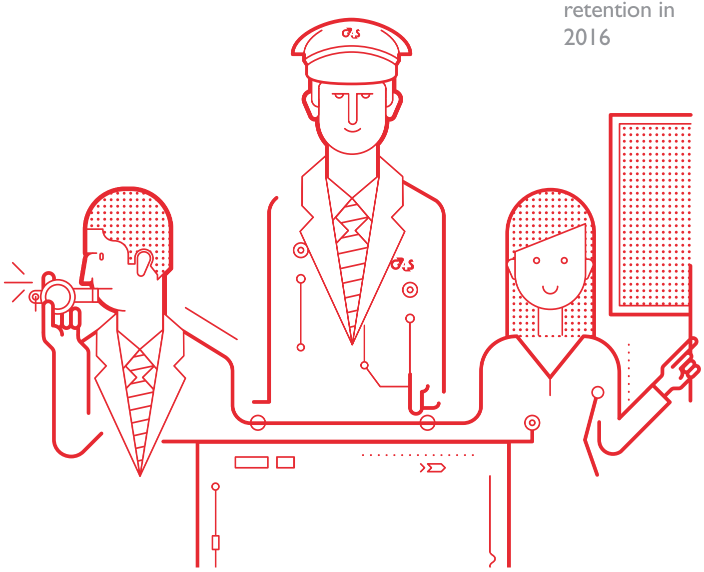
**Progress and performance**

In 2016, we retained around 90% of all existing contracts and won new work with existing or new customers with a total contract value of £2.5bn. Most of the Group's businesses now use a standardised approach to measuring customer satisfaction using Net Promoter Score. We continue to invest in new products and services and look for ways to improve productivity without affecting service.

**Key risks**

Failure to understand customers' changing needs or fall short of customer expectations.

See Principal risks: Major contracts and Growth strategy page 53 and 55




## PEOPLE AND VALUES

### We recruit, develop and deploy the best people in our industry

**7.1%** KPI

Reduction in voluntary employee turnover in 2016

**Progress and performance**

Our financial performance is underpinned by recruiting, developing and deploying the best people. To do this we invest in building robust recruitment, screening, vetting and training processes to underpin our commitment to delivering consistent service excellence and high standards of ethical and legal compliance. Since 2015, over 3,000 managers have completed H&S training modules.

**Key risks**

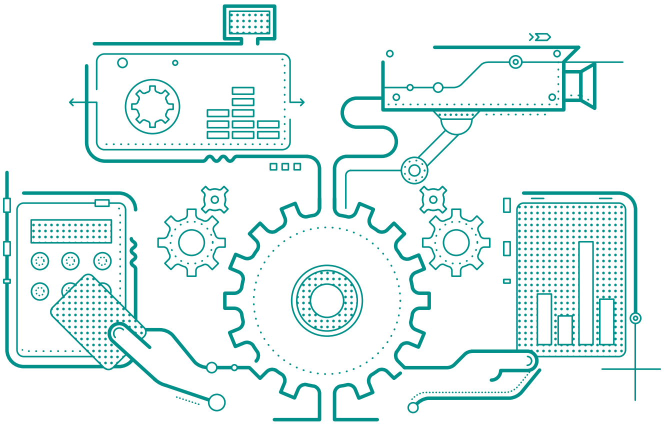
Our trained and skilled people are hired by competitors or other companies or do not behave in line with the Group's values.

See Principal risks: People page 53

Watch our 2016 results and 2017 outlook on-line at: www.g4s.com/investors

The following pages highlight some of the Group's financial and non-financial KPIs and how they link to the Group's strategic priorities. See pages 28 and 29

KPI Financial KPI KPI Non-financial KPI



## GROWTH AND INNOVATION

36% KPI

Increase in systems revenues from continuing businesses in 2016

### We design, market and deliver innovative, industry-leading solutions that protect and add value for our customers wherever they operate.

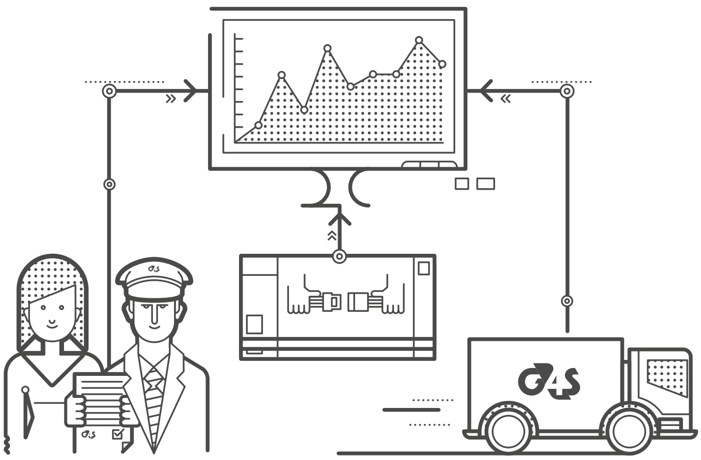
**Progress and performance**

Over the past three years through our technology centres of excellence we have invested in both the creation of new products and services and upgraded existing services. The benefits of this investment can be seen in increased sales of products and services such as Deposita, Retail Cash Solutions, Risk360 and Symmetry Connect.

**Key risks**

Failure to market or deliver our services and technology effectively or fail to deliver adequate value for our customers.

See Principal risks: Growth strategy page 55




## OPERATIONAL EXCELLENCE AND PRODUCTIVITY

9.7% KPI

Increase in PBITA from continuing businesses in 2016

### We have secure, safe, reliable and efficient operations

**Progress and performance**

Over the past three years we have invested in best-in-class operating and safety standards and subject matter experts for operations, security and safety. We have also invested in technology, IT and procurement and in business and process restructuring. The benefits of this investment can be seen in the improvements in the Group's PBITA.

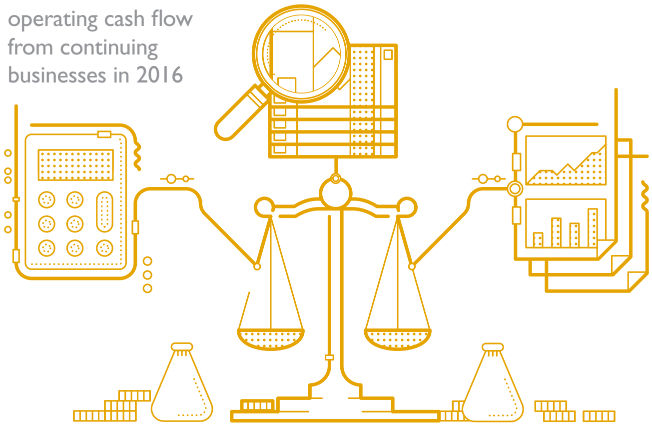
**Key risks**

Failure to comply with our standards results in harm, loss of expertise and investment fails to deliver benefit.

See Principal risks: page 52 to 55

61.5% KPI

Increase in operating cash flow from continuing businesses in 2016



## FINANCIAL AND COMMERCIAL DISCIPLINE

### We manage risk effectively and ensure we have profitable, cash-generative services

**Progress and performance**

A key part of the transformation of G4S in recent years has been as a result of greater financial discipline especially in the areas of capital investment, cash generation and working capital management.

Since 2013 we have been embedding a "cash matters" culture within the organisation (see page 26) and improved operating cash flow from continuing businesses by 61.5% in 2016. Our risk management programmes focus management attention on mitigating the critical risks within the business (see page 51).

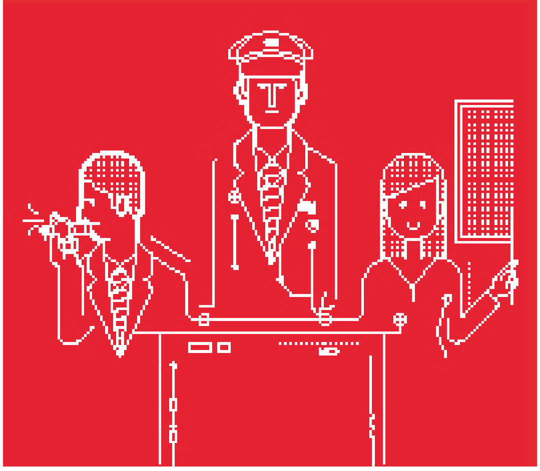
Portfolio management is also a key part of capital discipline and ensures focus and performance management for the Group. We divested 12 businesses in 2016, bringing the total number of businesses sold or exited to 29 since 2013 with proceeds raised of over £345 million with agreement for a further £88 million in 2017.

**Key risks**

Inefficient capital management and failure to comply with Group risk management standards.

See Principal risks : Major contracts page 53

# PEOPLE AND VALUES



## LIVING OUR VALUES

Jenni Myles
Group HR Director

"With over 585,000 people, G4S is one of the world's largest private employers. Our employees touch the lives of others every day, providing crucial services to keep them safe and secure. Our success is therefore underpinned by the way we lead and engage with our people, the way we work, and the way we are organised. Our values are embedded in the standards, policies and guidance which we set out to help employees and managers perform. To ensure we deliver long-term value we continuously review the health of the organisation in six critical areas:

- Organise – is our organisation and culture effective?
- Acquire – do we have the right people in the right places?
- Protect – do we prioritise the safety of our employees and those in our care?
- Develop – do our employees have the capability to deliver?
- Engage – are our employees committed to doing a good job?
- Reward – do our incentives support sustainable performance?"

### Embedding new values across the Group

Following their launch early in 2016 we have started to develop tools to raise awareness of the new values and to realign our human resources (HR) processes and systems with them. Before doing so, we wanted to ensure our employees were given the opportunity to provide feedback on what the values mean to them in their daily working lives. We conducted over 50 focus groups in 34 countries to consult our employees face to face. Their feedback was both heartfelt and helpful and we are incorporating it in the tools we develop including video and on-line training for managers. Scenario-based exercises are also being developed using challenging situations that employees may face in their normal working day. These tools help to bring the values to life and help employees to understand and use appropriate behaviours and responses.

### Health and safety

The process of building capability to improve our management of health and safety (H&S), eliminating fatal incidents and potentially fatal risks continued during 2016:

- Improvement programmes targeting high-priority countries continued, with support and oversight provided by both Group and the regions. Programmes were also introduced for specific risk areas, such as motorcycle safety. H&S reviews were conducted in seven countries.
- The Group's core H&S standards were revised in 2016. The implementation was supported by the introduction of formal guidance as well as training for H&S practitioners across the Group.
- A further on-line training module was introduced covering the minimum H&S requirements for G4S businesses. Since 2015 over 3,000 managers have completed on-line H&S training modules.
- All businesses completed H&S control self-assessments based on the Group's core standards as part of the Enterprise Risk Management (ERM) system. Actions were agreed to address any issues that arose.
- On-line incident management and action tracking was introduced in selected businesses. This programme will only continue in businesses where it can deliver a tangible improvement to H&S performance.

As a direct result of sharply higher levels and greater intensity of armed attacks on our employees, work-related fatalities increased to 47 in 2016 from 46 in 2015. This is a tragic loss for their families, friends and colleagues and reminds us of the importance of our efforts when it comes to H&S. We are working closely with peer companies and law enforcement agencies to mitigate these attacks. The number of road traffic-related fatalities has decreased by 20% since 2013 when the road safety programme was launched.

All fatal and permanently disabling incidents are reported, investigated and followed up through a standardised process, led by the managing director of the business concerned with oversight from Group Health and Safety.

**20%** KPI
Reduction in road-related fatalities since 2013

**Zero** KPI
Harm is our H&S goal

**3,000** KPI
Managers completed H&S training since 2015

## HR core standards

At the same time as the launch of the new values, the HR core standards, which every business must comply with, were also revised. Originally developed in 2006, the updated standards are simpler and shorter, and align better with the current business and people risks. HR leaders across the Group have undergone on-line training to understand the updated standards. Since their re-launch every business has completed a self-assessment of compliance with the core standards using our new enterprise risk management system. The system provides a common platform for managing risk and streamlines the process for completion, monitoring and reporting compliance against the standards. As with previous years, any gaps identified are followed up via both regional and Group HR teams and through business audits. More on Risk and our ERM system can be found on page 51.

As well as investing time and effort in ensuring our existing operations are optimal, we are also developing a new standard IT system for our manned security operations, which will be piloted in Ireland in 2017 and will streamline our processes and significantly improve access to data, reporting accuracy and timeliness.

## Screening and vetting of our employees

Several of the revised HR core standards with which businesses have to comply relate to our screening processes. Getting these processes right is vital to ensure we safeguard our customers' assets and our reputation as a trusted supplier. Our screening processes have evolved over time. Security regulations have changed, new risks have emerged and access to different sources of screening data, such as social media have become available. During 2016, we reviewed our screening policy and practices, particularly for high-risk roles such as those requiring firearms or working in hostile environments. This will lead to the development of a Group-wide training programme for HR and recruitment practitioners. The new programme will be mandatory and delivered online, supplementing existing training related to our HR core standards, regulatory and customer requirements.

## OUR VALUES

We act with...

**INTEGRITY AND RESPECT**

We are passionate about...

**SAFETY, SECURITY AND SERVICE EXCELLENCE**

We achieve this through...

**INNOVATION AND TEAMWORK**

**Our values are the standards we set for ourselves and they are reflected in the culture of our organisation through our behaviours and actions. They help us to attract and retain employees, to win and keep important customers and to obtain appropriate long-term investment in the Group – all of which contribute to our goal of achieving sustainable profitable growth.**

*Integrity and Respect*

**Our business activities and relationships are built on trust, honesty and openness. We deliver on the promises we make and treat our colleagues, customers and those in our care with the utmost respect.**

*Safety, Security and Service Excellence*

**We work in a safe way and take great care to protect our colleagues and customers from harm. We are experts in security and use that knowledge to protect our customers' most valuable assets. We are passionate about delivering high levels of customer service.**

*Innovation*

**We invest in technology and best practice to continually improve our service offering. We challenge ourselves to find new ways of helping our customers.**

*Teamwork*

**We work together as a team to achieve the best results for our customers and our business. Everyone has a valid opinion and their contribution is valued.**

## RESPONDING TO THE 2015 ENGAGEMENT SURVEY – COLOMBIA

**In the 2015 engagement survey in Colombia, our colleagues expressed concern that they didn't have an efficient mechanism to raise queries about payroll (and other topics) and when they did raise them they were not receiving timely responses. To address this, the HR department developed an in-house tool, where our colleagues, wherever they are in Colombia, can raise any concerns about their pay. This has led to a reduction in payroll queries through other channels like email, or through supervisors.**

**The concerns are answered within the following five working days, and on average about 160 payroll queries are raised through this new tool each month.**

## Employee retention

High employee turnover is another people risk we seek to mitigate through the HR core standards. It impacts not only our ability to deliver excellent service but also the costs for doing so given the intensive recruitment, training and screening involved. The causes and potential solutions for high turnover in our businesses are many and varied. In 2016 we made it a priority for all businesses but focused significant efforts on a small number where it was clear it made a material difference. These businesses shared ideas and reported their efforts quarterly. Additionally, a toolkit for HR practitioners is being developed which provides guidance on how to analyse the root causes of employee turnover as well as how to address them in a practical way. The efforts and focus on retention have corresponded with a reduction in the percentage of voluntary turnover across the Group by 7.1% in 2016. The reduction was particularly noticeable in Africa, Latin America and the Middle East & India regions. No doubt the economic uncertainty in some countries played a part in this change, but we believe the relentless attention the businesses paid to attrition has been a positive factor. In 2017 we will continue our focus on retention but also look for ways to strengthen our recruitment activities using a similar toolkit and targeted approach.

## Employee engagement

The feedback from 449,000 employees who completed the employee engagement survey in 2015 provided some ideas on how to reduce high labour turnover mentioned above. We believe that motivated and highly-engaged employees are more likely to work harder and stay longer so the survey is a critical opportunity to assess levels of engagement and to find out what really matters to our employees. We want to know what they think of G4S as an employer and what they feel the Group needs to do more of, less of and differently in order to improve their working day. During 2016 businesses have been implementing the action plans in response to feedback from the last survey. A case study illustrating this is shown on page 15.

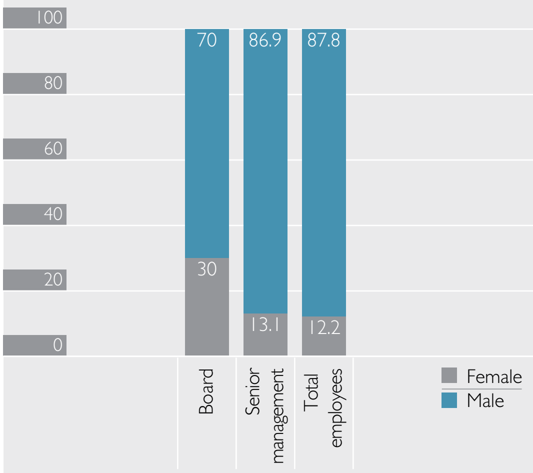
The next engagement survey is being prepared for distribution during 2017. This time the questions will be aligned to the new Group values as a way of further embedding them in our processes and gathering employee feedback on how well G4S lives up to these values and what needs to change. Access to the survey is being extended this year by wider use of mobile technology and an increase in the total number of languages available. We look forward to reporting the results in 2018.

## Diversity and inclusion

Our employee diversity is a source of competitive advantage to G4S. We believe it helps us innovate and stay ahead of the competition. To harness our great diversity and enable all our employees to realise their full potential, we encourage our businesses to create inclusive working environments. Tools including on-line cultural awareness training and cultural calendars are available to employees, and we encourage them to seek, acknowledge and value differences. Robust policies are in place which make it clear that we do not tolerate any form of discrimination. If employees believe they are unfairly treated we offer multiple channels for raising concerns, including our global reporting hotline, Speak Out.

We review annually our global-diversity metrics (see above) and take opportunities to reach out to under-represented groups through our recruitment at all levels. While security continues to be seen as a less attractive career opportunity for women, we are making progress in other areas of diversity. For example we continue to receive recognition for the employment opportunities offered to military and law enforcement veterans in North America.

Employee gender diversity (%)




## Talent management

Our diversity and inclusion strategy is integral to our talent management. We know that to be an organisation that can respond, reflect and connect effectively with our customers, we need greater diversity in our leadership and management populations as well as in the front line. We monitor diversity in the talent pipeline and succession plans and review recruitment decisions where necessary.

In 2016 over 700 managers were included in our global talent review process. Through this process there has been a year-on-year increase in the number of people seen as having potential to progress to more senior roles, which is pleasing, as is the reduction in the percentage of external appointments made to senior roles from 31% to 24% in 2016.

We continue to invest in developing the future leaders identified through the talent review process. In 2016 a total of 115 leaders participated in the Regional Leadership Programme and in 2017 all regions will have at least one programme running. We have up-skilled our senior HR leaders to deliver the programme with support from local management, which was always an integral part of the programme design. We are now in the second phase of this programme for those who graduated in 2016, providing ongoing career coaching and measuring the positive impact they are having on their businesses.

**449,000** KPI
Employees responded to an engagement survey in 2015

**7.1%** KPI
Reduction in voluntary employee turnover %

## PEOPLE AND VALUES: TEAMWORK

Graham Levinsohn
Regional CEO, Europe

### Brussels airport

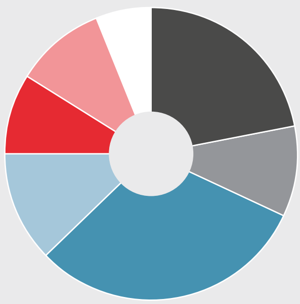
**"Following the horrific terrorist attack at Brussels airport in March 2016, the courage, selflessness and teamwork of our people played a vital role in providing first responder aid to many victims and in getting the operations at this important European aviation hub back to normal."**

**G4S provides over 1,000 security officers at Brussels airport covering passenger screening, hold baggage screening and access control. Our teams also provide close support to hospitality and winter operations at the airport.**

**Following the terrorist attack at the airport on 22 March 2016, G4S was the sole company at the airport to secure all access locations and zones that then had to be rebuilt or restored. With extra security measures required by the customer and in co-ordination with the police and government, G4S transferred more than 200 additional employees from other parts of the business in a short period of time.**

**26%**
Employees in North America are military and law enforcement veterans

### Employees by location as at 31 December 2016 (%)



| | |
|---|---|
| Africa | 22% |
| Asia Pacific | 10% |
| Middle East & India | 31% |
| Latin America | 12% |
| Europe | 9% |
| North America | 10% |
| UK & Ireland | 6% |

### Learning and development

We have established a learning and development centre of excellence, working across regions, functions and cultures. The centre will also ensure more sharing of learning resources and collaboration on new ones. In 2016 further on-line courses on health and safety and firearms were added to those already available to all G4S employees via our Learning Management System. Additionally, a new portal has been made available which provides access to a wide range of personal development tools to help employees increase their capability in their existing roles and prepare them for their next career move. Plans for 2017 include extending the resources available on the new career development portal, launching an updated induction training programme and refreshing the current competency framework to reflect the new values and the corresponding behaviours we want displayed.

In the UK & Ireland we are aiming to offer up to 300 apprenticeships in 2017, which will assist our recruitment activities and provide development opportunities for existing employees. Working alongside a number of other similar employers, we will be piloting some new nationally recognised standards for apprenticeships, including ones in custody and detention and security analysis.

## Employee relations and freedom of association

With 32% of our employees covered by the terms of a collective agreement, unions and representative forums are important mechanisms for employee involvement and help provide the organisation with vital feedback on matters of importance to our employees. Such agreements exist at a local, European and global level and we work hard to maintain constructive dialogue. We believe our Ethical Employment Partnership with UNI and the GMB remains a differentiator in the market, and offers an additional layer of review and escalation in the event that serious matters come to light which cannot easily be resolved at a local level. In 2016 we hosted a successful European Works Council (EWC) meeting in London, with employee representatives from over 20 European businesses. Following a review of the EWC Agreement we have agreed to some new principles about our partnership way of working, including how we seek to resolve disputes and to improve communication and consultation on transnational matters. The regular EWC newsletter, introduced in 2016, has been well received and will be repeated in 2017.

## Pay and reward

We invest time and money in benchmarking our pay and benefits to ensure the terms and conditions offered remain competitive and we can attract and retain the best candidates. Our performance incentive schemes are reviewed and refreshed annually so they align with the business priorities and the link between performance and rewards is clear.

## Business ethics and anti-bribery and corruption

Ethical conduct is not just a solution to the challenges of legal compliance, but a means of doing business which provides customers, employees, partners and communities with the confidence that they are working with an ethical organisation. Acting with integrity across the world is a key element of our business strategy and a positive differentiator with customers.

Every year we review our business ethics policy to ensure it reflects the current business and political environment and addresses any risks which may exist. Implementation of the standards described in the policy is the responsibility of local managers. The effectiveness of the implementation is subject to review through our internal audit programmes and from investigations triggered by whistleblowers or colleagues raising concerns with their managers. Compliance statements are now signed by the businesses and regions on a quarterly basis.

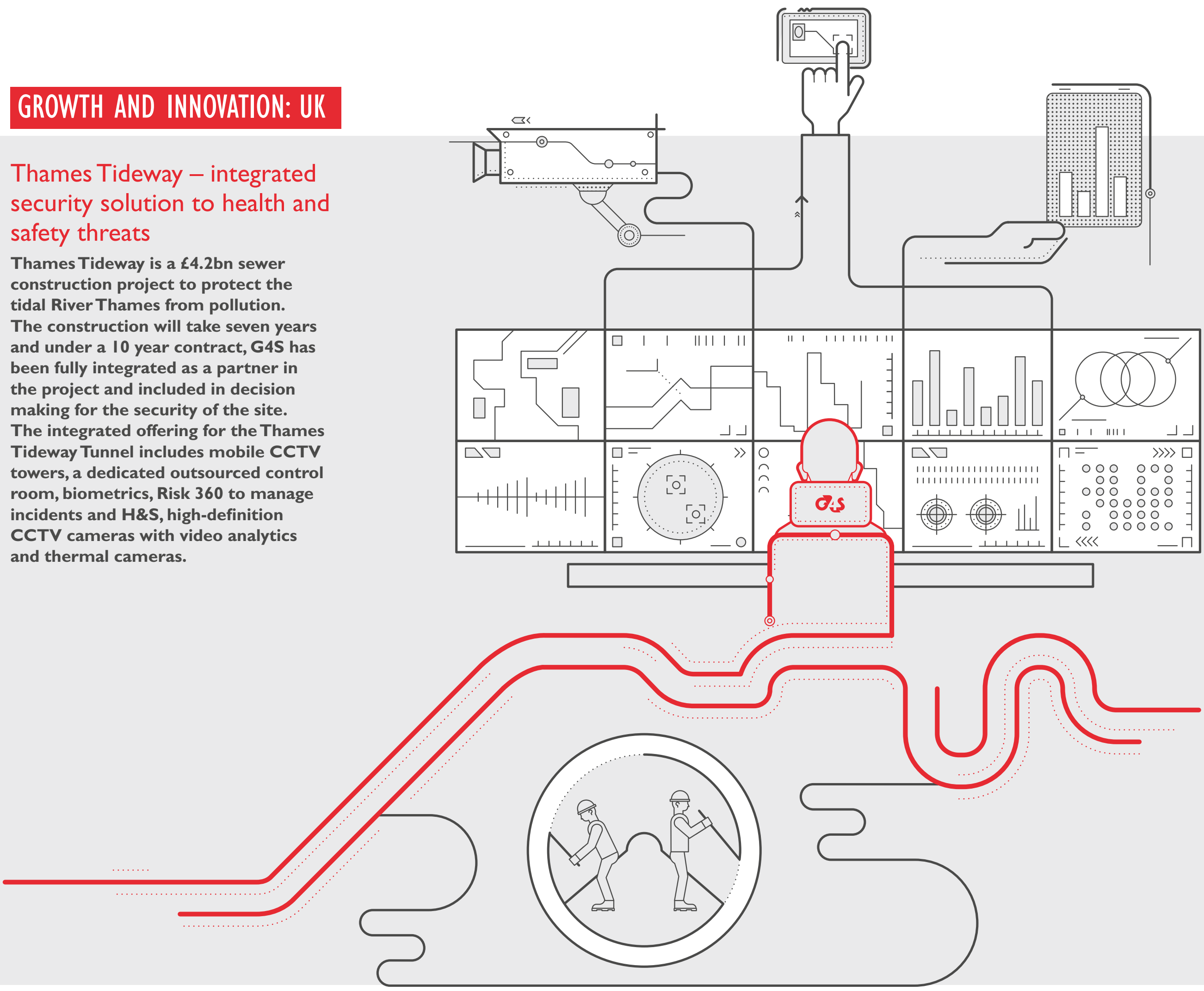
**300**

Apprenticeships to be registered in the UK in 2017

GROWTH AND INNOVATION: UK

### Thames Tideway – integrated security solution to health and safety threats

**Thames Tideway is a £4.2bn sewer construction project to protect the tidal River Thames from pollution. The construction will take seven years and under a 10 year contract, G4S has been fully integrated as a partner in the project and included in decision making for the security of the site. The integrated offering for the Thames Tideway Tunnel includes mobile CCTV towers, a dedicated outsourced control room, biometrics, Risk 360 to manage incidents and H&S, high-definition CCTV cameras with video analytics and thermal cameras.**



# PEOPLE AND VALUES: SAFETY, SECURITY AND SERVICE EXCELLENCE

## Mozambique road safety, Africa

**G4S Africa regional president Mel Brooks said:**

**"During 2015, G4S Mozambique suffered 27 road traffic incidents, posing a serious risk to the safety of our employees. In response, and to help achieve the organisation's objective of zero harm, a new road safety action plan was implemented.**

**A new driver training and evaluation programme, covering theoretical and practical tests, has been rolled out this year, which is supported by a wide range of safety awareness booklets, posters and videos as well as regular 'toolbox talks'. The results have been positive, with a reduction of 51% in road traffic incidents during 2016."**

## Speak Out

Whistleblowing system implementation completed in 2016

During 2016, we completed the implementation of Speak Out, an upgraded global whistleblowing system and case management tool to enable us to capture information on whistleblowing cases across the Group and to analyse trends and issues raised on a more systematic basis. Our ethics steering group works to ensure the appropriate focus on whistleblowing and ethical behaviour across the Group and makes sure that we are constantly challenging ourselves to meet the highest standards.

From time to time, concerns about the conduct of our colleagues or our business partners are brought to our attention. We take all such concerns seriously and work with internal audit and external investigators to ensure all issues raised are addressed appropriately.

## Human rights

Our human rights framework supports the continued development of an ethical and sustainable business model that encourages the improvement of standards, job creation, community support and broader beneficial impacts on societies throughout the world.

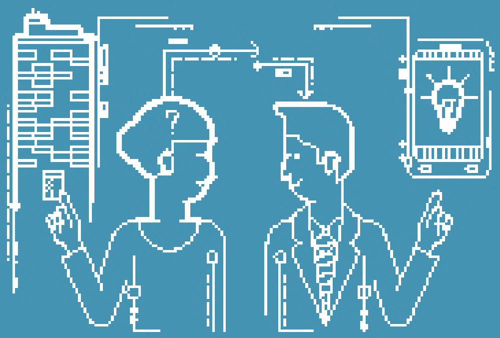
The framework has been embedded across the Group, including processes for assessing the Group's human rights risks in many areas such as bidding for major contracts, entering new markets and analysing the environments in which we operate. These practices are driven by an annual assessment of human rights risks and a series of assessments and reviews in markets where risks exist.

Where risks or concerns are identified, action is taken to make sure that we put in place processes to mitigate or reduce any risk.

In some cases, this means that a business or operation can be scrutinised intensely by either G4S or independent experts.

More detail on human rights risk assessment can be found in the risk management section and the CSR report.

# CUSTOMERS AND SERVICE EXCELLENCE



## We build long-term customer relationships based upon trust and understanding of our customers' business and objectives.

### Positive demand for security services

We believe that the long-term demand for our services remains positive and we expect to grow by around 4% to 6% per annum. We continue to sustain contract retention rates of around 90%, have won substantial new business and more than replenished our sales pipeline.

### Investment in sales leadership and account management

Over the last three and a half years we have invested heavily in sales leadership, sales and service training, customer relationships and account management. Increasingly, our understanding of customer requirements provides us with opportunities to deploy technology based solutions (see page 22).

We have also invested in capturing global customer opportunities which has delivered success with customers such as global banks (see page 49). Our sales pipeline and sales management has improved with the use of a mandatory sales management system, giving us better visibility and management of our pipeline.

We continue to build and replenish the sales pipeline which, after taking into account continued strong conversion in 2016, had an annual contract value of £6.8 billion at the end of the year. Importantly, we're now getting better at qualifying our pipeline early, to ensure we focus our resources on the most promising opportunities. As we get better at pipeline qualification we aim also to improve our win rate. The pipeline is diversified by service, geography and customer segment.

With existing customers, we have embarked on a Group-wide Net Promoter Score (NPS) survey exercise, following very successful regional tests started in North America and Latin America in 2015. In 2016 over 21,000 surveys were conducted successfully in more than 40 different languages and with a more than 10% improvement in scores compared with the previous year. All of our top 10 customers were surveyed in 93 countries.

The surveys provided invaluable insight identifying correlations between the NPS and contract retention and the ability to provide additional services to our customers. For 2017 G4S will further double the numbers of surveys conducted applying automated survey tools. The aim is that real-time responses from the relationship surveys allow for our teams to address concerns in the field within 48 hours as well as positive feedback to our high-performing employees.

### Substantial new business won

Our investment in customers has resulted in substantial new business won – see chart below.

**c.90%** KPI

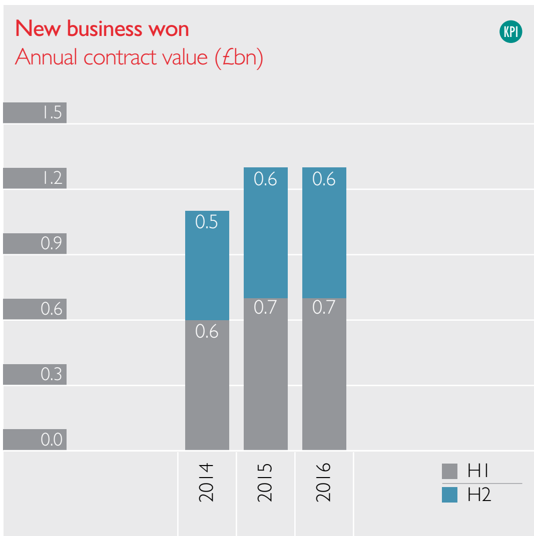
Customer retention

## BUILD LONG-TERM RELATIONSHIPS

Jesus Rosano
Group Strategy and Commercial Director

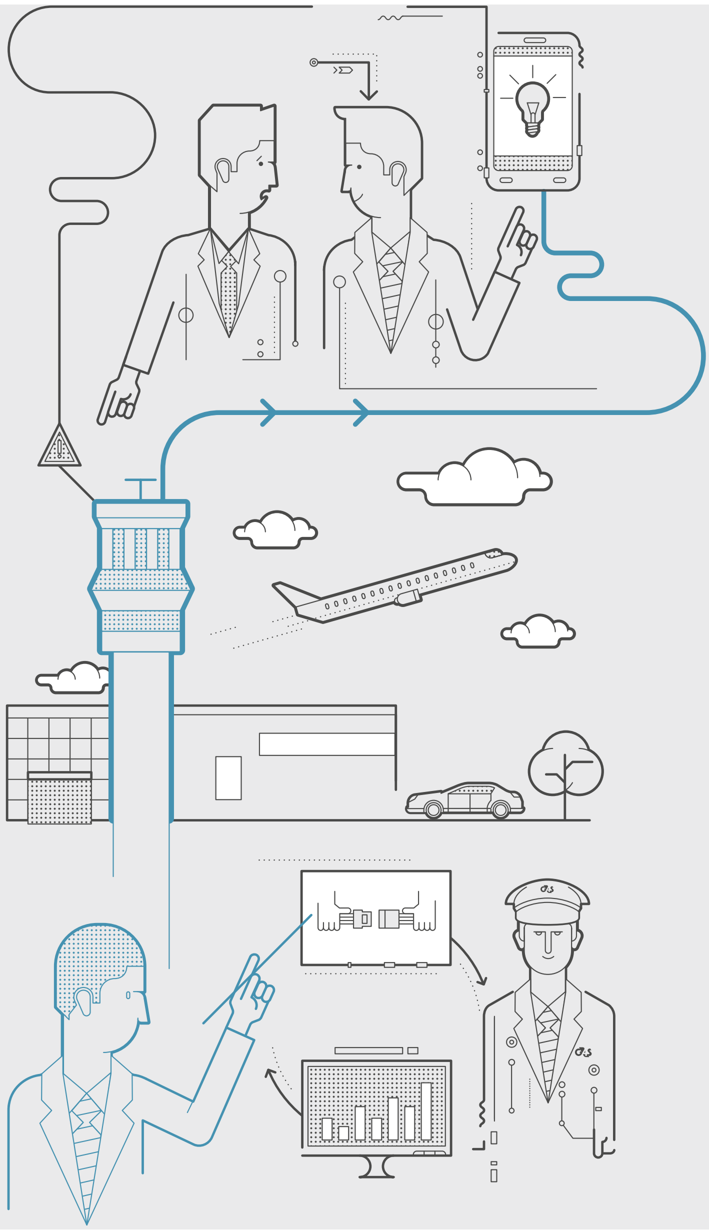
### Net Promoter Score

**"Since January 2016, most businesses across the Group have been using Net Promoter Score (NPS). NPS provides a standardised approach to measuring customer satisfaction and improving contract and customer retention."**




**£2.5bn**

Total contract value of new business won in 2016



## CREATING VALUE FOR OUR CUSTOMERS

Claude Allain
Regional President – Middle East and India

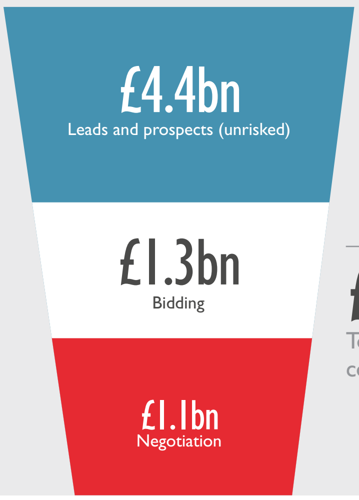
### Kuwait airport – an Integrated Solution

**"In collaboration with G4S Risk Consulting colleagues, we have reviewed and updated all aspects of security at Kuwait airport."**

**In 2016, G4S Risk Consulting was approached by Government of Kuwait to run a programme to review and update all aspects of security at Kuwait airport. G4S Kuwait and Risk Consulting worked together to design a solution embedding risk consultants, security officers, International Civil Aviation Organization compliance audits covering technical, physical and procedural security measures and improving training, mentoring and supervision. This integrated solution ensured that Kuwait airport became fully TSA-approved within three months thus expanding the number of international destinations it is able to service.**

### Large, diversified sales pipeline

KPI




£6.8bn
Total annual contract value

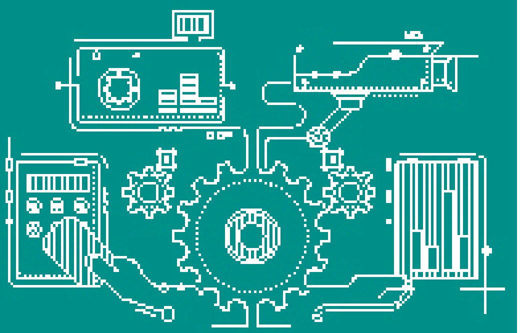
## EFFECTS-BASED SECURITY DESIGN

### Effects-Based Security Design (EBSD)

**EBSD is a planning methodology G4S has adapted from Effects-Based Operations (EBO), a NATO tool. It is an effects-based or output approach which looks for the best mix of security measures to deliver a client's security needs. EBSD minimises risk, optimises the effectiveness of limited resources and helps customers understand why resources are needed to mitigate risk and to achieve objectives.**

**Our unique adoption differentiates G4S from competitors and has helped us to win contracts to deliver integrated solutions.**

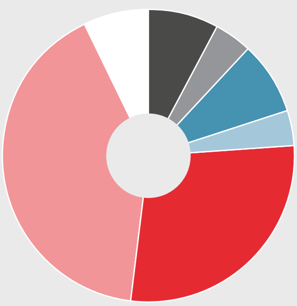
# GROWTH AND INNOVATION



**Since its formation in 2004, G4S has positioned itself as an integrated security company providing manpower and technology, systems and software. Based on our customer relationships and insight, our focus in recent years has been on investing in the development and marketing of new products and services to strengthen our service offering, to support growth and improve margins over time.**

Increasingly, our bespoke offering for customers includes technology in the form of systems and software. In some cases we own the equipment in our customers' facilities but for larger customers we tend to sell direct and have a long-term management and maintenance contract. Some of our services and technology solutions which are gaining commercial momentum in key markets are highlighted here:

### % of technology revenues by region



| | |
|---|---|
| Africa | 8% |
| Middle East & India | 4% |
| Asia Pacific | 8% |
| Latin America | 4% |
| Europe | 28% |
| North America | 41% |
| UK & Ireland | 7% |

## Secure Solutions

In our Secure Solutions business we continue to invest in product and service innovation including the development of:

- Proprietary security systems such as Symmetry Connect access control systems (see case study below)
- Video and intelligent cameras
- Visitor management systems
- Global security intelligence systems such as GIS
- Software tools including incident management and travel advisory systems such as Risk360 and TravelAware (see page 45)

Following 36% growth in 2016, 13% of Group revenues from continuing businesses are from technology, software and systems.

We provide customers with a variety of options – purchasing individual service lines, two or more services, through to integrated managed services whereby G4S manages all the risk assessment and security requirements of a customer including their local security operation centres or global security operation centres (GSOCs). In our Secure Solutions business, technology-enabled services now contribute over £1.5 billion in annual revenues. Read more in our business model description on page 10.

**>£1.5bn** KPI
Revenue from technology-enabled solutions

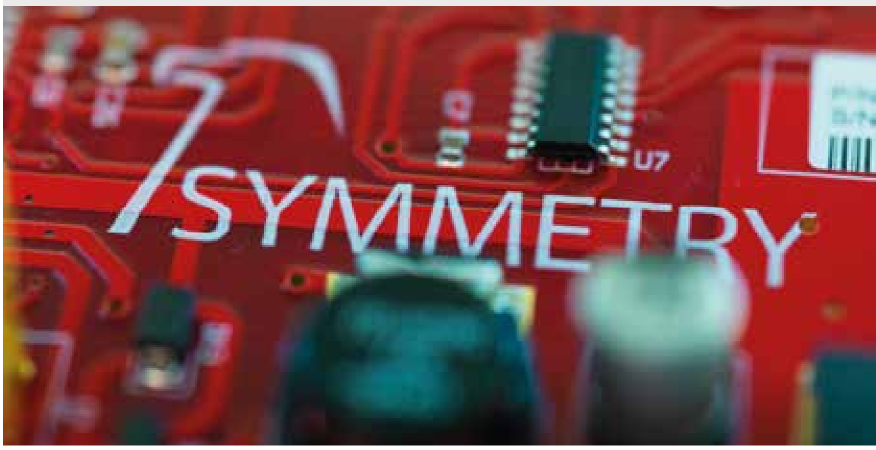
## SECURITY EXPERTISE AND INTEGRITY

### Symmetry solution – Federal Trade Commission, United States

**In October 2016, the Federal Trade Commission (FTC) selected G4S technology solution – Symmetry Homeland Access Control system – for its 13 offices in Washington DC and the surrounding area.**

**The Symmetry product platform provides access control, intrusion detection, video management, identity solutions and visitor management. Symmetry is installed in all branches of the US Department of Defense (DoD), along with numerous DoD entities. Symmetry is installed at all US Marine Corps bases in the US, Germany, South Korea, UK, Afghanistan and Japan. It is also installed at nearly 60 US Army bases, eight US Navy bases and facilities, numerous Air Force bases, US Army Reserves and US Marine Corps Reserves facilities across the US.**

**Symmetry will assist the FTC in meeting mandatory, government-wide standards for secure and reliable forms of identification issued by the federal government and the Federal Information Processing Standard Publication, which specifies stringent identification requirements for federal employees and contractors.**



## Cash Solutions

For our bank and retail customers we are looking at innovative and efficient services. For example:

- We have seen strong growth in sales of Retail Solutions and Deposita cash recycling systems in USA, UK, Europe, Africa, Asia and the Middle East (see below). We also offer a lower cost option to small retailers for banking takings called 'Bank to You', a lower-cost cash transportation service for smaller retailers using lighter vehicle fleets.
- Through electronic payments and internet banking, traditional bank branch usage has declined in some markets, resulting in bank branch closures. However, banks recognise the value of personal interaction with customers and so in some markets G4S is launching a mobile banking service utilising the skills and fleet of a traditional Cash in Transit business in a more integrated way.

## EFFECTIVE AND EFFICIENT SOLUTIONS

Jon Corner
Regional President – Asia Pacific

### Philip Morris, Indonesia – customer understanding driving innovative solutions

**During 2016, G4S Indonesia won a new contract – with Philip Morris, now its second largest. Engagement with the customer's local management team established the need for:**

- **Better reporting across the 122 locations**
- **Central understanding of the security status of their estate**
- **A fast and appropriate response to any security-breach event, requiring better intelligence**
- **Staff optimisation with a multiple facility-based security programme**

**G4S's integrated approach to these needs combines manned security, technology and software. Our solution has delivered cost savings to our customer and provides data-driven assurance through our Secure360 technology. Secure360 is a tablet-based software programme developed by G4S and used by our security officers, providing live communication feeds to a national control room. This provides real time intelligence and assurance and enhances response and compliance.**

## INVESTING IN INNOVATION

John Kenning
Regional CEO – North America

### Retail cash automation products and services

**"CASH360 retail solutions has grown strongly since it was launched in North America in 2014 and total contract revenue value now exceeds $800 million."**

**Benefits from Retail Solutions to both our bank and retail customers are as follows:**

*Reduced labour costs*

**The proprietary Retail Solutions software automates the compilation cash till floats and cash processing, thereby reducing the labour time on back-office activities and reducing cash leakage.**

*Improved cash flow*

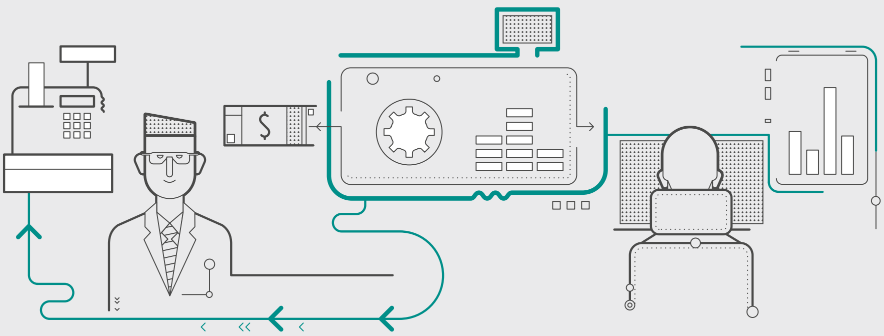
**The retailer obtains 'same-day' credit for the cash which significantly improves cash flow. Our cloud-based cash management software platform 'Cash Manager', is integrated with the customer's back office, point-of-sale and accounting programmes.**

*Reduced transportation costs*

**A recycler allows cash to be recycled in the store, thereby eliminating and reducing cash transportation costs.**

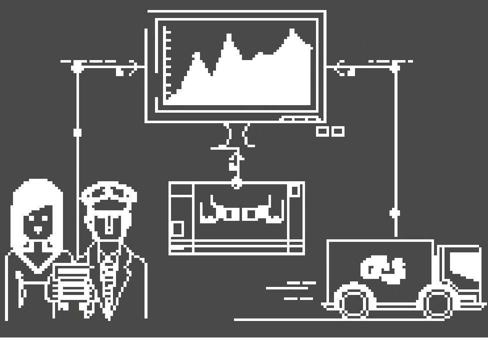
*Reduced processing fees*

**Reduced volume of cash deposits at bank vaults allows banks to reduce overall fees to their retail clients while improving the margins associated with depositary services.**



**70%** **Customers using G4S Retail Solutions have reported in store cash handling costs reducing by 70%, 'shrinkage' losses declining, greatly simplified operations, better cash flow, improved management information and most importantly, time re-allocated to front line customer-facing services.**

# OPERATIONAL EXCELLENCE AND PRODUCTIVITY



## A significant portion of the gains we are making in being more efficient has been reinvested in the business to increase our opportunities for growth as well as drive further efficiency.

Our organisational-efficiency programmes include:

- Efficient organisational design
- Management de-layering
- Lean operating processes
- Efficient reporting and assurance processes
- Upgraded IT systems
- Efficient procurement
- Embedding better health and safety management

The process of building capability to improve our management of health and safety, eliminating fatal accidents and potentially fatal risks continued during 2016. Please see page 14 for a detailed review.

Some of the key on-going initiatives for the other operational efficiency programme are:

### Efficient organisation design and management de-layering

A significant part of the Group's development historically has been growth through bolt-on acquisitions. In many cases, these acquisitions were not completely integrated with the rest of the Group. With the Group offering a broad range of services in a large number of countries, this resulted in an inefficient organisational design with many management layers being built up over time – leading to inefficiency and lack of accountability. Our on-going organisation design work is seeking to develop efficient operational and management frameworks starting with a blank sheet of paper.

### Procurement and property

The Group procurement team has continued to implement a category focused, regionally deployed, strategic sourcing programme in all regions of G4S primarily focusing on our largest spend areas and geographies. In 2017 the procurement team was nominated in the Procurement Transformation category in the World Procurement awards.

The teams have focused on key spend areas, reducing and consolidating supplier numbers to simplify the supply chain and implementing tools that improve operational efficiency. Globally the team has over 900 individual renegotiations and the results of the negotiations are being seen in all regions. The team has saved an average of 20% of the addressed spend and in some cases savings in excess of 50% have been achieved. At the same time we have ensured that supplier payment terms are renegotiated to align with our cash flow expectations.

In 2017 the focus will remain on renegotiating supplier contracts across all the geographies and categories. We are also focusing on demand management using newly-implemented tools for temporary and contingent labour and travel management, with on-line travel booking now utilised globally. Other focus areas will be in the Cash Solutions supply chain of consumables and machinery where we will build on the global contract we have entered into with a major supplier of cash-counting machines and CIT vehicles.

### Procurement

**15**
Global deals

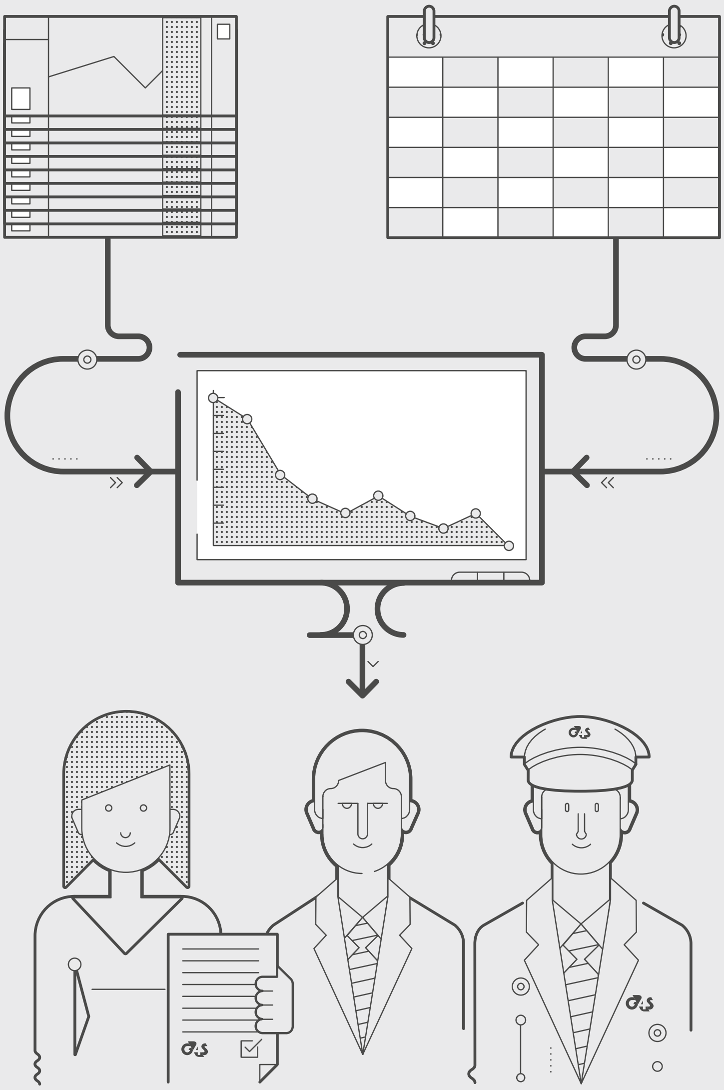
**150**
Regional deals

**780**
Country deals

**15%**
Average savings delivered

## PROGRAMME PROGRESS

| Programme | Status | Progress |
|---|---|---|
| Safety performance KPI | | • Foundation laid: building culture and performance |
| Route planning and telematics | | • Telematics installed in 4,400 vehicles since 2014<br>• Route scheduling covers c.9,000 vehicles |
| Organisation efficiency and restructuring | | • Operational restructuring<br>• De-layering and globalising functions |
| Procurement and property | | • Annualised savings of >£20m<br>• Reduced suppliers and demand<br>• Rationalising property |
| Direct labour efficiency KPI | | • Multi-year programme pilot in Ireland in H2 2017<br>• Significant opportunity |
| IT and lean process automation | | • IT service management model<br>• Progressive, disciplined programme |




## LEAN PROCESS DESIGN

Peter Neden
Regional President – UK & Ireland

### Business Process Efficiency

**"A key enabler of efficient direct labour management is the deployment of lean 'order to cash' process management enabled by the development and implementation of a standard IT system for our manned security operations which will be piloted in Ireland in 2017."**

**Automating our core processes will reduce the amount of time between doing the work for customers and billing for the services.**

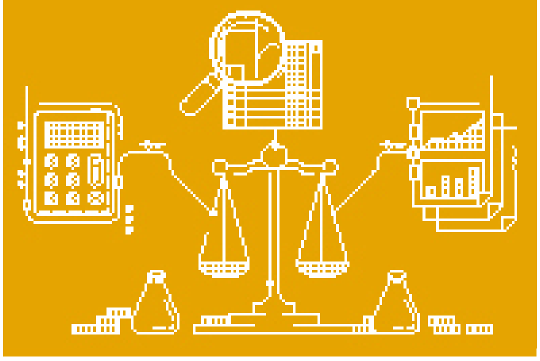
## OPERATIONAL EXCELLENCE

### Vehicle fleet cost savings

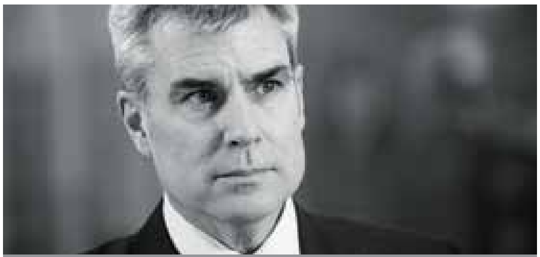
**Procurement projects in 2016 included consolidating the UK vehicle fleet from 15 suppliers to one, delivering a 25% saving, the Continental European fleet from 72 suppliers to two delivering a 20% saving and the North America fleet from three suppliers to one delivering a 13% saving. We are now working with these suppliers to identify further operational efficiencies that derive from working with a reduced supplier base.**

**We have also renegotiated fleet contracts in Africa and the Middle East delivering approximately 10% cost savings. We have new vehicle rental agreements across Europe, UK, North America and Africa and are now reviewing the specification and supply of Cash in Transit armoured vehicles in all regions with a view to reducing supplier numbers and costs, with initial results in the UK delivering savings of over 20%.**

# FINANCIAL AND COMMERCIAL DISCIPLINE



## FOCUS ON OPERATING CASH FLOW



Tim Weller
Group Chief Financial Officer

**"Driving improvement in operating cash flow has been at the heart of our financial and risk management activities in 2016 resulting in strong performance across the Group and operating cash flow from continuing businesses increasing by more than 60%."**

## Operating cash flow KPI

Operating cash flow from continuing businesses in 2016 was £638 million, up 61.5% from £395 million.

The operating cash flow conversion rate represented 141% of PBITA (2015: 103%) as a result of improved working capital management which received relentless focus in 2016. There was a working capital inflow of £87 million in 2016 compared with a £69 million outflow in 2015. Receivables were held broadly flat despite the increased revenues. Going forward while we will maintain our focus on working capital management, we expect our cash conversion rate to revert to the range of 100% to 125% which we have seen in previous years.

Improvements implemented include:

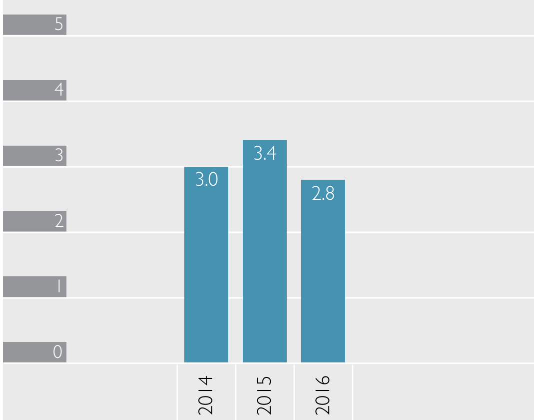
## Bid frameworks/contract management

Strengthening bid-evaluation frameworks to increase focus on frequency of invoicing and shorter payment terms.

## Reducing the time from event to billing

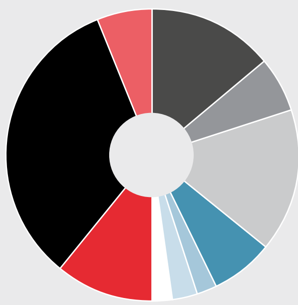
- Improving processes and automating event billing information such as hours worked, milestones met, collections and deliveries in the Cash Solutions business
- Centralising collection of billing events of global and strategic accounts in some countries
- Invoice automation, removing the delay and resource requirement associated with manual invoicing
- Seeking to distribute invoices electronically, removing the delay and cost associated with postal distribution

### Net debt: EBITDA KPI




Despite an increase in Group net debt of £110 million arising from foreign exchange movements, net debt: EBITDA improved to 2.8x (2015: 3.4x).

### Revenue by customer type in 2016 (%)



| | |
|---|---|
| NGOs/Government/Multi-lateral agencies | 14% |
| Public services | 6% |
| Financial institutions | 16% |
| Private energy/utilities | 7% |
| Transport & logistics | 2% |
| Ports & airports | 3% |
| Leisure & tourism | 2% |
| Retail | 11% |
| Major corporates & industrials | 33% |
| Consumers | 6% |

## Strengthening collections performance

- Changing incentive plans at management and branch level with greater emphasis on cash flow
- Improved management information to increase accountability and drive behaviours
- Embedding weekly calls attended by finance and operations, to drive timely collections

## Managing accounts payable

- The Group's days payable outstanding of 35 days (2015: 31) is still shorter than days sales outstanding of 46 days (2015: 50 days), but the gap is reducing. This shows that despite making progress the opportunity remains for further improvement
- Ensuring that supply-side contracts are back-to-back with customer contracts
- Negotiating improved terms through procurement on global and regional deals

## Capital discipline

All capital investment undergoes rigorous review to ensure that the Group's return on investment hurdle rates are met and all major capital investment projects are approved by the appropriate authority in line with delegation limits.

## Changing behaviours

To ensure the cash culture was embedded across the Group, 2016 incentive plans:

- Placed an even greater weighting on operating cash generation and incentivised cash generation on a monthly basis across the year
- Included challenging operating cash targets to reduce the level of aged debt and accrued income which totalled £406 million at December 2015 (net of allowance for doubtful debt) and reduced to £376 million at December 2016

## Portfolio management

Portfolio management remains important for strategic focus, capital discipline and performance management. Since 2013, the Group has divested 29 businesses realising proceeds of £345 million (2015: £281 million) with agreement reached to sell G4S Israel for a further £88 million.

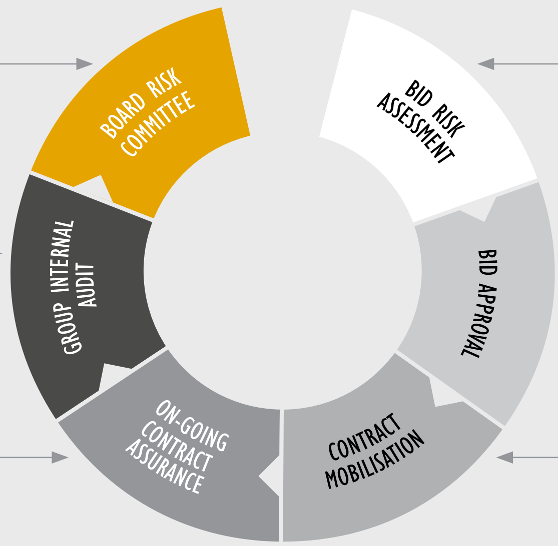
We have focused our activities and reduced the underlying countries of operation from around 120 to around 95. The proceeds from these disposals have been re-invested in the organic growth and productivity programmes where we expect to see good returns on our investment and in reducing the Group's overall leverage.

We continue to keep our portfolio under review to ensure that we are achieving the levels of return that we and our shareholders expect.

Continued portfolio management is a good capital discipline. It sharpens the Group's strategic focus, ensuring we apply our resources to the best opportunities. The programme also reduces the risk profile of the Group because many of the businesses we have sold were small but required a disproportionate amount of management attention and exposed us to significant reputational or operational risk.

## CONTRACT RISK MANAGEMENT AND GOVERNANCE MODEL

We have significantly strengthened the risk assessment process and systems around new contracts as detailed in the chart below:




The board Risk Committee will undertake a review of a major contract at each of its meetings.

Internal audit conducts audits of selected contracts.

Contracts subject to on-going scrutiny at regional or Group level based on commercial scale and level of risk.

Based on financial, legal, reputational and operational risk criteria. Referred to the region, Group or board as appropriate for review and approval.

Bids' customer value propositions, commercial terms and risk mitigation strategies are challenged. Expected risk weighted return is assessed before approval is given or withheld.

Key contractual requirements and risk mitigation strategies, based on complexity and risk profile of mobilisation, are mapped to accountable contract managers.

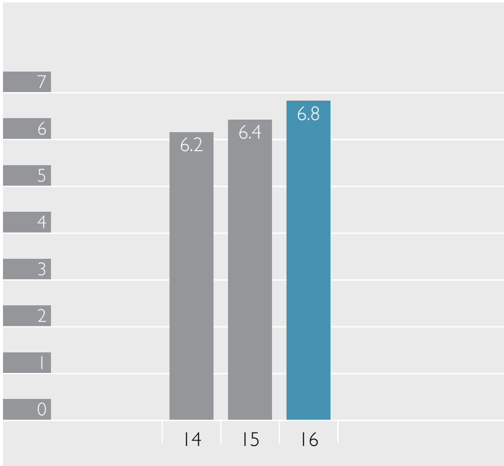
# KPIs

Our progress in implementing our strategic objectives is measured using key performance measures aligned to those objectives and to the Group values:

## FINANCIAL – CONTINUING BUSINESSES KPI

### Revenue[1] (£bn)

**£6.8bn +6.3%**




**Description**

We have an organic growth strategy based on strong market positions in structural growth markets. We have invested in improved customer service, innovation and sales and business development capabilities. There is also great potential to sell more complex solutions which tend to have longer contract terms and higher margins. Over the medium term we expect to grow revenues by 4% to 6% per annum.

**Performance**

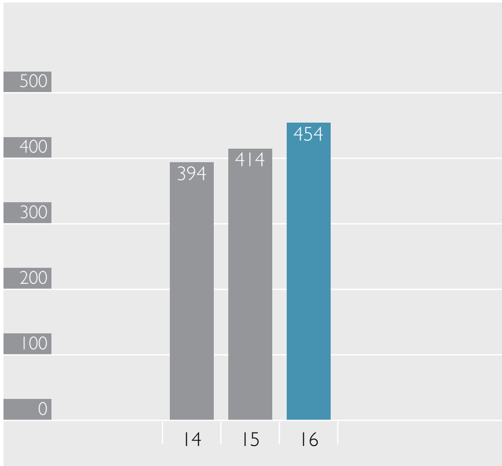
In 2016, revenues grew 6.3% to £6.8bn (2015: £6.4bn), with developed markets growing 6.8%, reflecting strong growth in North America and more modest growth in Europe and the UK.

Emerging markets grew 5.4% with broad growth across all four regions.

**Link to strategic objectives**

### PBITA[1] (£m)

**£454m +9.7%**




**Description**

The Group has implemented a number of productivity programmes that are now driving efficiency and operational improvement across the Group. These include efficient organisation design, management de-layering, lean operating processes, efficient reporting and assurance processes, upgraded IT systems and efficient procurement.

**Performance**

In 2016, PBITA grew 9.7% to £454m (2015: £414m) as a result of these initiatives increasingly having tangible benefits. PBITA in emerging markets was up 0.5% and in developed markets PBITA increased by 14.6%.

**Link to strategic objectives**

- People and values
- Customers and service excellence
- Growth and innovation
- Operational excellence and productivity
- Financial and commercial discipline

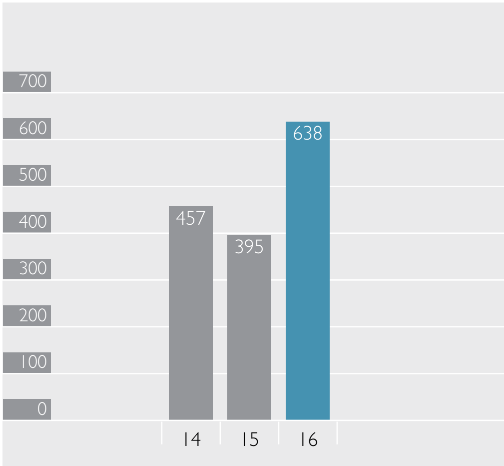
## OTHER FINANCIAL AND NON-FINANCIAL KPI

An analysis of net debt: EBITDA performance is provided on page 26. In addition to the financial KPIs, the Group has a set of performance measures aligned to its strategic priorities. These measures include employee retention, contract and customer retention, lost-time injuries and other H&S measures. A description of these performance measures and our progress against them is shown throughout the strategic report.

See pages 14 to 27 for more information


### Operating cash flow[1] (£m)

**£638m +61.5%**

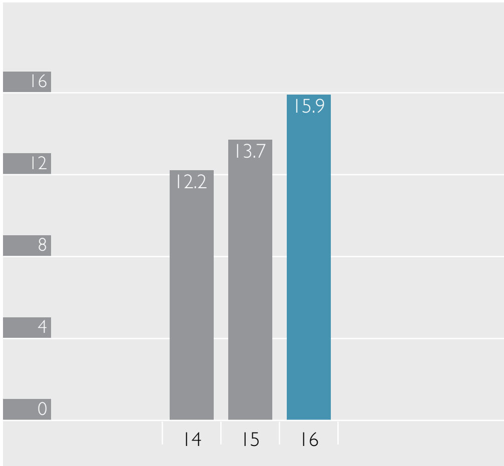



A key priority for the Group is to drive improved cash generation, through enhanced working capital management and capital discipline and embedding a "cash matters" culture throughout the Group, as outlined in more detail on pages 26 and 27. A greater emphasis has been placed on cashflow generation in management incentive plans since 2016.

Operating cash flow was £638m (2015: £395m), up 61.5% as a result of the increased focus on this area. Strong cash flow and working capital management performances were delivered across most of the Group.

### EPS[1] (pence per share)

**15.9p +16.5%**




G4S is looking to deliver sustainable growth in earnings over the long-term. EPS growth is a component of both the annual and long-term management incentive plans.

Helped by revenue growth, improved PBITA margins and lower interest costs, earnings from continuing businesses increased 16.6% to £246m (2015: £211m) in 2016.

EPS from continuing businesses increased 16.5% to 15.91p (2015: 13.66p).

1. For details of the basis of preparation of results from continuing businesses see page 32. Results from continuing businesses are reconciled to statutory results on page 33.

For more detail on the Group's strategic priorities please see pages 12 to 27. For more detail on 2016 financial performance please see the Chief Financial Officer's review on pages 32 to 40.

# OUR PERFORMANCE IN 2016

We made good progress in a number of key CSR areas in 2016. In this section, we cover some of the key actions undertaken in the last year.

A more detailed discussion of our CSR approach can be found online in the 2016 CSR Report at www.g4s.com/csr2016

## CSR HIGHLIGHTS

**3.6%**
Reduction in carbon intensity since 2015

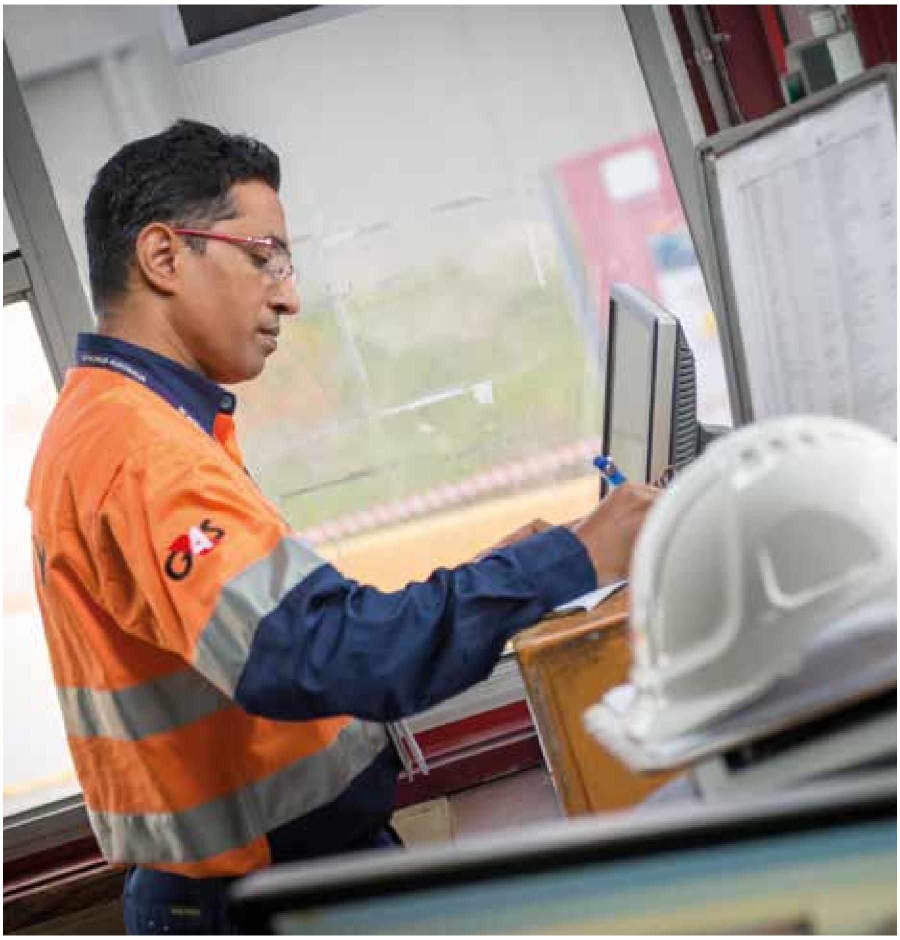
**13**
"Top Employer" certifications in countries across Africa

**402**
Cases reported and managed via our global whistleblowing system Speak Out during 2016

**7**
Deep dive reviews of safety in high-priority countries

**4**
Human rights risk assessments of major business opportunities

**3,000**
Managers have completed online health and safety training modules





- Introduced a new online safety training module covering minimum health and safety requirements – since 2015, over 3,000 managers have completed online health and safety modules.
- Conducted health and safety control self-assessments in all countries as part of the Group's risk and compliance systems.
- Completed seven Group-led deep dive reviews of safety in high-priority countries.
- Introduced safety improvement programmes for specific risk areas such as motorcycle safety.
- Road traffic related fatalities have decreased by 20% since 2013 when our road safety programme was launched.

## HUMAN RIGHTS

- Conducted a global human rights assessment.
- Completed human rights self-assessments of businesses operating in high-risk environments.
- Undertook four human rights risk assessments relating to new business opportunities under review by the Group Investment Committee.
- Business units across the Group have undertaken local human rights risk assessments.

## ANTI-BRIBERY AND CORRUPTION

- Improved awareness of the Speak Out whistleblowing system, resulting in a marked increase in the number of issues raised.
- 402 cases reported and managed via Speak Out during 2016.
- Completed review of the Group's anti-bribery and corruption policies.

## PEOPLE & VALUES

**Our Group strategy and sustainability performance are underpinned by our people and values. In 2016 we achieved a number of important milestones:**

- Refreshed our human resources core standards and delivered training to regional and country-level HR managers to ensure their understanding of the Group's requirements.
- Completed a review of our Group values, resulting in the development of a core set of values which are more closely aligned to our strategy and business model.
- Launched the new values across the Group with an internal communications campaign highlighting our key values and behaviours.
- Commenced the development of values training and awareness materials for new colleagues joining the Group.
- Achieved certification as a "Top Employer" in 13 countries across Africa by the Top Employer Institute.

# FOCUSED ON LONG-TERM DELIVERY

"We made good progress with our transformation strategy in 2016 and our continuing businesses delivered revenue growth of 6.3% and earnings growth of 16.6%."

## Financial highlights – continuing businesses:

- Revenue up 6.3% to £6,823m (2015: £6,419m)
- PBITA up 9.7% to £454m (2015: £414m)
- Earnings up 16.6% to £246m (2015: £211m)
- Operating cash flow up 61.5% to £638m (2015: £395m)

## Financial highlights – statutory results:

- Revenue up 10.6% to £7,590m (2015: £6,863m)
- Profit before tax up 279.5% to £296m (2015: £78m)
- Earnings of £198m (2015: £8m)
- Net debt: EBITDA 2.8x (2015: 3.4x)
- Final dividend maintained at 5.82p (2015: 5.82p) resulting in a total dividend of 9.41p (2015: 9.41p)

## Basis of preparation

The following discussion and analysis on pages 32 to 40 is based on, and should be read in conjunction with, the consolidated financial statements, including the related notes, that form part of this annual report. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU.

The Group applies the basis of preparation for its statutory results shown on page 114. As explained below, the Group makes use of Alternative Performance Measures (APMs) in the management of its operations and as a key component of its internal and external reporting.

G4S uses profit before interest, tax and amortisation ("PBITA") as a consistent measure of the Group's performance, excluding amortisation of acquisition-related intangible assets and specific and other separately disclosed items which the Company believes should be disclosed separately by virtue of their size, nature or incidence. Further details regarding these items can be found in note 8 on page 126.

Revenue, PBITA, operating cash flow and EPS for continuing (core) businesses and net debt to EBITDA are the financial Key Performance Indicators used by the Group in measuring progress against strategic objectives. PBITA and operating cash flow also form a significant element of performance measurement used in the determination of performance-related employee incentives. These APMs are not necessarily comparable with those used by other companies.

From 2016, the Group has reported its results across three distinct components, in line with its strategy for managing the business:

- Continuing (core) businesses, which comprise the Group's on-going activities;
- Onerous contracts, which are being managed effectively to completion; and
- Portfolio businesses, which are being managed for sale or closure, as part of the portfolio rationalisation programme announced by the Group in November 2013.

Taken together, these three components constitute continuing operations under IFRS or GAAP, as distinct from discontinued operations which, in accordance with IFRS 5, represent areas of the business which are being managed for sale or closure but which represent material business segments or entities. The Group now has minimal operations that meet the IFRS 5 definition of discontinued operations. The main APMs used by the Group for each component are reconciled with the Group's statutory results below.

In the following review, to aid comparability, 2015 prior year results are presented on a constant currency basis by applying 2016 average exchange rates, unless otherwise stated.

## Summary Group results

### Year ended 31 December 2016 (at 2016 average exchange rates)

| £m | Continuing businesses | Onerous contracts | Portfolio businesses[a] | Restructuring | Acquisition-related amortisation and other[d] | Statutory |
|---|---|---|---|---|---|---|
| Revenue | **6,823** | 181 | 586 | | | **7,590** |
| PBITA | **454** | – | 7 | | | **461** |
| Profit before tax | **352** | – | 3 | (12) | (47) | **296** |
| Profit after tax | **268** | – | 1 | (10) | (39) | **220** |
| Earnings | **246** | – | – | (10) | (38) | **198** |
| Operating cash flow[c] | **638** | (16) | 11 | (18) | | **615** |

### Year ended 31 December 2015 (at 2016 average exchange rates)

| £m | Continuing businesses | Onerous contracts | Portfolio businesses[a] | Restructuring | Acquisition-related amortisation and other[d] | Adjusted statutory[b] |
|---|---|---|---|---|---|---|
| Revenue | **6,419** | 196 | 760 | | | **7,375** |
| PBITA | **414** | 1 | 8 | | | **423** |
| Profit before tax | **309** | 1 | 4 | (47) | (172) | **95** |
| Profit after tax | **235** | (1) | (4) | (38) | (150) | **42** |
| Earnings | **211** | (1) | (4) | (38) | (149) | **19** |
| Operating cash flow[c] | **395** | (18) | 28 | (46) | | **359** |

### Year ended 31 December 2015 (at 2015 average exchange rates)

| £m | Continuing businesses | Onerous contracts | Portfolio businesses[a] | Restructuring | Acquisition-related amortisation and other[d] | Statutory |
|---|---|---|---|---|---|---|
| Revenue | **5,958** | 189 | 716 | | | **6,863** |
| PBITA | **382** | 1 | 8 | | | **391** |
| Profit before tax | **280** | 1 | 5 | (44) | (164) | **78** |
| Profit after tax | **213** | 1 | (2) | (35) | (149) | **28** |
| Earnings | **191** | 1 | (1) | (35) | (148) | **8** |
| Operating cash flow[c] | **395** | (18) | 28 | (46) | | **359** |

a. Portfolio businesses that remain part of the Group and have not yet been sold or closed contributed £431m revenue (2015: £470m) and £3m PBITA (2015: £1m).

b. The 'adjusted statutory' figures represent the comparative 2015 statutory amounts had they been translated at 2016 average rates (other than for operating cash flow) but should not be considered as or used in place of the Group's statutory results.

c. Operating cash flow is stated after pension deficit contributions of £39m (2015: £44m), and for the year ended 31 December 2015 is presented at 2015 actual exchange rates.

d. Other includes goodwill impairment, net specific items, net profit on disposal/closure of subsidiaries, the results of discontinued operations and the associated tax impacts, see page 36. The Group's accounting policy for pre-tax specific items is disclosed in note 3 (b) on page 114. For tax items, adjustments to prior period tax positions are treated as specific (and are therefore excluded from profit after tax from continuing businesses) to the extent that they relate to transactions or events that were treated as specific items in prior years in order to ensure consistency of presentation. The amounts presented above in respect of profit before tax and profit after tax for "Restructuring" were presented within "Acquisition-related amortisation and other" within the Preliminary results announcement. These amounts have now been presented separately to provide a more meaningful analysis of their impact.

## Results from continuing businesses

| At 2016 average exchange rates | **2016 £m** | 2015 £m | YoY% |
|---|---|---|---|
| Revenue | **6,823** | 6,419 | 6.3% |
| Profit before interest, tax and amortisation (PBITA) | **454** | 414 | 9.7% |
| *PBITA margin* | ***6.7%*** | *6.4%* | *+30b.p.* |
| Interest | **(102)** | (105) | (2.9)% |
| Profit before tax | **352** | 309 | 13.9% |
| Tax | **(84)** | (74) | 13.5% |
| Profit after tax | **268** | 235 | 14.0% |
| Non-controlling interests | **(22)** | (24) | (8.3)% |
| **Earnings (profit attributable to equity holders of the parent)** | **246** | 211 | 16.6% |
| **EPS** | **15.91p** | 13.66p | 16.5% |
| **Operating cash flow** | **638** | 395 | 61.5% |

Emerging markets grew 5.4% compared with the prior year, with revenues of £2.6bn, representing 38% of Group revenue (2015: 38%). Developed markets revenues were 6.8% higher than the prior year with strong growth in North America of 12.4% and good growth in Europe of 4.6%, while the UK & Ireland grew by a more modest 1.5%. Revenue from Cash Solutions was up 18.8% on 2015 and from Secure Solutions was up 4.1% on 2015.

PBITA of continuing businesses of £454m (2015: £414m) was up 9.7%. This growth reflects the strong performance of the Group in developed markets, improved product mix and the results of our on-going productivity programmes.

### Reconciliation of previously reported underlying results to re-presented results from continuing businesses[a]

The table below reconciles underlying revenue and PBITA as reported previously to the re-presented prior year revenue and PBITA from continuing businesses.

| For the year ended 31 December 2015 | Underlying as previously reported £m | Onerous contracts £m | Businesses re-classified to portfolio[b] £m | Businesses re-classified from portfolio[c] £m | Continuing businesses at 2015 exchange rates £m | Exchange rate movements £m | Continuing businesses at 2016 exchange rates £m |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| Africa | **391** | – | (10) | 12 | **393** | 2 | **395** |
| Asia Pacific | **610** | (6) | (20) | 20 | **604** | 62 | **666** |
| Latin America | **549** | – | (2) | 22 | **569** | 10 | **579** |
| Middle East & India | **716** | – | (6) | 6 | **716** | 77 | **793** |
| Emerging markets | **2,266** | (6) | (38) | 60 | **2,282** | 151 | **2,433** |
| Europe | **1,159** | (48) | (133) | 66 | **1,044** | 126 | **1,170** |
| North America | **1,518** | – | (75) | – | **1,443** | 173 | **1,616** |
| UK & Ireland | **1,490** | (135) | (166) | – | **1,189** | 11 | **1,200** |
| Developed markets | **4,167** | (183) | (374) | 66 | **3,676** | 310 | **3,986** |
| **Total revenue** | **6,433** | (189) | (412) | 126 | **5,958** | 461 | **6,419** |
| **PBITA** | | | | | | | |
| Africa | **40** | – | – | – | **40** | – | **40** |
| Asia Pacific | **45** | – | (1) | – | **44** | 5 | **49** |
| Latin America | **29** | – | (1) | (5) | **23** | – | **23** |
| Middle East & India | **76** | – | (1) | 1 | **76** | 9 | **85** |
| Emerging markets | **190** | – | (3) | (4) | **183** | 14 | **197** |
| Europe | **77** | (1) | (11) | (1) | **64** | 8 | **72** |
| North America | **94** | – | (6) | – | **88** | 10 | **98** |
| UK & Ireland | **116** | – | (19) | – | **97** | – | **97** |
| Developed markets | **287** | (1) | (36) | (1) | **249** | 18 | **267** |
| Total PBITA before corporate costs | **477** | (1) | (39) | (5) | **432** | 32 | **464** |
| Corporate costs | **(50)** | – | – | – | **(50)** | – | **(50)** |
| **Total PBITA** | **427** | (1) | (39) | (5) | **382** | 32 | **414** |
| **Earnings** | **227** | (1) | (27) | (8) | **191** | 20 | **211** |
| **Operating cash flow**[d] | **416** | 18 | (41) | 2 | **395** | – | **395** |

a. See basis of preparation on page 32.

b. During 2016 we determined that we would exit a further 10 of our businesses, including G4S Israel, UK Utility Services, US Youth Services and UK Children's Services. We have therefore reported the results of these businesses in portfolio businesses in 2016 and have restated the 2015 results accordingly.

c. During 2016, for 14 of the businesses previously reported as portfolio businesses, management focus and changing market conditions have resulted in improved performance and we have formally concluded that we will retain these businesses. We have therefore reported the results of these businesses in continuing businesses in 2016 and have restated the 2015 results accordingly.

d. Operating cash flow is stated after pension deficit contributions of £44m and is shown at actual 2015 exchange rates.

## Interest

Net interest payable on net debt from continuing businesses was £92m (2015: £93m). The pension interest charge was £10m (2015: £12m) resulting in a total interest cost of £102m (2015: £105m).

## Tax

A tax charge of £84m (2015: £74m) was incurred on the profits of continuing businesses of £352m (2015: £309m) which represents an effective tax rate of 24% (2015: 24%). The effective tax rate for continuing businesses is a function of a variety of factors, with the most significant being (i) the geographic mix of its taxable profits and the respective country tax rates, (ii) the recognition of, and changes in the value of, deferred tax assets, (iii) permanent differences such as expenses disallowable for tax purposes and (iv) irrecoverable withholding taxes.

During the year, the Group recognised additional deferred tax assets of £72m (of which £40m arose through the tax charge on continuing businesses), relating to previously unrecognised brought forward tax losses. The timing of recognition of the tax losses as additional deferred tax assets in 2016 is supported by the improved taxable profit profile of the relevant Group companies, which itself is underpinned by the continuing progress of the Group's transformation strategy to generate future sustainable, profitable growth.

At any point in time, the Group is typically subject to tax audits in a number of different countries. In situations where a difference of opinion arises between the Group and a local tax authority in respect of its tax filings, the Group will debate the contentious areas and, where necessary, resolve them through negotiation or litigation. The Group relies upon advice and opinions from the Group tax department, local finance teams and external advisors to ensure that appropriate judgments are arrived at in establishing the appropriate accounting provisions in relation to such disputes.

In December 2016, as part of its response to the OECD's Base Erosion and Profit Shifting recommendations, the UK Government released draft legislation in respect of new rules to: (i) restrict the deductibility of net interest costs to a percentage of EBITDA and (ii) restrict the amount of taxable profits available to offset against carried forward tax losses to 50% of the available profits. Both of these proposals will take effect from 1 April 2017. Management is monitoring the progress of this draft legislation and assessing its possible impacts on the Group, which may result in a modest increase in the effective tax rate on future profits of continuing businesses.

## Non-controlling interests

Profit from continuing businesses attributable to non-controlling interests was £22m in 2016, a decrease from £24m for 2015, reflecting a lower level of profitability of certain businesses in the Middle East & India region resulting in a decrease in the share of profit accruing to non-controlling partners.

## Profit for the year – continuing businesses

The Group produced profit from continuing businesses attributable to equity holders ("continuing earnings") of £246m (2015: £211m), an increase of 16.6% for the year ended 31 December 2016.

## Earnings per share – continuing businesses

Earnings per share from continuing businesses increased to 15.9p (2015: 13.7p), based on the weighted average of 1,546m (2015: 1,545m) shares in issue. A reconciliation of profit for the year from continuing businesses to EPS is provided below:

| | Earnings per share – continuing businesses | | |
|---|---|---|---|
| | **2016 £m** | 2015 at constant exchange rates £m | 2015 at actual exchange rates £m |
| Profit for the year from continuing businesses | **268** | 235 | 213 |
| Non-controlling interests | **(22)** | (24) | (22) |
| Profit attributable to shareholders (earnings) | **246** | 211 | 191 |
| Average number of shares (m) | **1,546** | 1,545 | 1,545 |
| **EPS (p)** | **15.9** | 13.7 | 12.4p |

## Onerous contracts

The Group's onerous contracts had revenues of £181m (2015: £196m). In December 2016 the UK Compass asylum seeker contract with the Home Office was extended by two years to August 2019. Supplementary onerous contract provisions of a net £4m, primarily in respect of the Compass asylum seekers contract, were booked during 2016.

## Portfolio operations

The Group made further progress with its portfolio management programme and since 2013 has sold or is exiting 60 businesses with annualised revenues of c.£1.5bn and PBITA of £16m, based on the last full year when each of these businesses formed part of the Group. This programme has greatly improved the Group's strategic focus and has also generated £345m in disposal proceeds in relation to the 29 businesses sold to date. This includes the sale of 12 businesses this year in Finland, Kazakhstan, Brunei, Uzbekistan, Honduras, Thailand, Costa Rica and the UK, generating proceeds of £82m. The Group also reached agreement for the sale of G4S Israel for £88m which is expected to complete in the next few months.

## Restructuring costs

The Group invested £12m (2015: £47m) in restructuring programmes during the year, relating to the multi-year strategic productivity programme which is being implemented across the Group. In addition, the Group incurred non-strategic reorganisation costs of £9m (2015: £10m) which are included within PBITA of continuing businesses.

## Acquisition-related amortisation and other

| | 2016 £m | 2015 at constant exchange rates £m | 2015 at actual exchange rates £m |
|---|---|---|---|
| Acquisition-related amortisation and expenses | **32** | 41 | 40 |
| Goodwill impairment | **9** | 71 | 66 |
| Net specific items | **13** | 73 | 70 |
| Net profit on disposal/closure of subsidiaries | **(7)** | (13) | (12) |
| Tax effect of above | **(8)** | (22) | (15) |
| Loss from discontinued operations | **3** | 2 | 2 |
| Non-controlling interests' share of specific items | **(4)** | (3) | (3) |
| **Total acquisition-related amortisation and other** | **38** | 149 | 148 |

### Acquisition-related amortisation and expenses

Acquisition-related amortisation and expenses of £32m (2015: £41m) are lower than the prior year as certain intangible assets recognised on a number of historical acquisitions became fully amortised in 2015.

### Net specific items

Specific items of a net £13m (2015: £73m) included a £10m charge due to the revision of estimates relating to legacy acquisitions and labour claims in Latin America, £7m relating to commercial restructuring in Middle East & India, and a net £4m supplementary onerous contract provision primarily in respect of the Compass asylum seekers contract, all offset by an £8m credit mainly relating to the recovery of a legal claim in Europe and of certain disputed debtor balances in the UK.

### Profit on disposal and closure of subsidiaries and goodwill impairment

As part of the on-going portfolio programme, the Group realised a net profit on disposal/closure of subsidiaries of £7m (2015: £13m) relating to the disposal of a number of the Group's operations including the Cash Solutions business in Thailand, the businesses in Finland, Brunei and Kazakhstan and the Utilities Services and ATM engineering businesses in the UK, together with a loss arising on closure of a systems business in Latin America. The Group recorded a goodwill impairment charge of £9m (2015: £71m) in relation to businesses that are to be sold or closed.

### Non-controlling interests' share of acquisition-related intangibles and other

Statutory profit includes the non-controlling interests' share of acquisition-related intangible and other charges of £4m (2015: £3m). Including these items, statutory profit attributable to non-controlling interests was £19m in 2016 (2015: £18m).

### Profit for the year – statutory at actual historical exchange rates

The Group reported statutory earnings of £198m (2015: £8m) mainly driven by improved operating profit and lower charges for specific items, restructuring and goodwill impairment.

### Earnings per share – statutory at actual historical exchange rates

Statutory earnings per share increased to 12.8p (2015: 0.5p), based on the weighted average of 1,546m (2015: 1,545m) shares in issue. A reconciliation of the Group's statutory profit for the year to EPS is provided below:

| | | | Earnings per share |
|---|---|---|---|
| | 2016 £m | 2015 at constant exchange rates £m | 2015 at actual exchange rates £m |
| Profit for the year | **217** | 40 | 26 |
| Non-controlling interests | **(19)** | (21) | (18) |
| Profit attributable to shareholders (earnings) | **198** | 19 | 8 |
| Average number of shares (m) | **1,546** | 1,545 | 1,545 |
| **Statutory earnings per share (p)** | **12.8p** | 1.2p | 0.5p |

## Cash flow

A reconciliation of operating profit as presented in the Group's Consolidated income statement to movement in net debt is presented below with 2016 presented at actual rates for the year and the prior year presented at 2015 exchange rates. The definition of cash flow from continuing operations, as presented below, has been changed to include the Group's pension deficit repair payments, which were added back and treated as other uses of funds in prior reported results. The revised treatment more closely aligns the reconciliation with the Consolidated statement of cash flow contained within the statutory accounts on page 113.

| | 2016 £m | 2015 £m |
|---|---|---|
| Operating profit | 402 | 183 |
| Adjustments for non-cash and other items (see page 113) | 126 | 245 |
| Net working capital movement | 87 | (69) |
| **Net cash flow from operating activities of continuing operations (page 113)** | 615 | 359 |
| Adjustments for: | | |
| Restructuring spend | 18 | 46 |
| **Cash flow from continuing operations** | 633 | 405 |
| *Analysed between:* | | |
| *Continuing businesses* | *638* | *395* |
| *Portfolio businesses* | *11* | *28* |
| *Onerous contracts* | *(16)* | *(18)* |
| **Investment in the business** | | |
| Purchase of fixed assets, net of disposals | (107) | (104) |
| Restructuring investment | (18) | (46) |
| Disposal proceeds | 82 | 14 |
| Acquisition of businesses | (1) | (17) |
| Net debt in disposed/acquired entities | (15) | (3) |
| New finance leases | (7) | (27) |
| **Net investment in the business** | (66) | (183) |
| **Net cash flow after investing in the business** | 567 | 222 |
| **Other (users)/sources of funds** | | |
| Net interest paid | (96) | (91) |
| Tax paid | (84) | (102) |
| Dividends paid | (162) | (174) |
| Cash (used by)/from discontinued operations | (9) | 26 |
| Other | 6 | 12 |
| **Other net uses of funds** | (345) | (329) |
| **Net cash flow after investment, financing, tax, dividends and pensions** | 222 | (107) |
| Net debt at the beginning of the year | (1,782) | (1,639) |
| Effect of foreign exchange rate fluctuations | (110) | (36) |
| **Net debt at the end of the year** | (1,670) | (1,782) |

Cash flow from continuing operations before restructuring spend was £633m (2015: £405m). Cash flow from portfolio businesses held for sale or closure was £11m (2015: £28m), and cash outflows from onerous contracts were £16m (2015: £18m), both of which are excluded from operating cash flows for continuing businesses. Operating cash flow from continuing businesses increased to £638m (2015: £395m), reflecting higher operating profits and enhanced working capital management.

The Group invested £107m (2015: £104m) in net capital expenditure and received proceeds of £82m (2015: £14m) from the disposal of businesses. The Group made no significant acquisitions during the year.

Net cash inflow after investing in the business and proceeds from portfolio rationalisation was £567m (2015: £222m). The Group's net cash inflow after investing in the business, financing, tax, dividends and pensions was £222m (2015: outflow of £107m).

## Net debt

The Group's net debt as at 31 December 2016 was £1,670m (December 2015: £1,782m). The Group's net debt to EBITDA ratio was 2.8x (2015: 3.4x). The movement in net debt during the year included an increase of £110m (2015: £36m) arising from foreign exchange translation differences relating to the Group's debt held in foreign currencies, mainly US dollars and euros, in particular as a result of the exchange rate movements since June 2016.

The Group's business plan and current performance support a net debt/EBITDA of 2.5x or lower by the end of 2017.

## Net debt maturity

In August 2016 the Group's credit rating was affirmed by Standard & Poor's as BBB- (negative). As of 31 December 2016 the Group had liquidity of £1,692m including cash, cash equivalents and bank overdrafts of £692m and unutilised but committed facilities of £1bn.

In August 2016 the Group put in place a new €600m bank facility to provide additional liquidity but this facility was subsequently cancelled following the successful issue of a new €500m Eurobond in November 2016. The bond matures in January 2023 and pays an annual coupon of 1.5%.

The next debt maturities are $200m of US Private Placement debt maturing March 2017 and a €600m Eurobond maturing in May 2017. The Group has good access to capital markets and a diverse range of finance providers. Borrowings are principally in pounds sterling, US dollars and euros, reflecting the geographies of significant operational assets and earnings.

The Group's main sources of finance and their applicable rates as of 31 December 2016 are set out below:

| Debt instrument / Year of issue | Nominal amount[a] | Issued interest rate | Post hedging avg interest rate | Year of redemption and amounts (£m)[b] 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| US PP 2008 | £44m | 7.56% | 6.59% | | 44 | | | | | | **44** |
| US PP 2007 | US$450m | 5.86% - 6.06% | 1.86% | 162 | | 117 | | | 85 | | **364** |
| Public Bond May 2012 | €600m | 2.875% | 3.12% | 501 | | | | | | | **501** |
| US PP 2008 | US$298.5m | 6.78% - 6.88% | 6.90% | | 166 | | 60 | | | | **226** |
| Public Bond Dec 2012 | €500m | 2.625% | 2.65% | | 412 | | | | | | **412** |
| Public Bond 2009 | £350m | 7.75% | 6.82% | | | 350 | | | | | **350** |
| Eurobond 2016 | €500m | 1.5% | 2.25% | | | | | | | 440 | **440** |
| Revolving Credit Facility 2015 | £1bn (multi curr) | undrawn | – | | | | | | | | **–** |
| | | | | 663 | 622 | 467 | 60 | – | 85 | 440 | **2,337** |

a. Nominal debt amount. For fair value carrying amount see note 31.

b. Exchange rates at 31 December 2016 or hedged exchange rates where applicable.

£964m of the original £1bn multi-currency revolving credit facility matures in January 2022 with the remainder maturing in January 2021. As at 31 December 2016 there were no drawings from the facility.

The Group's average cost of gross borrowings in 2016, net of interest hedging, was 3.9% (2015: 4.0%).

## Financing and treasury activities

The Group's treasury function is responsible for ensuring the availability of cost-effective finance and for managing the Group's financial risk arising from currency and interest rate volatility and counterparty credit. Group Treasury is not a profit centre and it is not permitted to speculate in financial instruments. The treasury department's policies are set by the board. Treasury is subject to the controls appropriate to the risks it manages. These risks are discussed in note 31 on pages 144 to 148.

To assist the efficient management of the Group's interest costs, the Group operates a multi-currency notional pooling cash management system with a wholly-owned subsidiary of an A-rated bank. During the year the Group applied the new IFRIC interpretation on cash offsetting and as a result now presents cash and overdrafts within the pooling system gross in the statement of financial position.

## Significant exchange rates applicable to the Group

The Group derives a significant portion of its revenue and profits in the currencies shown below, together with their respective closing and average rates:

| | As at 31 December 2016 | At 2016 average rates | At 2015 average rates |
|---|---|---|---|
| £/US$ | **1.2345** | 1.3558 | 1.5282 |
| £/€ | **1.1705** | 1.2265 | 1.3795 |
| £/South Africa Rand | **16.9500** | 19.8742 | 19.5175 |
| £/India Rupee | **83.8670** | 91.0371 | 97.9690 |
| £/Israel Shekel | **4.7483** | 5.1912 | 5.9441 |
| £/Brazil Real | **4.0165** | 4.7252 | 5.1054 |

If December 2016 closing rates were applied to the results for the year to 31 December 2016, revenue from continuing businesses would have increased by 6.5% to £7,268m (for the year ended 31 December 2015: by 6.6% to £6,842m) and PBITA from continuing businesses would have increased by 6.6% to £484m (for the year ended 31 December 2015: by 7.5% to £445m).

### Dividend

In assessing the dividend, the board considers:

- the future investment requirements of the continuing businesses;
- net debt to EBITDA;
- satisfying the Group's pension obligations;
- the availability of distributable reserves in the parent company; and
- reward to shareholders.

The directors recommend a final dividend of 5.82p (DKK 0.5029) per share (2015: 5.82p per share; DKK 0.5615). The interim dividend was 3.59p (DKK 0.3143) per share and the total dividend, if approved, will be 9.41p (DKK 0.8172) per share, consistent with 2015 (2015, the interim dividend 3.59p; DKK 0.3793 and the total dividend 9.41p; DKK 0.9408).

The proposed dividend cover is 1.7x (2015: 1.5x) on earnings from continuing businesses. Whilst the board's intention is that dividends will increase broadly in line with those earnings over the medium term, at present dividends are being maintained at the same level year-on-year pending achievement of the Group's leverage reduction targets.

## Other information

### Pensions

As at 31 December 2016 the net defined benefit pension obligation in the Consolidated statement of financial position was £437m (2015: £279m) or £368m net of tax (2015: £234m) of which £341m (2015: £205m) related to material funded defined benefit schemes.

The most significant of the Group's pension schemes is in the UK and accounts for over 73% (2015: 68%) of the total material scheme obligations. The scheme has approximately 30,000 members and further details of the make-up of the scheme are given in note 32 on page 150.

## Defined benefit obligation – UK scheme

| | 2016 £m | 2015 £m |
|---|---|---|
| Scheme assets | **2,339** | 2,029 |
| Obligations | **(2,659)** | (2,218) |
| **Total UK obligations** | **(320)** | (189) |

The movement in the UK scheme obligation was a result of an increase of £310m in the value of scheme assets principally arising from an increase in underlying asset values, as well as an increase in the scheme obligations of £441m. The increase in the obligations is mainly a result of the discount rate used for valuation purposes decreasing to 2.5% (2015: 3.8%) and of the projected pension inflation rates increasing to 3.3% (2015: 3.1%).

The Group made additional pension contributions of £39m (2015: £44m) into the scheme during the year. Following strong investment performance in the G4S pension scheme at the end of the latest triennial valuation process, the trustees of G4S's UK pension schemes agreed during the year a reduced annual pension deficit payment of £39m in 2016, with a 3% per annum increase until the next funding valuation due in 2018.

## Interest-rate risk and interest-rate swaps

The Group's investments and borrowings at 31 December 2016 were a mix of fixed rates of interest and floating rates of interest linked to LIBOR and EURIBOR.

The private placement notes in March 2007 and July 2008 and the public notes in May 2009, May 2012, December 2012 and November 2017 were all issued at fixed rates, whilst the Group's investments and bank borrowings were all at variable rates of interest linked to LIBOR and EURIBOR.

The Group's interest risk policy requires Treasury to fix a proportion of its interest exposure on a sliding scale in US dollars, sterling and euro, using the natural mix of fixed and floating interest rates emanating from the bond and bank markets and by utilising interest rate and cross-currency swaps. Part of the proceeds of the private placement and public notes have been swapped to floating interest rates and accounted for as fair-value hedges, with a net gain at 31 December 2016 of £27m (2015: net gain £40m). The market value of the pay-fixed receive-variable swaps and the pay-fixed receive-fixed cross-currency swaps outstanding at 31 December 2016, accounted for as cash-flow hedges, was a net asset of £31m (2015: net liability of £36m).

## Foreign currency

The Group has many overseas subsidiaries and joint ventures, denominated in various different currencies. Treasury policy is to manage significant translation risks in respect of net operating assets and its consolidated net debt/EBITDA ratio by holding foreign currency denominated loans, where possible. On occasion, the Group uses foreign exchange contracts to hedge the residual portion of net assets not hedged by way of loans.

At 31 December 2016, the Group's US dollar and Euro net assets were approximately 80% and 93% respectively, hedged by foreign currency loans. As at 31 December 2016, net debt held in US dollar and Euro and in those currencies officially pegged to these two currencies, equated broadly to a ratio of 2.2x EBITDA generated from these currencies (2015: 2.5x EBITDA).

## Tax policy

The Group's policy in relation to tax is as follows:

- we manage our tax affairs responsibly and transparently;
- we only undertake tax planning which aligns with our commercial and economic activity;
- we endeavour to involve fully our tax team in all significant business developments so that we can assess fully any potential tax consequences of our actions in advance;
- we utilise tax incentives, reliefs and exemptions in line with tax legislation;
- in international matters, we follow the terms of the relevant Double Tax Treaties and OECD guidelines in dealing with such issues as transfer pricing and establishing tax presence;
- we actively seek open dialogue with Her Majesty's Revenue and Customs (HMRC) and other tax authorities, in pursuit of a professional relationship of constructive compliance, with the aim of achieving early agreement on disputed items and obtaining certainty where possible;
- we provide all relevant information when requested to do so by HMRC or other tax authorities;
- if we discover errors in tax returns or correspondence with tax authorities, we disclose and correct them promptly; and
- we take an active role in contributing to the UK and international tax policy-making process, where relevant, including taking part in formal and informal consultations.

The Group operates in a large number of countries and is typically subject to tax in those jurisdictions. The Group employs an in-house team of tax professionals who interface with the regional and country business and finance teams to manage the Group's tax risks in a controlled and proactive manner. The complex international tax environment means that there is always an element of tax risk and uncertainty inherent within the Group's operations. Group companies are routinely subject to tax audits which can take a considerable period of time to conclude. As and when appropriate, the Group obtains advice from external professional firms to support its positions.

As a high-profile provider of public services, the Group considers it is important that we increase the public's understanding of tax matters and their trust in larger corporate groups by being transparent about our tax affairs and co-operating with the tax authorities.

By managing responsibly the Group's tax affairs in line with our tax policy, the Group is also adhering fully to the Confederation of British Industry's seven tax principles.

## Corporate governance

The Group's policies regarding risk management and corporate governance are set out in the Risk management section on pages 50 to 55 and in the Corporate governance report on pages 62 to 77.

Tim Weller
Chief Financial Officer

Regional and service line review

# 2016 REGIONAL AND SEGMENTAL REVIEW – CONTINUING BUSINESSES

| At constant exchange rates | Revenue £m | | | Organic growth* | PBITA £m | | |
|---|---|---|---|---|---|---|---|
| | **2016** | 2015 | YoY % | | **2016** | 2015 | YoY % |
| Africa | **422** | 395 | 6.8% | 6.5% | **42** | 40 | 5.0% |
| Asia Pacific | **679** | 666 | 2.0% | 1.8% | **57** | 49 | 16.3% |
| Latin America | **621** | 579 | 7.3% | 7.3% | **23** | 23 | 0% |
| Middle East & India | **842** | 793 | 6.2% | 1.7% | **76** | 85 | (10.6)% |
| **Emerging Markets** | **2,564** | 2,433 | 5.4% | 3.8% | **198** | 197 | 0.5% |
| Europe | **1,224** | 1,170 | 4.6% | 4.4% | **85** | 72 | 18.1% |
| North America | **1,817** | 1,616 | 12.4% | 12.4% | **111** | 98 | 13.3% |
| UK & Ireland | **1,218** | 1,200 | 1.5% | 1.4% | **110** | 97 | 13.4% |
| **Developed Markets** | **4,259** | 3,986 | 6.8% | 6.8% | **306** | 267 | 14.6% |
| **Total Group before corporate costs** | **6,823** | 6,419 | 6.3% | 5.6% | **504** | 464 | 8.6% |
| Corporate costs | | | | | **(50)** | (50) | 0% |
| **Total Group** | **6,823** | 6,419 | 6.3% | 5.6% | **454** | 414 | 9.7% |

* Organic growth is calculated based on revenue growth at 2016 average exchange rates, adjusted to exclude the impact of any acquisitions or disposals during the current or prior year. During 2015 we increased our economic control and interest in certain joint ventures at no additional cost and these are excluded from organic growth.

## Regional and service line financial performance

The analysis of the Group's business performance reflects internal management reporting lines which are based on geographic regions. The Group's segmental results for continuing businesses are presented above, excluding onerous contracts and operations identified for portfolio rationalisation. Prior year results are presented on the same basis, but at constant currency. A reconciliation between results from continuing businesses and statutory results can be found on page 33. All commentary, results and tables on pages 41 to 49 are presented on this basis, unless stated otherwise.

## Regional summary

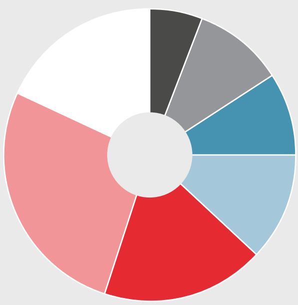
(see pages 43 to 49)

During 2016, Group revenues grew 6.3% to £6.8bn, with strong growth in North America (up 12.4%), helped by Retail Cash Solutions, broad growth in emerging markets (up 5.4%) and in Europe (4.6%), and a return to growth in the UK & Ireland region at 1.5%. Profit before interest, tax and amortisation (PBITA) increased 9.7% to £454m, with the PBITA margin increasing from 6.4% to 6.7% helped by revenue growth and productivity improvements.

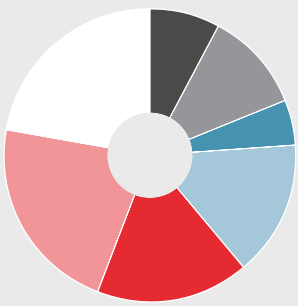
**9.7%**
Increase in PBITA from continuing businesses

# 2016 REVENUE AND PBITA BY REGION – CONTINUING BUSINESSES

Revenue (%)



PBITA (%)



| | Revenue (%) | PBITA (%) |
|---|---|---|
| Africa | 6% | 8% |
| Asia Pacific | 10% | 11% |
| Latin America | 9% | 5% |
| Middle East & India | 12% | 15% |
| Europe | 18% | 17% |
| North America | 27% | 22% |
| UK & Ireland | 18% | 22% |

The statutory segmental analysis as presented in note 6 of the financial statements includes revenue from onerous contracts and businesses that are being sold or closed and for the prior year also includes the impact of foreign exchange by region as follows – Africa £79m (2015: £75m); Asia Pacific £35m (2015: £18m); Latin America £39m (2015: £47m); Middle East & India £17m (2015:£(56)m); Europe £217m (2015: £134m); North America £87m (2015: £(93)m) and UK & Ireland £293m (2015: £319m).

Operating profit in note 6 of the financial statements includes the trading results from onerous contracts and businesses that are being sold or closed, interest and tax from joint ventures and for the prior year also includes the impact of foreign exchange by region as follows – Africa £7m (2015: £10m); Asia Pacific £1m (2015: £6m); Latin America £8m (2015: £8m); Middle East & India £nil (2015: £11m); Europe profit of £10m (2015: £2m); North America profit of £4m (2015: loss of £8m) and UK & Ireland profit of £9m (2015: £18m).

A full report on the Group's financial performance in 2016 can be found in the chief financial officer's review on pages 32 to 40. The Group's key performance indicators can be found on pages 28 and 29.

# SERVICE LINE OPERATING REVIEW – CONTINUING BUSINESSES

## SECURE SOLUTIONS

Our services range from entry level offerings to highly sophisticated, integrated systems and solutions. We have increased our investment in resources which enable us to innovate and apply technology in the design and delivery of integrated solutions for our customers and this is reflected in the increasing share of revenue from these solutions.

Overall, the Secure Solutions businesses delivered 4.1% growth in revenue and 5.6% growth in PBITA.

PBITA growth in both emerging and developed markets reflected on-going delivery of the benefits of earlier restructuring programmes and productivity initiatives.

| At constant exchange rates | Revenue £m | | | PBITA £m | | |
|---|---|---|---|---|---|---|
| | **2016** | 2015 | YoY % | **2016** | 2015 | YoY % |
| Emerging Markets | **2,166** | 2,028 | 6.8% | **142** | 133 | 6.8% |
| Developed Markets | **3,509** | 3,425 | 2.5% | **216** | 206 | 4.9% |
| **Total** | **5,675** | 5,453 | 4.1% | **358** | 339 | 5.6% |

**5.6%**
Growth in Secure Solutions PBITA

## CASH SOLUTIONS

Overall, Cash Solutions grew 18.8% in revenues and PBITA rose by 16.8%.

The overall growth in revenue and profit was driven by increased volume particularly in North America with a strong performance from Retail Solutions and solid growth across the other developed cash solutions markets. The strong growth in PBITA in our developed markets reflected improvements in productivity and the systematic restructuring and productivity programmes which have been implemented over the past three years.

In our emerging markets, revenues declined by 1.7% as a result of the curtailment of certain contracts in the Middle East. The new services and productivity programmes which are delivering positive results in developed markets are now being rolled out in our principal emerging markets and we expect them to improve emerging markets performance over time. However in 2016 the cost of this investment together with inflationary wage increases in excess of customer price increases led to PBITA falling by 12.5%.

| At constant exchange rates | Revenue £m | | | PBITA £m | | |
|---|---|---|---|---|---|---|
| | **2016** | 2015 | YoY % | **2016** | 2015 | YoY % |
| Emerging Markets | **398** | 405 | (1.7)% | **56** | 64 | (12.5)% |
| Developed Markets | **750** | 561 | 33.7% | **90** | 61 | 47.5% |
| **Total** | **1,148** | 966 | 18.8% | **146** | 125 | 16.8% |

**16.8%**
Growth in Cash Solutions PBITA

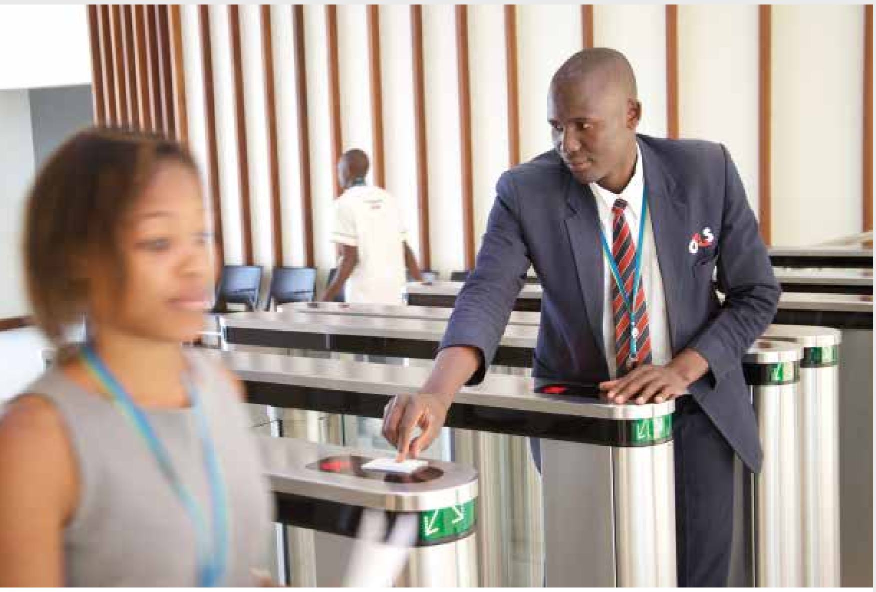
Emerging market

# AFRICA

Mel Brookes
Regional President – Africa

## Key customer sectors – mining, oil and gas, retail, energy, agriculture and financial services

G4S is the largest provider of integrated security solutions in the region, with operations in 23 African countries. The region's largest countries by revenue are South Africa and Kenya.



400
Specially trained staff

## Integrated security solution for the Canadian Embassy – Kenya

**In January 2016, G4S Kenya was awarded a new contract to provide an integrated security solution for the Canadian High Commission based on its strong security and service reputation at a time of heightened risk from terrorist attacks. The contract covers approximately 400 specially trained staff, alarm monitoring and is managed from an on-site management office and state of the art control room.**

Against a background of continued weakness in commodity prices, revenue growth in the Africa region was 6.8%, with growth across most markets and in both Secure Solutions and Cash Solutions.

We improved customer retention, whilst also growing new business. The economic environment in Africa has been challenging but represents an opportunity to offer more efficient solutions to customers through the increased sale of appropriate technology to enhance our manned security offering. The financial and retail sectors remain buoyant and we are well positioned in Cash Solutions, including Deposita, which uses technology and software to service retailers.

To ensure we have the right platform, we continue to invest in strengthening the capability and competitiveness of our businesses in Africa through programmes that address service innovation and delivery alongside operational productivity and efficiency. PBITA increased by 5.0% despite operating costs, reflecting the investment in these programmes, growing at a faster rate than revenues. New and renewed contracts won across the region include security, systems, manned security and risk management services work for governments, multi-lateral agencies, NGOs, mining companies and the Canadian embassy in Kenya.

The sales pipeline in Africa has diverse contract opportunities in areas such as aviation, banking, retail, government and NGO security and risk management services.

## 2016 HIGHLIGHTS – CONTINUING BUSINESSES

+6.5%
Organic growth

122,000
Employees

$8bn
Africa security market in 2015*

5.0%
PBITA growth

| Revenue £m | | | PBITA £m | | |
|---|---|---|---|---|---|
| **2016** | 2015 | YoY % | **2016** | 2015 | YoY % |
| **422** | 395 | 6.8% | **42** | 40 | 5.0% |

* Freedonia World Security Services Report January 2017.

Emerging market

# ASIA PACIFIC

Jon Corner
Regional President – Asia Pacific

## Key customer sectors – banking, retail, government, manufacturing and energy

G4S is the leading security provider in the Asia Pacific region with operations in 21 countries. Our largest countries by revenue are Malaysia, Hong Kong and Australia.

Revenue growth in Asia Pacific was 2.0% and PBITA increased 16.3%, reflecting the benefits of successful restructuring programmes coupled with a favourable revenue mix with an increasing proportion of revenues from Care and Justice services in Australia and security systems across the region.

We secured new and renewed contracts across a broad range of sectors including financial services (including cash recycling solutions), consumer products, government, and the US embassy in Thailand.

The sales pipeline is diversified by geographic market and customer segment focused on Care and Justice, Secure Solutions and cash management services.

## 2016 HIGHLIGHTS – CONTINUING BUSINESSES

**+1.8%**
Organic growth

**54,000**
Employees

**$42bn**
Asia Pacific security market in 2015*

**16.3%**
PBITA growth

| Revenue £m | | | PBITA £m | | |
|---|---|---|---|---|---|
| **2016** | 2015 | YoY % | **2016** | 2015 | YoY % |
| **679** | 666 | +2.0% | **57** | 49 | 16.3% |

* Freedonia World Security Services Report January 2017.

**1,400**
Deposita machines to be installed in 2017

## Malaysia – Retail Cash Solutions – growth through customer partnership and innovation

**Building on an existing strong cash solutions relationship with a leading commercial bank in Malaysia, G4S intends to deploy 1,400 Deposita retail solutions machines across Malaysia in 2017, with significant potential for more. Where appropriate, the bank provides same-day credit for customer funds and the cash is returned directly to the G4S cash processing centre. The solution provides mutual growth opportunities, reduces bank costs and improves the efficiency and security of customer cash handling processes.**

Emerging market

# LATIN AMERICA

Martin Alvarez
Regional President – Latin America

## Key customer sectors – financial services, extractive, retail, embassies and manufacturing

G4S is a leading integrated Cash Solutions and Secure Solutions provider for commercial and government customers across 17 countries in Latin America, with Brazil, Colombia and Argentina being our largest markets in the region by revenue.

**5,000**
Journeys per month

## Argentina – Unilever SecureTrip

**Building on a 10-year relationship, G4S provides Unilever Argentina with SecureTrip technology which integrates with Unilever's warehouse management system and allows a G4S team at the customer's control room to remotely track over 5,000 journeys per month. We can advise drivers on best routes, streamlining fleet operations and delivery processes, and respond to criminal activity through our patrols. According to the customer this has saved over 2% of the customer's annual transportation cost and we are looking to expand the solution to other countries and other customers.**

Despite weak or negative GDP growth in a number of large markets, our revenue growth was 7.3%. Our businesses continued to post good revenue growth in Brazil, Argentina and Uruguay.

Notwithstanding improved performance across most countries in the region, PBITA was unchanged on the prior year, reflecting the challenging economic environment in Brazil which has made it difficult to recover wage inflation and other employee benefit costs in customer pricing, coupled with the effect of our decision to bid on only a select number of government tenders. We are adjusting our cost base across the region, whilst retaining the capacity to respond to any recovery in the main Latin America markets.

During the year, we won new contracts in facilities management, systems and secure solutions contracts in the banking, communications, oil and gas, transportation and utility sectors. We also won the contract to provide security for one of the largest banks in Brazil.

Our sales pipeline for the Latin America region continues to develop well, with a number of multi-year manned security and facilities management opportunities for oil and gas, healthcare, aviation and financial institution sectors in Colombia, Argentina and Peru.

## 2016 HIGHLIGHTS – CONTINUING BUSINESSES

**+7.3%**
Organic growth

**69,000**
Employees

**$14bn**
Total security market in 2015*

**0%**
PBITA growth

| Revenue £m | | | PBITA £m | | |
|---|---|---|---|---|---|
| **2016** | 2015 | YoY % | **2016** | 2015 | YoY % |
| **621** | 579 | 7.3% | **23** | 23 | 0% |

* Freedonia World Security Services Report January 2017.

Emerging market

# MIDDLE EAST & INDIA

Claude Allain
Regional President – Middle East & India

## Key customer sectors – oil & gas, retail, energy, banking and agriculture

G4S is the leading security provider in the Middle East & India region with operations in 19 countries. Our largest countries by revenue are India, Saudi Arabia and UAE.

Revenues in Middle East & India grew 6.2% with good growth in our Secure Solutions business in India and in security systems across the region offsetting the impact of weaker trading in Cash Solutions businesses which are at an earlier stage of transformation and which felt the indirect effect of sustained low oil and gas prices in the Middle East.

We continued to strengthen our management team in the region and to invest in service innovation, customer service and operational excellence. These programmes are at a relatively early stage and operating costs, including these investments and the impact of increased employment costs in India, rose faster than revenues. As a result PBITA across the region reduced by 10.6%. New contracts won across the region include facilities management, risk consulting and security in the aviation and engineering sectors for commercial and government agencies.

The sales pipeline in the Middle East remains diversified with a large number of facilities management, Cash Solutions, security and systems opportunities in the government, industrial, healthcare, education, financial, construction and oil and gas sectors.

## 2016 HIGHLIGHTS – CONTINUING BUSINESSES

**+1.7%**
Organic growth

**177,000**
Employees

**$8bn**
Middle East & India security market in 2015*

**-10.6%**
PBITA growth

| Revenue £m | | | PBITA £m | | |
|---|---|---|---|---|---|
| **2016** | 2015 | YoY % | **2016** | 2015 | YoY % |
| **842** | 793 | +6.2% | **76** | 85 | -10.6% |

* Freedonia World Security Services Report January 2017.

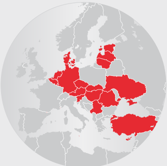
**30**
G4S teams operating across four main bases

## Basra Gas, Iraq – adding customer value safely

**Basra Gas is the largest gas project in Iraq's history and the world's largest gas flares reduction project. Since January 2016, G4S Risk Management has been providing security services comprising 30 teams operating out of four main bases across Southern Iraq and with a fleet of over 120 vehicles. From the start of the project in September 2015 to date, G4S has achieved all its key performance indicator targets and remained Lost Time Injury-free, driving over 3,800,000km and successfully moving over 46,000 customers.**

Developed market

# EUROPE



Graham Levinsohn
Regional CEO – Europe

## Key customer sectors – automotive, energy, financial services, aerospace, defence, chemicals, biotechnology, food, aviation and retail

G4S Europe has activities in 21 countries in Scandinavia, Benelux, Southern Europe and Eastern Europe. It has strong market positions in Cash Solutions and around 20% of the region's revenues are security systems-related.

In Europe, revenues rose by 4.6% driven by growth in both Secure Solutions and Cash Solutions with a particularly strong performance in Belgium, Romania and the Netherlands from new contracts and a temporary step up in secure solutions activity in Belgium following the terrorist attacks in March. PBITA rose by 18.1%, reflecting the combined effect of revenue growth, disciplined price increases and the benefits of our restructuring and productivity programmes.

We succeeded in winning new security contracts for aviation and retail customers, systems security for infrastructure and in cash management.

Our European pipeline has a large number of opportunities in the aviation, infrastructure, consumer and banking sectors.

## 2016 HIGHLIGHTS – CONTINUING BUSINESSES

**+4.4%**
Organic growth

**45,000**
Employees

**$37bn**
Europe security market in 2015*

**18.1%**
PBITA growth

| Revenue £m | | | PBITA £m | | |
|---|---|---|---|---|---|
| 2016 | 2015 | YoY % | 2016 | 2015 | YoY % |
| 1,224 | 1,170 | 4.6% | 85 | 72 | 18.1% |

* Freedonia World Security Services Report January 2017.

**40%**
contract revenue growth

## Europe – Kuhne & Nagel integrated solutions in Belgium and Luxembourg

**Kuhne and Nagel, the global Swiss transportation and logistics company, were looking to synchronise security services to their five largest facilities. They wanted to improve cost efficiency and compliance with new standards and technology, standardise and improve service levels and reduce the number of suppliers. The G4S solution was to manage all sites with CCTV solutions and make significant double-digit cost savings for the customer whilst growing the G4S contract revenues by around 40%.**

Developed market

# NORTH AMERICA

John Kenning
Regional CEO – North America

G4S North America is predominantly an integrated Secure Solutions business for commercial customers, with some government contracts including border protection. The Group's innovative cash management solution for retail customers (see page 23) saw significant increased revenue and profit growth in 2016.

In North America, our revenues grew by 12.4%, and our pipeline indicates the potential for further growth. Cash Solutions revenues grew by a factor of more than 40 helped by Retail Solutions momentum. Revenues from our technology, software and systems businesses grew by 17% excluding retail Cash Solutions. Manned security revenues grew marginally with new customer contracts and growth in existing contracts being offset by lower temporary and short-term work than in 2015 and a reduction in demand in Canada due to the impact of lower oil prices on the economy.

PBITA increased by 13.3%, helped by a favourable sales mix and efficiency gains, partially offset by investing in organisational capacity to manage our rapidly growing integrated systems business and Retail Solutions.

Key contract wins include the renewal of an aviation contract in Canada for a further five years and expansion of the Retail Solutions contract portfolio.

We have a strong contract pipeline with opportunities across diverse sectors including energy, retail, finance, healthcare and data centres.

## North America – integrated offering

**Following detailed risk and threat assessment, G4S will be providing a unified security offering including access control, systems integration, monitoring (fire, video, intrusion), Risk360, design and management of the security and operating centre and manned security officers in one of the largest redevelopment programmes in North America.**

## 2016 HIGHLIGHTS – CONTINUING BUSINESSES

**+12.4%**
Organic growth

**57,000**
Employees

**$46bn**
North America security market in 2015*

**+13.3%**
PBITA growth

| Revenue £m | | | PBITA £m | | |
|---|---|---|---|---|---|
| **2016** | 2015 | YoY % | **2016** | 2015 | YoY % |
| **1,817** | 1,616 | 12.4% | **111** | 98 | 13.3% |

* Freedonia World Security Services Report January. 2017

Developed market

# UK & IRELAND

Peter Neden
Regional President – UK & Ireland

G4S is the leading provider of Cash and Secure Solutions in the region with a broad range of expertise covering specialist event security, government outsourcing including Care and Justice services, and Cash Solutions.

As expected, revenue in the UK & Ireland grew by 1.5% due mainly to a new global security contract for a major bank and new facilities management services in Ireland.

PBITA was 13.4% higher reflecting the benefit of our on-going productivity programmes and the growth in our facilities management and secure transportation services.

New contracts won include facilities management and integrated security solutions contracts in healthcare, and we renewed all major rebid Cash Solutions contracts awarded during 2016.

The UK & Ireland bidding pipeline is broad-based and has grown in the areas of facilities management, Care and Justice, secure transportation and cash outsourcing.

## 2016 HIGHLIGHTS – CONTINUING BUSINESSES

1.5% Organic growth

34,000 Employees

$6bn Total security market in 2015*

13.4% PBITA growth

| Revenue £m | | | PBITA £m | | |
|---|---|---|---|---|---|
| 2016 | 2015 | YoY % | 2016 | 2015 | YoY % |
| 1,218 | 1,200 | 1.5% | 110 | 97 | 13.4% |

* Freedonia World Security Services Report January 2017.

13
Locations for five years

### Major bank – Global footprint and security insight and know-how

**In 2016, as part of a new global security contract, we started a new manned guarding security contract for a major financial institution in May 2016. The contract covers manned security in 13 locations and is for five years.**

# AN INTEGRAL PART OF DAY-TO-DAY MANAGEMENT

Our aim is to identify the principal risks we face and to focus management attention on effective mitigation of the most critical risks to achieve our strategic objectives and safeguard our reputation.

## How the risk landscape has evolved

Events during 2016 have continued to highlight the dynamic nature of the global landscape in which G4S operates. Geopolitical shifts, changes in political leadership, volatility in commodity markets, terrorist events, weak economic recovery, migration in Europe and on-going instability in the Middle East have created increased risks and uncertainty and also opportunities for the security industry. G4S also continues to face operational and health and safety risks which are particular to the security business, along with the financial and commercial risks common to all multinational companies.

Our assessment is that the risk to G4S arising directly from the vote for the UK to leave the EU is not significant. We mainly operate within national boundaries and are subject to national security licensing regulations, and are relatively well positioned with around 82% of revenues outside the UK and minimal cross-border trading. However, depending on the terms of the UK's exit from the EU there might be a range of business factors that could affect our business including the availability of labour, regulations and taxation. It is also possible that continuing uncertainty during the negotiation period lowers economic growth in the UK and Europe which could affect both our customers and our competitors. We continue to monitor developments through our risk and governance framework.

## What we did in 2016

During 2016, progress has been made to ensure that accountability for risk management rests with country operational business management. The Group's mandated control standards have been updated to ensure they address key risks and were simplified to facilitate compliance. These were launched Group-wide and now form part of the updated control self-assessment mechanism. Quarterly Regional Audit Committees focus on financial judgements and address internal and external audit findings, which has driven an improvement in financial control awareness and compliance. We have further embedded the enterprise risk management governance model, as detailed on page 51, across the Group.

## What we will do in 2017

We will further embed the mandated control standards to ensure they operate effectively throughout the Group. Functional teams will use the results of the control self-assessment to assist countries with training and guidance as well as challenging countries to ensure controls are operating in line with their self-assessment. In addition, internal audits will test the operational effectiveness of these controls. Regional Audit Committees will continue to review, challenge and direct improvements in the performance of all control standards, financial judgements and reporting. Through continued engagement and review by country, region and Group management we will enhance the quality and timeliness of the identification of risks and the delivery of mitigating actions. During the year we will reassess the Group's risk appetite and improve the reporting of risks and use metrics to assist with risk identification.

## What are the key risks faced by G4S?

As in prior years we have undertaken a bottom-up review, with countries completing a review of their risks and recording them in our Governance Risk and Control (GRC) tool together with mitigating actions as appropriate. This is combined with a top-down review from the board and Group functional leaders to ensure that the risks captured are complete and appropriately assessed. The risks are then summarised and presented to the Risk Committee for their consideration and approval. The resulting principal residual risks and the mitigating actions are outlined in the following pages. In general the level of residual risks is similar to the prior year. Any identified changes are reflected in the individual principal risks described on pages 52 to 55. For 2016 we removed the principal risk of Brand and Reputation as the risks described in that category largely duplicate risks discussed in several other principal risks. We have also removed the risk of Delivery of Core Service Lines as the key elements in that risk are more reflective of our risk of not delivering our Growth Strategy and are included in that risk for 2016.

G4S operates in high risk areas of business in which our core competence and value-add to customers is managing those risks effectively. We have a higher risk appetite for growing and transforming the business when we have the expertise to deliver and achieve a good commercial return for the risk we are accepting. In delivering our agenda of change and growth we need to manage effectively the risks we accept:

- By assessing the risks of major contracts thoroughly; applying the best resources and expertise; and hence putting in place mitigation strategies which will control the risks to a commercially acceptable level;
- By applying commercial and financial discipline and controls to manage our growth opportunities; and
- By applying effective programme and project management to our change agenda.

## ENTERPRISE RISK MANAGEMENT GOVERNANCE MODEL

### BOARD

The board has ultimate responsibility for assuring risk management processes by reviewing the most critical risks and controls.

### RISK COMMITTEE

The Risk Committee meets four times per year and reviews the Group's risk appetite, assesses the Group's principal residual risks and assesses the overall enterprise risk management process.

### AUDIT COMMITTEE

The Audit Committee meets four times per year and ensures the Group's control framework is operating effectively.

### GROUP EXECUTIVE COMMITTEE

The Group Executive Committee considers the Group's principal residual risks and the progress of mitigating actions.

### REGIONAL AUDIT COMMITTEES

The committees meet four times a year and are also attended by the external auditor and review:

1. The progress of closing internal and external audit findings; and
2. Reports on status of financial controls and significant accounting judgements

### GROUP AND REGIONAL ETHICS COMMITTEES

The committees are responsible for whistleblowing and investigations across the regions.

### OPERATING COMPANIES AND SHARED SERVICE FUNCTIONS

Our operating companies and shared service functions identify and assess the risks to their business objectives and plan appropriate mitigating actions. These are recorded in our Group-wide risk management tool. A thorough review is conducted as part of the annual planning process with updates made in senior management team meetings and trading reviews formally twice a year. Control self-assessments against Group control standards are completed annually (bi-annually for financial control standards).

**Operating companies**

We employ three lines of defence to control and manage risks across the Group.

### 1ST LINE: BUSINESS OPERATIONS AND SUPPORT

Responsibility for the first line sits with the managers of our businesses, whether line management or support. The senior management team within each business is responsible for implementing and maintaining appropriate controls across their business.

**Result:** Ensures standards expected by the Group, our customers and other stakeholders are met.

### 2ND LINE: CONTROL AND OVERSIGHT FUNCTIONS

The second line consists of oversight functions at both regional and Group level including: risk, finance, legal, human resources, operations, information technology, commercial and CSR.

**Result:** Provides support to business managers.

### 3RD LINE: INTERNAL INDEPENDENT ASSURANCE

The third line comprises the internal audit function. As part of its annual programme of work, internal audit conducts regular reviews of risk management processes and gives advice and recommendations on how to improve the control environment.

**Result:** Provides independent assurance over the design and operation of controls.

### EXTERNAL AUDIT

Financial reporting risks are considered as part of the external audit.

*Principal risk*

*Link to strategy*

## HEALTH AND SAFETY (H&S)

### Risk description

The provision of security services to protect valuable assets, often in hostile or dangerous circumstances, presents health and safety challenges. The business operates a large vehicle fleet in a number of countries with poor road infrastructures, increasing the risk of road traffic incidents. In 2016, 47 (2015: 46) employees lost their lives in work-related incidents.

### Risk mitigation

The protection of our staff, people in our care or custody, and third parties including the public, is of utmost importance. We believe that accidents are preventable and that 'zero fatalities' is an appropriate goal. The Group has mandatory H&S controls which all companies are required to comply with. These controls cover the core requirements for businesses' management systems and are supplemented by on-line training for managers and business leaders. Formal processes, which are continuously reinforced, are in place to report, investigate, close out and share the lessons learned from serious incidents. A road safety policy applies to all businesses, a number of which also run local programmes on topics such as speed management, GPS tracking and motorcycle safety. A series of 'Golden Rules' which reflect some of the most common H&S risks are widely publicised, included in mandatory training, and failure to adhere to them is linked to our disciplinary procedures. As part of embedding best practice H&S standards and behaviour we have completed assessments of H&S practices in high-risk countries and provided further guidance to mitigate H&S risks. Good practice and progress in delivering H&S improvements are recognised and rewarded, while poor practice and insufficient progress lead to close executive scrutiny, formal performance management processes and reductions in performance related pay for business leaders as appropriate.

### Mitigation priorities for 2017

We will continue to monitor compliance with the H&S controls through the annual self-assessment process and through on site reviews from local, regional and Group teams to check compliance with these controls. We will enhance the process for reporting H&S performance and introduce the tracking of high potential incidents with the aim of proactive prevention of incidents leading to injuries and fatalities.

Having recently developed a number of training programmes aimed at managers and business leaders, we will focus our attention on the content of H&S training given to front line employees and make changes as appropriate to ensure the messages about the importance of health and safety and responsibilities are consistent at all levels. We will refresh the 'Golden Rules' to ensure they remain aligned to the key H&S risks and awareness of them is reinforced. We will continue to provide guidance and intervene to support selected businesses in delivering improved health and safety performance.

## CULTURE AND VALUES

### Risk description

G4S provides security for people, premises and valuable assets. The Care and Justice services businesses provide services to detainees, victims of crime, people needing state assistance, and other members of the public. We operate in many different countries around the world with a diversity of local and national cultures. Having a strong set of corporate values that unite the organisation deeply embedded in our culture, is very important. If we fail to behave in accordance with the high standards that we set ourselves there is a risk that we will not deliver on our commitment to our colleagues, customers and other stakeholders and may fail to comply with legislation and international standards.

### Risk mitigation

The Group has a strong set of corporate values which are embedded in a range of employment practices including recruitment, induction training, Group policies and performance contracts. They are communicated to employees through posters, intranet, values events, training programmes and other methods across our different markets. Our corporate values are detailed on page 3. In everything we do, no matter how challenging the circumstances, we require our people to live these values and to be prepared to Speak Out if others disregard them. Ethics steering committees at a Group level and in each region oversee the whistleblowing investigation process and provide guidance to countries on ethical matters. In the UK & Ireland we focused on building awareness of the importance of our corporate values and whistleblowing, particularly in prisons and other secure care environments. Members of our Group Executive Committee have undertaken a programme of visits to these locations to help ensure this is embedded successfully.

### Mitigation priorities for 2017

To ensure widespread understanding and awareness of our revised corporate values, we have recently launched a new communications toolkit and identified a global network of values ambassadors who are responsible for communicating the values across all businesses. In addition, we are embedding the values in our processes for selecting, hiring, on-boarding, training and development of colleagues around the world. We are launching a scheme to recognise colleagues who are living the values and will share best practice case studies across the Group. This includes a new video for induction training which makes the values relevant to our day to day activities, a revised competency framework for managers so that expected behaviours and assessment of their performance is aligned to the new values, as well as on-line management training. Every opportunity will be taken to promote Speak Out in these materials so colleagues can report any concerns with behaviour that appears contrary to our values.

- People and values
- Customers and service excellence
- Growth and innovation
- Operational excellence and productivity
- Financial and commercial discipline

*Principal risk*

*Link to strategy*

## PEOPLE

### Risk description

In a global and diverse security business such as ours, employing over 585,000 people across around 100 countries, there are risks associated with recruiting, supervising, motivating and training employees on such a large scale, as well as rewarding appropriately and retaining critical talent to ensure effective succession in management roles. Screening is also a particular challenge in some territories which lack supporting infrastructure from the relevant authorities. While our controls are robust we still face the risk of a rogue employee not complying with our values.

### Risk mitigation

The Group has mandatory human resources controls which all countries are required to comply with. These HR core standards were reviewed and re-launched during the year with appropriate training and support and are assessed through a control self-assessment process within our GRC tool. This provides visibility of compliance and monitoring of action plans to mitigate any non-compliance. In those territories where local circumstances make it impossible to comply fully with the screening and vetting elements, we identify alternative measures, approved by Group human resources, to mitigate the risk as much as possible.

We review in detail the performance and potential of approximately 3,000 managers across the Group to help identify development needs and build succession plans. We also run a regional leadership programme to nurture talented individuals early in their careers and develop them into more senior roles as they move through the organisation.

We monitor staff turnover monthly to ensure that our employee engagement initiatives are achieving desired results of improved employee loyalty and retention. During the year voluntary staff turnover reduced by 7.1%, for more details see page 15.

### Mitigation priorities for 2017

We will undertake our fifth global employee engagement survey. The questions will be aligned to the revised corporate values to help businesses identify whether our employees believe the company is living up to them. The results will guide further enhancements to policies and incentive mechanisms to improve productivity, customer satisfaction, personal development and engagement. Self-assessments against the HR core standards are completed annually so progress in closing any gaps identified in the 2016 assessments and any new ones will be followed up.

## MAJOR CONTRACTS

### Risk description

The Group has a number of long-term, complex, high-value contracts with multinational, government or other strategic customers. For such contracts there are risks to accepting onerous contractual terms; poor mobilisation of contracts; not transitioning effectively from mobilisation to on-going contract management; not delivering contractual requirements; inaccurate billing for complex contracts; ineffective contract change management; and not managing sub-contractors appropriately.

### Risk mitigation

We have strict thresholds for the approval of major bids involving both detailed legal review and senior management oversight. These are embedded into our SalesForce opportunity management tool. For our most significant contracts in the UK, we perform 360° reviews of all aspects of contract management and performance. We also perform a quarterly financial review of the top 25 and low margin contracts in each region. For our large multinational customers we have account managers who oversee performance of these contracts across relevant countries and have regular updates with these customers to ensure we deliver to contract terms. We believe the improvements made to controls in this area over the last three years have significantly reduced the risk of entering into new contracts which will become materially onerous.

### Mitigation priorities for 2017

We will continue to enhance the review and approval process to mitigate further the risk of poor contracts and ensure lessons learned from underperforming contracts and those we have turned around lead to better performance and the identified issues are part of future approvals for all contracts.

## LAWS AND REGULATIONS

### Risk description

G4S operates in many jurisdictions globally, with complex and diverse regulatory frameworks. An additional complexity arises from the extraterritorial reach of some of the legislation to which the Group is subject.

Risks include increasing litigation and class actions; bribery and corruption; obtaining operating licences; complying with local tax regulations; changes to employment legislation; complying with human rights legislation; and new or changed restrictions on foreign ownership. Risk also arises from new or changing regulations which require modification of our processes and staff training. These can lead to higher costs from claims and litigation; inability to operate in certain jurisdictions, either through direct ownership or joint ventures; loss of management control; damage to our reputation; and loss of customer confidence.

### Risk mitigation

Our policies and procedures clearly set out the requirement for all local management to comply with local laws and regulations. Group and regional leadership together with our Ethics Committees at Group and regional level provide oversight and support compliance with these policies and procedures to mitigate the risks. Group legal and regional leadership closely monitor changes in foreign ownership laws and make appropriate plans to respond. G4S continues to liaise with relevant governments and authorities to influence positively the regulatory environments in which we work.

### Mitigation priorities for 2017

We will continue through Group and regional leadership to monitor for changes in laws and regulations and ensure that compliance with them is maintained in all countries. In addition we will continue to liaise constructively with governments and relevant authorities.

*Principal risk* | *Link to strategy*

## GEOPOLITICAL

### Risk description

We operate in many countries across the world, with wide-ranging government and political systems, different cultures and varying degrees of rule of law and compliance with human rights within conflict and post-conflict zones. The risk factors include political volatility, revolution, terrorism, military intervention and insurgency. The geopolitical risks we face impact us in many ways: the health and safety of our staff and customers; the continued operation of our businesses; and the ability to secure our assets and recover our profits.

### Risk mitigation

We have developed a global process for assessing geopolitical risks of different countries which determines the types of customers we will serve and the types of service we will provide. We also have a great deal of experience of operating in a wide range of difficult territories. We collaborate with our local partners; conduct early risk assessments before and during security assignments; have robust operating procedures; and work closely with our local and global customers in managing the risks of operating in such environments including compliance with human rights. Our G4S Risk Management business has particular expertise in providing secure solutions in very high risk, low infrastructure environments.

### Mitigation priorities for 2017

We will continue to assess and monitor geopolitical risks, including exposure to potential human rights abuses, across the high risk countries in which we operate.

## INFORMATION SECURITY

### Risk description

The customers, staff, suppliers and partners of G4S which entrust their sensitive and confidential business information into our care rightly expect that we will take all reasonable steps to protect it. We are at risk of cyber and physical attack by criminal organisations and individual hackers which could result in censure and fines by national governments; loss of confidence in the G4S brand and specific loss of trust by customers, especially those in government and financial sectors.

Additionally, we face the risk of disruption to service delivery from system failures, incomplete backup routines, inadequate business continuity plans and disaster recovery.

### Risk mitigation

We have "defence-in-depth" technologies (i.e. multiple layers of defence) in key systems to protect business information entrusted to us. We have mandatory policies and best practice guidance for application by operating businesses across the Group. Our Minimum Information Security Controls are continually refined and updated in line with our assessment of threats. Compliance with the controls is measured through self-assessment and independently audited by group internal audit.

In 2016, G4S migrated successfully all its businesses to one unified office productivity suite, Google Cloud, covering around 65,000 employees. This further improves our control and security of email and corporate documents.

### Mitigation priorities for 2017

Group IT will refine policies into standards and will continue to provide direct technical and hardware solutions to improve performance of IT systems, backup routines and resilience across the world. We will deploy appropriate IT security controls to ensure that we have the right levels of monitoring, reporting and protection of our business information.

## CASH LOSSES

### Risk description

There are risks in our cash business from external attacks, internal theft and poor cash reconciliation as we transport and safeguard high value cash and valuables including international shipments. We provide a wide range of cash management services including cash processing, sorting of notes for ATMs, holding funds on behalf of customers, secure storage, and a range of ATM services. Loss of cash or valuables could lead to loss of profit, increased cost of insurance and health and safety considerations for our staff and the public.

### Risk mitigation

We have clearly defined standards for reconciliation and operational cash controls and have developed an e-learning 'academy' for cash reconciliation and controls to facilitate quick deployment and continued effective operation of these controls across our cash businesses. Group and regional teams monitor compliance with the reconciliation and control standards and support our cash businesses to improve them.

We also have clearly defined standards for physical cash security for our employees, vehicles and processing centres. The Group cash security function is responsible for monitoring compliance with these; for monitoring attacks and other cash losses; and for communicating lessons learned. Innovative security defence products are in use, cash box tracking, vehicle protection foam and protective boxes.

### Mitigation priorities for 2017

We will continue to drive improvement in cash reconciliation and physical cash security across our cash businesses through both Group and regional teams.

- People and values
- Customers and service excellence
- Growth and innovation
- Operational excellence and productivity
- Financial and commercial discipline

*Principal risk*

## GROWTH STRATEGY

*Link to strategy*

### Risk description

Our growth strategy is to leverage our expertise to drive innovation in our core service lines to improve service for our customers and so increase the value of long-term customer relationships.

There are risks that we will fail to create higher value solutions that differentiate us from local commoditised competitors; that we fail to deliver our core services effectively and consistently; that we lose contracts or growth opportunities through price competition and market changes; that we fail to enter target markets successfully; that we become over-reliant on large customers; and that government legislation changes could impact on our growth potential or force exit from markets and territories.

### Risk mitigation

We have best practice service delivery guidelines for both secure solutions and cash service lines and are developing a global information system supporting the end to end order to cash process in our secure solutions service lines, including finance, human resources and operational delivery.

Our development of new service offerings, particularly in electronic security and cash solutions, is focused on those centres of excellence where we have the strongest capability. We leverage our global network to offer integrated solutions internationally. In particular, our global accounts programme supports and promotes our multinational accounts and focuses selling our more specialist services such as investigations and secure logistics.

Our 'outbound' programme works with Chinese and North American multinational customers to provide services to them on a global scale. We are able to mitigate local reduction in growth opportunities through the diversity of industries and markets we serve and by leveraging our portfolio of products to offer alternative cost efficient solutions.

We also have a consistent approach across all countries to assess customer satisfaction and ensure we deliver our service commitments, key performance indicators and thus improve retention of customers.

### Mitigation priorities for 2017

We will continue to invest in our business development capabilities in both people and systems. The results of understanding our customers' levels of satisfaction in how we deliver our services will be used to improve further customer satisfaction and guide how we deliver integrated solutions to existing and potential customers across all businesses.

The global information system is planned to be piloted in our UK & Ireland businesses, and then rolled out globally over a number of years. Further enhancements will be made to our business resilience mechanisms to enhance business continuity and thus mitigate the risk of interruption of service to customers.

## VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014, the directors have assessed the viability of the Group over a three-year period, aligned with that of the Group's rolling planning cycle, taking into account the Group's current position and the potential impact of the principal risks documented on pages 52 to 55.

Planning beyond three years is seen by the Group as being of limited value due to:

- The majority of the Group's contracts being less than three years in duration;
- The correlation of demand for security services with the very volatile global economy; and
- The impact of the Group's on-going transformation programme.

The Group's prospects are assessed primarily through its bottom-up strategic planning process. The overall strategy for the Group was refreshed comprehensively in November 2013 and the board has monitored progress closely against this strategy as well as the risks to its success. The 2016 process commenced in June with each country and business unit updating its rolling three-year strategic plan and considering the risks to achievement of that plan. These plans were reviewed and refined by regional management and then by the Group Executive Committee before being reviewed by the board in October 2016. The key assumptions in the financial forecasts, reflecting the overall strategy, include:

- A continued demand for security services, as set out on page 8 of the strategic report;
- An ability to continue to drive through our productivity programmes and to flex the cost base, as set out on pages 24 to 25; and
- Continuing to improve the operating cash flow performance of the Group as set out on pages 26 to 27.

The output of this plan is used as the baseline for stress-testing covenant and headroom analysis. This analysis includes sensitivity analysis to changes in trading conditions affecting profit growth and the capital needs of the business, as well as the principal residual risks.

The vast majority of the Group's risks exist at an individual country level and are individually immaterial. The principal residual risks described on pages 52 to 55 are an aggregate view of the approximately 1,500 individual risks captured in country, region and Group functional risk registers. These wide-ranging risks are highly unlikely to crystallise simultaneously and it is therefore unlikely that such risks would have a material impact on the Group's financial position. Nevertheless, the Group has sensitised its three-year financial projections for the following risks: a) potential loss of certain of the Group's top customers; b) potential adverse changes in foreign ownership legislation resulting in cessation of material business lines; and c) potential claims from major contracts resulting in material settlement payments. The directors consider that this stress-test assessment of the Group's prospects is reasonable in the circumstances. Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three financial years to 31 December 2019.


# GOOD GOVERNANCE IN SUPPORT OF SUSTAINABLE GROWTH

In his introduction to the Strategic Report, our chief executive officer, Ashley Almanza, outlined the substantial progress made during 2016 in implementing our strategy. Having been chairman for nearly five years, I am pleased to see that the transformation programme initiated by Ashley and his team in 2013 is delivering tangible results and has created a solid platform for the Group to continue to develop further.

## Our governance

Our governance structure, described in this report, is designed to enable the board to discharge its responsibilities. In leading the board I am keen to foster an environment conducive to rigorous challenge and open debate amongst board members on strategy, performance, risk, corporate accountability and sustainability. Our board performance, both collective and individual, is reviewed every year and this exercise allows particular focus on any area identified for further development and board succession planning. We place an ever stronger focus on risk management. Good risk management is fundamental to us delivering our strategy and it is therefore central to our decision making process. In 2013, we established a Risk Committee designed to ensure adequate focus was given to defining and embedding a new risk management framework within the organisation. In 2016, the need for this committee, which is separate from the Audit Committee, was reviewed. We concluded that the scale of the on-going transformation of the Group warrants the additional focus that a stand-alone committee devoted to risk provides. Of equal importance is good communication with our shareholders and to this end we hold various events throughout the year. Further information on the engagements that took place during 2016 is set out on page 68. The Company's policy on remuneration of directors is set out on pages 80 to 88 of this report and a separate resolution to approve this policy will be put to shareholders at the annual general meeting on 25 May 2017. No material changes have been made since the policy was last approved in 2014. We look forward to receiving shareholders' support once again this year.

## IN THIS SECTION



## Changes to the board

Effective boards need directors who bring the right balance of skills, experience and knowledge and are drawn from a range of diverse backgrounds. The work associated with changes to the board and succession planning were important elements of the Nomination Committee's activity during the year under review. The work of the Nomination Committee during the year is described on page 69.

As announced previously, Mark Elliott and Adam Crozier retired from the board at the conclusion of the AGM on 26 May 2016. Mark Elliott, who had been a non-executive director since 2006 and Senior Independent

Director for nine years, handed over his role as chairman of the Remuneration Committee to John Daly. Himanshu Raja stepped down as Group CFO in October and was succeeded by Tim Weller - a former non-executive director of the G4S board and an experienced FTSE Chief Financial Officer. The board is grateful to Mark, Adam and Himanshu for their contributions during their tenure and delighted that Tim has moved into his new executive role within the Group.

Over the last twelve months, two new directors - Steve Mogford and Barbara Thoralfsson - joined the board. Steve Mogford, who was appointed on 27 May, took on the role of Senior Independent Director. Barbara Thoralfsson joined the board on 1 July. In December we announced that Ian Springett, a serving FTSE CFO with extensive international experience, would join the board from 1 January 2017 and take on the role of chair of the Audit Committee. Unfortunately, due to the onset of a medical condition, Ian was not able to take on the role of Audit Committee chair, although he remains on the board and we look forward to his return as soon as possible. Paul Spence, who was already a member of the Audit Committee and had chaired the December Audit Committee meeting, was appointed as interim chair with effect from 20 January 2017. Paul, who also chairs the Risk Committee, has strong leadership skills and extensive experience of the complexities faced by businesses with an international footprint.

The diversity of skills and experience brought by the new board members is already proving very valuable. Steve Mogford, a serving CEO and Barbara Thoralfsson both bring extensive technology and international business experience to the board. These appointments have undoubtedly added to the diversity of skills and backgrounds of the board. Succession planning and ensuring we have the skills required to enable the board to provide effective challenge and oversight in support of the continuing transformation of the Group is kept under constant review.

## Results

It is pleasing to be able to report on good progress in 2016 with the management team working well together. As reported by our chief executive on page 4, 2016 saw further substantial progress in implementing the Group's strategy.

Continuing business performance saw a 6.3% increase in revenue, which rose to £6.8 billion. It is worth noting the increased contribution of technology, software and systems, which represented 13% of Group revenues in 2016 (10% in 2015). This increase reflects our continued investment in technology and innovation. The combination of growing revenues and better productivity generated a 9.7% increase in the Group's PBITA to £454 million. Improved profit and more effective working capital management saw operating cash flow rise by more than 61% to £638 million. Earnings per share rose by 16.5% to 15.9 pence per share.

Growth in profits and operating cash flow, together with disposal proceeds of £82 million helped reduce the Group's net debt to 2.8x (2015: 3.4x) and we remain on track to meet the target of 2.5x in the next 12 to18 months.

The board is confident in the Group's outlook and proposes a final dividend of 5.82p (DKK 0.5029) per share, payable on 9 June 2017. With an interim dividend of 3.59p (DKK 0.3143) paid on 14 October, this will bring the total dividend for the year to 9.41p per share (DKK 0.8172).

## Values

We recognise the value of a healthy corporate culture, which supports our strategic objectives and is not only an enabler and a differentiator (i.e. a source of competitive advantage), but also protects and generates value. It is important that our corporate culture is clear in its content and effective at all levels within our organisation. With this in mind, we embarked on an exercise to refresh our corporate values during 2016. The CSR Committee oversaw the process, reviewing progress and providing input at each of its meetings. This thorough exercise resulted in simpler values, that sit within a framework, which enables all employees across the Group readily to understand their relevance to our business and how they work together.

The values are being embedded in our human resources processes from recruitment through to evaluation. Our 2017 global senior management and employee surveys will also be aligned to the new values. During the year, the board will have a number of opportunities to engage with employees across the Group and these meetings will give directors useful insight into how the values are embedding in the business. Further information on our values can be found on page 15 and in our CSR Report 2016.

## People

With operations in around 100 countries and over 585,000 employees, we are acutely aware that G4S is well placed to contribute positively to societies across the world. Our employees play an important role in this respect. On behalf of the board, I wish to thank the employees of G4S whose hard work and dedication in delivering services to customers in sometimes difficult and challenging environments is truly inspiring.

John Connolly
Chairman

## BOARD CULTURE

**Creating and maintaining an effective board culture is vital to ensuring good decision making, healthy debate and challenge and also to set the tone for the rest of the organisation. A key element of the selection process for each new board member is to assess whether a particular candidate will bring the right level of challenge, independence and openness. The result is a board where members are both challenging but also supportive of each other.**

**Culture features implicitly or explicitly in all discussions and interactions. We recognise that strong governance is an essential component of a healthy culture and that the board should set the tone for the entire organisation.**


Key to committee membership
- N Nomination
- C CSR
- Ri Risk
- A Audit
- Re Remuneration
- ◯ Committee chairman

### 1. John Connolly N Ri
Non-executive director/
Chairman of the board

Appointed June 2012

John Connolly has extensive experience working in a global business environment and in sectors with strategic relevance to the Group.

A chartered accountant, John spent his career until May 2011 with global professional services firm Deloitte, was Global Chairman between 2007 and 2011 and, prior to that, Global Managing Director between 2003 and 2007. He was Senior Partner and CEO of the UK Partnership from 1999 until his retirement from the firm.

*Current external commitments:* Chairman of Amec Foster Wheeler plc and director of a number of private companies.

Beyond commercial business roles, he is the chairman of the Great Ormond Street Hospital Charity board of trustees.

### 2. Ashley Almanza Ri
Chief executive officer

Appointed May 2013

Ashley Almanza has extensive board and executive management experience in complex international businesses. He held a number of senior executive roles at BG Group from 1993 to 2012, including CFO from 2002 to 2011 and Executive Vice President from 2009 to 2012. As Executive Vice President he was accountable for BG Group's UK, European and Central Asian businesses. He was a non executive director of Schroder plc 2011 to 2016.

He holds an MBA from London Business School.

*Current external commitments:* Non-executive director of Noble Corporation. Board member of the Ligue Internationale des Sociétés de Surveillance.

### 3. John Daly Re A
Non-executive director

Appointed June 2015

John Daly has significant executive management experience in major international businesses with extensive knowledge of Asia and the Middle East.

After an early career in sales and marketing with Schering-Plough, Pennwalt Corporation, Bristol-Myers Pharmaceuticals and Johnson & Johnson, he joined British American Tobacco (BAT) in 1994. He held various executive leadership positions at BAT over the course of 20 years in Europe, the Middle East and Asia. Most recent positions at BAT were chief operating officer (from 2010 to 2014) and Regional Director for Asia Pacific, based in Hong Kong (from 2004 to 2010).

*Current external commitments:* Non-executive director of Britvic plc and Wolseley plc.

### 4. Winnie Kin Wah Fok C Re A

Non-executive director

Appointed October 2010

Winnie Fok has extensive international board and senior management experience with extensive knowledge of Asian markets and strong involvement in Scandinavia.

An auditor by training, was involved in management positions in finance, audit and corporate advisory work and a wide range of roles in asset management firms investing with a focus in Asia. Senior partner of EQT and CEO of EQT Partners Asia Limited; managing director of CEF New Asia Partners Limited.

*Current external commitments:* Senior advisor to Wallenberg Foundations AB; non-executive director of Volvo Car Corporation; SEB AB and an investment committee member for the HOPU Investment Fund.

### 5. Steve Mogford N A

Non-executive director/Senior independent director

Appointed May 2016

Steve Mogford has extensive experience of delivery of complex programmes in the defence, infrastructure and utilities market. Serving FTSE100 CEO.

After graduating in astrophysics, maths and physics, served a 30-year career with British Aerospace, later BAE Systems, during which time he held several senior management positions before being appointed chief operating officer, with particular responsibility for programmes, major projects and customer support, and a member of the BAE Systems plc board. He was chief executive of SELEX Galileo, the defence electronics company owned by Italian aerospace and defence organisation Finmeccanica for four years prior to joining United Utilities Group plc (a UK based water and wastewater service company) in 2011 as CEO.

*Current external commitments:* CEO of United Utilities Group PLC.

### 6. Paul Spence A Ri C

Non-executive director

Appointed January 2013

Paul Spence has in-depth knowledge of outsourcing in both the public and private sectors and extensive international experience in key developing countries such as India, China and Brazil.

A graduate of the Wharton School at the University of Pennsylvania with a degree in economics and decision sciences; served a 30-year career with Capgemini and its predecessors. Having started in the US and become managing partner of mid-Atlantic information and technology for Ernst & Young, he went on to gain significant international experience for 16 years as managing partner of Ernst & Young Consulting Australia, CEO of Capgemini Ernst & Young in Asia and CEO Capgemini Ernst & Young UK. He then spent eight years serving on Capgemini's executive management committee during which time his roles included deputy group CEO and CEO of Capgemini Global Outsourcing Services.

*Current external commitments:* Non-executive director of Actual Experience plc.

### 7. Clare Spottiswoode C Re

Non-executive director

Appointed June 2010

Clare Spottiswoode has considerable experience in the public sector, the energy markets and the financial services sector.

A mathematician and economist by training, worked for the UK Treasury, director general of Ofgas, the UK gas regulator; policyholder advocate for Norwich Union's with-profits policyholders at Aviva and a member of the Independent Commission on Banking and the Future of Banking Commission.

*Current external commitments:* Chairman of Flow Group plc; non-executive director of Ilika plc, Partnership Assurance Group plc, BW Offshore Limited and JRP Group plc as well as being a director of a number of private companies.

### 8. Ian Springett A Ri

Non-executive director

Appointed January 2017

Ian Springett has extensive international and financial experience in the petroleum industry. Serving FTSE 250 CFO.

A chartered accountant, having qualified with Coopers & Lybrand in London. Prior to joining Tullow Oil, Ian worked at BP for 23 years where he gained extensive international experience and held a number of senior positions, including vice-president of BP Finance, CFO for the United States and he also served as a business unit leader in Alaska.

*Current external commitments:* Chief Financial Officer of Tullow Oil plc.

### 9. Barbara Thoralfsson N Re

Non-executive director

Appointed July 2016

Barbara Thoralfsson has international executive and senior management experience and strong knowledge of North America, Latin America, Scandinavia and Asia.

After an early career in marketing, held senior management roles in the consumer goods and telecommunications sectors including CEO of NetCom ASA, Norway's second largest mobile network operator between 2001 and 2005. She holds an MBA in marketing and finance from Columbia University in New York and a BA in psychology from Duke University in North Carolina.

*Current external commitments:* Non-executive chair of ColArt Holdings Limited and Norfolier Greentec AS, non-executive director of Svenska Cellulosa Aktiebolaget SCA (publ) and Hilti AG.

### 10. Tim Weller Ri

Chief financial officer

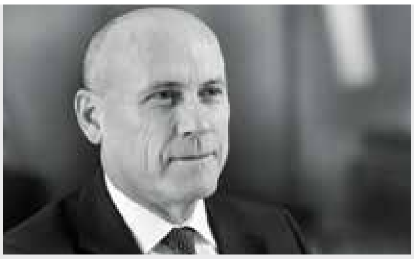
Appointed April 2013 as a non-executive director and chief financial officer since October 2016.

Tim Weller brings significant experience of the energy and utilities sectors. An accountant by training, he joined KPMG in 1985, rising to partnership in 1997 before joining Granada plc as director of financial control.

Between 2002 and 2010, he gained significant further experience in the energy and utilities sectors holding CFO positions with Innogy (one of the UK's leading integrated energy companies at the time), RWE Thames Water (the world's third largest water and wastewater service company) and United Utilities Group PLC (a UK-based water and wastewater service company). He was CFO of Cable & Wireless Worldwide plc between 2010 and 2011 and CFO of Petrofac Limited (the international oil and gas service provider) between 2011 and October 2016.

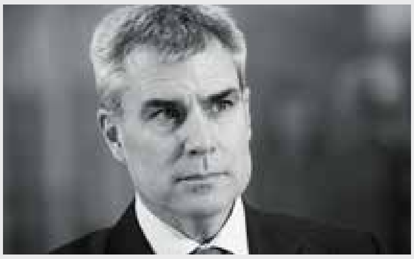
*Current external commitments:* Non-executive director of the Carbon Trust.

# Executive Committee



## Ashley Almanza
Chief Executive Officer

*See page 58 for full biography*



## Tim Weller
Chief Financial Officer

*See page 59 for full biography*

## Martin Alvarez
Regional President, Latin America & Caribbean

Martin joined G4S as Regional President Latam in 2013.

Martin has extensive experience working and living throughout Latin America. Martin joined G4S from Dell, where he served eight years in regional roles, finishing as executive director of multi-country Latin America (MCLA), responsible for 38 countries, more than US $1 billion in revenue Prior to Dell, Martin spent 10 years with DHL holding various management and leadership roles including Sr. Vice President, DHL Mexico and Global Accounts Director.

Martin has an MBA from IESE in Barcelona and a bachelor's degree in International Trade and Finance from Louisiana State University.

## Jon Corner
Regional President, Asia Pacific

Jon has extensive leadership experience in both line and commercial functional roles across emerging market countries and regions.

Jon was appointed Regional President, Asia Pacific in October 2015. Jon joined G4S in November 2012 as Regional Sales Director, and prior to taking on his current role, led the transformation of the commercial function across the Asia Middle East Region.

Prior to joining G4S, Jon was the executive vice president for Inchcape Shipping Services, a maritime services company with offices in 65 countries. Jon held senior line and functional roles with Inchcape Shipping Services over a 13 year period.

## Claude Allain
Regional President, Middle East & India

Claude joined G4S as Regional President Middle East & India in January 2016.

Prior to joining G4S he was vice president and general manager for Johnson Controls Middle-East & Africa and he had several general management positions in Southern Europe, Eastern-Europe and North America and Middle-East.

Claude brings a wealth of experience in service and technology industries, having previously held senior business development and general management roles in Honeywell, Emerson and Invensys.

Claude holds a bachelor's degree in Chemical and Physic Science from University of Rennes, a Master in Finance from ICG and also graduated from INSEAD.

## Mel Brooks
Regional President, Africa

Mel was appointed Regional President, Africa in May 2015.

Mel's previous roles within G4S where as Group Strategy & Commercial Director and CEO for G4S India, where he led the transformation of the business, improving operations, customer service and sales.

Prior to joining G4S, Mel held a number of senior line and functional roles in the defence and technology industries where he was responsible for service line and commercial strategies, technology development and leadership of a number of business unit turnaround programmes.

## John Kenning
Regional CEO, North America

John joined G4S in November 2014 as Regional CEO North America.

Prior to joining G4S, John was executive vice president and president, commercial business for OfficeMax where he led the global, business-to-business division. John was formerly president, North America Commercial for ADT/Tyco Security Services, where he led the transformation of the business to a technology services leader and the separation of the residential and commercial security businesses in North America.

John is a board member for Miami University Advisory Athletic Board and past board member of the Make-a-Wish Foundation. John holds a bachelor's degree in business from Miami University.

## Graham Levinsohn
Regional CEO, Europe

Graham became Regional CEO of Europe in November 2013. Graham has more than 20 years' experience in the security industry, having joined Securicor Cash Services in 1994 as general manager, marketing.

Since then, Graham has held a number of commercial and line management positions in both the cash and security lines of the business. Graham was responsible for the creation of the UK cash centres outsourcing business in 2001 and divisional managing director for G4S Cash Services UK. He became Group strategy and development director in 2008 and joined the executive committee in 2010.

Graham is a fellow of the Chartered Institute of Marketing and a director of COESS and a member of the Ligue Internationale des Sociétés de Surveillance.

## Søren Lundsberg-Nielsen
Group General Counsel

Søren began his career as a lawyer in Denmark and since 1984 he has had a wide range of legal experience as general counsel for international groups in Denmark, Belgium and the US before joining Group 4 Falck in 2001 as Group General Counsel.

Søren has been involved in a wide range of successful mergers and acquisitions during his career, including the acquisition of Wackenhut and the Group 4 Falck merger with Securicor.

Søren has overall responsibility for all internal and external legal services for G4S as well as the Group's insurance programme.

Søren is non-executive director of Basico A/S, a member of the Danish Bar and Law Society, a member of the advisory board of the Danish UK Chamber of Commerce and author of the book Executive Management Contracts, published in Denmark.

## Jesus Rosano
Group Strategy and Commercial Director

Jesus joined G4S in March 2014 as Regional Business Development SVP.

In 2015 his responsibilities expanded to chief operations officer Latin America and he was appointed Group Strategy and Commercial Director in January 2016.

Jesus joined G4S from DHL, where he held senior line, functional and regional roles in a number of markets in Latin America and North America over an 11 year period. Before DHL, Jesus worked in strategy consulting and investment banking. Jesus holds a bachelor's degree in Engineering and Administration from ITESM University, Mexico.

## Jenni Myles
Group HR Director

Jenni became Group HR Director in 2015 and has extensive experience in employee engagement, talent management and organisational development.

Jenni joined G4S in 1998 and has held several senior HR roles at both a Group and regional level. As Director of Employee Engagement & HR, Jenni led the Group's employee engagement and labour relations strategy and held general HR responsibility for Africa, Asia, Middle East & Latin America. As Chief HR Officer for the Americas region Jenni led the people and organisation strategy across 30 countries and over 100,000 employees.

Prior to joining G4S, Jenni held HR positions in a variety of business sectors such as automotive, FMCG and consulting. Jenni is a Fellow of the Chartered Institute of Personnel & Development (FCIPD).

## Peter Neden
Regional President, UK & Ireland

Peter became Regional President of UK & Ireland in May 2014. Peter was previously Regional managing director of G4S Outsourcing Services for the UK & Ireland region.

Previous roles included responsibility for the business development programme within G4S in the UK and Africa regions, as well as a number of senior positions in both the commercial and government businesses across the Group.

Prior to the merger between Group 4 Falck and Securicor, Peter was Securicor's development director, having joined the company in 2001. Peter's early career included a number of sales, marketing and general management roles within Centrica.

Peter has a degree in economics from the University of Nottingham.

## Debbie Walker
Group Corporate Affairs Director

Debbie is Group Corporate Affairs Director, heading the corporate communications team which focuses on the Group's key audiences – media, government, employees and customers. Debbie is also responsible for the Group's CSR and human rights strategies.

Prior to the merger between Group 4 Falck and Securicor, Debbie held a number of senior marketing and communications roles within the Securicor group from 1993 to 2004.

## OUR GOVERNANCE FRAMEWORK

The board oversees the Group's overall governance framework, reviews and approves the strategy, monitors managements' performance against agreed targets and ensures appropriate controls are in place and operating effectively.

### BOARD

Role and responsibilities

- Review and approves the company's strategy
- Monitor management's performance against agreed targets
- Review, approve and promote companys' values and standards
- Review its own performance on a yearly basis

CHIEF EXECUTIVE OFFICER

GROUP EXECUTIVE COMMITTEE

### NOMINATION COMMITTEE

Role and responsibilities

- Review board composition
- Lead the process for new board and committee appointments
- Review succession planning processes

See page 69

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Role and responsibilities

- Review, agree and establish the company's CSR strategy and recommend policies to ensure these remain an integral part of the Group's strategy
- Monitor compliance with CSR policies throughout the Group and the integration of CSR processes within the Group's risk management and approval processes

See page 70

### RISK COMMITTEE

Role and responsibilities

- Advise the board on Group's overall risk appetite and tolerance
- Oversee the company's risk management framework and review its effectiveness
- Review major contracts and projects

See page 71

### AUDIT COMMITTEE

Role and responsibilities

- Oversee the financial reporting process and ensure the integrity of the company's financial statements
- Monitor internal audit
- Approve external audit scope and fee, review and monitor external auditor's independence

See page 72

GROUP RISK AND INTERNAL AUDIT FUNCTION

### REMUNERATION COMMITTEE

Role and responsibilities

- Approve remuneration of chairman of the board, the executive directors, other members of the executive committee and the company secretary of the board
- Monitor level and structure of remuneration of other senior management of the Group

See page 78

## There is a detailed schedule of matters reserved to the board.

These fall within 12 categories:

- Strategy and management
- Structure and capital
- Financial reporting and controls
- Risk and internal controls
- Contracts
- Communication
- Board membership and other appointments
- Remuneration
- Delegation of authority
- Corporate governance matters
- Policies
- Other matters – such as settling material litigation

The board fulfils a number of its most important functions through its committees. The work of these committees is described below in this report. The terms of reference of each of the committees are available on the Company's website at www.g4s.com/investors.

Management decisions, development and implementation of strategy are delegated to management.

## KEY ROLES IN GOVERNANCE FRAMEWORK

### Chairman of the board

- Responsible for promoting good corporate governance and ensuring board compliance with regulatory requirements
- Ensures board effectiveness
- Promotes a culture of challenge, debate, openness and support
- Ensures NEDs receive a comprehensive induction and on-going training to support the performance of their duties
- Maintains regular contact with major shareholders and conveys their views to the board

### Chief Executive Officer

- Responsible for developing and implementing the Group's strategy and plans
- Responsible for the overall management and promotion of the Group
- Manages the Group's risk profile in accordance with the risk appetite set by the board
- Ensures effective communication between the board and the business

### Chief Financial Officer

- Manages financial risks in accordance with the risk appetite set by the board and implements effective internal financial control processes across the Group
- Responsible for financial planning to support the Company's strategic objectives
- Leads the Group's finance, internal audit, procurement, information technology, tax and treasury functions
- Provides regular financial reporting to the board

### Senior Independent Director

- Acts as a sounding board for the chairman and as intermediary for the other directors when needed
- Maintains a balanced understanding of the views of major shareholders
- Maintains regular and effective communication with other directors
- Leads the yearly appraisal of the chairman's performance
- Chairs the Nomination Committee when it is considering issues directly affecting the chairman

### Independent non-executive directors (NEDs)

- Challenge constructively
- Monitor managements' performance against agreed targets
- Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are effective
- Determine appropriate levels of remuneration of executive directors
- Prime role in appointing directors and in board succession planning

### Company Secretary

- Secretary to the board and its committees
- Responsible for advising the board through the chairman on all governance, regulatory and legislative matters
- Ensures all directors have access to the advice and services of the company secretariat
- Responsible for ensuring compliance with board procedures and processes
- Supports the chairman and chief executive officer in preparing and organising induction programmes for NEDs

## BOARD BALANCE

**Board balance**

| | |
|---|---|
| Non-Executive directors | 80% |
| Executive directors | 20% |

**Gender**

| | |
|---|---|
| Male | 70% |
| Female | 30% |

**Industry experience**

Business services

Energy/Utilities

Finance

FMCG

Logistics

Manufacturing/operations

Technology

**Geographical experience**

Africa

Asia Pacific

Europe

Latin America

Middle East & India

North America

UK & Ireland

**Board tenure 2016**

| | |
|---|---|
| 2 years or less | 30% |
| > 2 yrs < 4 yrs | 20% |
| > 4yrs < 6 yrs | 30% |
| 6 yrs < 8 yrs | 20% |

### Board composition

As at the date of this report, the board comprises 10 members: the non-executive chairman (John Connolly), seven other non-executive directors and two executive directors. The board considers all the non-executive directors to be independent.

The names of the directors serving as at 31 December 2016 and their biographical details are set out on pages 58 and 59. All these directors served throughout the year under review, apart from Steve Mogford, a non-executive director and the Senior Independent Director who was appointed on 27 May 2016 and Barbara Thoralfsson, a non-executive director, who was appointed on 1 July 2016. Adam Crozier and Mark Elliott, two non-executive directors, both retired from the board at the conclusion of the Company's annual general meeting, on 26 May 2016. Himanshu Raja, an executive director, stepped down from the board on 1 October 2016. Ian Springett, whose biographical details also appear on page 59, was appointed to the board on 1 January 2017.

### Induction, information and professional development

A tailored induction is provided to new directors joining the board. In the case of non-executive directors, this includes spending time with the executive directors and other senior executives to understand the business, its structure and people, as well as the Company's strategy and financial performance. Induction also provides details of the Group's governance policies and values as well as its structure and risk management framework.
The induction programme is designed to ensure directors joining the board have the necessary understanding of their role and how they can maximise their effectiveness.

To build on the induction programme, directors receive further briefings both to help in their own development and also to enhance their awareness of the different elements of the business. Briefings are provided to board members on legal, governance, compliance and reporting developments and to members of board committees from time to time on matters relevant to their work on those committees.

In addition, non-executive directors learn about the Group's business and meet employees and management through site visits. Information about the interactions between members of the board, in particular non-executive directors, and the business during the year are set out on page 68.

### Board performance review

In 2016, Lintstock Limited assisted the board with its performance review. The review involved detailed self-assessment questionnaires being completed by board members and regular board committee attendees. The results of the questionnaires were used as the basis for reports produced by Lintstock which analysed the performance of not only the board, but also each board committee and director. These reports were considered by the board and each of the board's committees when reviewing their performance and informed the planning for the board's priorities in 2017.

As part of this review process, Lintstock also reported on the performance of each of the directors and separately on that of the chairman. The individual director reviews were used as the basis for the chairman's individual discussion with each of the directors about their performance and any training and development needs.

The report on the chairman was used to inform the discussion amongst the non-executive directors about the chairman which was conducted by the senior independent director without the chairman being present.

Lintstock has no connection with the Company other than evaluating the board and its committees' performance.

## INDUCTION PROGRAMME – FOCUSED SESSION

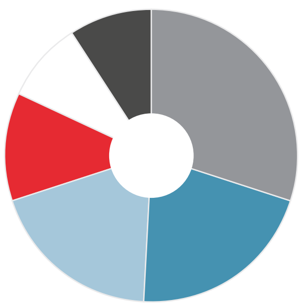
As part of their induction programme, in September, Steve Mogford and Barbara Thoralfsson attended a session designed to develop further their understanding of the Company's business, markets and main relationships. Over a day, they met with and received in-depth presentations from members of the group executive team and senior managers. Areas covered included strategy and investor relations, finance and information technology, governance and corporate social responsibility as well as legal, human resources and health and safety.

## Diversity

Diversity is one of the Group's organisational strengths, which helps it operate successfully across a wide range of countries and complex environments. The Group's workforce reflects that diversity in terms of its mix of gender, age, race, religion, nationality, language, background and experience.

For the board, diversity of thinking and experience is seen as vital to ensure the Group can seize the right opportunities in each market to grow and consider fully the risks of doing so. As well as being diverse in terms of gender and nationality, the board also includes members with diverse skills, personal attributes and experience. Some members have international assignment experience and others bring extensive experience of a variety of industries. In addition, the board has a mix of both long-serving and new members. These differences greatly enrich debate in the boardroom, bring fresh perspectives and new market and customer understanding. Whilst recruitment of any new members to the board is always based on merit, diversity is a key consideration. In recent appointments, assistance has been sought from executive search agencies which are signatories of the Voluntary Code of Conduct to help ensure the most diverse talent pools are reached and an approach in line with best practice is adopted.

### Board activities (%)



| | |
|---|---|
| Performance monitoring | 30% |
| Group strategy | 21% |
| Governance and risk | 19% |
| Understanding the business | 12% |
| Board and committee composition | 9% |
| Specific issues | 9% |

## BOARD MEETINGS

Seven scheduled board meetings and a number of additional meetings and calls were held during the year ended 31 December 2016. Each year, one of these meetings is an extended two-day meeting at which, in addition to normal board business, the board and executive committee review the Group strategy.

Prior to each board meeting, comprehensive papers are circulated to the directors addressing not only the regular agenda items on which the executives will report, but also details of any matters requiring approval or decisions, such as significant transactions.

At each meeting, the board receives regular reports and in-depth presentations from line and functional executives and the board makes visits to business sites from time to time. After meetings of the board committees, the respective chairmen report to the board on the matters considered by each committee.

After each board meeting the chairman holds a meeting attended solely by the non-executive directors.

There are seven board meetings scheduled for 2017 including a two-day board and strategy meeting.

| Meeting attendance in 2016 | meetings attended |
|---|---|
| **Executive directors** | |
| Ashley Almanza (CEO) | 10/10 |
| Himanshu Raja (CFO)[1 6] | 6/8 |
| Tim Weller (CFO)[2 6] | 8/10 |
| **Non-executive directors** | |
| John Connolly (chairman) | 10/10 |
| Adam Crozier[3] | 4/4 |
| John Daly[5] | 9/10 |
| Mark Elliott[3] (senior independent director) | 4/4 |
| Winnie Fok | 10/10 |
| Steve Mogford[4] (senior independent director) | 6/6 |
| Paul Spence | 10/10 |
| Clare Spottiswoode | 10/10 |
| Barbara Thoralfsson | 5/5 |

1. Mr Raja stepped down from his role of chief financial officer and from the board on 1 October 2016.
2. Mr Weller was a non-executive director until 24 October 2016 when he became chief financial officer.
3. Messrs Elliott and Crozier retired from the board on 26 May 2016.
4. Mr Mogford took on the role of senior independent director on 27 May 2016 and Ms Thoralfsson joined the board on 1 July 2016.
5. Mr Daly was unable to attend one meeting due to a commitment made prior to his appointment to the board.
6. In relation to one additional meeting, apologies were received from Messrs Raja and Weller who had a conflicting engagement. In relation to another additional meeting called to discuss the position of the chief financial officer, Messrs Raja and Weller who had both been invited to attend the meeting each decided not to do so given that they would have a conflict of interest and be unable to take part in almost the entirety of the meeting.

## Director re-election

The Company's articles of association require that all continuing directors are subject to election by shareholders at the next annual general meeting following their appointment and that they submit themselves for re-election at least every three years and that at least one-third of the directors not standing for election for the first time stand for re-election at each annual general meeting. However, in accordance with the UK Corporate Governance Code provision on re-election of directors, all continuing directors stand for re-election every year.

## Conflicts authorisation

Each of the directors has disclosed to the board any situations which apply to them as a result of which they have or may have an interest which conflicts or may conflict with the interests of the Company. In accordance with the company's articles of association, the board has authorised such matters. The affected directors did not vote when their own interests were considered. Where the board deemed it appropriate, such authorisation was given subject to certain conditions. The board reviews such matters on a regular basis.

## SITE TRIP TO BRUSSELS

In December 2016, board and committee meetings were held in Brussels. In addition to receiving an in-depth business presentation and meeting with strategic customers, board members visited business operations in Zaventem airport and at the G4S office located in close proximity to Maelbeek metro station in central Brussels.

Board members met employees who were affected by the horrific attacks of 22 March 2016, including some G4S colleagues who were injured in the attacks at the airport. At our central Brussels office, members of the board met employees who, having turned their office into a temporary first aid centre, used their medical and organisational skills to provide support to victims of the attacks on the metro. The board commended their dedication and bravery in these extremely difficult circumstances.

## RISK MANAGEMENT AND INTERNAL CONTROL

The board has carried out a robust assessment of the principal risks facing the Company and of how those risks might affect the prospects of the Company. The principal risks and their possible impact on the Company and the mitigations taken are set out on pages 52 to 55.

The directors acknowledge their responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness each year. Through the Audit Committee, the board conducted a review of the effectiveness of the systems of internal control during the year. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The enterprise risk management governance model described on page 51 sets out some of the key features of the Group's risk management process, which was in place throughout the year under review. The key elements are:

- Country and regional management teams are required to identify and manage risks in their business.
- Significant risks and mitigating actions are recorded in the Group's governance risk and control tool.
- In addition to this bottom-up review members of the group executive committee provide input to the risk identification process and address identified gaps in mitigating actions through updates in key controls that countries must use to mitigate many of their risks.
- The risk profiles ensure that internal audit reviews of the adequacy, application and effectiveness of risk management and internal controls are targeted on the key risks.

Both the Regional Audit Committees and members of the group executive committee receive internal audit reports that cover key risks.

The chief executive officer, chief financial officer and group director of risk and audit report on risks and planned mitigations to the Risk Committee of the board. The process outlined above is reviewed regularly by the board through its Risk Committee to ensure its robustness and suitability to meet the Group's needs. Further information about the Risk Committee, its remit, work during 2016 and its plans for 2017 can be found on page 71.

During 2017 the risk management improvement plan will continue to focus on: early identification and mitigation of emerging risks; progressing mitigation action plans; and enhancing the relevance and accuracy of information being provided to the business.

The internal control system includes clearly defined reporting lines and authorisation procedures, a comprehensive budgeting and monthly reporting system and written policies and control standards.

In addition to a wide range of internal audit reports, senior management also receives assurance from other sources including security inspections, third party reviews, external audit reports, summaries of whistleblowing activity, fraud reports and self-assessments by country management teams of their effective operation of key control standards.

The Group has in place appropriate internal control and risk management systems for financial reporting. The Group has a single global consolidation system which is used for both internal management reporting, budgeting and planning as well as external reporting.

The Group has a comprehensive budgeting process with the budget being approved by the board. Forecasts for the year are reported quarterly. Actual results at business unit, region and Group level are reported monthly and variances are reviewed. A programme of balance sheet reviews was included in the work of Group internal audit during 2016.

The Audit Committee undertakes a high-level review of risk management and internal control each year. As well as the above processes and sources of assurance, the Audit Committee also considers the following year-end reporting in conducting this review:

- Summary of internal audit work including update on all open audits with a deficient rating, analysis of results by region, common audit findings and areas identified for improvement in internal controls
- Summary of exceptions on compliance statements from each country reported through their regional executives. These cover a broad range of matters including: accuracy of financial reporting and that all significant accounting judgements have been discussed with group finance team; core controls have operated effectively; risk reporting and mitigation is up to date; Speak Out is operated in accordance with Group policies
- A broad overview of the general risk management and internal control systems in place during the year
- External audit year-end reporting on financial controls and accounting

Further information about the Audit Committee, its remit, work during 2016 and its plans for 2017 can be found on pages 72 to 77.

Whilst good improvement has been made in the quality of internal controls during the year, given the number of countries in which the Group operates and the variety of systems used across the Group there is still opportunity for improvement in the operational effectiveness of mandated controls and this will continue to be a focus during 2017. The Audit Committee has confirmed that it is satisfied that the Group's risk management and internal control processes are appropriate. The board has reviewed the Group's risk management and internal control system for the year to 31 December 2016 by considering reports from the Audit Committee and the Risk Committee and has taken account of events since 31 December 2016.

## FAIR, BALANCED AND UNDERSTANDABLE ASSESSMENT

In accordance with the UK Corporate Governance Code, the board has given consideration to whether the Integrated Report and Accounts, taken as a whole, is fair, balanced and understandable. The preparation of the annual report and accounts is coordinated by the finance, investor relations and company secretariat teams with Group-wide support and input from other areas of the business. Comprehensive reviews were undertaken at regular intervals throughout the process by management and other contributing personnel within the Group. The process was reviewed by the Audit Committee and the board has reviewed a paper setting out the governance relating to the preparation of the report prepared by management. The board has separately considered the disclosures in the Integrated Report and Accounts and has concluded that they are fair, balanced and understandable. The statement required to be given by the directors by Code provision C.1.1 can be found on page 102.

## COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The board's statement on the Company's corporate governance performance is based on the September 2014 edition of the UK Corporate Governance Code, which is available on the Financial Reporting Council's website (https://www.frc.org.uk).

The Company complied throughout the year under review with the provisions of the Code, except during the last four months of the year under review in relation to the composition of the Audit Committee. This matter is addressed on page 72. The Corporate governance report, together with the Audit committee report, the Risk committee report and the Directors' remuneration report, describe how the board has applied these provisions.

## BOARD CONNECTIONS 2016

- The board conducted a visit to two sites in one of the Group's largest markets in Europe. Further details of the board's trip to Brussels are set out on page 66
- The chairman's three-day visit to meet the business and senior management team in India in June and two-day visit to the UAE in October during which he visited various business sites and met with senior management
- Board members attended the Global Leadership Trade Fair in London in March
- Paul Spence attended meetings of the Regional Audit Committees for both the North America and Latin America regions
- Throughout the year, the board received presentations from members of the Group Executive team and also had the opportunity to meet members of senior management at events organised from time to time

## 2017 SUMMARY BOARD PLAN

Each year, following consideration of Lintstock's report on the board's performance the board formally adopts a plan setting out the key areas of focus. In 2017, our plan will again include:

- Annual review of Group strategy and execution of the strategy
- Induction and integration of new board members
- Board and management succession planning
- Monitoring business performance
- Increasing understanding of the Group's businesses and management teams
- Maintaining emphasis on risk management and efficient structures

## RELATIONS WITH SHAREHOLDERS

The Company actively seeks to engage with shareholders and during 2016, the chief executive officer and the chief financial officer had contact via one-on-one meetings, group meetings and telephone conference calls with shareholders and analysts. The shareholders covered represented over 80% of the share register and over 220 institutions.

In January and February 2017 the chairman met with major shareholders as part of an annual round of governance meetings. The chairman reported on those meetings to the board. The chair of the CSR Committee, Clare Spottiswoode, and relevant senior executives met with a group of Socially Responsible Investors in September 2016, updating them on the Group's corporate responsibility programme. On the same day, senior management hosted a visit to two prisons by a NSRI investor and adviser (please see page 15 and the 2016 CSR report for more details). In addition, Clare had a number of ad hoc meetings with investors.

It is intended that all the directors (other than Clare Spottiswoode who has a conflicting engagement) will attend and be available to answer questions at the Company's annual general meeting, which is an important opportunity for communication between the board and shareholders, particularly private shareholders. At the annual general meeting, the meeting is informed of the number of proxy votes cast and the final results of votes on the resolutions are published subsequently on the company's website.

# THE NOMINATION COMMITTEE

John Connolly
Nomination Committee Chairman

"In what was a busy year for the Nomination Committee, I am pleased to report that the new appointments made during the year, and described in the report below, have resulted in a strong increase in the mix of skills and competence on the board. In addition, succession planning remains an area of strong focus."

## Committee membership and attendance during 2016

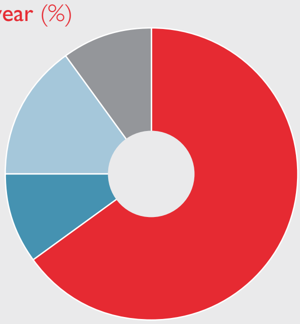
| | Meetings attended |
|---|---|
| John Connolly (Chairman) | 4 of 4 |
| Adam Crozier[1] | 2 of 2 |
| Mark Elliott[1] | 2 of 2 |
| Steve Mogford[2] | 2 of 2 |
| Barbara Thoralfsson[3] | 2 of 2 |

1. Mark Elliott and Adam Crozier retired from the board and the Nomination Committee after the conclusion of the company's annual general meeting on 26 May 2016.
2. Steve Mogford was appointed to the board, the Audit Committee and the Nomination Committee on 27 May 2016.
3. Barbara Thoralfsson was appointed to the board, the Remuneration Committee and the Nomination Committee on 1 July 2016.

## Responsibilities

The Nomination Committee is responsible for making recommendations to the board on appointments and on maintaining a balance of skills and experience on the board and its committees. Succession planning for the board is a matter which is devolved primarily to the Nomination Committee, although the committee's deliberations are reported to and debated by the full board. The board itself also reviews more general succession planning for the senior management of the Group.

## Main activities of the Nomination Committee during the year (%)




The committee's terms of reference are available at www.g4s.com/investors.

## Refreshing the board

Mark Elliott and Adam Crozier retired from the board in 2016. Mark fulfilled several roles (Senior Independent Director, Remuneration Committee chairman and member of the Nomination Committee) and Adam sat on the Audit and Nomination Committees. The Nomination Committee gave consideration to how these roles would be filled as well as to the balance of expertise and experience available to the board after their departures. John Daly took on the Remuneration Committee chairmanship on 27 May 2016. JCA Partners LLP (JCA) was appointed to assist the Nomination Committee with the recruitment of two more non-executive directors, and Steve Mogford and Barbara Thoralfsson were appointed on 27 May and 1 July respectively. Steve and Barbara joined me on this committee. Steve also joined the Audit committee and Barbara also joined the Remuneration Committee. We announced on 15 August 2016 that Tim Weller would succeed Himanshu Raja as chief financial officer. As a result, Tim stood down as chairman (and as a member) of the Audit Committee. He became chief financial officer on 24 October 2016. The Zygos Partnership (Zygos) was appointed to assist with the search for a new non-executive director qualified to act as the chairman of the Audit Committee. On 1 January 2017, Ian Springett was appointed to the board. Each of JCA and Zygos was provided with a brief setting out the requirements for the roles to be filled and preferred attributes of potential candidates. In selecting candidates, consideration was given to the skills and competence required to fill the role, the need to maintain and enhance diversity of relevant skills and experience on the board as well as corporate culture and fit. Shortlisted candidates were then interviewed by the chairman, the members of the committee and the CEO. Neither Zygos nor JCA has any connection with the Company other than as provider of recruitment consultancy services to the Nomination Committee, save that JCA has in the past also provided a benchmarking service for a senior management role.

The term of appointment of Mr Connolly, Ms Spottiswoode, Ms Fok and Mr Spence expired during 2016 and after consideration of their independence, commitment to the role, their other commitments and the experience and qualities they bring to the board, the committee recommended to the board that their appointment be extended. Mr Connolly did not participate in the committee's deliberations regarding his term of appointment.

## Succession planning

The entire board has considered succession planning for the senior management of the Group during 2016 and in addition, the Nomination Committee gave further consideration to board succession plans.

## Diversity

The board's approach to diversity is set out on page 65.

## Committee performance

The performance of the Nomination Committee was reviewed as part of the process undertaken by each of the board committees with assistance from Lintstock. The Nomination Committee's performance was determined to have been satisfactory, but areas of increased focus were identified and have been included as priorities for the committee's work in 2017.

In 2017, the committee will continue to ensure that it has appropriate plans for board and executive succession.

## THE CSR COMMITTEE

**Clare Spottiswoode**
CSR Committee Chair

"Good CSR practice underpinned by strong corporate culture and values, is at the heart of how we do business. In 2016, our values were updated to ensure better alignment with the Group strategy and vision and launched to the senior management population. We look forward to sharing the results of this initiative with the entire organisation and our stakeholders during 2017.

Our continued focus on health and safety will remain a key part of the committee's activity during 2017."

**Committee membership and attendance during 2016**

| | Meetings attended |
|---|---|
| Clare Spottiswoode (Chair) | 3 of 3 |
| Winnie Kin Wah Fok[1] | 2 of 3 |
| Paul Spence | 3 of 3 |

1. Winnie Fok was unable to attend one meeting following the cancellation of her flight due to typhoon conditions.

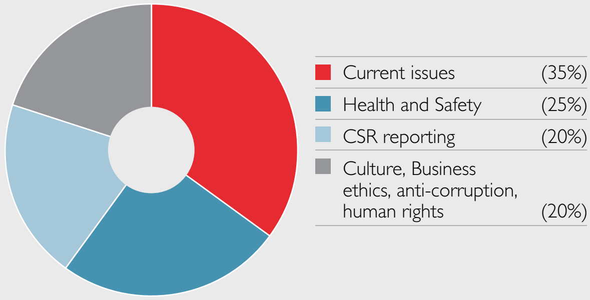
Other regular attendees include, the regional president for the UK and Ireland region, the group corporate affairs director and the group human resources director. From 2017, the regional president for the Africa region, will also be a regular attendee.

### Responsibilities

The CSR Committee reviews and monitors the Group's CSR strategy, which includes developing policies on various CSR-related matters for consideration by the board and reviewing the activities of the executives who have responsibility for CSR matters. The CSR Committee also reviews and monitors how the Group performs against relevant policies.

The committee oversees reporting on CSR matters and the company's separate CSR Report for 2016, which provides more details on the Group's CSR strategy and progress made during the year, is available at www.g4s.com. Further details of the committee's responsibilities can be found in the committee's terms of reference which are available at www.g4s.com/investors.

**Main activities of the CSR Committee during the year (%)**




The CSR Committee receives regular updates on current issues from the human resources and CSR teams. The results of the materiality exercise completed towards the end of 2015 informed the Group's CSR strategy and CSR reporting in 2016. As part of the CSR Committee's focus on health and safety during the year, the committee oversaw the revision and re-issue of the health and safety management system and standards to health and safety professionals across the Group. This initiative was supported by the provision of additional guidance and training.

As part of its normal cycle of work, the committee received regular health and safety reports including the results of seven critical country reviews (CCRs) carried out during the year. CCRs remain an important and effective tool to support those businesses where fatalities have occurred in assessing their health and safety management, raising awareness and ensuring improvements and appropriate mitigations are put into place. Unfortunately the number of fatalities across the Group in 2016 has not reduced from the previous year. This is very disappointing. Trend data showed that the number of fatalities resulting from road traffic accidents had decreased significantly, but unfortunately the effect of this improvement was negated by a rise in the level of attack-related fatalities. In 2017, the committee will oversee renewed efforts deployed to reinforce training of front-line employees.

### Committee performance

The assessment of the committee's performance, conducted as part of the overall board review process with assistance from Lintstock, concluded that the committee continued to perform well in monitoring compliance with CSR policies and in seeking to embed them within the Group's business processes. Following the performance review, the committee has concluded that it should continue to focus on a small set of topics that are relevant globally and provide strong oversight on improving them, as well as ensuring that health and safety and compliance continues to be a major focus.

Work also includes the committee overseeing the implementation of the culture and values initiative across the Group and reviewing the integration of CSR processes with the Group's broader business risk management.

# THE RISK COMMITTEE

**Paul Spence**
Risk Committee Chairman

"In 2016, the Risk Committee continued to oversee managements' ongoing work to improve the quality of risk management across the Group.

These changes included placing more accountability for risk management where it is most effective, i.e. at operating unit level, by improving the understanding of and compliance with those controls which have the most material impact on the management of our key risks. We also monitored management's initiative to simplify and improve minimum financial controls and legal and human resources policies."

**Committee membership and attendance during 2016**

| | Meetings attended |
|---|---|
| Paul Spence (Chairman) | 7 of 7 |
| Ashley Almanza | 7 of 7 |
| John Connolly | 7 of 7 |
| Himanshu Raja[1] | 6 of 6 |
| Tim Weller | 7 of 7 |

1. Himanshu Raja retired from the Risk Committee in October 2016.

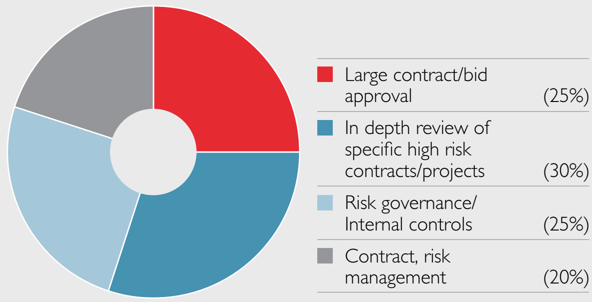
Other regular attendees include the group director of risk and internal audit.

Four scheduled committee meetings and a number of additional meetings and calls were held during the year ended 31 December 2016.

## Responsibilities

The Risk Committee advises the board on the Group's overall risk appetite, reviews and approves the Group's risk management strategy, advises the Audit Committee and the board on risk exposures and reviews the level of risk within the Group and assesses the effectiveness of the Group's risk management systems. The committee's composition ensures that a broad set of skills and experience comes together to look at how the Group manages risk in the business. The Risk Committee also considers certain major contracts which require board approval due to their size or level of risk. Further details can be found in the committee's terms of reference available at www.g4s.com/investors.

**Main activities of the Risk Committee during the year (%)**




Risk governance remained a strong area of focus during 2016 with the Risk Committee receiving regular reports on the continuing process of embedding enterprise risk management standards further and cascading accountability for risk management to country and operational business management. The committee also monitored the initiative to streamline risk management processes and simplify minimum controls applicable to various functions including finance, legal, human resources, firearms, screening and health and safety across the Group. The review and update of contract approval processes was also the subject of two presentations at the March and December meetings.

During the year, the Risk Committee received regular updates on significant residual risks and carried out detailed reviews including delivery of core service lines and major contracts. Further details of the significant risks and uncertainties facing the business are set out on pages 52 to 55.

Contract risk management remains a key area of focus for the committee which undertakes a review of a major contract at each of its meetings. The Risk Committee also considered proposed bids for certain contracts that required board approval between scheduled board dates.

## Committee performance

The result of the assessment of the committee's performance in 2016, carried out with Lintstock's assistance, was again positive. The committee's work had been particularly effective in ensuring the company's risk management policies were aligned with its strategy.

In 2017, we will review major contracts, selected areas of principal risk and the Group's risk management accountability matrix.

## THE AUDIT COMMITTEE

**Paul Spence**
Audit Committee Chairman

"In 2016, the Audit Committee's work focused on monitoring progress made on the implementation of an updated financial controls framework, designed to improve the effectiveness of the Group's internal risk management and control environment. We reviewed how these new controls are being embedded in a sustainable way in the business and the progress made in the culture change that is required along with the change in controls.

We also continued our focus on ensuring that matters of judgement were subject to rigorous review, and supported the board with the analysis of the viability statement and with an assessment on the preparation of the annual report on a fair, balanced and understandable basis, particularly considering the guidance on alternative performance measures issued during 2016 by the European Securities and Markets Authority ("ESMA") and the Financial Reporting Council ("FRC").

We have also welcomed three new members onto the committee, two of them as a result of directors stepping down from the committee and one to strengthen further the committee's experience. Looking forward to the 2017 financial year, the committee will remain focused on the Group's control environment and on monitoring how the changes instigated in 2016 are working in practice."

### Committee membership and attendance during 2016

| | Meetings attended |
|---|---|
| Paul Spence[1] (Chairman) | 4 of 4 |
| John Daly | 3 of 4 |
| Adam Crozier[2] | 2 of 2 |
| Steve Mogford[3] | 2 of 2 |
| Tim Weller[1] (Chairman) | 3 of 3 |

1. Tim Weller stepped down as chair and as a member of the Audit Committee on 15 August 2016. Paul Spence was nominated to chair the meeting of the committee in December 2016.
2. Adam Crozier retired from the board and the Audit Committee after the AGM on 26 May 2016.
3. Steve Mogford became a member on 27 May 2016.
4. Other regular attendees include the chief financial officer, the Group financial controller, the company secretary, the Group director of risk and internal audit and representatives of the Group's external auditor. The chairman of the board, a chartered accountant who spent his executive career with Deloitte, also attends most meetings. In addition the chief executive also attends meetings from time to time when invited by the chairman.

## Committee Membership

The membership of the committee changed substantially in the year, with Adam Crozier stepping down from the board after the AGM in May 2016, and Steve Mogford joining the committee following his appointment to the board on 27 May. Tim Weller stepped down from his role as chairman of the committee in August 2016 prior to his appointment as the Group's chief financial officer in October 2016.

During the search for a new non-executive director qualified to act as the chairman of the committee, Paul Spence was nominated by his fellow committee members to chair the December meeting. The Company applied all of the principles and provisions of the Code relevant to the committee throughout the year under review, except that during the period following Tim Weller having stepped down from his role as chairman, the Audit Committee did not have a member with recent and relevant financial experience for the remainder of the year. Only one meeting took place during that period and no financial results were considered at that meeting. The board remains satisfied therefore that formal and transparent arrangements for considering how the corporate reporting and risk management and internal control principles should be applied and for maintaining an appropriate relationship with the company's auditor were in place at all times.

As reported previously, Ian Springett was appointed to the board and as chair of the Audit Committee with effect from 1 January 2017. Unfortunately, in January Ian had to take an extended leave of absence in order to undergo treatment for a medical condition. Accordingly with effect from 20 January 2017, Paul Spence was appointed interim chairman of the Audit Committee and Winnie Fok became a member. Mr Spence was already a member of the committee. Ms Fok brings an accounting and audit background and both Mr Spence and Ms Fok together with the other members of the committee bring significant and relevant experience gained at senior management level. Their skills and experience are set out on page 59. In order to ensure continued compliance with main principle C.1 of the Code, until Mr Springett is able to take up his role, certain additional steps are being taken. These include the provision of further support and additional training to the interim chair, as well as the promotion of greater interaction between Mr Spence and the company's external auditor. The chairman engages with the external auditors on a regular and in depth basis.

At the end of each meeting, a private session is held by the Audit Committee with representatives of the Group's external auditor or with the group director of risk and internal audit without members of the executive management team being present.

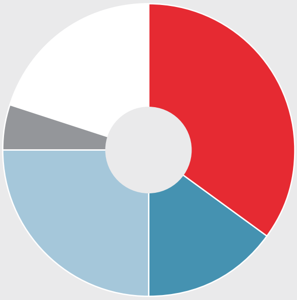
After each meeting, the chairman of the committee reports to the board on the matters which have been discussed.

## Responsibilities

The committee ensures that there is effective governance of the Group's financial reporting and internal controls to safeguard the integrity of its financial statements and the adequacy of related disclosures, and assists the board in relation to its consideration of whether or not the annual report of the Group is fair, balanced and understandable. The committee also has oversight of the performance of both the internal audit function and the external auditor.

During the year, the terms of reference of the Audit Committee were updated, to reflect the requirements of the EU Audit Regulation and Directive, the CMA's Statutory Audit Services Order and the UK Corporate Governance Code 2016 ("New Code"). While the New Code required the members of the committee as a whole to have competence relevant to the sectors in which the Company operates, other changes include the requirement for the committee to approve the fee for the external audit and the provision of advice to the board at its request in relation to the viability statement and any assumptions underpinning it.

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



| | |
|---|---|
| Effectiveness of financial controls and risk management procedures | (35%) |
| External audit and non-audit services | (15%) |
| Financial reporting | (25%) |
| Whistleblowing / fraud allegations | (5%) |
| Internal audit | (20%) |

Further details can be found in the committee's terms of reference available at www.g4s.com/investors

The committee has an annual agenda, which includes standing items that the committee considers regularly, as well as specific matters that require the committee's attention.

In addition, in 2016, the committee reviewed and approved management's draft responses to queries raised by the FRC in respect of the 2014 Annual Report. Subsequent to the issue of the 2015 Annual Report the FRC confirmed that their enquiries into the 2014 Annual Report were closed.

Changes reflected in the 2015 Annual Report following resolution of the FRC's queries largely comprised enhancements to disclosures, particularly in respect of revenue recognition, taxation, and specific and other separately disclosed items.

## Significant judgements and issues considered by the Audit Committee

The primary judgements and issues considered by the committee in the 2016 financial statements, and how these were addressed, were:

## ONEROUS CONTRACT PROVISIONS

### Description

The Group delivers certain long-term outsourcing services that are complex in nature. Some of those contracts may evolve to become loss-making and lead to a position where future net unavoidable losses over their life are expected. This requires determining the net present value of future estimated losses in order to calculate an onerous contract provision. The identification and measurement of such provisions requires significant judgement, given the often extended time periods involved and the number of variables that are not all within management's control.

During the year, management operated the enhanced processes and controls introduced in 2014, including a review by the chief financial officer on a quarterly basis of the top 25 contracts and those with low profitability for each region.

Details of the outcome of the assessment of contract provisions are set out in the Chief Financial Officer's Review on page 35.

### Action taken

The committee reviewed in respect of each onerous contract, the critical assumptions provided by management and enquired about the judgements made, the robustness of the assumptions, the sensitivities to changes in the assumptions and the disclosure provided in relation to the key material judgements. The committee also considered the implications of the extension of the Compass contract to August 2019 announced in December 2016 and the related sub-contractor dispute.

### Conclusion

The Audit Committee was satisfied that the level of provisions and the related disclosures as at 31 December 2016 were appropriate.

## PORTFOLIO RATIONALISATION PROGRAMME

### Description

The Group has continued to make progress in the portfolio rationalisation programme announced in 2013, identifying operations in a further 10 businesses or countries to be sold or closed. Given that the size of the operations in these businesses or countries is individually not significant for the Group, they do not meet the definition under IFRS 5 to be classified as discontinued operations. Management presents them separately in the adjusted performance measures in the preliminary results announcement and in the Chief Executive Officer's Review and provides a detailed reconciliation to the statutory financial statements. Management classifies these entities within assets held for sale when it is expected that the carrying amount of these entities will be recovered principally through a sale transaction in the next 12 months.

During 2016, for 14 of the businesses previously reported as portfolio businesses, management focus and changing market conditions have resulted in improved performance and we have formally concluded that we will retain these businesses. We have therefore reported the results of these businesses in continuing businesses in 2016 and have restated the 2015 results accordingly.

During 2016 16 businesses related to the portfolio rationalisation programme were sold or closed.

### Action taken

The committee reviewed progress made on the portfolio rationalisation programme against the Group's strategy announced in November 2013, checked that the businesses that management had identified for sale or closure were in line with that strategy and reviewed the related accounting and disclosure judgements.

### Conclusion

The committee was satisfied with the progress made, that the adjusted performance measures in respect of the programme were presented in a balanced way, and that the information provided to enable stakeholders to reconcile adjusted performance measures to statutory results was appropriate.

## GOODWILL IMPAIRMENT TESTING

### Description

The total value of the Group's goodwill as at 31 December 2016 was £2.0bn, a significant proportion of which was generated by the merger of the security services businesses of Group 4 Falck and Securicor in 2004, which was accounted for as an acquisition of Securicor by Group 4 Falck.

The estimation of the recoverable amount of goodwill supported by the Group's cash generating units requires significant judgement, primarily in relation to the achievability of long-term business plans and future cash flows. Such achievability is dependent on circumstances both within and outside management's control, in relation to the discount rates adjusted to reflect risks specific to individual assets used, and in relation to the macro-economic assumptions and related modelling assumptions underlying the valuation process.

As a result of the annual review of the carrying value of goodwill, £9m of goodwill was impaired, relating to a business closure and the balance remaining at the 2016 financial year end was £1,990m (see notes 4 and 18 to the consolidated financial statements). Details of the Group's goodwill, impairment test and related disclosures are provided in note 18.

### Action taken

The Audit Committee reviewed the methodology and results of the impairment test prepared by management.

The Audit Committee reviewed the assumptions used in relation to long-term growth, resulting headroom and sensitivities applied by management. In addition, these results were considered against alternative valuation bases such as reference to transactions for similar assets in similar locations, both within the Group and external to the Group.

For those businesses that are expected to be sold as part of the strategic portfolio management programme, the Audit Committee reviewed the recoverable value on the basis of expected sale price less costs to sell, whereas for those portfolio businesses that are expected to be closed, goodwill was impaired fully and the recoverable value of the assets was considered.

Finally, the Audit Committee considered the adequacy of the disclosures provided, particularly in respect of cash generating units where changes in key assumptions could give rise to an impairment.

### Conclusion

The committee was satisfied with the carrying value of goodwill and related disclosures as at 31 December 2016.

## TAXATION

### Description

The Group operates in around 100 countries and is therefore subject to numerous reviews by individual tax authorities in the ordinary course of business. In some instances, these may result in claims being raised by those tax authorities. Any claims are handled by the local legal entity in the first instance. More complex cases are reviewed by the Group tax function and provisions, where necessary, are made based on the best estimate of the likely outcome.

The Group recognises deferred tax assets in respect of temporary timing differences, mainly in relation to pension arrangements, fixed assets and carried forward losses. At 31 December 2016, total deferred tax assets were £285m (2015: £187m). Recognising such assets requires an assessment of their likely recovery through utilisation, which includes an assessment of the taxable profits expected to be made in each of the relevant jurisdictions in the future.

### Action taken

The Audit Committee reviewed the Group's approach to taxation and confirmed that the Group operates under the tax policy approved by the committee in 2015, which complies with the UK Confederation of British Industry seven tax principles.

The committee also reviewed information prepared by management in relation to existing or potential tax exposures, the adequacy of the provisions recorded, their treatment and disclosure in the financial statements and emerging risks arising from the OECD's Base Erosion and Profit Shifting framework.

The committee reviewed information prepared by management supporting the recoverability of deferred tax assets, considered the period of time under which these would be recovered and made enquiries of the external auditor on the appropriateness of the Group's tax position.

The committee considered the Group's enhanced disclosures, recognising that the FRC has undertaken a thematic review in this area during the year.

### Conclusion

The committee was satisfied with the Group's approach to tax, with the recoverability of deferred tax assets and with the accounting treatment and disclosure of tax exposures.

## RISK OF ACCOUNTING ERRORS AND MANAGEMENT OVERRIDE OF INTERNAL CONTROLS

### Description

The Group operates in around 100 countries and has around 650 legal entities, with a significant number of local financial systems and processes. This leads to an inherently diverse set of processes and controls that rely on local capabilities for implementation and execution of the controls. As set out on page 51, the Group has adopted a three lines of defence model to control and manage risks across the Group.

Over the course of the last three years the Group has made significant investment in strengthening capability in finance, internal audit and risk and introduced additional internal controls and enhanced Group oversight to mitigate these risks. These include monthly reviews of the quality of earnings, a comprehensive internal audit plan and a regular cycle of reviews of local business unit or country balance sheets and controls.

### Action taken

The committee reviewed and approved the internal audit plan for the year as well as the updated financial controls framework rolled out in 2016. The committee received regular updates on the overall control environment of the Group, including progress made on the implementation of the updated financial controls, results of internal audits, training and up-skilling of capabilities across the Group, as well as the regular reports from the external auditor and the output of the whistleblowing process.

The committee confirmed in particular that controls had been strengthened to minimise the risk of re-occurrence of control failures that required the restatement of the 2014 annual results and balance sheet in the 2015 annual report and considered progress made to reduce reliance on manual controls, by developing and integrating financial and operational systems across the Group, covered in further detail by the board.

### Conclusion

The committee acknowledged the progress made in relation to the strengthening of controls and the plans in place to reduce the number of systems and reliance on manual controls across the group, but noted that, although good progress has been made to date, significant work remains to be done over the next 12 to 24 months.

## GOING CONCERN AND LIQUIDITY RISK

### Description

The Group has net debt of £1,670 million. The board has set a goal of net debt to EBITDA ratio of <2.5 times over the medium term.

The Group has financial covenants related to its committed bank facilities, and the private loan notes, all of which are subject to one financial covenant based on net debt to EBITDA ratio, measured in accordance with the respective agreements, where net debt to EBITDA should be lower than 3.5 times. Non-compliance with covenants could lead to an acceleration of maturities.

Consideration of whether the Group is a going concern is a fundamental responsibility of the board and the Audit Committee has given this matter its full attention. The going concern assertion has a significant impact on the financial statements in terms of both the valuation of assets and liabilities held and the presentation of assets and liabilities as non-current. The Audit Committee has given due consideration to the guidance issued by the FRC 'Going Concern and Liquidity Risk – guidance for Directors of UK Companies 2009' and its Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published in September 2014.

### Action taken

The committee reviewed the Group's projections of cash flow and net debt, taking into account reasonable risk sensitivities, as well as the financing facilities and funds available to the Group.

The committee also reviewed compliance with covenants, the availability of headroom in relation to those covenants, reasonable downside scenarios considering the risk profile of the Group, as well as the going concern assumptions in the context of the three-year viability statement included on page 55.

### Conclusion

The committee was satisfied that the Group should adopt the going concern basis of accounting in the financial statements and recommended the same to the board.

## SPECIFIC ITEMS

### Description

The Audit Committee reviewed the treatment of items considered as specific items and therefore requiring separate disclosure to assist the reader in understanding the results of the Group. Management prepared documentation to support these items and the disclosure proposed in the financial statements.

### Action taken

The Audit Committee reviewed and challenged, in light of the guidance issued by the FRC in December 2013 and October 2016, the disclosures prepared by management in relation to specific items, considered whether the nature of these items was consistent with the Group's accounting policies that were being applied consistently from year to year and confirmed that these items included both debits and credits as appropriate.

The committee also reviewed information from management to satisfy itself that changes in estimates related to items that were classified as specific items were treated equally and consistently as specific items, in particular for both top-up and reversal of provisions. The committee noted that the volume of specific items was reduced significantly in 2016 following its establishment of a threshold amount below which onerous contracts and other transactions would no longer be considered for classifications as specific items.

### Conclusion

The committee was satisfied that the Group's accounting policy on specific and other separately disclosed items had been applied correctly and that the designation of specific items was subject to objective and balanced criteria, with clear disclosure and explanation of non-recurring items, and was appropriate to give a meaningful and balanced view of the continuing operations of the Group.

## Viability statement

As mentioned earlier, the committee's terms of reference were updated during the year to clarify that the committee would provide advice to the board at its request in relation to the viability statement. At the March 2017 meeting, the committee reviewed a paper prepared by management which examined the longer term solvency and viability of the Group. The committee tested the underlying assumptions and analysis performed by management, reviewed assurance work carried out and considered the appropriateness of the timeframe of the assessment. The committee was satisfied that the three-year period covered by the viability statement remains appropriate in that it aligns with the Group's regular business planning period, over which management has a reasonable level of confidence in its projections reflecting the life cycle of the majority of the Group's contracts, and takes account of the limited visibility on material bidding opportunities in the pipeline beyond that period. The committee also reviewed and challenged the outcome of the stress-testing of projections by management.

The committee recommended to the board that the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of the assessment, as set out on page 55.

## Fair, balanced and understandable

One of the key compliance requirements of a group's financial statements is for the annual report, taken as a whole, to be fair, balanced and understandable. Guidelines on Alternative Performance Measures (APMs) were issued by the European Securities and Markets Authority (ESMA) and have been applicable since July 2016. In addition, the FRC issued a "Frequently Asked Questions" guidance document and published the results of its thematic review on this matter. The committee considered each of the above in assessing whether the Group's annual report was fair, balanced and understandable.

The committee reviewed a paper setting out the approach taken by management in the preparation of the annual report to ensure it met the requirements of the FRC's Code and the ESMA guidance, including the reasons for and clear explanation of the non-GAAP measures used by the Group in reporting its results for the year. The paper described the process and procedures followed and detailed the steps taken in each of the sections of the annual report to ensure that the information presented was complete and accurate. This paper also described the review processes carried out internally to ensure that the annual report is fair, balanced and understandable. In addition, an external verification exercise was carried out to confirm that the information contained in the annual report is supported by factual evidence or confirmation from management where such information is a statement of belief or intent.

The committee was satisfied with the work performed and advised the board that the annual report, taken as a whole, presents a fair, balanced and understandable view of the business and its performance for the year under review.

## Internal control

Since 2013, the Group has had a heightened focus on improving systems of internal control and risk management for financial reporting. The main features of these control systems include clearly defined reporting lines and authorisation procedures, a comprehensive budgeting and monthly reporting system, written policies and procedures and the use of a single global consolidation system for both internal management reporting, budgeting and planning as well as for external reporting.

The system is designed to ensure the integrity of financial reporting and the committee's responsibility is to ensure that these internal controls remain effective. The committee does this primarily through receiving reports from management, from the internal audit function and from the external auditor.

The committee reviewed progress on the strengthening of internal controls, and on plans to continue progress, which included a targeted audit plan for 2016 from Group Internal Audit for those areas where issues have been identified, such as fair value adjustments in respect of legacy acquisitions in Brazil, and a review of the Group's financial control framework with a view to simplifying it to cover key essential controls to ensure that these are met, along with training programmes and up-skilling capabilities.

The committee also considered the plans being implemented by management to reduce reliance on manual controls, through the gradual implementation and integration of new financial systems.

Further details on internal controls are set out on page 51. The Audit Committee confirmed to the board that it is satisfied that the Group's risk management and internal control processes and procedures are appropriate and effective.

## Internal audit

During 2016, the internal audit function spent a significant amount of time reviewing the operational effectiveness and providing training and advice to business units on minimum financial controls in order to prevent recurrence of previous control failures. This included the roll-out of an updated financial controls framework, the completion by business units of self-assessments against these controls based on their local control environment, with review and oversight of progress provided through the Regional Audit Committees. This enabled the identification of areas for improvement and where further training would be useful. Additional follow-up reviews of businesses and areas where improvement was considered to be necessary were carried out.

In 2017 the internal audit team will focus on assessing the effectiveness of a broader set of mandated controls with the goal of focusing local management on the most material control issues specific to their local environment, again with the support of the Regional Audit Committees to assist in driving improvements where appropriate.

## External auditor

Following an audit tender process during 2014 PricewaterhouseCoopers LLP (PwC) was appointed the Group's new external auditor for the 2015 financial year. PwC was subsequently re-appointed at the 2016 AGM to hold office until the next AGM. Richard Hughes has been lead audit partner since the beginning of 2015.

During the year, the committee reviewed PwC's Group audit plan and the scope to be undertaken, reviewed their reports on external audit findings with particular focus on the areas set out above, had private sessions with the external auditor both during the year and at the Audit Committee, and approved the fee for the external audit. The committee also considered and approved the representation letter to be issued to the auditor.

## Non-audit services

To ensure that the independence of the audit is not compromised, the committee has put a policy in place covering the non-audit services that can be provided by the external auditor, the relevant approval process for certain services, and detailing those services which the auditor is prohibited from providing. In essence, the external auditor is prohibited from providing services that could create a conflict of interest, result in the audit firm auditing its own work, or result in the performance of management functions. Examples of non-permitted services are actuarial services, book-keeping services, internal audit outsourcing services and legal services.

The committee has pre-approved certain services which can be provided by the auditor subject to specified fee limits, above which further approval is required. All other services would require prior approval by the committee. Every year, the Audit Committee reviews its policy on the provision of non-audit services by the external auditor.

During 2016, amendments were made to the non-audit services policy to take account of the FRC's revised Ethical Standard issued in June, which prohibited certain services previously permitted (including the majority of tax services) and limited the pre-approval of other services at a level of fees which would be clearly trivial with effect from 1 January 2017. The auditor, PwC, has written to the Audit Committee confirming that, in its opinion, it was independent for the period through to 28 March 2017.

Details of the fees paid for audit services, audit-related services and non-audit services can be found in note 10 to the consolidated financial statements.

## Effectiveness of the external auditor

A combination of formal and informal processes is used in the assessment of the effectiveness of the external audit process. A formal questionnaire is completed at the end of the audit by members of the Audit Committee, by the group finance department and by the finance directors of significant operations across the Group, and the results of those questionnaires are reviewed by the Audit Committee. The assessment of the external audit for 2016 concluded that it remained effective and that the external auditor is independent.

## Regulator's review of our external audit

During the year, the Audit Quality Review (AQR) team from the FRC reviewed the quality of the 2015 audit performed by PwC. The committee discussed the results of that review, which were satisfactory, corroborating the results of the committee's own independent evaluation of PwC which concluded that the external auditor was effective. The committee received a report from PwC detailing how the 2016 audit would address the one finding identified by the AQR team and was satisfied with PwC's planned response.

## CMA Order Compliance

The G4S Group audit was put out to tender in 2014, following which PwC were appointed with effect from 2015. The committee thereby confirms that the company has complied with the Audit Services for Large Companies (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2004.

## Committee performance

The assessment of the committee's performance, conducted with assistance from Lintstock, concluded that the committee remained effective, in particular in reviewing the quality of the Group's financial reporting. In 2017, we will review the committee's annual cycle of work to ensure appropriate alignment with the board's agenda and the board's induction for new members. We will also review management's plans to sustainably embed controls across the business.

## THE REMUNERATION COMMITTEE

John Daly
Remuneration Committee Chairman

"Having succeeded Mark Elliott as chairman of the Remuneration Committee in May, I would like to express my thanks to him for his excellent work whilst chairman of the committee. I am very keen to continue the work and focus of the committee in ensuring the alignment of our remuneration structure with the Company's strategy, to drive total focus from our executive team on the delivery of sustainable shareholder value."

**Committee membership and attendance during 2016**

| | Meetings attended |
|---|---|
| John Daly (Chairman)[1] | 5 of 5 |
| Mark Elliott[2] | 2 of 2 |
| Winnie Fok[3] | 4 of 5 |
| Clare Spottiswoode | 5 of 5 |
| Barbara Thoralfsson[4] | 3 of 3 |

1. John Daly succeeded Mark Elliott as chairman of the Remuneration Committee in May 2016.
2. Mark Elliott retired from the board and the committee in May 2016.
3. Winnie Fok was unable to attend one meeting following the cancellation of her flight due to typhoon conditions.
4. Barbara Thoralfsson joined the board and the committee in July 2016.

There were three scheduled meetings and two additional meetings were held during the year ended 31 December 2016.

## Business context and performance

In a year of rising geo-political risk and increased political uncertainty, and against a slow economic recovery in developed countries and reduced growth in developing countries, management made substantial progress in delivering the Group's strategy. They produced tangible results, with continuing business revenue growth of 6.3%, PBITA increase of 9.7% to £454m and operating cash flow increase of 61.5% to £638m. Further details are set out in the chief executive officer's introduction to the Strategic Review on pages 4 to 7.

## 2016 Remuneration outcomes

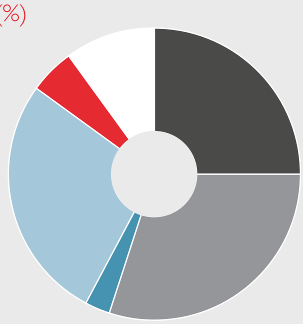
As reported last year, the CEO's and CFO's salaries were increased by 1% with effect from 1 January 2016.

**Annual bonus** – Against the backdrop of strong financial performance, annual bonus outcomes for the executive directors resulted in payouts of 146% of salary for the CEO and 136% for the CFO, representing stretch performance.

**Long term incentive plan** – given the very strong business performance in the year, as described above, awards that were granted in 2014 vested based on performance over the three year period to the end of 2016 at a level of 70%. While stretch performance was achieved based on the measurement of average operating cash flow and average annual growth in EPS, 30% of the award which was measured against relative total shareholder return did not meet the required threshold.

Further information on the levels of executive remuneration earned in 2016, including performance against the relevant targets, are given on pages 89 to 96.

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



| | |
|---|---|
| Reporting and governance | 25% |
| Incentives | 30% |
| Executives' base pay | 3% |
| Management changes | 27% |
| Chairman's fee | 5% |
| Below board level | 10% |

## Key areas of focus in 2016

### Committee membership

At the 2016 AGM, Mark Elliott retired from the board and I took over from him as chairman of the committee. I would like to thank Mark for his insightful contributions to the work of the committee. On 1 July, Barbara Thoralfsson joined the board of G4S plc and the committee. Barbara's experience of executive and senior management remuneration structures in other markets is a useful addition to the committee's broad knowledge base.

### Management changes

Tim Weller succeeded Himanshu Raja as chief financial officer of the Company after Mr Raja stepped down from the board on 1 October 2016. The committee discussed and approved the arrangements associated with Mr Raja's departure, details of which were published on our website www.g4s.com/investors on 15 August 2016 and which can also be found on page 95. The committee also approved Mr Weller's remuneration taking into consideration relevant market factors and the skills and experience that Tim brings to the role. Further details can be found on page 59.

### Our remuneration policy

As announced last year, in anticipation of the Company's remuneration policy requiring shareholder approval in 2017, the committee undertook an extensive review of the existing Director's Remuneration Policy ("Current Policy") during 2016. In doing so, the committee was mindful of the overall approach and structure of employee reward across the Group, developments in remuneration for executives in the global market as well as views of the investor community.

The review sought to assess whether the Current Policy remained suitably aligned to the Company's strategy and provided effective incentives to the executives and senior management team. Particular attention was paid to the variable components of remuneration and their operation. The Remuneration Committee also received the assistance of its adviser, who aided the development of remuneration proposals by providing information on remuneration arrangements at similar businesses operating on a global scale and evolving market practices.

A particular area of focus was our choice of performance measures. The performance measures in the Long Term Incentive Plan (LTIP) approved by shareholders in 2014 consist of growth in earnings per share, relative total shareholder return and average operating cash flow. The Remuneration Committee considers that performance in all these critical areas is achieved by delivering the Group strategy and the areas with the most direct correlation between strategic priorities and performance are highlighted below.

**Earnings per share** growth is directly and immediately impacted by improvements in *productivity* and *operational excellence* for example through IT investment, global procurement initiatives and operational efficiency programmes which help build momentum in profit performance.

**Operating cash flow** improvements have been driven by greater *financial discipline* across the Group as new behaviours and better controls are embedded in the finance function and in the broader management team and this stronger cash flow performance is sustained through delivery of consistent, *excellent* service to our customers.

**Total shareholder return** is strongly influenced by our ability to differentiate our service through *innovation*, leading to revenue growth in new sectors as well as increased market share. Our continued focus on *health and safety* also correlates to sustainable performance by embedding strong values at all levels in the organisation.

Having concluded its review, the committee found that the Current Policy operates effectively and continues to align the executives with the longer-term performance of the business. Minor amendments were made to remove certain terms no longer required following the retirement of Grahame Gibson, the former chief operating officer, from the board in 2015. I wrote to shareholders representing 60% of our shareholders base in March 2017 to advise them of the Remuneration Committee's decision concerning remuneration policy.

The policy is set for a period of three years. However, we will continue to review the position to ensure the policy is aligned to the Company's evolving business needs as we continue the transformation of G4S across the Group.

## Implementation of remuneration in 2017

### Pay review

For 2017, the CEO's base pay has been increased by 1.5% and that for the new CFO remains unchanged. This pay review took account of market salary trends as well as salary increases elsewhere in the Group. The increase awarded to the CEO was lower than the average percentage increase applicable to Group employees based in the UK.

### Incentives

The bonus opportunity and LTIP award levels remain unchanged in 2017.

In relation to bonus, the committee seeks to set targets that support the overarching strategy, reflect the business context for the relevant period. Targets are also intended to be stretching whilst remaining achievable and are compatible with the Group's risk appetite. The committee is confident that the targets set meet these criteria, based on the range of assumptions in the Company's budget.

The long-term incentive plan introduced in 2014 had overwhelming support from shareholders and will continue to operate unchanged in 2017.

## UK Code compliance

The committee had in place malus and clawback before their introduction became a feature of the revised UK Corporate Governance Code. These arrangements are explained on page 84. The committee is also conscious of the Code's requirement that executive directors' remuneration should be designed to promote the long-term success of the Company – and that performance-related elements of remuneration should be transparent, stretching and applied rigorously. This aligns with the Remuneration Committee's own philosophy.

## The committee's performance

The committee's formal performance review carried out at the end of 2016 concluded that the committee continues to be effective and to perform well. As the transformation of the Group gains momentum and results in evolving organisational structures, the committee will continue to review and analyse the reward strategy for the senior management population to ensure strong alignment with the Company's strategy. In doing so, the committee will take account of remuneration practices in those markets where it seeks to recruit, develop and retain key talent from a highly international and mobile population.

## Voting on remuneration

The Company's current remuneration policy for directors was approved by shareholders at the Company's annual general meeting held on 5 June 2014 with 98.38% of all votes cast in favour. It came into effect on 6 June 2014 and continued to apply for up to three years. In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, a new remuneration policy will be submitted to shareholders for approval at the AGM on 25 May 2017, which will apply for up to three years.
The committee believes that the Current Policy is adequate to motivate and retain our executive team whilst supporting the delivery of sustainable returns to shareholders, we are therefore proposing to make no substantive changes to the policy from that approved in 2014.

In addition, the annual report on remuneration will be put to an advisory vote at this year's annual general meeting, and we look forward to receiving shareholders' support on both resolutions once again this year.

I will be available to answer questions and listen to the views of our shareholders at the forthcoming annual general meeting.

**John Daly**
Remuneration Committee Chairman

28 March 2017

## Responsibilities

The Remuneration Committee is responsible for all elements of the remuneration of the executive directors, other members of the group executive committee and the chairman of the board.

It also agrees with the board the framework and policy for the remuneration of other senior managers of the Group and reviews and recommends to the board the remuneration of the company secretary.

In determining remuneration policy, the committee takes into account a variety of legal and regulatory requirements and the relevant provisions of the UK Corporate Governance Code.

The committee also determines policy on the duration, notice period and termination payments under the contracts with the executive directors, with a view to recognising service to the Company whilst ensuring that failure is not rewarded and that the duty to mitigate loss is recognised.

The committee approves the design and determines the target measures and formulae for performance-related pay schemes operated by the Company. It approves the eligibility of executive directors and other group executive committee members for annual bonuses and benefits under long-term incentive plans and assesses performance against the objectives of those plans.

The committee's terms of reference are available on the Company's website at www.g4s.com/investors.

## Our remuneration approach

We seek to attract and retain the best people whilst ensuring that the remuneration policy and practice drive behaviours that are in the long-term interests of the Company and its shareholders.

**Fixed pay**

- base pay
- retirement benefits
- other benefits

**Short-term incentives**

- annual bonus plan (one year) with deferred element (three years)

**Long-term incentives**

- long term incentive plan (three years)

## Directors' remuneration policy

This section sets out the Directors' remuneration policy, which is subject to a binding vote of the shareholders' at the Company's next annual general meeting on 25 May 2017. Subject to its approval, this remuneration policy will be effective from that date. The Current Policy, which can be found in the annual report and accounts 2013, is available on the Company's website at www.g4s.com/investors and will continue to apply until the policy set out below is approved. As explained in the introduction to this report, minor amendments were made to remove certain terms no longer required following the retirement of the former chief operating officer from the board in October 2015.

## Directors' remuneration policy

**Remuneration policy for executive directors**

## BASE PAY

### Purpose and link to strategy

Base pay is set at competitive levels in order to recruit and retain high calibre executives with the skills required in order to manage a company of the size and global footprint of G4S.

The level of pay will reflect a number of factors including individual experience, expertise and role.

### Operation

Reviewed annually and fixed for 12 months commencing 1 January. Interim salary reviews may be carried out following significant changes in role, scope or responsibility or at any other time at the committee's discretion.

The final salary decision may also be influenced by role, experience, individual and company performance, internal relativities and increases for Group employees.

### Maximum opportunity

Actual base pay for each executive director is disclosed each year in the Directors' remuneration report.

In determining salary increases, the committee considers market salary levels including those of appropriate comparator companies.

Ordinarily, annual salary increases would be no more than the average annual increase across the Group. However, in exceptional circumstances a higher level of increase may be awarded, for example:

- following a significant change to the nature or scale of the business;
- following a significant change to the nature or scope of the role; or
- for a new appointment, where the base pay may initially be set below the market level and increased over time, as experience develops and with reference to the individual's performance in the first few years in the role.

Where exceptional increases are made we will fully disclose and explain the rationale for such increases.

### Performance measures and clawback

None, although individual performance may have a bearing on salary increases.

## BENEFITS

### Purpose and link to strategy

As with base salary, a suitable range of benefits is made available in order to recruit and retain high calibre executives.

### Operation

Executives are entitled to a number of benefits comprising paid holiday, healthcare for themselves and their family and life insurance of up to four times base salary, car allowance, business related transport, limited financial advice from time to time and expatriate benefits where relevant. A relocation allowance reflecting reasonable costs actually incurred will be paid.

Other benefits may be granted at the discretion of the Remuneration Committee.

Reasonable business expenses in line with G4S' expenses policy (e.g. travel, accommodation and subsistence) will be reimbursed and in some instances the associated tax will be borne by the Company.

### Maximum opportunity

Maximum benefits per director per annum:

- holidays – 30 days
- car allowance – £20,000
- business related local transport – £40,000
- for financial advice, expatriate benefits and relocation expenses, the expense will reflect the cost of the provision of benefits from time to time but will be kept under review by the committee
- other benefits granted at the discretion of the committee up to 3% of base pay per annum per director
- reasonable business expenses are not subject to a maximum, since these are not a benefit to the director

Any allowance in relation to relocation will provide for the reimbursement of reasonable costs incurred.

### Performance measures and clawback

None.

**Remuneration policy for executive directors**

## ANNUAL BONUS

### Purpose and link to strategy

Rewards the achievement of annual financial and strategic business targets and delivery of personal objectives.

Deferred element encourages long-term shareholding and discourages excessive risk taking.

### Operation

Awarded annually based on performance in the year. Targets are set annually and relate to the Group and/or the business managed by the executive.

Bonus outcome is determined by the committee after the year end, based on annual performance against targets.

Bonuses are paid in cash, but executives are required to defer any bonus payable in excess of 50% of their maximum bonus entitlement into shares. Deferral is for a minimum period of three years. Dividends or equivalents accrue during the deferral period on deferred shares.

Bonuses are not pensionable.

### Maximum opportunity

Maximum opportunity of 150% of base pay per annum for the CEO and the CFO.

125% of base pay per annum for any other executive director.

### Performance measures and clawback

Typically, executive directors' bonus measures are weighted so that:

- between 70% and 85% of the bonus is based on achievement of challenging financial performance measures (e.g. profit before tax and amortisation, organic growth, cash-flow measures, etc.), with each measure operating independently of the others; and
- the remainder is linked to personal and/or non-financial measures, which are strategic or operational in nature.

Each year, the committee may use its discretion to vary the exact number of measures, as well as their relative weightings, and this will be disclosed in the annual remuneration report.

As a result of the number of factors taken into account in determining bonus, there is no minimum pay-out level.

For illustrative purposes, in the event that only threshold has been achieved, pay-out would be 35% of maximum, rising to full pay-out should achievement of a stretch performance level be achieved for all measures assuming the non-financial performance measures were satisfied.

The deferred element of the bonus is not subject to any further performance measures but is subject to clawback in certain circumstances. The non-deferred part of the bonus, which is settled in cash, is also subject to clawback (see separate section on page 84).

## Directors' remuneration policy *continued*

**Remuneration policy for executive directors *continued***

## LONG TERM INCENTIVE PLAN

### Purpose and link to strategy

Incentivises executives to achieve the Company's long-term financial goals, as well as focus on value creation, whilst aligning the interests of executives with those of shareholders.

### Operation

Executive directors are granted awards on an annual basis, which vest over a period of at least three years subject to continued service and the achievement of a number of key performance measures.

The Remuneration Committee reviews the quantum of awards to be made to each executive each year to ensure that they remain appropriate.

Dividends or equivalents accrue during the vesting period on awards that vest.

The award is settled by the transfer of market-purchased shares to the executive directors.

All the released shares (after tax) must be retained until the minimum shareholder requirement is met. Currently, the minimum shareholding requirement is 200% of base salary for the CEO and 150% for the other executive directors.

### Maximum opportunity

Maximum opportunity of 250% of base pay per annum for the CEO.

Maximum opportunity of 200% of base pay per annum for other executive directors.

### Performance measures and clawback

Awards vest based on performance over a period of at least three financial years commencing with the financial year in which the award is made.

Performance will be measured based on a combination of earnings per share growth, total shareholder return against a comparator group and average operating cash flow. For awards made in 2017, these were in the proportion of 40%, 30% and 30% respectively. However, the committee retains the flexibility to amend these proportions, provided that no single measure will be a significantly greater proportion than the others.

At threshold, 25% of the relevant portion vests. This increases on a straight-line basis up to 100% for performance in line with maximum. Targets are set out on page 97.

Awards are subject to clawback in certain circumstances (see below on page 84).

## RETIREMENT BENEFITS

### Purpose and link to strategy

As with base salary and other benefits, making available a suitable retirement benefits package aids the recruitment and retention of high calibre executives, allowing such executives to provide for their retirement.

### Operation

G4S operates a defined contribution Group-wide personal pension plan in the UK in which executives may participate. Alternatively, G4S may provide a cash allowance in lieu of a contribution into such plan.

The current executive directors receive cash allowances. The CEO receives 25% of base pay as a cash allowance; the CFO and other executive directors receive 20% of base pay.

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

### Maximum opportunity and clawback

Maximum opportunity of up to 25% of base pay for the CEO and 20% for other executive directors.

### Performance measures

None.

Remuneration policy for non-executive directors

## CHAIRMAN'S FEE

### Purpose

To attract and retain a high calibre chairman by offering a market-competitive fee, which also reflects the responsibilities and time commitment. There are no performance-related elements.

### Operation

The chairman's fee is disclosed each year in the Directors' remuneration report. The fees are reviewed annually by the committee. The annual fee is an all-inclusive consolidated amount. The committee retains the discretion to review the chairman's fee at any other time if appropriate. The chairman's fee is reviewed against other companies of a similar size.

### Maximum opportunity

Ordinarily, any increase in the chairman's fee would be in line with other increases for similar roles in other companies.

Fees payable to the chairman and other non-executive directors in aggregate per annum shall not exceed the maximum specified in the Company's articles of association for the relevant year.

## NON-EXECUTIVE DIRECTORS' FEES (EXCLUDING THE CHAIRMAN)

### Purpose

To attract and retain high calibre non-executive directors (NEDs) by offering market-competitive fees which should reflect the responsibilities and time commitment. There are no performance-related elements.

### Operation

NED fees including any additional fee for any additional role listed below are disclosed each year in the Directors' remuneration report.

With the exception of the chairman, the fees for NEDs are structured by composition build-up consisting of:

- a base fee
- an additional fee for chairing a committee
- an additional fee for the role of senior independent director.

The NED fees are reviewed annually by the executive directors. The board retains the discretion to review the NED fees at other times, as appropriate, to reflect any changes in responsibilities or commitment.

The basic fee covers committee membership and each NED is expected to participate in one or more board committees. All the fees are reviewed against other companies of a similar size.

### Maximum opportunity

Ordinarily, any increase in the NEDs' fees would be in line with other increases for similar roles in other companies.

Fees payable to non-executive directors (including the chairman) in aggregate per annum shall not exceed the maximum specified in the Company's articles of association for the relevant year.

## BENEFITS

### Purpose

Benefits may be provided from time to time in connection with the chairman and other NEDs performing their roles, such as business travel, subsistence and entertainment, accommodation and professional fees for tax and social security compliance, and other ancillary benefits.

### Operation

Reasonable business expenses in line with G4S expenses policy (e.g. travel, accommodation and subsistence) will be reimbursed and in some instances the associated tax will be borne by the Company.

### Maximum opportunity

Reasonable business expenses are not subject to a maximum, since these are not a benefit to the director.

Benefits and expenses will reflect the actual cost of provision.

## Notes to the directors' remuneration policy

### 1. Performance measures

**Annual Bonus Plan** – The actual performance measures and targets are set by the Remuneration Committee at the beginning of each year. The performance measures used for our annual bonus plan have been selected to reflect the Group's key performance indicators. The committee aims to ensure that the measures appropriately encourage the executive directors to focus on the Company's strategic annual priorities, whilst the targets are set to be stretching but achievable.

The aim is to strike an appropriate balance between incentivising annual financial and strategic business targets, and each executive director's key role-specific objectives for the year.

**Long Term Incentive Plan** – In choosing the performance measures for the Long Term Incentive Plan, the committee aims to find a balance of measures which reflect the Company's long-term financial goals as well as incentivise executives to create sustainable, long-term value for shareholders.

**Legacy plans** – The committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed (i) before 5 June 2014 (the date the company's first shareholder-approved directors' remuneration policy came into effect); (ii) before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved directors' remuneration policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a director of the Company and, in the opinion of the committee, the payment was not in consideration for the individual becoming a director of the Company.

For these purposes, payments may include the committee satisfying awards of variable remuneration. In cases where all or part of the variable remuneration award was in the form of shares, the payment terms are those agreed at the time the award was granted.

Details of the vesting of the awards will be published in the annual remuneration report each year.

The non-executive directors do not participate in any incentive schemes nor do they receive any benefits other than those referred to in the above table.

### 2. Malus and claw-back mechanisms

Since 2010, any cash and/or shares awarded under the annual bonus plans and the previous Performance Share Plan may be subject to clawback. The Long Term Incentive Plan and the annual bonus plan may be subject to malus or clawback from the executive director concerned if the Remuneration Committee so determines and, in the case of misstatement of accounts, where the Audit Committee concurs. The time period in which the clawback can be operated depends on the reason for the overpayment as set out in the table below.

The amount to be clawed back directly from the executive director will be the overpaid amount, but the Remuneration Committee retains the discretion to claw back the "net" (i.e. post-tax) amount of the award received by the executive director.

| Malus and claw-back | Annual Bonus Plan (including deferred elements) | Long term incentive plan (LTIP) | |
|---|---|---|---|
| | Since 2015 plan | PSP (previous) | Current LTIP |
| Material misstatement of Group financial accounts | up to 2 years after the payment of the cash element | up to 2 years after vesting (except where due to fraud or reckless behaviour when it shall be 6 years after vesting) | up to 2 years after vesting |
| Misconduct | up to 6 years after the payment of the cash element | | up to 6 years after vesting |
| Fraud | unlimited | | unlimited |

## Principles and approach to recruitment and internal promotion of directors

When hiring a new executive director, or promoting to the board from within the Group, the committee will offer a package that is sufficient to retain and motivate and, if relevant, attract the right talent whilst at all times aiming to pay no more than is necessary. Ordinarily, remuneration for a new executive director will be in line with the policy set out in the table summarised above. However, discretion may be required for exceptional circumstances such as dealing with remuneration relinquished in a previous job.

The maximum level of on-going variable pay that may be awarded to new executive directors on recruitment or on promotion to the board shall be limited to 400% of base salary as set out in the policy above (calculated at the date of grant, excluding any buy-out awards – see below). Remuneration and any buy-out arrangements will be announced as far as possible at the time a new executive director or chairman is appointed, or in the following Directors' remuneration report.

When determining the remuneration of a newly-appointed executive director, the Remuneration Committee will apply the following principles:

- The on-going remuneration package to be designed in accordance with the policy above.
- New executive directors will participate in the annual bonus scheme and Long Term Incentive Plan on the same basis as existing executive directors.
- The Remuneration Committee has discretion to grant one-off cash or share-based awards to executive directors where it determines that such an award is necessary to secure the recruitment of that executive director and where it is in the best interests of the company to do so. Such awards would only be made as compensation for remuneration relinquished under a previous employment (i.e. buy-out arrangements) and would be intended to mirror forfeited awards as far as possible by reflecting the value, nature, time horizons and performance measures attached. In such circumstances, the Company will disclose a full explanation of the detail and rationale for such one-off awards.
- In certain circumstances, it may be necessary to buy out long notice periods of previous employment.

- With regard to internal promotions, any commitments made before promotion and unconnected with the individual's promotion may continue to be honoured even if they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled.
- For external and internal appointments, the Remuneration Committee may agree that the Company will meet certain relocation expenses (including legal fees), as set out in the policy.
- In determining the approach for all relevant elements, the Remuneration Committee will consider a number of factors, including (but not limited to) external market practice, current arrangements for existing executive directors and other internal relativities.

## Service contracts

Shareholders are entitled to inspect a copy of executive directors' service contracts at the company's head office and at the AGM.

Executive directors' service contracts all have the following features:

- Contracts are drafted in line with best practice at the time the executive directors were appointed.
- Terminable on 12 months' notice by either party.

Specific provisions for Ashley Almanza and Tim Weller's contracts (dated 2013 and 2016 respectively) include:

- Upon his appointment, following board approval, Ashley Almanza was allowed to hold two external non-executive appointments and retain the fees paid to him for the appointments. Following Ashley Almanza stepping down from the board of Schroders plc in April 2016, he remains a non-executive director of Noble Corporation. Mr Almanza's contract of employment was subsequently amended to reflect this reduction in the number of non-executive directorships he holds. Tim Weller is allowed to hold one external non-executive appointment and retain any fees paid directly to him for the appointment. He is currently non-executive director of the Carbon Trust.
- Mitigation obligations on termination payments are explicitly included in the executive directors' contracts. Notice payments for Ashley Almanza and Tim Weller are payable monthly.

Non-executive directors' letters of appointment:

- Appointment is subject to the provisions of the articles of association of the Company, as amended from time to time regarding appointment, retirement, fees, expenses, disqualification and removal of directors.
- All continuing non-executive directors are required to stand for re-election by the shareholders at least once every three years, although they have agreed to submit themselves for re-election annually in accordance with the UK Corporate Governance Code.
- Initial period of appointment is two years.
- All reasonably-incurred expenses will be met.

Fees are normally reviewed annually.

## Loss-of-office payment

The duration of the notice period in the executive directors' contracts is 12 months.

The Remuneration Committee would consider the application of mitigation obligations in relation to any termination payments.

The contracts do not provide for the payment of a guaranteed bonus in the event of termination. Neither Ashley Almanza nor Tim Weller will be eligible for bonus accrual during any period of garden leave.

In relation to Mr Almanza, the value of the termination payment would cover the balance of any salary and associated benefits payments due to be paid for the remaining notice period, the value of which will be determined by the Remuneration Committee. In relation to Mr Weller, the value of the termination payment would amount to the balance of any salary due to be paid for the remaining notice period multiplied by 1.25 to reflect the value of contractual benefits during such period. The Remuneration Committee would also retain the discretion to make appropriate payments necessary to finalise any settlement agreement, but in exercising such discretion the Remuneration Committee would remain mindful to ensure that there was no reward for failure.

The fees for outplacement services and reasonable legal fees in connection with advice on a settlement agreement may be met by the Company.

The table below illustrates how each component of pay would be calculated under different circumstances:

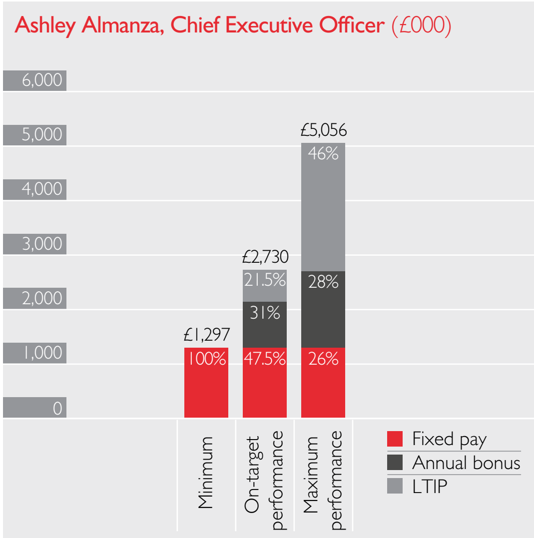
| Plan | Automatic "good leaver" categories | Treatment for "good leavers" | Treatment for other leavers |
|---|---|---|---|
| Annual bonus (cash element) | All leavers other than voluntary resignation and summary dismissal. | Executive directors may receive a bonus to be paid on the normal payment date and in accordance with the agreed performance measures but reduced pro-rata to reflect the time employed. | Bonus opportunity will lapse. |
| Annual bonus (deferred share element) | • Injury, disability or ill health<br>• Redundancy<br>• Retirement<br>• Death<br>• Termination without cause<br>• Change of control or sale of employing company or business<br>• Any other circumstances at the discretion of the Remuneration Committee | Deferred shares may be released if the executive director ceases employment prior to the third anniversary as a result of one of the good leaver reasons. | Deferred share awards will lapse. |
| Long Term Incentive Plan | • Injury, disability or ill health<br>• Redundancy<br>• Retirement<br>• Death<br>• Change of control or sale of employing company or business<br>• 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.<br>The vesting date for such awards will normally be the original vesting date, unless otherwise determined by the Remuneration Committee. | Awards will lapse. |

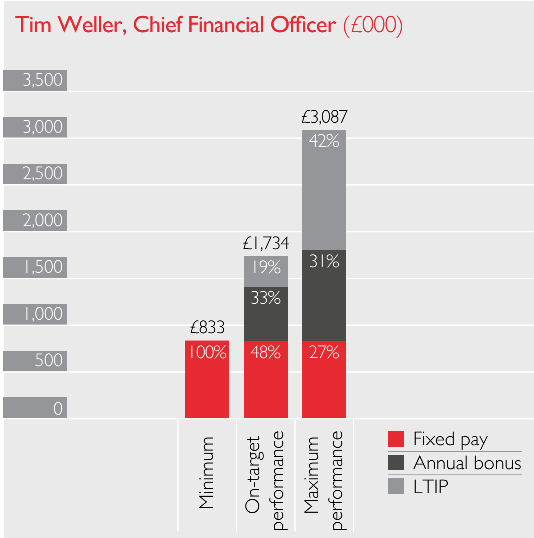
As directors may leave employment for a wide range of reasons, the committee retains discretion to approve payments where the reason for leaving does not fall precisely within the prescribed "good leaver" category. The committee will take account of the director's performance in office and the circumstances of their exit. The committee will seek to balance the interests of shareholders, the departing director and the remaining directors. Any awards subject to performance conditions would be assessed at the end of the relevant period and be subject to time apportionment.

## Corporate Action

If the Company is subject to a change in control, the Long Term Incentive Plan provides that awards will vest subject to the performance targets having been satisfied up to the date of the change of control and, unless the committee determines otherwise, time pro-rating. On a variation of share capital, other reorganisation of the Company, or a demerger of a substantial part of the Group's business, the committee may make such adjustment to awards as it may determine to be appropriate.

## Illustrations of application of remuneration policy




| 2017 | CEO | CFO |
|---|---|---|
| Base pay | £939,755 | £643,750 |
| Benefits | £122,000 | £60,000 |
| Pension | £234,939 | £128,750 |
| Total Fixed Pay | £1,296,694 | £832,500 |

The benefits figures include taxable business expenses and associated tax and NIC payable by the Company.

The bar charts above set out the effect of the executive directors' remuneration policy as it will apply in 2017 and based on the assumptions set out below:

| | Minimum | Threshold | Maximum |
|---|---|---|---|
| Fixed pay | Consists of total fixed pay including base salary, benefits and retirement benefits<br>• Base salary – salary effective as at 1 January 2017<br>• Benefits – amount received by Group CEO in 2016 including business expenses classified by HMRC as benefits but which the company does not consider to be benefits in the ordinary sense. The figure is an estimate for the Group CFO<br>• Retirement benefits –25% of salary for Ashley Almanza, 20% of salary for Tim Weller | | |
| Annual bonus | No payout | 35% of the maximum payout (i.e. 52.5% of salary for Ashley Almanza and Tim Weller) | 100% of the maximum payout (i.e. 150% of salary for Ashley Almanza and Tim Weller) |
| Long-term incentives | No vesting | 25% vesting under the LTIP (i.e. 62.5% of salary for Ashley Almanza and 50% of salary for Tim Weller) | 100% of the maximum payout (i.e. 250% of salary for Ashley Almanza and 200% of salary for Tim Weller) |

## Statement of consideration of employment conditions elsewhere in the Group

The structure of the executive directors' pay policy is generally in line with the policy for remuneration of the senior management within the Group, although the levels of award will be different. The performance measures that apply in the variable element of the remuneration will reflect the relevant areas of responsibilities. There may be one-off awards for retaining scarce and critical individuals below board level. Remuneration of employees globally will depend on local regulation and practice, taking any collective bargaining agreements into account, where they exist.

| Elements of remuneration | | Availability |
|---|---|---|
| Fixed | Pay | Available to all employees worldwide |
| | Pensions | Available to most employees in developed markets |
| Variable | Annual bonus | Available to all senior managers worldwide |
| | Long term incentive plan | Available to some senior managers worldwide |
| Benefits | Car or car allowance | Available to all senior managers worldwide |
| | Life/Income protection insurance | Available to most employees in developed markets |
| | Private Healthcare | Available to all senior managers in markets where it is commonly provided |

Across the Group the Company seeks to pay competitively, taking into account external benchmarking and internal moderation at each level to ensure that remuneration is in line with market practice. When determining base salary increases for executive directors, the Remuneration Committee pays particular attention to the data at senior manager level.

At G4S, the committee does not normally consult directly with employees as part of the process of determining the remuneration policy and pay decisions for executive directors and has not therefore done so in setting this remuneration policy. However, employee surveys are carried out biennially which help determine employees' views of their own pay and benefits, as well as those of colleagues in general.

## Statement of consideration of shareholder views

We are committed to on-going engagement on key remuneration issues and seek our major shareholders' views prior to proposing any major change in policy. This provides us with valuable feedback and we take into consideration these views and seek to reflect them in our policy.

The chairman of the Remuneration Committee will be available to answer any questions and listen to the views of our shareholders at the forthcoming annual general meeting.

# ANNUAL REPORT ON REMUNERATION

## SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED INFORMATION)

### Executive directors

The following table shows a single total figure of remuneration in respect of qualifying services for the 2016 financial year for each executive director, together with the comparative figures for 2015. Aggregate executive directors' emoluments are shown in the final column of the table.

| £ | Base pay | | Benefits | | Annual Bonus | | LTIP – PSP | | Pension related benefits | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 |
| Ashley Almanza | **925,867** | 916,700 | **109,985** | 193,588 | **1,347,136** | 956,670 | **2,175,179** | 441,710 | **231,467** | 229,175 | **4,789,634** | 2,737,843 |
| Tim Weller | **122,145** | n/a | **6,019** | n/a | **166,945** | n/a | **n/a** | n/a | **24,429** | n/a | **319,538** | n/a |
| Himanshu Raja | **482,812** | 643,750 | **85,590** | 108,232 | **637,312** | 623,528 | **1,018,339** | 197,739 | **96,563** | 128,750 | **2,320,616** | 1,701,999 |

Notes:

1. In relation to Himanshu Raja and Tim Weller, the information relates to the part years during which they have served as executive directors.

a. For Himanshu Raja, this includes the period when he was an executive director to 1 October 2016. Payments made after that date, including any payment of loss of office, are shown on page 95.

b. For Tim Weller, this was from his appointment date as an executive director on 24 October 2016. Prior to this date, Mr Weller was a non-executive director of the Company, and fees relating to his non-executive directorship of the Company are found on page 90.

2. Benefits include car allowance, business-related travel, healthcare, disability and life assurance. Benefit values include the cost of certain travel, overnight accommodation, meals and memberships which HMRC treats as a taxable benefit and on which the Company has paid, or will in due course pay, tax as it does not consider such expenses to be benefits in the ordinary sense. The grossed-up amounts for 2016 are £22,422 for Ashley Almanza and £15,435 for Himanshu Raja. Benefit values also include local travel costs of £17,384 and £32,274 for Ashley Almanza and Himanshu Raja respectively who bear the tax themselves, and contain other business costs which HMRC deems to be benefits.

3. The 2015 benefits values also include taxes met by the Company in respect of certain expenses which were incurred in the prior year. 2015 benefit values for Ashley Almanza also include the grossed-up costs of security measures, as well as the installation of a security system at his home, of £71,529.

4. Any bonus due above 50% of the individual's maximum bonus entitlement is awarded as deferred shares, which vest after a period of three years unless the individual ceases employment prior to the third anniversary and qualifies as a good leaver, in which case release of such deferred shares occurs shortly after termination of employment. Mr Almanza received £652,735 of his bonus in the form of 221,116 shares deferred for three years. Further information regarding 2016 bonus performance and resulting pay-outs is set out on page 91.

5. In addition, for 2016, Ashley Almanza received £37,618 from Schroders plc, and a fee of $95,000 as well as shares, valued at $316,674 from Noble Corporation from his non-executive directorships referred to on page 85, and retained such remuneration. For 2015, the equivalent sums were £115,000, $82,500 and $56,531 respectively.

6. In addition, since becoming an executive director of G4S plc on 24 October 2016, Mr Weller received and retained £3,214 from the Carbon Trust for his non-executive directorship for the remainder of the year under review. Mr Weller's annual fee in relation to this appointment is £17,000 per annum.

7. In relation to the LTIP-PSP column, vesting of awards in 2015 relates to the PSP, whereas vesting of awards in 2016 relates to the long term incentive plan approved by the shareholders in 2014. Further information regarding performance and vesting of the 2014 LTIP is set out on page 93.

8. In relation to Mr Almanza, the PSP figure for 2015 has been updated to include the vesting of a PSP award he received in May 2013 upon becoming CEO, which vested in May 2016. Mr Almanza retained 57,969 shares after tax and NI contributions were met. The deemed value of these shares was £1.869 per share.

## Non-executive directors

The following table shows a single total figure of remuneration in respect of qualifying services for the 2016 financial year for each non-executive director, together with the comparative figures for 2015. Aggregate non-executive directors' emoluments are shown in the last column of the table.

| £ | Base fee | | SID | | Chair of Committee | | Deputy Chair | | Benefits | | **Total** | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 |
| John Connolly | **370,000** | 365,000 | **n/a** | n/a | **n/a** | n/a | **n/a** | n/a | **99,279** | 2,857 | **469,279** | 367,857 |
| Adam Crozier | **25,095** | 60,875 | **n/a** | n/a | **n/a** | n/a | **n/a** | n/a | **4,817** | 1,173 | **29,912** | 62,048 |
| John Daly | **61,750** | 35,028 | **n/a** | n/a | **11,005** | n/a | **n/a** | n/a | **3,025** | 1,530 | **75,780** | 36,558 |
| Mark Elliott | **25,095** | 60,875 | **6,096** | 13,000 | **7,518** | 18,250 | **n/a** | n/a | **23,618** | 10,995 | **62,327** | 103,120 |
| Winnie Fok | **61,750** | 60,875 | **n/a** | n/a | **n/a** | n/a | **n/a** | n/a | **8,698** | 11,416 | **70,448** | 72,291 |
| Steve Mogford | **36,733** | n/a | **8,923** | n/a | **n/a** | n/a | **n/a** | n/a | **285** | n/a | **45,941** | n/a |
| Paul Spence | **61,750** | 60,875 | **n/a** | n/a | **18,500** | n/a | **n/a** | n/a | **8,721** | 10,606 | **88,971** | 71,481 |
| Clare Spottiswoode | **61,750** | 60,875 | **n/a** | n/a | **18,500** | 18,250 | **n/a** | n/a | **1,399** | 2,341 | **81,649** | 81,466 |
| Barbara Thoralfsson | **30,875** | n/a | **n/a** | n/a | **n/a** | n/a | **n/a** | n/a | **1,158** | n/a | **32,033** | n/a |
| Tim Weller | **50,034** | 60,875 | **n/a** | n/a | **11,814** | 18,500 | **n/a** | n/a | **–** | 1,008 | **61,848** | 80,383 |

Notes:

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

1. John Connolly's fee was increased to £375,000 per annum with effect from 1 July 2016.
2. For 2016, benefit values for Mr Connolly include the grossed-up costs for security measures, as well as the installation of a security system at his home, of £97,506.
3. Mark Elliott stepped down as chair of the Remuneration Committee and retired as a non-executive director on 26 May 2016.
4. Adam Crozier retired as a non-executive director on 26 May 2016.
5. Tim Weller stepped down as chair of the Audit Committee on 15 August 2016 and as a non-executive director on 23 October 2016.
6. John Daly took over as chair of the Remuneration Committee on 27 May 2016.
7. Steve Mogford was appointed as a non-executive director on 27 May 2016 and is the Senior Independent Director.
8. Barbara Thoralfsson was appointed as a non-executive director on 1 July 2016.
9. Benefit values include the cost of overnight accommodation, travel and meals, which HMRC treats as taxable benefits and on which the company has paid, or will in due course pay, tax as it does not consider such expenses to be benefits in the ordinary sense.

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

### New executive director's remuneration

As mentioned previously, Tim Weller joined the board in April 2013 as a non-executive director and became an executive director of the Company when he took on the role of chief financial officer on 24 October 2016. The various components of his remuneration, as approved by the committee in line with the directors' remuneration policy, are as follows:

- Base pay of £643,750 per annum for 2016.
- Benefits include a car allowance of £18,000 per annum, 25 days holiday, private health care and life insurance.
- Participation in the annual bonus scheme with a maximum opportunity of 150% of base pay. Under this scheme, any bonus payable in excess of 50% of maximum entitlement is required to be deferred as shares with a deferral period of three years.
- Participation in the Company's 2016 LTIP – an award of 544,736 conditional shares of G4S plc under the Company's LTIP was granted on a pro-rata basis, relative to his start date as CFO and the vesting period of 36 months, with a deemed date of grant of March 2016. The vesting of such award will be subject to the achievement of performance conditions measured over a three-year period beginning in the deemed year of grant. Further information is set out on page 94.
- Cash allowance of 20% of base pay per annum in lieu of pension.
- Compensation for the amounts Mr Weller forfeited in relation to variable remuneration arrangements in place with his previous employer relating to 2014 and 2015 performance share plans. The Remuneration Committee agreed the grant of an award of 100,000 shares on equivalent terms to the Company's 2015 LTIP and a further award of 250,000 shares on equivalent terms to the Company's 2016 LTIP. These conditional awards were granted on 8 November 2016, with deemed dates of grant of March 2015 and March 2016 respectively. Further information is set out on page 94.
- In addition, Mr Weller may be entitled to receive compensation for the forfeiture of his 2016 bonus from his previous employer, Such compensation would consist of a conditional award of up to a maximum of 100,000 shares on equivalent terms to the Company's 2016 LTIP, which is subject to performance and employment conditions.

## 2016 Annual bonus

During the financial year ending 31 December 2016, the performance measures relating to the annual bonus scheme rules were consistent with the current Policy, with 85% of the bonus for Ashley Almanza and 70% for Messrs Raja and Weller being based on achievement of challenging financial performance measures. The financial performance measures were based on budgeted group earnings (excluding specific and other separately disclosed items) and budgeted Group operating cash flow before capital expenditure and pension deficit repayment. On-target performance would result in a payment of 60% of maximum entitlement, with 100% only being earned in the event of achievement of a stretch performance significantly in excess of budget. The element of bonus determined for each financial performance measure is calculated by interpolating actual achievement against the range between the minimum i.e. entry threshold and the maximum target to achieve maximum performance.

The remaining 15% of the bonus for Mr Almanza and 30% for Messrs Raja and Weller was linked to objectives relating to non-financial performance, which consisted of personal objectives or relate to the organisation and which were linked to specific elements of the Group's strategy for which the directors concerned had responsibility.

The maximum bonus potential remained unchanged from 2015. It was 150% of base pay for Messrs Almanza, Raja and Weller. Bonuses are paid in cash up to 50% of maximum entitlement. Where the bonus amount is in excess of 50% of the maximum bonus potential, the amount which exceeds 50% will be delivered in the form of a deferred share award which vests after a period of three years.

The tables below show how pay was linked to performance in 2016 and set out details of each of the financial measures, the targets in respect of these measures and the actual outcomes:

### 2016 annual bonus – Performance conditions and outcomes

### Ashley Almanza

| Financial measures | Weighting (% of maximum bonus) | Threshold to earn bonus | Target | To achieve full vesting | Achievement | Score achieved (% of total for each measure) |
|---|---|---|---|---|---|---|
| Group Earnings | 50% | £223.2m | £230.1m | £237.1m | £246m | 100% |
| Group OCF | 35% | £563.5m | £580.9m | £599.2m | £663m | 100% |
| Total | 85% | n/a | n/a | n/a | n/a | 100% |

**Personal objectives**

Mr Almanza was able to earn up to 15% of the maximum bonus potential for achieving personal objectives. These were designed to align with the strategic priorities for 2016 (see pages 12 to 13) and were set out in the 2015 Remuneration report. Mr Almanza's 2016 personal objectives were:

- Embed a stronger health and safety culture
- Improve efficiency and effectiveness of the organisation, people and culture
- Implement market and product specific strategies
- Strengthen contract controls and take-on processes

Significant progress was made in delivering all these areas, including implementation of organisation restructures, launch of the new values and the expansion of technology and innovative service offerings to new markets. Health and safety processes have improved and there has been a material reduction in road-related fatalities, however safety remains an area where further improvement is required. Therefore Mr Almanza's performance in relation to his personal objectives was assessed at 80% of the maximum potential.

### Himanshu Raja

| Financial measures | Weighting (% of maximum bonus) | Threshold to earn bonus | Target | To achieve full vesting | Achievement | Score achieved (% of total for each measure) |
|---|---|---|---|---|---|---|
| Group Earnings | 35% | £223.2m | £230.1m | £237.1m | £246m | 100% |
| Group OCF | 35% | £563.5m | £580.9m | £599.2m | £663m | 100% |
| Total | 70% | n/a | n/a | n/a | n/a | 100% |

Following his retirement from the board of G4S plc on 1 October 2016, Mr Raja remained eligible for an annual bonus in respect of the year under review subject to the applicable performance conditions being met. The 2016 annual bonus was determined (on a pro-rata basis for the number of whole months worked in the bonus year) at the normal time for the payment of annual bonuses. 30% of Mr Raja's bonus potential was allocated to non-financial measures. The Remuneration Committee recognised that Mr Raja had put in place strong foundations for the transformation of the finance, risk management and procurement functions. His 2016 objectives focused specifically on organisational efficiency, including procurement savings, integrated IT systems development and implementation, cash flow and capital expenditure management as well as fiscal efficiency, and in aggregate his performance was assessed as on target across these areas. 70% of Mr Raja's bonus potential was based on achievement of financial performance targets, namely Group Earnings of £230.1m and Group OCF of £580.9m. Following stretch financial performance being met and the achievement of on-target personal objectives, Mr Raja's total bonus entitlement was £637,312.

### Tim Weller

| Financial measures | Weighting (% of maximum bonus) | Threshold to earn bonus | Target | To achieve full vesting | Achievement | Score achieved (% of total for each measure) |
|---|---|---|---|---|---|---|
| Group Earnings | 35% | £223.2m | £230.1m | £237.1m | £246m | 100% |
| Group OCF | 35% | £563.5m | £580.9m | £599.2m | £663m | 100% |
| Total | 70% | n/a | n/a | n/a | n/a | 100% |

**Personal objectives**

Mr Weller, who became an executive director in October 2016 was able to earn up to 30% of the maximum bonus potential for achieving personal objectives. The personal objectives for the CFO role were set at the beginning of the year to align with the strategic priorities for 2016. These were set out in the 2016 Remuneration report and were as follows:

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

The strong performance in procurement savings achieved, and in cash flow and capital expenditure management in particular have resulted in a level of achievement for his non-financial objectives of 21 out of 30, or 70%.

Mr Weller's bonus entitlement was pro-rated over the period in 2016, from 24 October 2016, when he became chief financial officer.

The table below sets out the annual bonus awards which were made to executive directors in respect of the financial year ended 31 December 2016, based on the performance described above:

| | 2016 annual bonus | 2016 annual bonus (% of salary) | 2016 annual bonus deferred (% of salary) |
|---|---|---|---|
| Ashley Almanza | £1,347,136 | 146% | 70.5% |
| Himanshu Raja | £637,312 | 132% | n/a |
| Tim Weller | £166,945 | 136% of salary earned in the period from 24 October | n/a |

Any bonus due above 50% of the individual's maximum bonus entitlement is awarded as deferred shares which vest after a period of three years.

| | Cash | Deferred shares |
|---|---|---|
| Ashley Almanza | £694,400 | £652,736 |
| Himanshu Raja | £637,312 | £0 |
| Tim Weller | £166,945 | £0 |

Mr Weller's bonus was paid fully in cash. In coming to this decision, the Remuneration Committee, having taken account of the fact that any compensation for the forfeiture of Mr Weller's bonus from his previous employer would consist of an award under the Company's LTIP, subject to both employment and performance conditions, concluded that the deferral element of the Company's deferred bonus had been satisfied.

## Long term incentive plan (LTIP)

The 2016 values shown in the fourth column of the single-figure table relate to the LTIP awards made in July 2014, with a deemed award date of March 2014. 2015 values shown in that column of the single-figure table relate to the PSP awards made in March and May 2013. The performance measures and targets of these awards are set out below:

Performance measures and targets for PSP 2013 award

| Half of each award | | Half of each award | |
|---|---|---|---|
| **Average annual growth in EPS period ending on 31 December in the third year** | **Proportion of allocation vesting** | **Ranking against the bespoke comparator group by reference to TSR** | **Proportion of allocation vesting** |
| Less than global CPI + 4% pa | Nil | Below median | Nil |
| Global CPI + 4% pa (11% over 3 years) | 25% | Median | 25% |
| Global CPI + 4 to 11% pa | Pro-rata between 25% and 100% | Between median and upper quartile | Pro-rata between 25% and 100% |
| Greater than global CPI + 11% pa (33% over 3 years) | 100% | Upper quartile | 100% |

Performance measures and targets for the 2014 LTIP awards

| 40% of each award granted | | 30% of each award granted | | 30% of each award granted | |
|---|---|---|---|---|---|
| **Average annual growth in EPS period ending on 31 December in the third year** | **Proportion of allocation vesting** | **Ranking against the bespoke comparator group by reference to TSR** | **Proportion of allocation vesting** | **Average operating cash flow** | **Proportion of allocation vesting** |
| Less than 5% pa | Nil | Below median | Nil | <105% | Nil |
| 5% pa (15% over 3 years) | 25% | Median | 25% | 105% | 25% |
| + 5 to 12% pa | Pro-rata between 25% and 100% | Between median and upper quartile | Pro-rata between 25% and 100% | Between 105% and 125% | Pro-rata between 25% and 100% |
| Greater than + 12% pa (36% over 3 years) | 100% | Upper quartile | 100% | 125% | 100% |

The table below illustrates the Company's performance against the 2013 PSP award targets and the resulting payout as shown in the 2015 column of the single figure table:

| Measure | Performance | Vesting (% of element) |
|---|---|---|
| Average annual growth in EPS | Increase of 8.1% pa | 53% |
| Relative TSR | Ranked between 14th and 15th in peer group | 0% |
| Total vesting | | 26.5% of maximum |

The table below illustrates the company's performance against the 2014 LTIP award targets and the resulting payout as shown in the 2016 values in the fourth column of the single figure table:

| Measure | Performance | Vesting (% of element) |
|---|---|---|
| Average annual growth in EPS | Increase of 15.3% pa | 40% |
| Relative TSR | Ranked between 43rd and 44th in peer group | 0% |
| Average OCF | 129% | 30% |
| Total vesting | | 70% of maximum |

Vesting under the 2014 LTIP was 70% of maximum as a result of both maximum performance being achieved, both on an adjusted and non-adjusted basis for both annual growth in EPS and average OCF elements. Relative TSR performance was impacted by fluctuations to the share price in the performance period and did not result in any pay-out for this measure of the 2014 LTIP. In the same period, dividend payments to shareholders were maintained throughout the relevant period and dividends totalling £428m were distributed to shareholders. The Company's credit rating at 'BBB-' long-term and 'A-3' short-term with a Negative outlook was maintained.

### Total pension entitlements (audited information)

None of the executive directors is a member of the Group's pension plan, which is a defined contribution group personal pension plan available to all UK employees. Instead the CEO and CFO receive cash allowances of 25% and 20% of their base pay, respectively.

## SCHEME INTERESTS AWARDED DURING THE FINANCIAL YEAR (AUDITED INFORMATION)

Awards under the LTIP approved by the shareholders at the Company's AGM in June 2014 were made in March 2016 consistent with the Company's normal grant policy. Details of the awards made to the executive directors are summarised in the table below and further details are given in the table on directors' shareholdings and interests below:

| Director | Award type | Number of shares | Face value (£) | Performance condition | EPS,TSR and AOCF Performance period | % vesting at threshold |
|---|---|---|---|---|---|---|
| Ashley Almanza | Conditional shares | 1,259,114 | 2,314,668 | 40% EPS/30% TSR/30% AOCF | 01/01/2016 – 31/12/2018 | 25% |
| Himanshu Raja | Conditional shares | 700,363 | 1,287,500 | 40% EPS/30% TSR/30% AOCF | 01/01/2016 – 31/12/2018 | 25% |
| Tim Weller | Conditional shares | 794,736 | 1,460,963 | 40% EPS/30% TSR/30% AOCF | 01/01/2016 – 31/12/2018 | 25% |
| Tim Weller | Conditional shares | 100,000 | 290,600 | 40% EPS/30%TSR/30%AOCF | 01/01/2015 – 31/12/2017 | 25% |

Notes:

1. The face-value calculation for all awards deemed granted in March 2016 was based on a share price of £1.8383 which represents the average closing share price during the three business days following the announcement of the Company's 2015 financial results. The face-value calculation for the 100,000 share award to Mr Weller, deemed granted in March 2015, was based on a share price of £2.906 which represents the average closing share price during the three business days following the announcement of the Company's 2014 financial results.
2. Further details on performance conditions are set out in the table below.
3. Any vesting of Mr Raja's award will be pro-rated to 1 October 2016.
4. Tim Weller was granted 350,000 conditional shares by deed of grant on 8 November 2016, 100,000 of which were deemed granted in March 2015 and 250,000 of which were deemed granted in March 2016. Tim Weller was also granted 544,736 conditional shares by deed of grant on 22 November 2016. The conditional award is deemed for the purposes of the Plan, including the performance conditions, as having been granted on the original grant date of 15 March 2016.

### Performance measures for long-term incentives awarded in 2016

| 40% of each award granted | | 30% of each award granted | | 30% of each award granted | |
|---|---|---|---|---|---|
| **Average annual growth in EPS period ending on 31 December in the third year** | **Proportion of allocation vesting** | **Ranking against the bespoke comparator group by reference to TSR** | **Proportion of allocation vesting** | **Average operating cash flow** | **Proportion of allocation vesting** |
| Less than 5% pa | Nil | Below median | Nil | <105% | Nil |
| 5% pa (15% over 3 years) | 25% | Median | 25% | 105% | 25% |
| + 5 to 12% pa | Pro-rata between 25% and 100% | Between median and upper quartile | Pro-rata between 25% and 100% | Between 105% and 125% | Pro-rata between 25% and 100% |
| Greater than + 12% pa (36% over 3 years) | 100% | Upper quartile | 100% | 125% | 100% |

The bespoke comparator group consists of companies constituent of the FTSE 100 index corrected to exclude financial institutions and companies in the extractive sector, and include competitor companies which are outside that index.

The Company's Current Policy is to use market-purchased shares to satisfy LTIP awards. Participants in the LTIP will receive a further share award with a value equivalent to the dividends which would have been paid in respect of LTIP awards vesting at the end of the performance period.

The Company calculates whether the EPS performance target has been achieved by reference to the Group's audited accounts, which provide an accessible and objective measure of the Group's earnings per share. The average OCF performance target is calculated by reference to the relevant definition set out in the LTIP rules approved by shareholders. The committee may alter the terms of the EPS measure if it feels that it is no longer a fair measure and is no longer incentivising. TSR ranking will be verified externally.

### Statement of directors' shareholdings and share interest (audited information)

**The executive directors are required to build up a minimum shareholding in G4S, as explained in the remuneration policy. Shares are valued for these purposes at the year-end price, which was 235p per share at 31 December 2016.**

| | 2016 | 2015 | Share ownership requirements (% of salary) | Shareholding requirements achieved at 31/12/16 | Number of Deferred shares held as at 31/12/16 | Further shares acquired or deferred since 31/12/2016 | Total shares under LTIP awards subject to performance at 31/12/16 |
|---|---|---|---|---|---|---|---|
| Ashley Almanza | 466,777 | 150,000 | 200% | 118.4% | 452,559 | 611,117 | 3,010,111 |
| Himanshu Raja | n/a | 100,000 | 150% | n/a | n/a | n/a | 788,798 |
| Tim Weller | 37,570 | n/a | 150% | 13.7% | n/a | n/a | 894,736 |

Notes:

1. Deferred share awards and PSP or LTIP awards do not include the further shares with a value equivalent to the dividends which are paid in respect of shares received. The number of shares is gross and will be subject to tax when they are released.
2. In addition to the above, each of the directors has a deemed interest in the total number of shares held by the Company's employee benefit trust. As at 31 December 2016, the trustees of the employee benefit trust held 4,844,243 shares (2015 – 6,320,144 shares).
3. Includes any shares owned by persons closely associated with the directors.
4. Since 31 December 2016, Mr Almanza received 221,116 deferred shares on 14 March 2017 relating to the deferred element of the 2016 annual bonus and a further 390,001 shares on 20 March upon the vesting of the 2014 LTIP.
5. The total shares under LTIP awards subject to performance for Mr Raja takes into account the pro-rated forfeitures following his departure.
6. Details of share awards granted to Mr Weller under the Company's Long Term Incentive Plan are set out in the above scheme interests awarded during the financial year table.

The shareholdings for non-executive directors are shown below.

| | As at 31.12.2016 | As at 31.12.2015 |
|---|---|---|
| John Connolly | **309,642** | 209,642 |
| Adam Crozier | **n/a** | 2,000 |
| John Daly | **30,000** | n/a |
| Mark Elliott | **n/a** | 25,000 |
| Winnie Fok | **20,000** | 20,000 |
| Steve Mogford[1] | **0** | n/a |
| Paul Spence | **20,000** | 20,000 |
| Clare Spottiswoode | **4,681** | 4,681 |
| Barbara Thoralfson | **0** | n/a |
| Tim Weller[2] | **n/a** | 37,570 |

1. Since 31 December 2016, Mr Mogford acquired 10,000 shares on 13 March 2017.
2. Mr Weller was a non-executive director of the Company until 24 October 2016 when he became an executive director (chief financial officer). Details of his current shareholdings are set out in the table on page 94.

There are no requirements for the non-executive directors to hold shares nor for any former directors to hold shares once they have left the Company.

## PAYMENTS TO PAST DIRECTORS (AUDITED INFORMATION)

### Grahame Gibson

Grahame Gibson, who stepped down as a director of the Company on 4 June 2015, ceased to be an employee on 20 October 2015. Details of payments for loss of office in prior years are set out on page 87 of the Company's integrated report and accounts 2015 available at www.g4s.com.

Mr Gibson's unvested awards made in 2014 and 2015 under the LTIP remained subject to performance and were pro-rated to 20 October 2015. Performance is to be tested at the normal vesting dates. The PSP award made in 2013 vested in March 2016 when Mr Gibson received 96,175 shares. The award made in 2014 has vested and Mr Gibson received 187,092 of shares on 20 March 2017.

## PAYMENTS FOR LOSS OF OFFICE (AUDITED INFORMATION)

### Himanshu Raja

In accordance with the Company's announcement dated 15 August 2016, Mr Raja stepped down from the board of the Company and his role as chief financial officer on 1 October 2016. On the same day, in accordance with section 430(2B) of the Companies Act 2006, details of remuneration arrangements relating thereto were published on the Company's website www.g4s.com. In accordance with Section 16 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, details of Mr Raja's remuneration arrangement are provided below. Mr Raja entered into a settlement agreement with the Company which provides for the payments and benefits set out below. All remuneration payments made so far or remaining to be made to Mr Raja are in accordance with the terms of his service agreement with the Company and the terms of the Company's Directors' Remuneration Policy.

#### Salary and contractual benefits

Mr Raja continued to receive salary and benefits in respect of the period up to and including 1 October 2016 in the usual way. Thereafter, he received a payment in lieu of his 12 month notice period (PILON) of £698,644 representing base salary and contractual benefits, calculated and paid in two instalments as follows:

- the sum of £349,322 paid in October 2016 (comprising £281,641 in respect of base salary, £56,328 in respect of pension allowance, £7,875 in respect of car allowance and £3,478 being the value of contractual benefits);
- the sum of £23,518 in respect of holiday pay was also paid in October 2016; and
- a further £349,322, calculated on the same basis, payable in April 2017, six months after the termination of employment, subject to reduction under his service agreement for any expected income from alternative employment.

#### Past annual deferred bonus plans

- The balance of past annual bonuses deferred to shares awarded in March 2014, 2015 and 2016, totalling 272,411 shares, plus 17,440 additional shares due to dividends accrued up to and including June 2016, minus such shares sold on behalf of Mr Raja as necessary to reimburse the Company for the amount of income tax and national insurance contributions arising as a result of the transfer, were released to Mr Raja shortly after the termination of his employment.

### Long Term Incentive Plans

Taking account of Mr Raja having put into place strong foundations for the transformation of the finance, risk and procurement functions, the committee exercised its discretion to determine that Mr Raja's LTIP awards would not lapse and would vest at the normal vesting date (pro-rated to the date of cessation of employment).

The LTIP award made in 2014 vested on 20 March 2017 when Mr Raja received 344,499 shares. Details relating to Mr Raja's remaining award of shares, pro-rated accordingly, are set out in the table below:

| Date of award | Vesting date | Shares awarded | Pro-rated |
|---|---|---|---|
| 18/03/14 | 18/03/2017 | 540,657 | 450,547 |
| 20/03/15 | 20/03/2018 | 443,048 | 221,524 |
| 15/03/16 | 15/03/2019 | 700,363 | 116,727 |
| Total shares | | 1,684,068 | 788,798 |

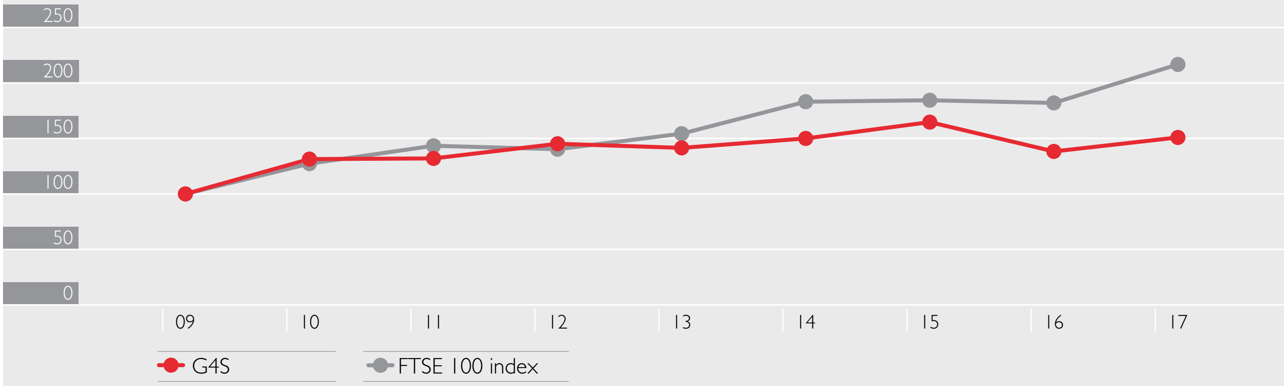
### Legal and adviser expenses

The Company covered legal fees incurred by Mr Raja in connection with the settlement agreement in an amount of £5,000 plus VAT, and outplacement fees (if any) in connection with career transition in an amount of £30,000 plus VAT. Payments were made directly to Mr Raja's advisers.

## PERFORMANCE GRAPH AND TABLE

The line graph shows the eight-year annual Total Shareholder Return (TSR) performance against the FTSE 100 index. The directors believe this to be an appropriate form of broad equity market index against which to base a comparison, given the size and geographic coverage of the Company.

### 2009 – 2016 Total Shareholder Return




### CEO's pay in last ten financial years

| Year | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Incumbent | Nick Buckles | Nick Buckles | Nick Buckles | Nick Buckles | Nick Buckles | Nick Buckles | Nick Buckles | Ashley Almanza | Ashley Almanza | Ashley Almanza | Ashley Almanza |
| CEO's total single figure of annual remuneration (£'000) | 2,269 | 2,376 | 3,248 | 2,823 | 1,542 | 1,186 | 514 | 1,459 | 2,521 | 2,738 | 4,790 |
| Bonus % of maximum awarded | 95% | 83% | 74% | 53% | 0% | 0% | 0% | 72% | 98% | 70% | 97% |
| PSP % of maximum vesting | 75% | 100% | 100% | 58% | 14% | 0% | 0% | n/a | n/a | 27% | 70% |

Notes:

1. Nick Buckles stepped down as CEO on 31 May 2013 and Ashley Almanza took over as CEO from 1 June 2013.
2. After July 2011, the CEO's total single figure of annual remuneration included payment in lieu of pension. This was 40% of base pay for Nick Buckles and is 25% of base pay for Ashley Almanza. Prior to July 2011, a notional sum equal to 40% of relevant base pay has been included.

   The value of shares that vested in the relevant year under the PSP (or a notional value in the case of shares vested but unexercised) has been included in the prior year's CEO's total figures, since that is the most relevant year for measurement of performance.
3. The figures before 2013 did not include taxable expenses

## PERCENTAGE CHANGE IN CEO'S REMUNERATION

The table below shows how the percentage change in the CEO's salary, benefits and bonus between 2015 and 2016 compares with the percentage change in the average of each of those components of pay for UK-based G4S employees. The Remuneration Committee has chosen all employees in the UK who were in employment during the two-year period – 2015 and 2016 – as the Group which should provide the most appropriate comparator, as the Group CEO is based in the UK.

| | Percentage change in remuneration between 2015 and 2016 | | |
|---|---|---|---|
| | Salary | Benefits | Bonus |
| CEO | 1.0% | (42.3%) | 40.8% |
| Average change for all other UK employees | 4.0% | See note below | See note below |

Notes:

1. Mr Almanza's benefit values for 2015 include a one-off cost, details of which are set out in the notes to the table on page 89.
1. The above inflation increase in salary for UK employees reflects the alignment of pay practices with the new National Living Wage.
2. The core benefit composition and the underlying employee entitlements remain unchanged over the two-year period, with changes linked to increases in premium rates and costs of procurement.
3. Information on bonuses is not readily available for all other UK employees.

## RELATIVE IMPORTANCE OF SPEND ON PAY

The table below illustrates the relative importance of spend on pay compared with other disbursements from profit.

| | **2016** | 2015 | Change |
|---|---|---|---|
| Dividends paid | **£145m** | £145m | – |
| Total employee costs | **£5,240m** | £4,792m | +9.3% |

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

## STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN 2017

Decisions were taken on the basis of the directors' remuneration policy approved in 2014 and will be implemented in accordance with that policy, and in accordance with the directors' remuneration policy after the Company's 2017 AGM, if approved.

Our remuneration policy for directors as set out on pages 80 to 88 will, if approved, take effect following the Company's 2017 AGM and will then be implemented as set out below.

### Executive directors' remuneration

#### Base pay

For 2017, at the annual pay review, it was decided to increase Mr Almanza's base pay by 1.5% from £925,867 to £939,755. No change was made to Mr Weller's base pay.

#### Annual Bonus Scheme

The annual bonus for the 2017 financial year will operate on the same basis as that for 2016 and will be consistent with the existing and proposed remuneration policy. The maximum bonus opportunity remains at 150% of base pay for both Ashley Almanza and Tim Weller. The financial measures are group earnings and operating cash flow. These have been selected as they support the Company's key strategic objectives. As for last year, the financial measures are allocated weightings of 85% and 70% for Ashley Almanza and Tim Weller respectively. The non-financial measures will therefore account for up to 15% and 30% of their maximum bonus opportunity for Messrs Almanza and Weller respectively.

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

#### Ashley Almanza

- Improve health and safety performance
- Update growth and innovation strategy
- Continue to strengthen Global leadership team
- Substantially complete portfolio programme

#### Tim Weller

- Organisational efficiency of finance functions
- Delivery of integrated IT systems
- Procurement efficiency

Details of the performance measures and targets are deemed to be commercially sensitive since they relate to the 2017 financial year. To the extent that they are no longer commercially sensitive, targets and performance levels against them will be disclosed in the Company's 2017 annual report and accounts. The proposed target levels for 2017 have been set to be challenging and align with the Group's strategic priorities and business plan. In reviewing the targets, the committee took into account a number of factors, including for example the fact that in relation to group earnings, the minimum target that needs to be met in order for any bonus to be payable must be at least equal to the earnings in 2016. The committee considered the proposed targets relating to non-financial measures and concluded that these were also demanding.

#### Long Term Incentive Plan

The level of awards due to be granted in the 2017 financial year under the LTIP approved by shareholders at the 2014 AGM will be consistent with the existing and proposed remuneration policy. As for 2016, the committee considers that a combination of earnings per share growth, total shareholder return and average cash flow targets are the most appropriate performance measures for the 2017 awards, as they provide a robust method of assessing the Company's performance, both in terms of underlying financial performance and returns to shareholders.

Awards granted under the LTIP during the 2017 financial year are subject to the performance conditions listed in the table below:

#### Performance measures for long-term incentives awarded in 2017

| 40% of each award granted | | 30% of each award granted | | 30% of each award granted | |
|---|---|---|---|---|---|
| Average annual growth in EPS period ending on 31 December in the third year | Proportion of allocation vesting | Ranking against the bespoke comparator group by reference to TSR | Proportion of allocation vesting | Average operating cash flow | Proportion of allocation vesting |
| Less than 5% pa | Nil | Below median | Nil | <105% | Nil |
| 5% pa (15% over 3 years) | 25% | Median | 25% | 105% | 25% |
| + 5 to 12% pa | Pro-rata between 25% and 100% | Between median and upper quartile | Pro-rata between 25% and 100% | Between 105% and 125% | Pro-rata between 25% and 100% |
| Greater than + 12% pa (36% over 3 years) | 100% | Upper quartile | 100% | 125% | 100% |

The Company's current policy is to use market-purchased shares to satisfy LTIP awards.

Participants in the LTIP will receive a further share award with a value equivalent to the dividends which would have been paid in respect of LTIP awards vesting at the end of the performance period.

The Company calculates whether the EPS performance targets have been achieved by reference to the Group's audited accounts, which provide an accessible and objective measure of the Group's earnings per share.

Adjustments to EPS will be made in respect of:

- Constant exchange rates – in line with previous years, these will be normalised to the rates in the base year
- Acquisitions – earnings will be added to the EPS base at the level used in the acquisition business case
- Disposals – earnings will be removed from the EPS base at the business plan rate
- Share buy-back – the Company will only execute buy-backs if the investment is economically accretive and it is in the interest of the Company. The adjusted EPS for the purposes of calculating performance against the LTIP target shall be further adjusted by:

  (a) increasing the average number of shares in issue during the performance year by the number of shares bought back during the past three years

  (b) decreasing the net interest cost in the performance year in respect of the interest charge on the cash cost of any share buy-backs during the past three years. Interest will be calculated at the Group's average costs of funds for the year.

The Remuneration Committee will apply discretion in the event of impairment. If the impairment is not a result of management failure, then it will not impact the payout.

The Remuneration Committee may alter the terms of the EPS measure if it feels that it is no longer a fair measure and is no longer incentivising.

Operating cash flow is a measure taken before capital expenditure and investments – to ensure that management is not incentivised to under-invest in growth opportunities – and before pension deficit repayment. Operating cash flow is expressed as EBITDA +/- working capital and provisions movement as a percentage of EBITDA. Average operating cash flow is the average over three years.

TSR ranking will be verified externally.

### Non-executive directors' remuneration

The fees payable to the non-executive directors other than the chairman are set by the executive directors and the chairman. The fees payable to the non-executive chairman are set by the Remuneration Committee. In both cases, fees are reviewed mid-year.

## ADVISORS TO THE REMUNERATION COMMITTEE

Deloitte was appointed as the Remuneration Committee's advisor in 2014 and such appointment was reviewed and confirmed in August 2016. The committee received advice from Deloitte on executive and senior management remuneration matters throughout the year under review. The committee has satisfied itself as to the independence of Deloitte. Deloitte is a member of the Remuneration Consultants Group and operates voluntarily under its code of conduct in the UK.

| Advisor | Appointment | Services provided to Remuneration Committee | Fees for services to Rem Co | Other services provided to Company |
|---|---|---|---|---|
| Deloitte | 2014 | Advice on executive remuneration | £49,440 | Advice on controls, tax advice on expatriate and share plans, and other consulting services. These services were provided by different parts of Deloitte. |

Fees for services to the Remuneration Committee are at an agreed rate based on time involved and paid as incurred

Herbert Smith Freehills LLP provided legal advice to the Company, including in relation to Mr Raja's remuneration arrangements and the operation of the Company's incentive arrangements. This advice was available to be considered by the Remuneration Committee.

The group chief executive, Ashley Almanza, provided guidance to the committee on remuneration packages for senior executives within the group. Further guidance was received from the Group's HR director, Jenni Myles, and the director of compensation and benefits, Sok Wah Lee. Neither the group chief executive nor the group HR director participated in discussions regarding their own remuneration.

The committee is satisfied that the advice it received during the year was objective and independent based on the experience of its members generally.

Information about who are the members of the Remuneration Committee and their attendance at meetings of the committee during the year under review can be found on page 78.

## STATEMENT OF VOTING AT GENERAL MEETING

A resolution to approve the Directors' Remuneration Policy as set out in the Company's annual report for the year ended 31 December 2013 was passed at the Company's annual general meeting held on 5 June 2014. At the Company's annual general meeting held on 26 May 2016, a resolution was passed to approve the Directors' Remuneration Report (other than the part containing the summary of the Directors' Remuneration Policy) for the year ended 31 December 2015.

The results of the votes on these resolutions are set out in the table below:

| Resolution | For | Against | Withheld |
|---|---|---|---|
| Directors' Remuneration Policy – 2014 AGM | 98.38% | 1.62% | 787,216 |
| Directors' Remuneration Report – 2016 AGM | 98% | 2% | 236,880 |

John Daly
Remuneration Committee Chairman

28 March 2017

# Directors' report

This is the report of the directors of the board of G4S plc for the year ended 31 December 2016.

## 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 162 to 176.

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 110, a management statement contained in the strategic report and in the Directors' report and responsibility statements on pages 99 to 102.

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 55 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 56 to 98 and the Chief Financial Officer's review on pages 32 to 40 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 144 to 148 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 0.3143 ) per share paid on 14 October 2016
- Final dividend of 5.82p (DKK 0.5029) per share payable on 9 June 2017

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 27 April 2017.

## 4 Capital

The issued share capital of G4S plc at 31 December 2016 is as set out on page 157 (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 28 March 2017 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 2016 the directors had authority in accordance with a resolution passed at the Company's annual general meeting held on 26 May 2016 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 4,844,243 shares held within the Trust and referred to on page 157 (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 B-D senior notes representing $450,000,000 remain outstanding and mature between 1 March 2017 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) to various institutions on 13 May 2009 (£350,000,000), 2 May 2012 (€600,000,000), 6 December 2012 (€500,000,000) and 9 November 2016 (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 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 2016 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 (2015: £8m).

## 8 Employees

With such a large and geographically dispersed workforce, consultation and communication has to be both continuous and consistent. We use all methods available to us and are constantly looking to improve. The software technology we've invested in has brought multiple benefits including greater reach and accessibility for employee communications. The global intranet now connects around 65,000 employees and allows them to share information and stay up to date on the Company's performance and significant changes. Global communities such as those developed for health and safety are helping drive improvements in some key areas of business focus. Our employee relations agreements with trade unions and global employee engagement survey are two other critical channels for sharing information on Company performance and gathering employee feedback on a range of issues affecting them. More information on both can be found on pages 16 and 18.

To be effective and grow we know we need to foster an environment where people feel able to share their own ideas and challenge each other's in a supportive way. Working inclusively and treating each other with respect are not only core to our values but vital to our sustained success so we invest time and effort in our diversity and inclusion strategies. We have robust policies and procedures in place to prevent discrimination and harassment and provide training on diversity and inclusion for managers and people involved in recruitment and promotion, while proactive local initiatives support our philosophy and commitments in this area.

Where existing employees become disabled as a result of injury or illness, we also want to ensure we continue to support them, including making reasonable adjustments or offering support through our Employee Trust Fund where applicable. For further information on our approach to diversity and inclusion please go to 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.

### What we are doing

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 2016 GHG measurement represent 91.6% 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.

### How we are performing

The G4S total carbon footprint during 2016, extrapolated to 100% of the business equates to some 503,821 t/$CO_2$e. These $CO_2$e emissions, including emissions generated by services which our customers have outsourced to G4S, have decreased by 1.01% since 2015 – against a 6.3% growth in the business during the same period, reflecting the efforts made to increase the energy efficiency of our business.

In 2017, we will continue to implement energy efficiency strategies with the aim of reducing carbon intensity by at least 4.5% per annum.

* World Business Council for Sustainable Development

** World Resources Institute

For further details, please visit www.g4s.com/env

## GHG emissions

| (Based on 91.6% measurement) | 2015 | 2016 |
|---|---|---|
| Vehicles (inc. refrigerants) | 269,003 | **275,793** |
| Total buildings (inc. refrigerants) | 149,900 | **143,388** |
| Including electricity emissions of | 111,599 | **114,243** |
| Air Travel | 16,102 | **15,275** |

## Carbon intensity

| | 2014 | 2015 | 2016 |
|---|---|---|---|
| Tonnes $CO_2$e per £m turnover | 73.6 | 70.9 | **68.4** |

## 11 Substantial holdings

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

### As at 31.12.2016

| | |
|---|---|
| Invesco | 186,129,638 (11.99%) |
| BlackRock, Inc. | 87,814,349 (5.66%) |
| Mondrian Investment Partners Limited | 78,613,679 (5.07%) |
| Woodford Investment Management LLP | 78,247,804 (5%) |
| Harris Associates LP | 78,143,564 (5.04%) |
| Tweedy, Brown Company LLC | 71,420,862 (5.06%†) |

### Between 1.1.2017 and 28.3.2017

| | |
|---|---|
| BlackRock, Inc. – 7.3.17 | 88,396,749 (5.69%) |

† notification received prior to issue of 140,925,757 new shares in August 2013, therefore percentage based on total shares in issue at that date

## 12 Auditor

A resolution to re-appoint PricewaterhouseCoopers LLP, chartered accountants, as auditor to the Company for 2017, 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 58 and 59, held office throughout the year, apart from Steve Mogford who was appointed on 27 May 2016, Barbara Thoralfsson who was appointed on 1 July 2016 and Ian Springett who was appointed on 1 January 2017. Mark Elliott and Adam Crozier retired from the board at the conclusion of the Company's annual general meeting on 26 May 2016 and Himanshu Raja stepped down from the board on 1 October 2016.

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 Steve Mogford, 1 July 2016 for Barbara Thoralfsson and 1 January 2017 for Ian Springett. 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 UK, the USA, Germany, the Netherlands, India 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 pages 94 and 95, and of the directors' remuneration are set out on pages 89 and 90.

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

28 March 2017

## Statement of directors’ responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company’s transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, Directors’ report, Directors’ remuneration report and Corporate governance statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors’ responsibility statement

Each of the directors, the names of whom are set out on pages 58 and 59 of this annual report, confirm that, to the best of his or her knowledge:

- the financial statements in this annual report have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the Group; and
- the management report required by DTR4.1.8R (contained in the strategic report and the Directors’ report) includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties they face.

The strategic report from the inside front cover to page 55 includes information on the Group structure, the performance of the business and the principal risks and uncertainties it faces. The financial statements on pages 110 to 185 include information on the Group and the Company’s financial results, financial outlook, cash flow and net debt and balance sheet positions. Notes 22, 26, 27, 30 and 31 to the consolidated financial statements include information on the Group’s investments, cash and cash equivalents, borrowings, derivatives, financial risk management objectives, hedging policies and exposure to interest, foreign exchange, credit, liquidity and market risks.

Pages 110 to 176 contain information on the performance of the Group, its financial position, cash flows, net debt position and borrowing facilities. Further information, including financial risk management policies, exposures to market and credit risk and hedging activities, is given in note 31 to the financial statements. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Directors are also required to provide a broader assessment of viability over a longer period, which can be found on page 55 of the annual report and accounts.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s performance, business model and strategy.

The statement of directors’ responsibilities and the strategic report are approved by a duly authorised committee of the board of directors on 28 March 2017 and signed on its behalf by Tim Weller, chief financial officer.

Tim Weller
Chief Financial Officer

28 March 2017

Independent auditors' report to the members of G4S plc

# Report on the financial statements

## Our opinion

In our opinion:

- G4S plc's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs at 31 December 2016 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

## What we have audited

The financial statements, included within the Integrated Report and Accounts (the "Annual Report"), comprise:

- the consolidated statement of financial position at 31 December 2016;
- the parent company statement of financial position at 31 December 2016;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flow for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the parent company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" and applicable law (United Kingdom Generally Accepted Accounting Practice).

## Our audit approach

G4S is an integrated security company specialising in the provision of security and related services to customers in around 100 countries which are organised into seven geographical regions.

### Overview

*Materiality*

- Overall Group materiality: £15 million which represents approximately 5% of adjusted profit before tax, being profit before tax after adding back certain non-recurring items.

*Audit scope*

- Our audit included full scope audits of the Group's seven geographical regions. The regional and corporate head office audits were supported by full scope audits at 130 country components with specified audit procedures performed at a further 11 country components.
- Taken together, the components at which either full scope audit work or specified audit procedures were performed accounted for 85% of consolidated revenue, 81% of consolidated profit before tax and 83% of consolidated adjusted profit before tax.

*Areas of focus*

- Onerous contract provisioning
- Goodwill impairment
- Uncertain tax positions and deferred tax assets
- Control environment
- Income statement presentation

### The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. Consistent with all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud, and the risk of fraud in revenue recognition. Procedures designed to address these risks included testing of material journal entries and post-close adjustments, testing and evaluating management's key accounting estimates for reasonableness and consistency, undertaking cut-off procedures to check proper cut-off of revenue and expenses and testing the occurrence and accuracy of revenue transactions. In addition, we incorporate an element of unpredictability into our audit work each year.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. Any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

## Area of focus

*Onerous contract provisioning*

Certain of the Group's contracts are onerous and long-term in nature. These contracts can be complex and incorporate penalty and key performance indicator ("KPI") clauses in the event of non-compliance. The Group is therefore required to make operational and financial assumptions to estimate future losses over periods that can extend beyond 20 years.

The prediction of future events contains inherent risk and a high degree of management judgement.

Variability of contract penalties, underlying delivery costs and customer disputes can put additional pressure on margins and on future contract profitability, giving rise to onerous contract provisions.

The Group's onerous contract provisions at 31 December 2016 are £69m (2015: £83m). The income statement charge for onerous contracts in 2016 amounts to £6m.

Refer to Audit Committee report on page 72 and to note 33 of the Group financial statements.

*How our audit addressed the area of focus*

Our global approach to testing complex contracts starts with an evaluation of management's process to identify and quantify onerous and at-risk contracts. Management focuses on the top 25 contracts by region and on contracts with margins of less than 3%. We performed scanning analytics on contract margins and investigated unusual or unexpected trends to check inclusion of all relevant contracts in management's assessment. Our sampling of contracts focused our testing on higher risk and larger contracts and enabled us to form an independent view as to whether management's process had identified all onerous and at-risk contracts.

For each contract in our sample, we obtained and read the contractual terms and tested that the revenue recognised in the period was in accordance with the contractual terms and was supported by evidence of service delivery. We read and understood the contract penalty clauses and evaluated the completeness of penalties through discussions with contract managers and reading minutes of meetings between G4S and the customer and customer correspondence.

We assessed each of the key assumptions used in management's forecasts to identify and quantify onerous contract provisions. Where possible, we obtained third party evidence to corroborate management's assumptions and assessed the appropriateness of the Group's forecasts based on past performance. The Group's policy is to include the benefits of performance improvement plans only where there is evidence of plans being achievable. We critically challenged these benefits based on observable benefits achieved to date and the extent to which these plans are within the Group's direct control.

We assessed the appropriateness of the discount rate used to present value the obligation and checked that the rate appropriately reflected the risk in the underlying cash flows. We also assessed the recoverability of dedicated contract assets where the contract was identified as onerous.

We are satisfied that assets directly attributable to delivering onerous contracts have been appropriately impaired at 31 December 2016.

Having examined management's analysis, our procedures focused on the Facilities Management and Care & Justice businesses in the UK and specifically on the Compass contract and on a legacy PFI contract which are both long-term in nature, sensitive to changes in assumptions and have given rise to changes in provisioning levels at year-end.

For these contracts, we performed our own independent sensitivity analysis and we have undertaken additional analysis on key assumptions to which management's provisioning judgements are more sensitive. We also held discussions with in-house and external legal counsel and read appropriate documentation to evaluate contractual claims and disputes with customers and sub-contractors and to assess any issues with the interpretation of contracts.

From the evidence obtained, we did not identify any incremental onerous contracts over and above the arrangements identified by management's own procedures. We considered the level of provisioning to be acceptable in the context of the Group financial statements taken as a whole. However, we noted that the assumptions and judgements that are required to formulate the provisions mean that the range of possible outcomes is broad. We are satisfied with the Group's related disclosures of these onerous contracts in light of the underlying assumptions and accounting judgements made.

*Goodwill impairment*

The Group has £1.99bn of goodwill at 31 December 2016 (2015: £1.83bn).

During the year, the Group recognised an impairment charge of £9m (2015: £66m) relating to a business classified by management as portfolio and identified for closure.

Management determines the recoverable amount of a CGU as the higher of value in use ("VIU") or fair value less cost of disposal ("FVLCD") for continuing operations. For portfolio businesses where management is committed to either sell or exit the business, a market valuation or market participant cash flows are used.

The carrying value of goodwill is contingent on future cash flows and there is risk if these cash flows do not meet the Group's expectations that the assets will be impaired. The impairment reviews performed by the Group contain a number of significant judgements and estimates including revenue growth, profit margins, cash conversion and long-term growth and discount rates. Changes in these assumptions can have a significant impact on the headroom available in the impairment calculations.

Refer to Audit Committee report on page 72 and to note 18 of the Group financial statements.

*How our audit addressed the area of focus*

We assessed the mathematical accuracy of management's cash flow model and agreed the underlying forecasts to board approved budgets and assessed how these budgets were compiled.

With the support of our valuations experts, we assessed the terminal growth rates and discount rates applied by management to third party information and confirmed they fell within a reasonable range of external market data. Where they did not, we applied our independent view of a more appropriate rate to management's forecast.

We considered the reliability of management's forecasting for revenue, profit and cash conversion by comparing budgeted results to actual performance over a period of three years, which we considered appropriate. Where we identified significant shortfalls against budget in prior years, this informed our determination of sensitivities to apply as we formed our independent view about reasonable downside scenarios.

Where the recoverable amount has been assessed with reference to a valuation multiple, including for portfolio businesses, we assessed the appropriateness of the multiple by comparison to recent business disposals and to other third party information. With the support of our valuations experts, these multiples were found to be within a reasonable range.

We performed our own risk assessment by considering historical performance, forecasting accuracy and modelled headroom to highlight the CGUs with either a lower headroom or which are more sensitive to changes in key assumptions. We also considered the valuation multiple implied by management's estimate. For those CGUs with low headroom, we performed our own sensitivity analysis to understand the impact of changes in the assumptions on the available headroom. We critically assessed management's forecast by comparing growth forecast to actual growth to date and to IMF projections.

The recoverable amount of a number of CGUs including South Africa Cash, Brazil Secure Solutions and UK Cash Solutions were found to be sensitive to reasonably possible changes in assumptions and we satisfied ourselves that this risk is appropriately highlighted in the disclosures in note 18.

As a result of our work, we determined that the quantum of the impairment recognised in 2016 was appropriate and that adequate disclosure has been made.

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*Uncertain tax positions and deferred tax assets*

The Group operates in a complex multinational tax environment and is subject to a range of tax risks during the normal course of business including transaction related tax matters and transfer pricing arrangements.

Where the amount of tax payable is uncertain, the Group establishes provisions based on management's judgement of the probable amount of the future liability. At 31 December 2016, the Group has recognised provisions of £37m related to uncertain tax positions (2015: £16m).

In addition, the Group has recognised £285m of deferred tax assets at 31 December 2016 (2015: £187m). The recognition of deferred tax assets involves judgement by management regarding the likelihood of the realisation of these assets. The expectation that these assets will be realised is dependent on a number of factors, including whether there will be sufficient taxable profits in future periods to support utilisation of these assets.

Refer to Audit Committee report on page 72 and to notes 13 and 34 of the Group financial statements.

*How our audit addressed the area of focus*

With the assistance of our local and international tax specialists, we evaluated and challenged management's judgements in respect of estimates of tax exposures and contingencies in order to assess the adequacy of the Group's tax provisions.

In understanding and evaluating management's judgements, we considered the status of recent and current tax authority audits and enquiries, judgemental positions taken in tax returns and current year estimates and developments in the tax environment. Where appropriate, we also read appropriate documentation to understand the legal positions reached. From the evidence obtained, we considered the level of provisioning to be acceptable in the context of the Group financial statements taken as a whole. However, we noted that the assumptions and judgements that are required to formulate the provisions mean that is there a broad range of possible outcomes.

In respect of the recoverability of deferred tax assets, we evaluated management's assessment of how these assets will be realised and whether there will be sufficient taxable profits in future periods to support their recognition. We evaluated management's future cash flow forecasts and the process by which they were prepared ensuring consistency of cash flows with those used for the purpose of goodwill impairment testing. Based on our procedures, future cash flow forecasts were both consistent with those used for impairment testing and supported the recoverability of the deferred tax assets recognised.

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*Control environment*

The geographical span and decentralised structure of the Group, coupled with the current disparate systems landscape and evolving control environment, means that there is an increased risk of errors remaining undetected and aggregating to cause a material misstatement to the Group financial statements.

Progress has been made by the Group in 2016 to strengthen the controls framework through the implementation of Minimum Financial Controls ("MFC"). However, as the new framework was rolled out and implemented in 2016, the controls were not necessarily operational for the whole year.

*How our audit addressed the area of focus*

In recognition of the Group's scale and decentralised structure and aligning to the Group's regional management structure, we continued to deploy teams in each of the Group's regions to lead our interactions with regional management, to coordinate the audit work performed at a country component level and to audit and report on the aggregated financial information of that region.

Given that the MFC framework and controls were not operational for the full year in 2016, we did not seek to test or rely on these controls for our 2016 audit. We therefore instructed our component teams not to seek to rely on financial controls at the local business level but to perform a substantive audit focused on transaction testing and on the integrity of the year-end balance sheet.

With the support of our regional teams, we determined the entities to be included in our Group audit scope based on those locations with significant risk and those which contribute a significant amount to material line items in the Group financial statements. Recognising the systemic risk associated with the current control and IT environment, all entities which contributed more than 2% of consolidated revenue and consolidated profit before tax were included in our audit scope.

We applied a reduction to our overall materiality to set a performance materiality benchmark that we used to determine the nature, timing and extent of our detailed audit procedures. Our performance materiality benchmark of £9.5m reflected the Group's evolving control environment, the risk of multiple misstatements resulting in a material misstatement and the history of past audit adjustments.

Wherever we identified audit adjustments, we instructed our regional and country component teams to assess whether similar errors had arisen elsewhere. While we did identify audit differences across the Group, management corrected the more significant items meaning that the uncorrected items reported to the Audit Committee were considered to be immaterial for adjustment, both individually and in aggregate.

*Income statement presentation*

The Group has historically reported specific and other items (including restructuring costs) which are disclosed separately on the face of the income statement and which are excluded from management's reporting of the underlying results of the business. Consistent with the Group's definition of profit before interest, tax and amortisation ("PBITA"), the following items have continued to be disclosed separately on the face of the income statement in 2016: net specific items £13m (2015: £70m); restructuring costs £12m (2015: £44m); goodwill impairments £9m (2015: £66m); and net profit on disposal and closure of subsidiaries £7m (2015: £12m).

The treatment of specific and other separately disclosed items is explained in the Group accounting policy in note 3(b). We focused on this area because the classification of items as specific requires judgement and because certain of these items are excluded from the calculation of elements of executive remuneration in line with the Group's remuneration policy. Consistency in the identification and presentation of these items is important to ensure comparability of year-on-year reporting in the Annual Report.

Refer to Audit Committee report on page 72 and to note 3(b) of the Group financial statements.

*How our audit addressed the area of focus*

We substantiated the nature and quantum of individual items to appropriate corroborating evidence.

We considered whether the designation of individual items as specific was consistent with the Group's accounting policy and treatment in prior years. Furthermore, we considered whether amounts included as specific items related to the current year and might be more appropriately reflected in the underlying results.

We considered whether the Group has taken a balanced approach to this area, checking that exceptional one-off items of income are treated consistently with one-off items of cost.

We tested management's process for identifying and tracking the current year reversal of any prior year specific items, or utilisation of or adjustment to related provisions, to identify whether these have been appropriately presented in the current year income statement.

Based on our procedures, we were satisfied that the treatment and classification of these items were consistent year-on-year and with the Group's policies.

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographical structure of the Group, the accounting processes and controls and the industry in which the Group operates.

The Group is structured into seven geographical regions being Africa, Asia Pacific, Europe, Latin America, Middle East & India, North America and the UK & Ireland ("UK&I"). A corporate head office region is managed at a Group level. Each geographical region ("regional component") is an aggregation of a number of country-based components along with the Group's interests in joint ventures (together the "country components"). Each geographical region has a separate management team which coordinates the businesses within that region.

The Group's accounting processes are structured around a local finance function in each of the country components. In addition, finance shared service centres in the UK, North America and India support certain of the Group's businesses. The country components report to the regions and to the Group through an integrated consolidation system.

In performing our audit, we determined that we needed to conduct audit work over the complete financial information of each of the regional components. We therefore deployed regional component audit teams in each of the seven regions to lead our interactions with regional management, to coordinate the audit work performed on the country components and to audit and report on the aggregated financial information of that region. In addition to the seven regional components, specific audit procedures over central functions, the

Group consolidation and areas of judgement (including taxation, goodwill and intangible assets impairment, treasury and post-retirement benefits) were directly led by the Group audit team.

Recognising that not every country component in each regional component is included in our Group audit scope, we considered as part of our Group audit oversight responsibility what audit coverage had been obtained in aggregate by our regional component teams by reference to country components at which audit work had been undertaken. Beneath the regional component layer, the Group financial statements are an aggregation of over 700 reporting units, each of which is considered to be a country component. We identified 130 country component units that, in our view, required a full scope audit due to their size or risk characteristics. Specific audit procedures over significant balances and transactions were performed at a further 11 country component units to give appropriate coverage of all material balances.

Where the work was performed by regional and country component audit teams, we determined the level of involvement we needed to have in the audit work at those components. As a result, six of the seven regions were visited by senior members of the Group audit team as a supplement to the regular dialogue between our Group and regional teams and the issuance of instructions to direct their work. Regional teams visited a further 18 country components performing oversight procedures under our instruction. For those components in Group audit scope where a site visit was not undertaken, our Group and our regional component audit teams' involvement included regular dialogue with our country component teams, review of component auditor work papers and participation in certain component audit clearance meetings for the more significant components.

Taken together, the components and functions where we performed either full scope audit work or specified audit procedures accounted for 85% of consolidated revenue, 81% of consolidated profit before tax and 83% of consolidated adjusted profit before tax. This was before considering the contribution to our audit evidence from performing audit work at the regional and Group levels, including disaggregated analytical review procedures and our evaluation of entity level controls, which covered a significant portion of the Group's smaller and lower risk components that were not directly included in our Group audit scope.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | |
|---|---|
| **Overall Group materiality** | £15 million (2015: £13 million) |
| **How we determined it** | Approximately 5% of adjusted profit before tax |
| **Rationale for benchmark applied** | The Group's principal measure of earnings is profit before interest, tax and amortisation adjusted for a number of items of income and expenditure ("PBITA"). Management uses this measure as it believes that it reflects the underlying performance of the Group. We took this measure into account in determining our materiality, except that we did not adjust profit before tax to add back acquisition-related amortisation and interest as in our view these are recurring items which do not introduce volatility to the Group's earnings. |
| **Component materiality** | For each regional and country component in our audit scope, we allocated a materiality that was less than overall Group materiality. The range of overall materiality allocated to each regional component was between £3m and £9.5m and to each country component was between £0.01m and £9.5m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality. |

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1 million (2015: £700,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Going concern

Under the Listing Rules, we are required to review the directors' statement, set out on page 102, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland), we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw to your attention.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and parent company have adequate resources to remain in operation and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit, we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and parent company's ability to continue as a going concern.

# Other required reporting

## Consistency of other information and compliance with applicable requirements

### *Companies Act 2006 reporting*

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group, the parent company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the strategic report and the directors' report. We have nothing to report in this respect.

### *ISAs (UK & Ireland) reporting*

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

| | |
|---|---|
| • information in the Annual Report is:<br>• materially inconsistent with the information in the audited financial statements; or<br>• apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and parent company acquired in the course of performing our audit; or<br>• otherwise misleading. | We have no exceptions to report. |
| • the statement given by the directors on page 102, in accordance with provision C.1.1 of the Code, that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and parent company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and parent company acquired in the course of performing our audit. | We have no exceptions to report. |
| • the section of the Annual Report on page 72, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee. | We have no exceptions to report. |

## The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

| | |
|---|---|
| • the directors' confirmation on page 66 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. | We have nothing material to add or to draw attention to. |
| • the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated. | We have nothing material to add or to draw attention to. |
| • the directors' explanation on page 55 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. | We have nothing material to add or to draw attention to |

Under the Listing Rules, we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

## Adequacy of accounting records and information and explanations received

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

## Directors' remuneration

### Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

### Other Companies Act 2006 reporting

Under the Companies Act 2006, we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## Corporate governance statement

Under the Listing Rules, we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

# Responsibilities for the financial statements and the audit

## Our responsibilities and those of the directors

As explained more fully in the Directors' responsibility statement set out on page 102, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report. With respect to the strategic report and directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

**Richard Hughes (Senior Statutory Auditor)**
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

28 March 2017

# Consolidated income statement

For the year ended 31 December 2016

| | Notes | 2016 £m | 2015 £m |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue** | 5,6 | **7,590** | 6,863 |
| ***Operating profit before joint ventures, specific items and other separately disclosed items*** | | **452** | 381 |
| *Share of profit after tax from joint ventures* | 20 | **9** | 10 |
| ***Profit before interest, tax and amortisation (PBITA)*** | 6 | **461** | 391 |
| *Specific items – charges* | 8 | **(21)** | (82) |
| *Specific items – credits* | 8 | **8** | 12 |
| *Restructuring costs* | 8 | **(12)** | (44) |
| *Net profit on disposal/closure of subsidiaries* | 8 | **7** | 12 |
| *Goodwill impairment* | 8,18 | **(9)** | (66) |
| *Acquisition-related amortisation and expenses* | 8 | **(32)** | (40) |
| **Operating profit** | 6,8 | **402** | 183 |
| Finance income | 12 | **33** | 26 |
| Finance expense | 12 | **(139)** | (131) |
| **Profit before tax** | | **296** | 78 |
| Tax | 13 | **(76)** | (50) |
| **Profit from continuing operations after tax** | | **220** | 28 |
| Loss from discontinued operations | 7 | **(3)** | (2) |
| **Profit for the year** | | **217** | 26 |
| Attributable to: | | | |
| **Equity holders of the parent** | | **198** | 8 |
| Non-controlling interests | | **19** | 18 |
| **Profit for the year** | | **217** | 26 |
| **Earnings per share attributable to equity shareholders of the parent** | 15 | | |
| Basic and diluted – from continuing operations | | **13.0p** | 0.6p |
| Basic and diluted – from continuing and discontinued operations | | **12.8p** | 0.5p |

# Consolidated statement of comprehensive income

For the year ended 31 December 2016

| | Notes | 2016 £m | 2015 £m |
|---|---|---|---|
| **Profit for the year** | | **217** | 26 |
| **Other comprehensive income** | | | |
| **Items that will not be re-classified to profit or loss:** | | | |
| Re-measurements relating to defined retirement benefit schemes | 32 | **(169)** | 18 |
| Tax on items that will not be re-classified to profit or loss | 13 | **28** | (11) |
| | | **(141)** | 7 |
| **Items that are or may be re-classified subsequently to profit or loss:** | | | |
| Exchange differences on translation of foreign operations | | **429** | (76) |
| Change in fair value of net-investment hedging financial instruments | | **(197)** | (22) |
| Change in fair value of cash-flow hedging financial instruments | | **(4)** | 2 |
| Tax on items that are or may be re-classified subsequently to profit or loss | 13 | **22** | 1 |
| | | **250** | (95) |
| **Other comprehensive income/(loss), net of tax** | | **109** | (88) |
| **Total comprehensive income/(loss) for the year** | | **326** | (62) |
| Attributable to: | | | |
| **Equity holders of the parent** | | **305** | (81) |
| Non-controlling interests | | **21** | 19 |
| **Total comprehensive income/(loss) for the year** | | **326** | (62) |

# Consolidated statement of changes in equity

For the year ended 31 December 2016

| | Attributable to equity holders of the parent | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital £m | Share premium £m | Retained earnings £m | Other reserves* £m | Total £m | NCI reserve £m | Total equity £m |
| At 1 January 2016 | **388** | **258** | **(174)** | **201** | **673** | **18** | **691** |
| Total comprehensive income | **–** | **–** | **55** | **250** | **305** | **21** | **326** |
| Dividends paid | **–** | **–** | **(145)** | **–** | **(145)** | **(17)** | **(162)** |
| Transactions with non-controlling interests | **–** | **–** | **(1)** | **–** | **(1)** | **(1)** | **(2)** |
| Own shares awarded | **–** | **–** | **(5)** | **5** | **–** | **–** | **–** |
| Share-based payments | **–** | **–** | **10** | **–** | **10** | **–** | **10** |
| **At 31 December 2016** | **388** | **258** | **(260)** | **456** | **842** | **21** | **863** |
| | | | | | | | |
| At 1 January 2015 | 388 | 258 | (42) | 296 | 900 | 22 | 922 |
| Total comprehensive income/(loss) | – | – | 14 | (95) | (81) | 19 | (62) |
| Dividends paid | – | – | (145) | – | (145) | (29) | (174) |
| Transactions with non-controlling interests | – | – | (2) | – | (2) | – | (2) |
| Share-based payments | – | – | 7 | – | 7 | – | 7 |
| Re-classification of non-controlling interests | – | – | (6) | – | (6) | 6 | – |
| At 31 December 2015 | 388 | 258 | (174) | 201 | 673 | 18 | 691 |

* See note 36 for an analysis of other reserves.

# Consolidated statement of financial position

At 31 December 2016

| | Notes | 2016 £m | 2015 £m |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill | 18 | **1,990** | 1,828 |
| Other acquisition-related intangible assets | 18 | **18** | 47 |
| Other intangible assets | 18 | **86** | 82 |
| Property, plant and equipment | 19 | **437** | 427 |
| Trade and other receivables | 23 | **101** | 84 |
| Investment in joint ventures | 20 | **19** | 18 |
| Retirement benefit surplus | 32 | **75** | 76 |
| Deferred tax assets | 34 | **285** | 187 |
| | 6 | **3,011** | 2,749 |
| **Current assets** | | | |
| Inventories | 21 | **112** | 103 |
| Investments | 22 | **44** | 49 |
| Trade and other receivables | 23 | **1,442** | 1,323 |
| Cash and cash equivalents | 26 | **851** | 593 |
| Assets of disposal groups classified as held for sale | 25 | **151** | 58 |
| | | **2,600** | 2,126 |
| **Total assets** | 6 | **5,611** | 4,875 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Bank overdrafts | 26,27 | **(93)** | (122) |
| Bank loans | 27 | **(16)** | (75) |
| Loan notes | 27 | **(677)** | (25) |
| Obligations under finance leases | 28 | **(20)** | (19) |
| Trade and other payables | 29 | **(1,260)** | (1,112) |
| Current tax liabilities | | **(64)** | (36) |
| Provisions | 33 | **(116)** | (90) |
| Liabilities of disposal groups classified as held for sale | 25 | **(58)** | (30) |
| | | **(2,304)** | (1,509) |
| **Non-current liabilities** | | | |
| Bank loans | 27 | **(4)** | (324) |
| Loan notes | 27 | **(1,715)** | (1,749) |
| Obligations under finance leases | 28 | **(37)** | (45) |
| Trade and other payables | 29 | **(30)** | (41) |
| Retirement benefit obligations | 32 | **(512)** | (355) |
| Provisions | 33 | **(132)** | (152) |
| Deferred tax liabilities | 34 | **(14)** | (9) |
| | | **(2,444)** | (2,675) |
| **Total liabilities** | 6 | **(4,748)** | (4,184) |
| **Net assets** | | **863** | 691 |
| **EQUITY** | | | |
| Share capital | 35 | **388** | 388 |
| Share premium | | **258** | 258 |
| Reserves | 36 | **196** | 27 |
| **Equity attributable to equity holders of the parent** | | **842** | 673 |
| Non-controlling interests | | **21** | 18 |
| **Total equity** | | **863** | 691 |

The consolidated financial statements were approved by the board of directors and authorised for issue on 28 March 2017. They were signed on its behalf by:

Ashley Almanza
Director

Tim Weller
Director

# Consolidated statement of cash flow

For the year ended 31 December 2016

| | Notes | 2016 £m | 2015 £m |
|---|---|---|---|
| **Operating profit** | | **402** | 183 |
| | | | |
| Adjustments for non-cash and other items: | | | |
| Goodwill impairment | | **9** | 66 |
| Acquisition-related amortisation and expenses | | **32** | 40 |
| Net profit on disposal/closure of subsidiaries | | **(7)** | (12) |
| Loss on disposal of fixed assets | | **–** | 2 |
| Depreciation of property, plant and equipment | | **106** | 110 |
| Amortisation of other intangible assets | | **25** | 25 |
| Equity-settled share-based payments | | **10** | 7 |
| Share of profit from joint ventures | 20 | **(9)** | (10) |
| (Decrease)/increase in provisions | | **(1)** | 66 |
| Pension curtailment gain | | **–** | (5) |
| Additional pension contributions | 32 | **(39)** | (44) |
| **Operating cash flow before movements in working capital** | | **528** | 428 |
| | | | |
| Increase in inventory | | **(5)** | (1) |
| Increase in accounts receivable | | **(9)** | (49) |
| Increase/(decrease) in accounts payable | | **101** | (19) |
| **Net cash flow from operating activities of continuing operations** | | **615** | 359 |
| **Net cash flow from operating activities of discontinued operations** | | **(9)** | 26 |
| **Cash generated by operating activities** | | **606** | 385 |
| | | | |
| Tax paid | | **(84)** | (102) |
| **Net cash flow from operating activities** | | **522** | 283 |
| | | | |
| **Investing activities** | | | |
| Purchases of non-current assets | | **(116)** | (111) |
| Proceeds on disposal of property, plant and equipment | | **9** | 7 |
| Disposal of subsidiaries | | **82** | 14 |
| Acquisition of subsidiaries | | **(1)** | (17) |
| Cash, cash equivalents and bank overdrafts in disposed entities | | **(20)** | (3) |
| Interest received | | **14** | 16 |
| Sale/(purchase) of investments | | **7** | (1) |
| Cash flow from equity-accounted investments | | **8** | 14 |
| **Net cash used in investing activities** | | **(17)** | (81) |
| | | | |
| **Financing activities** | | | |
| Dividends paid to equity shareholders of the parent | | **(145)** | (145) |
| Dividends paid to non-controlling interests | | **(17)** | (29) |
| Net (decrease)/increase in borrowings | | **(11)** | 139 |
| Interest received relating to interest-rate swaps | | **22** | 20 |
| Interest paid | | **(132)** | (127) |
| Repayment of obligations under finance leases | | **(22)** | (31) |
| Transactions with non-controlling interests | | **(2)** | (2) |
| **Net cash used in financing activities** | | **(307)** | (175) |
| | | | |
| **Net increase in cash, cash equivalents and bank overdrafts** | 37 | **198** | 27 |
| | | | |
| Cash, cash equivalents and bank overdrafts at the beginning of the year | | **407** | 402 |
| Effect of foreign exchange rate fluctuations on net cash held | | **87** | (22) |
| **Cash, cash equivalents and bank overdrafts at the end of the year** | 26 | **692** | 407 |

## 1. General information

G4S plc is a company incorporated in the United Kingdom. The consolidated financial statements incorporate the financial statements of the Company and entities (its subsidiaries) controlled by the Company (collectively comprising the Group) and the Group's interest in joint ventures made up to 31 December each year. The Group operates throughout the world and in a wide range of functional currencies, the most significant being the euro, the US dollar and sterling. The Group's financial statements are presented in sterling, as the Group's primary listing is in the UK. The address of the registered office is given on page 187.

During the year there has been a significant devaluation in the value of sterling following the decision for the UK to exit the European Union. The impact of translating 2015 results at 2016 exchange rates would have been a 7% increase in reported revenue and an 8% increase in reported PBITA.

## 2. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (adopted IFRSs). The parent company financial statements have been prepared in accordance with FRS 101 – Reduced Disclosure Framework, in accordance with UK Generally Accepted Accounting Practice (UK GAAP). These are presented on pages 177 to 185.

## 3. Significant accounting policies

### (a) Basis of preparation

The consolidated financial statements of the Group have been prepared under the going concern basis and using the historical cost basis, except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies adopted are set out below. Judgments made by the directors in the application of those accounting policies which have a significant effect on the financial statements, and estimates with a significant risk of material adjustment, are discussed in note 4.

The Consolidated statement of financial position at 31 December 2015 has been re-presented to show the impact of adopting the new IFRS Interpretation Committee (IFRIC) agenda decision in April 2016 regarding cash pooling. This resulted in an increase to cash and cash equivalents and an increase to overdrafts of £56m as at 31 December 2015 and £300m as at 1 January 2015. The Consolidated statement of financial position at 31 December 2015 has additionally been re-presented to show the impact of the inclusion of cash and cash equivalents and overdrafts, of £94m and £25m respectively (1 January 2015: £80m and £15m respectively), in respect of customer cash processing (see note 26 on page 139). As a consequence of each of the above, cash and cash equivalents at 31 December 2015 have increased from £443m to £593m (1 January 2015: increased from £422m to £802m), and overdrafts from £41m to £122m (1 January 2015: £20m to £335m).

### (b) Presentation of the Consolidated income statement

In order to provide further clarity in the Group's Consolidated income statement and segmental analysis, the Group separately discloses specific items, restructuring costs, profits or losses on disposal/closure of subsidiaries, acquisition-related amortisation and expenses and goodwill impairment. This is consistent with the way that financial performance is measured by management and reported to the Board and assists in providing a more meaningful analysis of the Group's results. The directors believe that presentation of the Group's results in this way aids the understanding of the Group's financial performance.

*Specific items*

The Group's Consolidated income statement and segmental analysis note separately identify results before specific items. Specific items are those that in management's judgment need to be disclosed separately in arriving at operating profit by virtue of their size, nature or incidence. Up until 31 December 2015, specific items also included the results of updating estimates and judgments for certain assets and liabilities related to the balance sheet review which commenced in 2013 and was completed in 2015. The associated tax impact of specific items is recorded within the tax charge. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

Contract losses included within specific items arise from the recognition of material future losses, net of the release of any surplus provisions. In general, provisions recognised for future losses are charged to the Consolidated income statement within PBITA. Where onerous contract provisions are material by virtue of their size, they are separately charged within specific items. Such losses are distinct from "in-year" losses, which are utilised against provisions for onerous contract losses.

Specific items may not be comparable to similarly-titled measures used by other companies. Specific items for the current and prior year are described in note 8.

*Other separately disclosed items – restructuring costs*

Restructuring costs that are separately disclosed reflect the multi-year efficiency programme which is being carried out by the Group. This programme is of a strategic nature and, as such, is monitored and approved by the Group's Executive Committee. During 2015 and 2016 activities under the programme have focused primarily on transforming the operating model in the regions of UK & Ireland and Europe. Restructuring costs that are incurred in the normal course of business are recorded within PBITA.

## (c) Basis of consolidation

*Subsidiaries*

Subsidiaries are entities controlled by the Group. Control is achieved where the Group has existing rights that give it the current ability to direct the activities that affect the Group's returns and exposure or rights to variable returns from the entity. This can be determined either by the Group's ownership percentage, or by the terms of any shareholder agreement. In the case of certain investments detailed analysis of the different contracts in place is required, together with a level of judgment, to ascertain whether there is control under the definition of IFRS 10 – Consolidated financial statements (see note 4).

On acquisition, the assets, liabilities and contingent liabilities of the acquired business are measured at their fair values at the date of acquisition. The cost of acquisition is measured as the acquisition date fair value of the assets transferred as consideration to the vendor and does not include transaction costs. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency in the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the Consolidated income statement in the year of acquisition.

The cost of acquisition includes the present value of deferred and contingent consideration payable, including that in respect of put options held by non-controlling shareholders, as estimated at the date of acquisition. For acquisitions prior to 1 January 2010 subsequent changes to the present value of the estimate of contingent consideration and any difference upon final settlement of such a liability are recognised as adjustments to the cost of acquisition. For acquisitions after 1 January 2010 such changes are recognised in the Consolidated income statement with respect to contingent consideration and in other comprehensive income with respect to put options. Non-controlling interests are stated at their proportion of the fair values of the assets and liabilities recognised. Profits and losses are applied in the proportion of their respective ownership to the interest of the parent and to the non-controlling interest.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated income statement from the effective date of control and up to the effective date of disposal, respectively.

*Joint ventures*

A joint venture is a joint arrangement whereby the parties that have joint control have the rights to the net assets of the arrangement.

The results and assets and liabilities of joint ventures are incorporated in the Group's consolidated financial statements using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the Consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of the investment. The Group's share of post-tax profits or losses is recognised in the Consolidated income statement.

*Transactions eliminated on consolidation*

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where a Group company transacts with a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant joint venture.

## (d) Foreign currencies

The financial statements of each of the Group's businesses are prepared in the functional currency applicable to that business. Transactions in currencies other than the functional currency are translated at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities which are denominated in other currencies are retranslated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value which are denominated in other currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items measured at historical cost denominated in other currencies are not retranslated. Gains and losses arising on retranslation are included in the Consolidated income statement for the period.

On consolidation, the assets and liabilities of the Group's overseas operations, including goodwill and fair value adjustments arising on their acquisition, are translated into sterling at exchange rates prevailing on the balance sheet date. Income and expenses are translated into sterling at the average exchange rates for the period (unless this is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions). Exchange differences arising are recognised in other comprehensive income, together with exchange differences arising on monetary items that are in substance a part of the Group's net investment in foreign operations, and on borrowings and other currency instruments designated as hedges of such investments where and to the extent that the hedges are deemed to be effective. On disposal, translation differences are recognised in the Consolidated income statement in the period in which the operation is disposed of.

## (e) Derivative financial instruments and hedge accounting

In accordance with its treasury policy, the Group only holds or issues derivative financial instruments to manage the Group's exposure to financial risk, not for trading purposes. Such financial risk includes the interest-rate risk on the Group's variable-rate borrowings, the fair-value risk on the Group's fixed-rate borrowings, commodity risk in relation to its diesel consumption and foreign-exchange risk on transactions, on the translation of the Group's results and on the translation of the Group's net assets measured in foreign currencies. The Group manages these risks through a range of derivative financial instruments, including interest-rate swaps, fixed-rate agreements, commodity swaps, commodity options, forward foreign-exchange contracts and currency swaps.

## 3. Significant accounting policies *continued*

### (e) Derivative financial instruments and hedge accounting *continued*

Derivative financial instruments are recognised in the Consolidated statement of financial position at fair value as financial assets or financial liabilities.

The gain or loss on re-measurement to fair value is recognised immediately in the Consolidated income statement, unless the derivatives qualify for hedge accounting where the treatment of any resultant gain or loss depends on the nature of the item being hedged as described below:

*Fair-value hedges*

The change in the fair value of both the hedging instrument and the related portion of the hedged item is recognised immediately in the Consolidated income statement.

*Cash-flow and net-investment hedges*

The change in the fair value of the portion of the hedging instrument that is determined to be an effective hedge is recognised in equity and subsequently recycled to the Consolidated income statement when the hedged cash flow or hedged net investment impacts the Consolidated income statement. The ineffective portion of the fair value of the hedging instrument is recognised immediately in the Consolidated income statement.

### (f) Intangible assets

*Goodwill*

Business combinations are accounted for by the application of the acquisition method. Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition of a subsidiary or joint venture. No goodwill arises on the acquisition of an additional interest from a non-controlling interest in a subsidiary as this is accounted for as an equity transaction. Goodwill is stated at cost, less any accumulated impairment losses, and is tested annually for impairment or more frequently if there are indications that amounts may be impaired. On disposal of a subsidiary or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

*Acquisition-related intangible assets*

Intangible assets on acquisitions that are either separable or arising from contractual rights are recognised at fair value at the date of acquisition. Such acquisition-related intangible assets include trademarks, technology, customer contracts and customer relationships. The fair value of acquisition-related intangible assets is determined by reference to market prices of similar assets, where such information is available, or by the use of appropriate valuation techniques, including the royalty relief method and the excess earnings method.

Acquisition-related intangible assets are amortised by equal annual instalments over their expected economic life. The directors review acquisition-related intangible assets on an on-going basis and, where appropriate, provide for any impairment in value.

The estimated useful lives are as follows:

| | |
|---|---|
| Trademarks and technology | up to a maximum of five years |
| Customer contracts and customer relationships | up to a maximum of ten years |

*Other intangible assets*

Development expenditure represents expenditure incurred in establishing new services and products of the Group. Such expenditure is recognised as an intangible asset only if the following can be demonstrated: the expenditure creates an identifiable asset, its cost can be measured reliably, it is probable that it will generate future economic benefits, it is technically and commercially feasible, and the Group has sufficient resources to complete development. In all other instances, the cost of such expenditure is taken directly to the Consolidated income statement.

Capitalised development expenditure is amortised over the period during which the expenditure is expected to be revenue-producing, up to a maximum of ten years. The directors review the capitalised development expenditure on an on-going basis and, where appropriate, provide for any impairment in value.

Research expenditure is charged to the Consolidated income statement in the year in which it is incurred.

Capitalised computer software is stated at cost, net of amortisation and any provision for impairment. Amortisation is charged on software so as to write off the cost of the assets to their estimated residual values by equal annual instalments over their expected useful economic lives, up to a maximum of eight years.

### (g) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment other than freehold land. Depreciation is calculated so as to write off the cost of the assets to their estimated residual values by equal annual instalments over their expected useful economic lives as follows:

| | |
|---|---|
| Freehold and long leasehold buildings | up to 50 years |
| Short leasehold buildings (under 50 years) | over the life of the lease |
| Equipment and motor vehicles | 2 to 10 years |

Assets held under finance leases are depreciated over the shorter of their expected useful economic lives and the terms of the relevant lease.

Where significant, the residual values and the useful economic lives of property, plant and equipment are re-assessed annually.

### (h) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

*Trade receivables*

Trade receivables are initially recognised at fair value and are subsequently carried at amortised cost less provision for doubtful debts. Provisions are made where the Group identifies a risk of non-payment, taking into account ageing, previous losses experienced and other local economic and market conditions and are calculated by discounting expected cash flows using the effective interest rate at origination of the receivable.

*Service concession assets*

Under the terms of a Private Finance Initiative (PFI) or similar project, the risks and rewards of ownership of an asset remain largely with the purchaser of the associated services. In such cases, the Group's interest in the asset is classified as a financial asset and included at its discounted value within trade and other receivables, to the extent to which the Group has an unconditional right to receive cash from the grantor of the concession for the construction of the asset. To the extent that the Group has the right to charge for the use of such an asset, conditional upon the extent of the use, the Group recognises an intangible asset.

*Current asset investments*

Current asset investments comprise investments in securities which are classified as held-for-trading. Such investments are initially recognised at cost, including transaction costs, and subsequently measured at fair value. Gains and losses arising from changes in fair value are recognised in the Consolidated income statement.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated statement of cash flow.

*Interest-bearing borrowings*

Interest-bearing bank overdrafts, loans and loan notes are recognised at the value of proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the Consolidated income statement on an accrual basis using the effective-interest method.

*Trade payables*

Trade payables are not interest-bearing and are stated initially at fair value.

*Equity instruments*

Equity instruments issued by the Group are recorded at the value of proceeds received, net of direct issue costs.

### (i) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost represents expenditure incurred in the ordinary course of business in bringing inventories to their present condition and location and includes appropriate overheads. Cost is calculated using either the weighted average or the first-in-first-out method. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

### (j) Impairment

The carrying values of the Group's assets, with the exception of inventories, financial receivables and deferred tax assets, are reviewed on an on-going basis for any indication of impairment and, if any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised in the Consolidated income statement whenever the carrying value of an asset or its cash-generating unit exceeds its recoverable amount.

An impairment loss in respect of goodwill is not reversed. In respect of any other asset, an impairment loss is reversed if there has been a change in the estimates used to determine its recoverable amount. The amount of the reversal is limited such that the asset's carrying amount does not exceed that which would have been determined (after depreciation and amortisation) if no impairment loss had been recognised.

## 3. Significant accounting policies *continued*

### (k) Employee benefits

*Retirement benefit costs*

Payments to defined contribution schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefits scheme.

The retirement benefit obligation recognised in the Consolidated statement of financial position represents the present value of the defined benefit obligation reduced by the fair value of scheme assets. Any asset resulting from the calculation is recognised in the Consolidated statement of financial position, limited to the present value of available refunds and reductions in future contributions to the scheme.

For defined benefit plans, the cost charged to the Consolidated income statement consists of current service cost, net interest cost, and past service cost. The finance element of the pension charge is shown in finance expense and the remaining service cost element is charged as a component of employee costs in the Consolidated income statement. Actuarial gains and losses and other re-measurement gains and losses are recognised immediately in full within other comprehensive income.

*Share-based payments*

The Group issues equity-settled share-based payments to certain employees. The fair value of share-based payments is determined at the date of grant and expensed, with a corresponding increase in equity, on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, excluding changes resulting from any market-related performance conditions. The Group also issues cash-settled share-based payments to certain employees, which are recognised as a liability at fair value at the date of grant. The value of the liability is re-measured at each reporting date and at the date the liability is settled. Changes in the liability are recognised directly in the Consolidated income statement.

### (l) Provisions and contingent liabilities

Provisions are recognised when a present legal or constructive obligation exists for a future liability in respect of a past event and where the amount of the obligation can be estimated reliably. The amount recognised as a provision is the Group's best estimate of the likely outflows at the end of the reporting period.

In respect of claims, onerous customer contracts and litigation, the Group provides for anticipated costs where an outflow of resources is considered probable and a reasonable estimate can be made of the likely outcome. For all risks, the ultimate liability may vary from the amounts provided and will be dependent upon the eventual outcome of any settlement. Management exercise judgment in measuring the exposures to contingent liabilities (see note 33) through assessing the likelihood that a potential claim or liability will arise and in quantifying the possible range of financial outcomes.

Where the time value of money is material, provisions are stated at the present value of the expected expenditure using an appropriate discount rate.

### (m) Restructuring costs

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the on-going activities of the entity.

The Group distinguishes in the Consolidated income statement between restructuring costs that are recurring and those that relate to one-off or transformational group programmes that impact a number of operations.

Recurring restructuring costs that are incurred in the normal course of business are recorded as part of the Group's results within profit before interest, tax and amortisation (PBITA).

Restructuring costs that are one-off and individually material or relate to programmes linked to the Group's wider transformation, and require approval at executive level, are disclosed separately in the Consolidated income statement.

### (n) Revenue recognition

The Group's revenue arises from two primary sources – Secure Solutions products, mainly comprising manned security and facilities management services, and Cash Solutions, mainly the provision of physical cash management services.

Within Secure Solutions there are additional revenue streams arising from:

- Technology services, comprising the supply, installation and monitoring of alarm systems, and security and building systems technology;
- Facilities management; and
- Care & Justice services.

Within Cash Solutions there is an additional revenue stream arising from Technology services to retailers, comprising the provision of hardware and software for customer cash management and related services.

In all of these business areas revenue is measured at the fair value of consideration received or receivable, net of discounts, VAT and other sales-related taxes.

Certain low-volume, high-value government contracts, mainly for Care & Justice outsourcing services and facilities management services, can cover a range of bundled services over a long period of time, that are provided on a time and materials basis. Revenue for this type of contracts is recognised on an accrual basis based on the individual services provided and in accordance with the terms of the contract.

Where services provided to customers include more than one particular revenue source, particularly in cash technology services and in the alarms business, such as the supply and installation of equipment together with on-going services and maintenance contracts, the fair value of each revenue source is separately identified and allocated to each element of the arrangement and recognised as the product is sold or the services are delivered.

*Manned security, cash management, facilities management, other care and justice services and security systems services*

Revenue is recognised to reflect the period in which the service is provided.

*Security alarm systems installations*

Revenue for B2B customers is recognised on completion of the installation, and the attributable costs of the installation are recognised as a cost of sale, given that economic ownership of the asset is transferred to the customer.

Revenue for B2C customers is deferred and recognised along with the revenue from the related monitoring service over the term of the contract, given that legal and economic ownership of the assets remains with the Group.

Service and monitoring fees for all alarm system contracts are recognised in the period when the service is provided.

*Long-term contracts*

These contracts are mainly related to certain long-term construction or alarm or other technology installation projects which span one or more reporting periods and where long-term contract accounting is applied.

Where the outcome of a long-term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is measured either by the proportion that contract costs incurred for work to date bear to the estimated total contract costs, or by the proportion that the sales value of work completed to date bears to the total sales value. Variations in contract work, claims and incentive payments are included to the extent that it is likely that they will be agreed with the customer and hence recoverable.

Where the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are deemed likely to be recoverable. Contract costs are recognised as expenses as they are incurred.

Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

### (o) Pre-contract and mobilisation costs

Pre-contract costs in respect of major outsourcing contracts, incurred after the point at which the Group achieves preferred bidder status (at which point it is considered probable that the contract will be obtained) and before contract mobilisation, are capitalised and expensed over the life of the contract, subject to recoverability criteria. Costs incurred prior to this point are expensed as incurred. Capitalised costs are expensed immediately in the event that preferred bidder status is not followed by the award of the contract, or where these may no longer be expected to be recovered through future profits.

Mobilisation costs are those costs incurred after the signing of a contract with a customer, and prior to commencement of delivery of the contract. Costs incurred during this stage are generally only capitalised if the criteria to be capitalised as inventories or as property, plant and equipment are met. In all other cases mobilisation costs are expensed as incurred.

### (p) Onerous contracts

Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Management's profit-improvement plans to recover the position on loss-making contracts require a level of judgment and are generally taken into account in the calculation of the onerous contract provision only when implementation has commenced and tangible evidence exists of benefits being delivered. The provision is calculated based on discounted cash flows to the end of the contract.

In general, provisions recognised for future losses are charged to the Consolidated income statement within PBITA. Where onerous contract provisions are material by virtue of their size, they are separately charged within specific items.

In-year operating losses from onerous contracts are accounted for as a utilisation of the related provision for future losses. Any excess or shortfall to the initial estimate for onerous contract provisions is credited or charged in the Consolidated income statement consistent with where the charge for the initial provision was recognised.

Vacant property provisions are recognised when the Group has committed to a course of action that will result in the property becoming vacant. The provision is calculated based on discounted cash flows to the end of the lease taking into account expected future sub-lease income.

## 3. Significant accounting policies *continued*

### (q) Interest

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset's net carrying amount. Borrowing costs, also calculated using the effective-interest method, are recognised as an expense in the Consolidated income statement.

### (r) Income taxes

Tax is recognised in the Consolidated income statement except to the extent that it relates to items recognised in equity, in which case it is recognised through other comprehensive income. The tax expense represents the sum of current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of potential deferred tax assets is re-assessed at each balance sheet date and recognised to the extent that it is probable that sufficient taxable profits will be available to allow those assets to be recovered.

Deferred tax is measured based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax liabilities or refunds may differ from those anticipated due to changes in tax legislation, differing interpretations of tax legislation and uncertainties surrounding the application of tax legislation. In situations where uncertainties exist, provision is made for tax liabilities and assets on the basis of management judgment following consideration of the available relevant information. Further detail on management's judgments in respect of taxation is provided in note 4.

### (s) Leasing

Leases are classified as finance leases when the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. On occasion this classification requires a level of judgment. All other leases are classified as operating leases.

Assets held under finance leases are recognised at the inception of the lease at their fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Consolidated statement of financial position as a finance lease obligation. Lease payments made or received are apportioned between finance charges or income and the reduction of the lease liability or asset so as to produce a constant rate of interest on the outstanding balance of the liability or asset.

Rentals payable or receivable under operating leases are charged or credited to income on a straight-line basis over the lease term, as are incentives to enter into operating leases.

### (t) Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale that has been disposed of, has been abandoned or meets the criteria to be classified as held for sale.

### (u) Dividend distribution

Dividends are recognised as distributions to equity holders in the period in which they are paid or approved by the shareholders in general meeting.

### (v) Adoption of new and revised accounting standards and interpretations

IFRS Annual improvements 2012-14 became effective for the financial year beginning on 1 January 2016, and were endorsed by the EU, however no accounting policy changes were required as a result of adopting these improvements.

The Group has not adopted early any standard, amendment or interpretation. A number of new standards, amendments to standards and interpretations have been announced but are subject to EU endorsement and/or are not yet effective for the year ended 31 December 2016. The directors are currently evaluating the impact of these new standards on the Group accounts:

- Amendments to IFRS 10, IFRS 12 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 10 and IAS 28 – Investment entities applying the consolidation exemption
- IFRS 2 amendments – Clarifying share-based payment transactions
- IAS 7 amendments – Disclosure initiative
- IAS 12 amendments – Recognition of deferred tax assets for unrealised losses
- IFRS 9 – Financial Instruments

The Group continues to assess the potential impact of IFRS 15 – Revenue from Contracts with Customers on its consolidated financial statements and will adopt the standard from its effective date for the year ended 31 December 2018. IFRS 15 is likely to impact the timing of recognition of income in respect of certain long-term Facilities Management and large, complex alarm and other technology-related contracts.

In addition, the Group continues to assess the impact of adopting IFRS 16 – Leases, which will be effective for the Group's financial year ended 31 December 2019. IFRS 16 is expected to increase property, plant and equipment capitalised in the Consolidated statement of financial position by approximately £400m, together with a broadly similar increase in obligations under finance leases. Whilst IFRS 16 is not expected to change materially the Group's profit before tax, it will increase PBITA due to re-classification of the interest element of lease payments as finance costs.

In April 2016 the IFRIC issued an agenda decision on when and whether entities are able to offset balances in accordance with IAS 32. The IFRIC noted that, to the extent to which a Group does not expect to settle its subsidiaries' period-end account balances on a net basis, it would not be appropriate for the Group to assert that it had the intention to settle the entire period-end balances on a net basis at the reporting date. In the current and previous reporting periods certain of the Group's balances did not meet this offset criterion and have therefore been presented/re-presented respectively to show the gross position. This resulted in an increase to cash and cash equivalents and an increase to overdrafts of £56m as at 31 December 2015 and £300m as at 1 January 2015.

## 4. Accounting estimates, judgments and assumptions

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies, which are described in note 3, with respect to the carrying amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. These judgments, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions, and, in some cases, actuarial techniques. Although these judgments, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The judgments, estimates and assumptions which are of most significance in preparing the Group's 2016 accounts are detailed below:

### Revenue recognition

The majority of the Group's revenue is generated by the provision of manned security services or cash management services and, as described in note 3(n), is measured at the fair value of consideration received or receivable. The Group also delivers certain long-term outsourcing services which can be complex in nature and may be governed by unique contractual arrangements. In these cases, revenue is recognised in line with the contract at the fair value of the consideration received or receivable. In such contracts, there can be significant judgments and estimates in relation to variations or claims not specified within the original contract, to interpretation of complex contract wording, and in relation to estimates required to determine future costs to complete and expected margins, including the impact of contractual performance conditions which may give rise to penalties.

### Onerous contracts

When a long-term contract is expected to incur future unavoidable losses and has therefore become onerous, judgment is required to assess the future expected revenue and costs and hence to determine the appropriate level of provision. Further judgment is necessary in determining the extent to which account is taken of profit improvement plans developed by management to improve the profitability of the contract over the remainder of its life. Such plans are generally taken into account only once they have been developed and implementation has commenced, and there is tangible evidence of benefits being delivered.

## 4. Accounting estimates, judgments and assumptions *continued*

In addition, where onerous contracts have a termination date that can be extended solely at the customer's request, consideration is given, based on all facts and circumstances known by management, as to whether to provide for future losses to the earliest or the final termination date.

For further details of how the Group has applied judgments and estimates to significant onerous contract provisions refer to note 33 on pages 154 and 155.

### Carrying value of goodwill

The Group tests tangible and intangible assets, including goodwill, for impairment on an annual basis or more frequently if there are indications that amounts may be impaired. The impairment analysis for such assets is based principally upon discounted estimated future cash flows from the use and eventual disposal of the assets. Such an analysis includes the estimation of future results, cash flows, annual growth rates and discount rates. Judgment is required in relation to the achievability of the long-term business plan and macroeconomic assumptions underlying the valuation process. In certain circumstances, where market prices can be ascertained (for example through recent transactions), fair value less costs to sell is used as a basis for the recoverable amount. This involves judgments and estimates to apply reasonable valuation techniques and to estimate future selling costs. The full methodology and results of the Group's impairment testing are presented in note 18.

### Taxation

The Group operates in many tax jurisdictions including countries where the tax legislation is not consistently applied and under some complex contractual circumstances where the responsibility for tax arising is not always clear. Management are required to apply judgments and estimates to determine the appropriate amount of tax to provide for and any required disclosure around contingent tax liabilities at each period end.

Provisions for tax liabilities are estimated for existing matters under dispute with local tax authorities, as well as for matters which it is considered may be disputed by them, where it is probable that a future liability will arise. The tax liability provided is management's best estimate, taking into account external advice, the anticipated position of the relevant tax authorities, and other local factors. In certain cases, and where appropriate, a probability weighting is applied in determining the amount provided. In all cases it is assumed that the local tax authorities have, or will be provided with, full information. Therefore the tax liability is not reduced for "detection risk". Further details about the range of the potential tax exposure to which the Group is subject to are set out in note 13.

The Group has tax losses and other deductible temporary differences, mainly in the UK and USA, that have the potential to reduce tax payments in future years. Deferred tax assets are only recognised to the extent that their recovery is probable, having regard to the projected future taxable income of these entities and after taking into account specific risk factors that affect the recovery of these assets. Management uses the same profit projections for these purposes as are used by the business, for example in assessing the carrying value of goodwill. Management's judgment in this area is applied on a case-by-case basis due to the jurisdictional nature of taxation. This analysis is considered afresh at each balance sheet date.

### Compliance with foreign ownership rules and consolidation of subsidiaries

The Group has a diverse set of complex ownership structures, which are sometimes driven by local laws and regulations relating to foreign ownership. In some instances the Group operates through local structures with limited direct share ownership of the business but exercises control through shareholder agreements. In determining whether some Group entities qualify for consolidation under IFRS10 – Consolidated Financial Statements, professional and legal advice is sought and a level of judgment is required. Consolidation of any of these entities would be at risk if the Group's ability to enforce its rights of control was successfully challenged.

### Valuation of retirement benefit obligations

The valuation of defined retirement benefit schemes is arrived at using the advice of qualified independent actuaries who use the projected unit credit method for determining the Group's obligations. This methodology requires the use of a variety of assumptions and estimates, including the appropriate discount rate, the expected return on scheme assets, mortality assumptions, future service and earnings increases of employees and inflation. Full details of the Group's retirement benefit obligations, including an analysis of the sensitivity of the calculations to the key assumptions are presented in note 32.

### Classification of leases

The classification of leases as operating or finance leases is based on the criteria set out in IAS 17 – Leases, which defines a series of attributes which, when contained within a lease, may result in its classification as a finance lease. Judgment is required in assessing leases at inception as to whether individual attributes, in aggregate or in isolation, are such that the substance of the lease is that of a finance lease.

## 5. Revenue

An analysis of the Group's revenue, as defined by IAS 18 – Revenue, is as follows:

| | Notes | **2016 £m** | 2015 £m |
|---|---|---|---|
| **Continuing operations** | | | |
| Sale of goods | | **311** | 132 |
| Rendering of services | | **7,072** | 6,561 |
| Revenue from construction contracts | | **207** | 170 |
| **Revenue from continuing operations as presented in the Consolidated income statement** | 6 | **7,590** | 6,863 |

## 6. Operating segments

The Group operates on a worldwide basis and derives a substantial proportion of its revenue and operating profit from each of the following seven geographic regions: Africa, Asia Pacific, Latin America, Middle East & India, Europe, North America and UK & Ireland. For each of these reportable segments, the Group executive committee (the chief operating decision maker) reviews internal management reports on a regular basis. As announced in the Integrated Report and Accounts 2015, with effect from 1 January 2016 the former Asia Middle East region was split into Asia Pacific and Middle East & India, following a change in the leadership structure and reporting in this region. The 2015 comparatives have therefore been re-presented to reflect the split of the total 2015 Asia Middle East revenue of £1,421m and PBITA of £117m between the two new regions.

Segment information is presented below:

| Revenue by reportable segment | 2016 £m | 2015 £m |
|---|---|---|
| Africa | 501 | 470 |
| Asia Pacific | 714 | 684 |
| Latin America | 660 | 626 |
| Middle East & India | 859 | 737 |
| **Emerging markets** | 2,734 | 2,517 |
| Europe | 1,441 | 1,304 |
| North America | 1,904 | 1,523 |
| UK & Ireland | 1,511 | 1,519 |
| **Developed markets** | 4,856 | 4,346 |
| **Total revenue** | 7,590 | 6,863 |

| Revenue from internal and external customers by reportable segment | Total gross segment revenue 2016 £m | Inter-segment revenue 2016 £m | External revenue 2016 £m | Total gross segment revenue 2015 £m | Inter-segment revenue 2015 £m | External revenue 2015 £m |
|---|---|---|---|---|---|---|
| Secure Solutions | 6,361 | (12) | 6,349 | 5,820 | (9) | 5,811 |
| Cash Solutions | 1,242 | (1) | 1,241 | 1,054 | (2) | 1,052 |
| **Total revenue** | 7,603 | (13) | 7,590 | 6,874 | (11) | 6,863 |

Inter-segment sales are charged at prevailing market prices.

| Operating profit before corporate costs, by reportable segment and geographical area | Continuing operations 2016 £m | Discontinued operations 2016 £m | Total 2016 £m | Continuing operations 2015 £m | Discontinued operations 2015 £m | Total 2015 £m |
|---|---|---|---|---|---|---|
| Africa | 35 | (1) | 34 | 30 | – | 30 |
| Asia Pacific | 56 | – | 56 | 43 | – | 43 |
| Latin America | 15 | – | 15 | 15 | – | 15 |
| Middle East & India | 76 | – | 76 | 74 | – | 74 |
| Europe | 95 | – | 95 | 74 | – | 74 |
| North America | 115 | (2) | 113 | 90 | – | 90 |
| UK & Ireland | 119 | – | 119 | 115 | – | 115 |
| **PBITA before corporate costs** | 511 | (3) | 508 | 441 | – | 441 |
| Corporate costs | (50) | – | (50) | (50) | – | (50) |
| **PBITA** | 461 | (3) | 458 | 391 | – | 391 |
| Net specific items | (13) | – | (13) | (70) | 5 | (65) |
| Restructuring costs | (12) | – | (12) | (44) | – | (44) |
| Net profit/(loss) on disposal/closure of subsidiaries | 7 | – | 7 | 12 | (3) | 9 |
| Goodwill impairment | (9) | – | (9) | (66) | (1) | (67) |
| Acquisition-related amortisation and expenses | (32) | – | (32) | (40) | – | (40) |
| **Operating profit/(loss)** | 402 | (3) | 399 | 183 | 1 | 184 |

Refer to note 7 for details on discontinued operations.

## 6. Operating segments *continued*

### Segment assets and liabilities

The following information is analysed by reportable segment and by the geographical area in which the assets are located:

| Total assets and liabilities | Total assets 2016 £m | Total assets 2015 £m | Total liabilities 2016 £m | Total liabilities 2015 £m |
|---|---|---|---|---|
| **By reportable segment and geographical area** | | | | |
| Africa | **238** | 196 | **(117)** | (87) |
| Asia Pacific | **429** | 397 | **(135)** | (106) |
| Latin America | **327** | 280 | **(124)** | (87) |
| Middle East & India | **342** | 296 | **(172)** | (138) |
| Europe | **767** | 696 | **(301)** | (263) |
| North America | **931** | 773 | **(224)** | (161) |
| UK & Ireland | **1,178** | 1,241 | **(333)** | (341) |
| Inter-segment trading balance | **(190)** | (148) | **190** | 148 |
| **Total segment assets and liabilities** | **4,022** | 3,731 | **(1,216)** | (1,035) |
| Corporate | **140** | 99 | **(130)** | (141) |
| **Total operating assets and liabilities** | **4,162** | 3,830 | **(1,346)** | (1,176) |
| Non-operating assets and liabilities | **1,449** | 1,045 | **(3,402)** | (3,008) |
| **Total assets and liabilities** | **5,611** | 4,875 | **(4,748)** | (4,184) |

| Non-current operating assets | 2016 £m | 2015 £m |
|---|---|---|
| **By reportable segment and geographical area** | | |
| Africa | **118** | 100 |
| Asia Pacific | **277** | 251 |
| Latin America | **180** | 149 |
| Middle East & India | **126** | 111 |
| Europe | **466** | 426 |
| North America | **577** | 481 |
| UK & Ireland | **877** | 920 |
| **Total segment assets** | **2,621** | 2,438 |
| Corporate | **19** | 55 |
| **Total non-current operating assets** | **2,640** | 2,493 |
| Non-operating assets | **438** | 281 |
| Less: Non-current assets held for sale | **(67)** | (25) |
| **Total non-current assets** | **3,011** | 2,749 |

Non-operating assets and liabilities comprise financial assets and liabilities, taxation assets and liabilities and retirement benefit obligations.

Included within operating and non-operating assets are £133m (2015: £47m) and £18m (2015: £11m) respectively relating to disposal groups classified as held for sale. Included within operating and non-operating liabilities are £51m (2015: £19m) and £7m (2015: £11m) respectively relating to liabilities associated with disposal groups classified as held for sale. Disposal groups are analysed in note 25.

The 2015 information for Asia Pacific and Middle East & India has been re-presented to reflect the split from the Asia Middle East information as presented in the prior year. 2015 operating assets for Asia Middle East were £693m, operating liabilities were £244m and non-current operating assets were £362m.

## Other information

| By reportable segment | Impairment losses recognised in income 2016 £m | Depreciation and amortisation 2016 £m | Capital additions 2016 £m | Impairment losses recognised in income 2015 £m | Depreciation and amortisation 2015 £m | Capital additions 2015 £m |
|---|---|---|---|---|---|---|
| Africa | – | 13 | 12 | 9 | 15 | 16 |
| Asia Pacific | – | 13 | 6 | 9 | 15 | 14 |
| Latin America | 14 | 15 | 9 | 13 | 18 | 9 |
| Middle East & India | – | 11 | 9 | 2 | 10 | 25 |
| Europe | – | 45 | 33 | 33 | 42 | 54 |
| North America | – | 10 | 13 | – | 11 | 15 |
| UK & Ireland | 9 | 53 | 32 | 1 | 63 | 31 |
| Corporate | – | 3 | 15 | – | 3 | 2 |
| **Total** | 23 | 163 | 129 | 67 | 177 | 166 |

The 2015 information for Asia Pacific and Middle East & India has been re-presented to reflect the split from the Asia Middle East information as presented in the prior year.

## 7. Discontinued operations

Discontinued operations comprise assets and liabilities relating to a number of historical disposals, the largest of which is the US Government Solutions business sold in 2014.

The loss from discontinued operations during the year comprises costs and charges incurred on historical disposals which were classified as discontinued operations at the time of disposal.

The results of the discontinued operations are presented below:

| | 2016 £m | 2015 £m |
|---|---|---|
| **Operating loss before specific items and other separately disclosed items** | (3) | – |
| Specific items – charges | – | (2) |
| Specific items – credits | – | 7 |
| Goodwill impairment | – | (1) |
| Loss on disposal of discontinued operations | – | (3) |
| **(Loss)/profit before tax** | (3) | 1 |
| Tax | – | (3) |
| **Loss from discontinued operations for the year** | (3) | (2) |

During the prior year the Group re-classified its business in Costa Rica, together with certain small businesses that had been classified as discontinued operations for more than 12 months and not yet been sold, into continuing operations. Also during the prior year, the Group collected £26m ($40m) of receivables relating to the US Government Solutions business, which was sold in November 2014. Of this amount £7m was not recognised in the Group's Consolidated statement of financial position as at 31 December 2014 and therefore was recognised as income within specific items in 2015.

The effect of discontinued operations on segment results is disclosed in note 6.

Cash flows from discontinued operations included in the Consolidated statement of cash flow are as follows:

| | 2016 £m | 2015 £m |
|---|---|---|
| Net cash flows from operating activities (after tax) | (9) | 26 |

## 8. Operating profit

The Consolidated income statement can be analysed as follows:

| Continuing operations | 2016 £m | 2015 £m |
|---|---|---|
| Revenue | **7,590** | 6,863 |
| Cost of sales | **(6,212)** | (5,657) |
| **Gross profit** | **1,378** | 1,206 |
| Administration expenses | **(976)** | (967) |
| Goodwill impairment | **(9)** | (66) |
| Share of profit after tax from joint ventures | **9** | 10 |
| **Operating profit** | **402** | 183 |

Operating profit includes items that are separately disclosed for the year ended 31 December 2016 relating to:

- Specific items of a net £13m (2015: £70m) included a £10m charge relating to legacy acquisitions and labour claims in Latin America, £7m relating to commercial restructuring in Middle East & India, and a net £4m supplementary onerous contract provision primarily in respect of the Compass asylum seekers contract, offset by an £8m credit mainly relating to the recovery of a legal claim in Europe and of certain disputed debtor balances in the UK;
- Costs of £12m (2015: £44m) arising from restructuring activities during the year, mainly relating to the multi-year strategic productivity programme across the Group. In addition, the Group incurred non-strategic reorganisation costs of £9m (2015: £10m) which are included within cost of sales or administration expenses as appropriate;
- Acquisition-related amortisation costs of £32m (2015: £40m) relating to legacy acquisitions were lower in 2016 as certain intangible assets recognised on a number of historical acquisitions became fully amortised in 2015. In addition the Group recognised a goodwill impairment charge of £9m (2015: £66m) relating to businesses held for sale or closure; and
- A net profit on disposal/closure of subsidiaries of £7m (2015: £12m) relating to the disposal of a number of the Group's operations including the Cash Solutions business in Thailand, the businesses in Finland, Brunei and Kazakhstan, and the Utilities Services and ATM engineering businesses in the UK, together with a loss arising on closure of a systems business in Latin America.

## 9. Profit from operations

Profit from continuing and discontinued operations has been arrived at after charging/(crediting):

| | Notes | Continuing 2016 £m | Discontinued 2016 £m | Total 2016 £m | Continuing 2015 £m | Discontinued 2015 £m | Total 2015 £m |
|---|---|---|---|---|---|---|---|
| **Cost of sales** | | | | | | | |
| Cost of inventories recognised as an expense | | **112** | – | **112** | 103 | – | 103 |
| Onerous contract provisions | 8,33 | **4** | – | **4** | 65 | – | 65 |
| **Administration expenses** | | | | | | | |
| Acquisition-related amortisation and expenses | 8 | **32** | – | **32** | 40 | – | 40 |
| Restructuring costs | 8 | **12** | – | **12** | 44 | – | 44 |
| Goodwill impairment | 18 | **9** | – | **9** | 66 | 1 | 67 |
| Review of assets and liabilities | | – | – | – | 17 | – | 17 |
| Depreciation of property, plant and equipment | 19 | **106** | – | **106** | 110 | – | 110 |
| Amortisation of other intangible assets | 18 | **25** | – | **25** | 25 | – | 25 |
| Net (profit)/loss on disposal/closure of subsidiaries | 17 | **(7)** | – | **(7)** | (12) | 3 | (9) |
| Impairment of trade receivables | 23 | **21** | – | **21** | 12 | – | 12 |
| Research and development expenditure | | **4** | – | **4** | 8 | – | 8 |
| Operating lease rentals payable | | **98** | – | **98** | 99 | – | 99 |
| Pension curtailment gain | | – | – | – | (5) | – | (5) |
| Pension legal settlement | | – | – | – | (7) | – | (7) |
| Share-based payments | 39 | **13** | – | **13** | 8 | – | 8 |

## 10. Auditor's remuneration

| | 2016 £m | 2015 £m |
|---|---|---|
| Fees payable to the Company's auditor for the audit of the parent company and consolidated financial statements | 1 | 1 |
| Fees payable to the Company's auditor and its associates for other services: | | |
| The audit of the Company's subsidiaries (2016 fees including £1m in respect of prior years) | 7 | 5 |
| All other services* | 2 | 1 |

* Other services relates to the provision of tax and non-audit advisory services.

The Audit Committee Report on pages 72 to 77 outlines the Company's established policy for ensuring that audit independence is not compromised through the provision by the Company's auditor of other services.

## 11. Staff costs and employees

The average monthly number of employees, in continuing and discontinued operations, including executive directors was:

| By reportable segment and geographical area | 2016 Number | 2015 Number |
|---|---|---|
| Africa | 126,182 | 124,707 |
| Asia Pacific | 59,996 | 66,988 |
| Latin America | 73,907 | 75,637 |
| Middle East & India | 176,330 | 176,498 |
| Europe | 53,287 | 59,716 |
| North America | 55,522 | 56,393 |
| UK & Ireland | 34,293 | 35,843 |
| Head office | 171 | 196 |
| **Total average number of employees (excluding joint ventures)** | **579,688** | 595,978 |
| Average number of employees employed by joint ventures | 13,209 | 15,388 |
| **Total average number of employees (including joint ventures)** | **592,897** | 611,366 |

Their aggregate remuneration, in continuing and discontinued operations, comprised:

| | 2016 £m | 2015 £m |
|---|---|---|
| Wages and salaries | 4,533 | 4,128 |
| Social security costs | 479 | 443 |
| Employee benefits | 228 | 221 |
| **Total staff costs (excluding joint ventures)** | **5,240** | 4,792 |
| Joint venture staff costs | 64 | 58 |
| **Total staff costs (including joint ventures)** | **5,304** | 4,850 |

The 2015 information for Asia Pacific and Middle East & India has been re-presented to reflect the split from the Asia Middle East information as presented in the prior year.

Information on directors' remuneration, long-term incentive plans, pension contributions and entitlements is set out in the Directors' Remuneration Report on pages 78 to 98.

## 12. Net finance expense

| | 2016 £m | 2015 £m |
|---|---|---|
| Interest and other income on cash, cash equivalents and investments | 15 | 13 |
| Interest receivable on loan note related derivatives | 18 | 13 |
| Gain arising from fair value adjustment to the hedged loan note items | 11 | 10 |
| Loss arising from change in fair value of derivative financial instruments hedging loan notes | (11) | (10) |
| **Finance income** | **33** | 26 |
| | | |
| Interest on bank overdrafts and loans | (21) | (23) |
| Interest on loan notes | (97) | (88) |
| Interest on obligations under finance leases | (5) | (4) |
| Other interest charges | (6) | (4) |
| **Total group borrowing costs** | **(129)** | (119) |
| Finance costs on defined retirement benefit obligations | (10) | (12) |
| **Finance expense** | **(139)** | (131) |
| | | |
| **Net finance expense** | **(106)** | (105) |

Included within group borrowing costs is a charge of £3m (2015: £5m) relating to cash-flow hedges that were transferred from equity during the year.

## 13. Tax

| | Continuing operations 2016 £m | Discontinued operations 2016 £m | Total 2016 £m | Continuing operations 2015 £m | Discontinued operations 2015 £m | Total 2015 £m |
|---|---|---|---|---|---|---|
| **Current tax expense/(credit)** | | | | | | |
| Current year | 91 | – | 91 | 69 | 2 | 71 |
| Adjustments in respect of prior years (note (vi)) | 19 | – | 19 | (7) | 3 | (4) |
| **Total current tax expense** | **110** | – | **110** | 62 | 5 | 67 |
| | | | | | | |
| **Deferred tax expense/(credit) (see note 34)** | | | | | | |
| Current year | 6 | – | 6 | – | – | – |
| Re-assessment of deferred tax recoverability on losses (note (v)) | (36) | – | (36) | (9) | – | (9) |
| Adjustments in respect of prior years (note (vi)) | (4) | – | (4) | (3) | (2) | (5) |
| **Total deferred tax credit** | **(34)** | – | **(34)** | (12) | (2) | (14) |
| | | | | | | |
| **Total income tax expense for the year** | **76** | – | **76** | 50 | 3 | 53 |

UK corporation tax is calculated at 20% (2015: 20.25%) of the estimated assessable profits for the year. Overseas tax is calculated at the corporation tax rates prevailing in the relevant jurisdictions.

The tax charge for the year can be reconciled to the profit per the Consolidated income statement as follows:

| | 2016 £m | 2015 £m |
|---|---|---|
| **Profit before tax** | | |
| Continuing operations | **296** | 78 |
| Discontinued operations | **(3)** | 1 |
| **Total profit before tax** | **293** | 79 |
| | | |
| Tax at UK corporation tax rate of 20% (2015: 20.25%) | **59** | 16 |
| Expenses that are not deductible in determining taxable profit (note (i)) | **25** | 2 |
| Goodwill impairments not deductible | **2** | 14 |
| Profits on disposal of businesses not taxable or covered by capital losses (note (ii)) | **(8)** | (5) |
| Losses on disposal of businesses not relieved (note (ii)) | **7** | - |
| Different tax rates of subsidiaries operating in non-UK jurisdictions (note (iii)) | **12** | 15 |
| Benefit of tax incentives and credits | **(5)** | (4) |
| Movement in deferred tax balance due to phased reduction in UK rate to 17% (2015: 18%) | **4** | 5 |
| Adjustment for joint ventures | **(1)** | (2) |
| Tax losses not recognised in the current year (note (iv)) | **2** | 30 |
| Re-assessment of deferred tax recoverability on losses (note (v)) | **(36)** | (9) |
| Adjustment in respect of prior years – current and deferred tax (note (vi)) | **15** | (9) |
| **Total income tax charge** | **76** | 53 |
| | | |
| **Effective tax rate for continuing and discontinued operations** | **26%** | 67% |

The effective tax rate for continuing operations was 26% (2015: 64%).

***(i) Items that are not deductible in determining taxable profit – £25m (2015: £2m)***

This category reflects the tax effect of items which, in management's judgment, are potentially disallowable for the purposes of determining local taxable profits. This includes unrelieved withholding taxes of £9m (2015: £1m) relating to withholding tax deducted on domestic or cross-border payments in excess of the profits tax arising in the recipient company.

***(ii) Profits on disposal of businesses not taxable or covered by capital losses – £(8)m (2015: £(5)m)***

This relates to profits arising on the disposal of businesses where any taxable gain arising on the disposal is either exempt from tax under the relevant tax legislation or there are capital losses available to offset against those taxable gains, for which deferred tax assets were not previously recognised. Similarly, losses on disposal of businesses not relieved – £7m (2015: £nil) relates to the disposal of businesses where no deductible loss arises or where there is a low probability that losses will be utilised.

***(iii) Different tax rates of subsidiaries operating in non-UK jurisdictions – £12m (2015: £15m)***

This relates to the effect of profits of the Group being subject to tax at rates different from the current UK corporation tax rate of 20%.

***(iv) Tax losses not recognised in the current year – £2m (2015: £30m)***

This relates to current-year losses not recognised as deferred tax assets on the basis that there are insufficient taxable profits available to utilise those losses in the foreseeable future. A significant proportion of the prior-year figure relates to UK losses which are included in the amounts re-assessed in 2016 (see note (v)).

***(v) Re-assessment of deferred tax recoverability on losses – £(36)m (2015: £(9)m)***

Relates to the recognition of additional deferred tax assets on historical tax losses during the period as a result of improvements in profitability in group forecasts and business plans.

***(vi) Adjustment in respect of prior years – current and deferred tax – £15m (2015: £(9)m)***

This relates to a re-assessment of the tax deductibility of expense items and provisions for unresolved tax issues as a result of case law developments and settlements with tax authorities.

### Issues relating to taxation

The calculation of the Group's total tax charge involves consideration of certain items whose tax treatment cannot be ultimately determined until final resolution has been reached through negotiation with the relevant tax authorities, or via a domestic or international dispute resolution process.

The global nature of the Group's operations means that the most significant tax risk is in relation to challenges from tax authorities in relation to the pricing of cross-border transactions and the Group's interpretation of the OECD's arm's-length principle. In determining the appropriate level of provisions in respect of such challenges, the Group applies a risk-based approach and also assesses the likelihood that compensating adjustments will be obtained under the relevant double-tax treaties. The Group has open tax periods in a number of countries involving a number of issues, with the most material disputes typically being in respect of cross-border transactions.

## 13. Tax *continued*

As at 31 December 2016, the Group had total tax exposures of approximately £102m (2015: £66m) of which £37m (2015: £16m) is provided against. The Group believes that it has made appropriate provision for open tax periods which have not yet been agreed by tax authorities. The final agreed liabilities may vary from the amounts provided, as these are dependent upon the outcomes of the domestic and international dispute resolution processes in the relevant countries.

During 2015, the Group paid £19m in respect of a disputed liability in a particular jurisdiction in order to reduce exposure to interest and penalties. No further payment or receipt occurred in 2016 and none is expected in the next 12 months. The timing of final resolution of this case cannot currently be determined due to the nature of the dispute resolution process.

Following the referendum held on 23 June 2016, the UK voted to leave the European Union. The potential tax impacts which could arise as a consequence of the UK withdrawing from the European Union are currently uncertain, but on the basis of current information the Group does not anticipate that significant additional tax liabilities will arise.

The following taxation credit/(charge) has been recognised directly in equity within the Consolidated statement of comprehensive income:

| | 2016 £m | 2015 £m |
|---|---|---|
| Tax relating to defined retirement benefit schemes | 28 | (11) |
| Recognition of tax losses on exchange movements previously recognised within other comprehensive income | 29 | – |
| Current tax charge for exchange movements recognised within other comprehensive income | (8) | – |
| Change in fair value of net-investment and cash-flow hedging financial instruments | 1 | 1 |
| **Total tax credited/(charged) to other comprehensive income** | **50** | (10) |

## 14. Dividends

| | Pence per share | DKK per share | 2016 £m | 2015 £m |
|---|---|---|---|---|
| **Amounts recognised as distributions to equity holders of the parent in the year** | | | | |
| Final dividend for the year ended 31 December 2014 | 5.82 | 0.6041 | – | 90 |
| Interim dividend for the six months ended 30 June 2015 | 3.59 | 0.3793 | – | 55 |
| Final dividend for the year ended 31 December 2015 | 5.82 | 0.5615 | 90 | – |
| Interim dividend for the six months ended 30 June 2016 | 3.59 | 0.3143 | 55 | – |
| | | | 145 | 145 |
| **Proposed final dividend for the year ended 31 December 2016** | 5.82 | 0.5029 | 90 | |

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting. If so approved, it will be paid on 9 June 2017 to shareholders who are on the register on 28 April 2017. The Danish kroner exchange rate shown above for the dividend is that at 7 March 2017.

## 15. Earnings per share attributable to equity shareholders of the parent

| | 2016 £m | 2015 £m |
|---|---|---|
| **From continuing and discontinued operations** | | |
| Profit for the year attributable to equity shareholders of the parent | 198 | 8 |
| Weighted-average number of ordinary shares (m) | 1,546 | 1,545 |
| **Earnings per share from continuing and discontinued operations (pence)** | | |
| Basic and diluted | 12.8p | 0.5p |
| **From continuing operations** | | |
| **Earnings** | | |
| Profit for the year attributable to equity shareholders of the parent | 198 | 8 |
| Adjustment to exclude loss for the year from discontinued operations (net of tax) | 3 | 2 |
| Profit from continuing operations | 201 | 10 |
| **Earnings per share from continuing operations (pence)** | | |
| Basic and diluted | 13.0p | 0.6p |
| **From discontinued operations** | | |
| Loss for the year from discontinued operations (net of tax) | (3) | (2) |
| **Loss per share from discontinued operations (pence)** | | |
| Basic and diluted | (0.2)p | (0.1)p |

## 16. Acquisitions

The Group has not made any material acquisitions in the year. In the prior year the Group invested £17m acquiring a number of small businesses in the Netherlands, Greece and Colombia and made payments for deferred consideration on certain acquisitions made in prior years. In addition, during the prior year, shareholder agreements were re-negotiated for certain joint ventures in Middle East & India resulting in the Group obtaining control of these operations. The Group accounted for this as an acquisition, consolidating the balance sheets from the date control was obtained.

## 17. Disposals and closures

As part of the on-going portfolio programme, in 2016 the Group sold 12 businesses, including the Cash Solutions business in Thailand, the businesses in Finland, Brunei and Kazakhstan, and the Utilities Services and ATM engineering businesses in the UK, realising aggregate proceeds of £82m.

A further four businesses were closed during the year, and in addition the Group is in the process of closing a systems business in Latin America which resulted in a loss of £16m in relation to assets written off and costs expected to be incurred in 2017.

In 2015 the Group disposed of a number of small operations, with the most material being the disposal of the International Parcel Service business in the Group's Asia Pacific region, resulting in a profit of £12m. The net profit on disposal included a loss on disposal in discontinued operations of £3m.

The net assets and net profit on disposal/closure of operations disposed of or closed were as follows:

| | **2016 £m** | 2015 £m |
|---|---|---|
| Goodwill | **9** | – |
| Acquisition-related intangible assets | **1** | – |
| Non-acquisition-related intangible assets | **3** | – |
| Property, plant and equipment | **18** | 2 |
| Other non-current assets | **2** | – |
| Current assets | **86** | 6 |
| Liabilities | **(44)** | (6) |
| **Net assets of operations disposed of/closed** | **75** | 2 |
| Net profit on disposal/closure | **7** | 9 |
| **Total consideration** | **82** | 11 |
| Satisfied by: | | |
| Cash received | **90** | 14 |
| Disposal costs | **(8)** | – |
| **Total consideration relating to current year disposals** | **82** | 14 |
| Additional consideration to be paid relating to disposals completed in prior years | **–** | (3) |
| **Total consideration recognised in the current year** | **82** | 11 |

## 18. Intangible assets

| 2016 | Goodwill £m | Acquisition-related intangible assets: Trademarks £m | Acquisition-related intangible assets: Customer related £m | Acquisition-related intangible assets: Technology £m | Other intangibles £m | Total £m |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 January 2016 | **1,962** | **33** | **643** | **9** | **235** | **2,882** |
| Acquisition of businesses | **2** | **–** | **–** | **–** | **–** | **2** |
| Additions | **–** | **–** | **–** | **–** | **30** | **30** |
| Disposals | **(1)** | **–** | **(6)** | **–** | **(28)** | **(35)** |
| Transferred to held for sale | **(49)** | **–** | **(23)** | **–** | **(3)** | **(75)** |
| Re-classifications | **(2)** | **–** | **2** | **–** | **–** | **–** |
| Exchange differences | **245** | **1** | **58** | **–** | **21** | **325** |
| At 31 December 2016 | **2,157** | **34** | **674** | **9** | **255** | **3,129** |
| **Amortisation and accumulated impairment losses** | | | | | | |
| At 1 January 2016 | **(134)** | **(31)** | **(599)** | **(8)** | **(153)** | **(925)** |
| Amortisation charge | **–** | **–** | **(31)** | **(1)** | **(25)** | **(57)** |
| Impairment | **(9)** | **–** | **–** | **–** | **–** | **(9)** |
| Disposals | **–** | **–** | **3** | **–** | **23** | **26** |
| Transferred to held for sale | **–** | **–** | **22** | **–** | **2** | **24** |
| Exchange differences | **(24)** | **(1)** | **(53)** | **–** | **(16)** | **(94)** |
| At 31 December 2016 | **(167)** | **(32)** | **(658)** | **(9)** | **(169)** | **(1,035)** |
| **Carrying amount** | | | | | | |
| At 1 January 2016 | **1,828** | **2** | **44** | **1** | **82** | **1,957** |
| **At 31 December 2016** | **1,990** | **2** | **16** | **–** | **86** | **2,094** |

| 2015 | Goodwill £m | Trademarks £m | Customer related £m | Technology £m | Other intangibles £m | Total £m |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| At 1 January 2015 | 2,011 | 32 | 654 | 9 | 220 | 2,926 |
| Acquisition of businesses | 14 | – | 7 | – | – | 21 |
| Additions | – | – | 2 | – | 24 | 26 |
| Disposals | – | – | (2) | – | (3) | (5) |
| Transferred to held for sale | (14) | – | (2) | – | (3) | (19) |
| Re-classifications | (2) | 1 | (2) | – | 1 | (2) |
| Exchange differences | (47) | – | (14) | – | (4) | (65) |
| At 31 December 2015 | 1,962 | 33 | 643 | 9 | 235 | 2,882 |
| Amortisation and accumulated impairment losses | | | | | | |
| At 1 January 2015 | (87) | (31) | (573) | (7) | (138) | (836) |
| Amortisation charge | – | – | (41) | (1) | (25) | (67) |
| Impairment | (67) | – | – | – | – | (67) |
| Disposals | – | – | 2 | – | 3 | 5 |
| Transferred to held for sale | 6 | – | 2 | – | 2 | 10 |
| Re-classifications | – | – | 1 | – | 1 | 2 |
| Exchange differences | 14 | – | 10 | – | 4 | 28 |
| At 31 December 2015 | (134) | (31) | (599) | (8) | (153) | (925) |
| Carrying amount | | | | | | |
| At 1 January 2015 | 1,924 | 1 | 81 | 2 | 82 | 2,090 |
| At 31 December 2015 | 1,828 | 2 | 44 | 1 | 82 | 1,957 |

## Goodwill allocation

Goodwill acquired in a business combination is allocated to the cash-generating units (CGUs) which are expected to benefit from that business combination. A significant portion of the Group's goodwill was generated by the merger of the security services businesses of Group 4 Falck and Securicor in 2004, which was accounted for as an acquisition of Securicor by Group 4 Falck.

## Goodwill impairment testing

The Group tests tangible and intangible assets, including goodwill, for impairment on an annual basis or more frequently if there are indications that any of these assets may be impaired. The annual impairment test is performed prior to the year end when the budgeting process is finalised and is reviewed post year end. The Group's impairment test compares the carrying value of each CGU with its recoverable amount. CGUs for goodwill impairment testing purposes are identified on a country level basis including significant business units, consistent with the Group's detailed management accounts. Under IAS 36 – Impairment of Assets, an impairment is deemed to have occurred where the recoverable amount of a CGU is less than its carrying value.

The recoverable amount of a CGU is generally determined by its value in use which is derived from discounted cash flow calculations. The key inputs to the calculations are described below. In certain circumstances, where market prices can be ascertained (for example through recent transactions or by reference to normal industry standard multiples), the fair value less costs to sell is used as a basis for the recoverable amount. In the current year the value of goodwill in the Brazil Secure Solutions, Greece and Guatemala CGUs was supported by this valuation method.

## Forecast cash flows

All operating countries in the Group are required to submit a budget for the next financial year (for the year ending 31 December 2017) and their strategic plan forecasts for the following two years (for the years ending 31 December 2018 and 31 December 2019).

The revenue figures submitted in this exercise are used to derive a growth rate for the discounted cash flow calculation (see the growth rate table below). Forecast cash flows are projected by applying growth rates as detailed in the growth rate section below, and discounted using country-specific risk-adjusted discount rates as described in the discount rate section.

## Growth rate

Growth rates are determined from the budgeted and forecast revenue for years 1-3 with year 4 being calculated to achieve a smooth reduction from the year 3 growth rate to the year 5 rate, which is the lower of the year 3 plan rate and the IMF long-term country-specific inflation rate. The terminal value calculation also uses the long-term inflation rates as used in year 5. This is detailed in the table below:

| Growth assumptions | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Terminal value |
|---|---|---|---|---|---|---|
| **Input** | Budget* | Strategic plan forecast* | Strategic plan forecast* | Projected – to achieve midpoint between years 3 and 5 | Projected lower of year 3 forecast or country inflation | Country-specific long-term inflation rate |
| **Example** | 8% | 7% | 6% | 4% | 2% | 2% |

* Budgets and forecasts are reviewed by the group board.

In the above example, budgeted year 1 growth rate is 8%, forecast growth in year 2 is 7% and in year 3 is 6%. The long-term country inflation rate is 2% so the growth rate is reduced in year 4 to be the midpoint between 6% in year 3 and 2% in year 5, i.e. 4%. The terminal value calculation is then based on the long-term inflation rate of 2%.

## 18. Intangible assets *continued*

### Discount rate

Discount rates are calculated for each CGU based on the relevant local risk-free rate adjusted for that CGU's specific risk-adjusted equity risk premium. Details of how the key discount rate inputs are derived are given below:

| Input | How determined | 31 Dec 2016 | 31 Dec 2015 |
|---|---|---|---|
| Risk-free rate | Where possible, the risk-free rate is obtained from the local government's 20 year gilt/bond rates. Where these are unavailable the Group uses the closest available information (e.g. 10-year, or shorter-term gilt rates). | 1.89% in UK | 2.52% in UK |
| UK equity risk premium | The equity risk premium is determined for the UK by analysing a variety of sources including economic studies carried out by Barclays Capital and others. | 6.4% in UK | 6.4% in UK |
| Operating country equity risk premium | Specific local equity risk premiums are based on the UK risk premium adjusted for specific economic and financial risks. The sources for these adjustments are the Institutional Investor Magazine and the IMF website as well as other studies by independent economists. | | |
| Leveraged beta | Beta is a risk adjustment applied to the discount rate to reflect the risk of the Group's operating companies relative to the market as a whole. The Group's beta is obtained from independent market studies and is adjusted for the appropriate leverage of the Group. | 0.7 for the Group | 0.8 for the Group |
| Tax rate | Local tax rates are applied to each CGU to calculate pre-tax cost of equity. | 20% in UK | 20% in UK |
| Debt margin | The Group applies a margin to the cost of debt for each CGU, with a higher margin applied to those CGUs operating in higher risk environments. These margins range from 1.5% in less risky CGUs (e.g. in the UK) to 6.5% in more risky CGUs (e.g. in Guinea and Sierra Leone). | 1.5% in UK | 1.5% in UK |
| Weighted-average cost of capital (pre-tax) | The weighted-average cost of capital is calculated by weighting the cost of equity and the cost of debt by the applicable debt to equity ratio at the year end. | 8.1% in UK | 8.6% in UK |

The table below sets out the pre-tax discount rates and growth rates used for the countries that represent significant goodwill balances:

| | **Discount rate 2016** | Discount rate 2015 | **Long-term growth rate* 2016** | Long-term growth rate* 2015 | **Goodwill 2016 £m** | Goodwill 2015 £m |
|---|---|---|---|---|---|---|
| Brazil | **19.7%** | 19.0% | **4.5%** | 4.6% | **86** | 59 |
| United States of America | **9.7%** | 10.0% | **2.2%** | 2.4% | **490** | 412 |
| Hong Kong | **7.0%** | 7.7% | **3.0%** | 3.5% | **51** | 43 |
| Malaysia | **11.9%** | 12.2% | **3.0%** | 3.0% | **37** | 34 |
| Estonia | **9.8%** | 10.7% | **2.7%** | 2.2% | **36** | 31 |
| Netherlands | **6.9%** | 7.8% | **1.2%** | 1.9% | **154** | 133 |
| United Kingdom | **8.1%** | 8.6% | **2.0%** | 2.0% | **696** | 697 |
| Other (all allocated) | | | | | **440** | 419 |
| **Total goodwill** | | | | | **1,990** | 1,828 |

* Lower of long-term country inflation rate per the IMF and implied year 3 business forecast growth rate.

Within the UK, the most significant CGUs and their goodwill carrying values are UK Central Government Services (£225m), UK Cash Solutions (£205m) and UK Secure Solutions (£102m). Within the USA, the most significant CGU is US Commercial Security Solutions with goodwill of £444m.

## Impairment

During the year the Group recognised an impairment charge of £9m relating to businesses held for sale or closure as a result of their estimated recoverable amounts being less than the carrying value of their net assets.

During the prior year, impairment charges totalling £66m were recorded in respect of the Group's goodwill relating to continuing operations, including £25m in Estonia and £11m in the Brazil systems business, as shown below:

| | Goodwill pre-impairment 2015 £m | Impairment 2015 £m | Goodwill post-impairment 2015 £m |
|---|---|---|---|
| Brazil Technology | 11 | (11) | – |
| Estonia | 56 | (25) | 31 |
| Serbia | 8 | (8) | – |
| Papua New Guinea | 5 | (5) | – |
| Chile | 2 | (2) | – |
| China | 4 | (4) | – |
| South Africa Cash Solutions | 22 | (9) | 13 |
| Other impaired | 2 | (2) | – |
| Total | 110 | (66) | 44 |

Other than for Estonia, these businesses were all identified for sale or closure during the prior year and their carrying value was therefore compared to their recoverable amount, being the expected net proceeds from disposal. Where the carrying value was less than the expected proceeds any goodwill was written down to the recoverable amount.

The 2015 impairment charge in Estonia reduced goodwill to the estimated recoverable amount based on the challenging economic environment and revised business expectations at that time.

No further impairment charge has been recognised against the carrying value of goodwill at 31 December 2016 in either Estonia or South Africa Cash Solutions, as improving profit forecasts support the headroom in their respective CGU discounted cash-flow calculations. Sensitivity analyses performed for these CGUs, including the risk of customer attrition or of failure to secure new contracts, show a range of potential additional impairment charges of up to £17m.

### Sensitivity to key assumptions

The key assumptions used in the discounted cash flow calculations relate to the discount rates and growth rates used. The table below shows the additional impairment that would arise from an increase in discount rates by 1% and 3% (with all other variables being equal, for example, taking the UK base rate from 8.1% to 9.1% and 11.1%) or a decrease in growth rates by 1% and 3% (to a minimum of 0% with all other variables being equal, for example, taking the UK growth rate from 2.0% to 1.0% and 0.0%) for the Group in total and for each of its countries that represent significant goodwill balances:

| | | | Additional impairment | | | Additional impairment | |
|---|---|---|---|---|---|---|---|
| | Goodwill 2016 £m | Base discount rate 2016 | 1% increase 2016 £m | 3% increase 2016 £m | Base growth rate* 2016 | 1% decrease 2016 £m | 3% decrease 2016 £m |
| Brazil** | 86 | 19.7% | – | – | 4.5% | – | – |
| United States of America | 490 | 9.7% | – | – | 2.2% | – | – |
| Hong Kong | 51 | 7.0% | – | – | 3.0% | – | – |
| Malaysia | 37 | 11.9% | – | – | 3.0% | – | – |
| Estonia | 36 | 9.8% | – | – | 2.7% | – | – |
| Netherlands | 154 | 6.9% | – | – | 1.2% | – | – |
| United Kingdom | 696 | 8.1% | – | – | 2.0% | – | – |
| Other (all allocated) | 440 | | (1) | (3) | | (2) | (2) |
| **Total** | 1,990 | | (1) | (3) | | (2) | (2) |

* Lower of country growth rate per the IMF and implied year 3 business forecast growth rate.

** As described above, the recoverable amount of the goodwill held in the Brazil CGU is based on fair value less costs to sell, with an appropriate valuation multiple applied to profit forecasts, rather than on a value-in-use basis. No impairment charge has been recognised against the carrying value of goodwill in this CGU at 31 December 2016. Sensitivity analysis performed for the CGU, including the risk of failure to control cost, of customer attrition or of not achieving the valuation multiple used, shows a range of potential additional impairment charges of up to £20m.

## 19. Property, plant and equipment

| 2016 | Land and buildings £m | Equipment and vehicles £m | Total £m |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2016 | **232** | **816** | **1,048** |
| Additions | **12** | **87** | **99** |
| Disposals | **(5)** | **(73)** | **(78)** |
| Transferred to held for sale | **(6)** | **(10)** | **(16)** |
| Re-classifications | **1** | **(6)** | **(5)** |
| Exchange differences | **21** | **119** | **140** |
| **At 31 December 2016** | **255** | **933** | **1,188** |
| **Depreciation and accumulated impairment losses** | | | |
| At 1 January 2016 | **(89)** | **(532)** | **(621)** |
| Depreciation charge | **(14)** | **(92)** | **(106)** |
| Disposals | **4** | **59** | **63** |
| Transferred to held for sale | **2** | **2** | **4** |
| Re-classifications | **–** | **5** | **5** |
| Exchange differences | **(12)** | **(84)** | **(96)** |
| **At 31 December 2016** | **(109)** | **(642)** | **(751)** |
| **Carrying amount** | | | |
| At 1 January 2016 | **143** | **284** | **427** |
| **At 31 December 2016** | **146** | **291** | **437** |

| 2015 | Land and buildings £m | Equipment and vehicles £m | Total £m |
|---|---|---|---|
| Cost | | | |
| At 1 January 2015 | 248 | 887 | 1,135 |
| Acquisition of businesses | – | 2 | 2 |
| Additions | 9 | 114 | 123 |
| Disposals | (14) | (91) | (105) |
| Transferred to held for sale | (6) | (45) | (51) |
| Re-classifications | 2 | (8) | (6) |
| Exchange differences | (7) | (43) | (50) |
| At 31 December 2015 | 232 | 816 | 1,048 |
| Depreciation and accumulated impairment losses | | | |
| At 1 January 2015 | (86) | (581) | (667) |
| Depreciation charge | (13) | (97) | (110) |
| Disposals | 8 | 83 | 91 |
| Transferred to held for sale | 4 | 32 | 36 |
| Re-classifications | (4) | 4 | – |
| Exchange differences | 2 | 27 | 29 |
| At 31 December 2015 | (89) | (532) | (621) |
| Carrying amount | | | |
| At 1 January 2015 | 162 | 306 | 468 |
| At 31 December 2015 | 143 | 284 | 427 |

The net book value of equipment and vehicles held under finance leases was £39m (2015: £53m). Accumulated depreciation on these assets was £126m (2015: £128m) and the depreciation charge for the year was £21m (2015: £20m).

The rights over assets held on finance leases are effectively security for lease liabilities. These rights revert to the lessor in the event of default.

The net book value of equipment and vehicles includes £23m (2015: £18m) of assets leased by the Group to third parties under operating leases. Accumulated depreciation on these assets was £40m (2015: £27m) and the depreciation charge for the year was £7m (2015: £5m).

The net book value of land and buildings comprises freeholds of £71m (2015: £63m), long leaseholds of £20m (2015: £19m) and short leaseholds of £55m (2015: £61m).

## 20. Investment in joint ventures

The following is summarised aggregate financial information for the Group's interest in joint ventures that are not material to the Group, based on the amounts reported in the Group's consolidated financial statements:

| | 2016 £m | 2015 £m |
|---|---|---|
| Carrying amount of interests in joint ventures | 19 | 18 |
| Group's share of: | | |
| Profit from continuing operations | 9 | 10 |
| Total comprehensive income | 9 | 10 |

During the prior year the Group re-negotiated shareholder agreements in certain joint ventures in the Middle East & India region which resulted in the Group obtaining control of these entities. From the date the change in agreement was approved these entities have been accounted for as subsidiaries under the Group's control in accordance with IFRS10 – Consolidated Financial Statements.

## 21. Inventories

| | 2016 £m | 2015 £m |
|---|---|---|
| Raw materials | 7 | 9 |
| Work in progress | 15 | 11 |
| Finished goods including consumables | 90 | 83 |
| **Total inventories** | **112** | 103 |

## 22. Investments

Investments comprise primarily listed securities of £31m (2015: £41m) held by the Group's wholly-owned captive insurance subsidiaries. These are stated at their fair values based on quoted market prices consistent with Level 1 of the valuation hierarchy. Use of these investments is restricted to the settlement of claims against the Group's captive insurance subsidiaries.

## 23. Trade and other receivables

| | Notes | 2016 £m | 2015 £m |
|---|---|---|---|
| **Within current assets** | | | |
| Accrued income | | 151 | 164 |
| Trade debtors | | 1,060 | 970 |
| Provision for impairment of trade receivables | | (65) | (53) |
| Receivables from customers in respect of cash processing operations | 26 | 10 | 8 |
| Other debtors | | 106 | 88 |
| Current tax receivable | | 61 | 46 |
| Prepayments | | 79 | 82 |
| Amounts due from construction contract customers | 24 | 17 | 7 |
| Derivative financial instruments at fair value | 30 | 23 | 11 |
| **Total trade and other receivables included within current assets** | | **1,442** | 1,323 |
| | | | |
| **Within non-current assets** | | | |
| Derivative financial instruments at fair value | 30 | 53 | 50 |
| Other debtors | | 48 | 34 |
| **Total trade and other receivables included within non-current assets** | | **101** | 84 |

## 23. Trade and other receivables *continued*

### Credit risk on trade receivables

There is limited concentration of credit risk with respect to trade receivables, as the Group's customers are both large in number and dispersed geographically in around 100 countries. The Group's largest customer is the UK Government which comprises approximately 10% (2015:10%) of the total trade debtor balance as at 31 December 2016. Group companies are required to follow the Group Finance Manual guidelines with respect to assessing the credit-worthiness of potential customers. These guidelines include processes such as obtaining approval for credit limits over a set amount, performing credit checks and assessments and obtaining additional security where required.

Credit terms vary across the Group and can range from 0 to 90 days to reflect the different risks within each country in which the Group operates. There is no group-wide rate of provision, and provision is made for debts according to local conditions and past default experience.

The movement in the provision for impairment of trade receivables is as follows:

| | 2016 £m | 2015 £m |
|---|---|---|
| At 1 January | (53) | (50) |
| Provision for impairment of trade receivables | (21) | (12) |
| Amounts written off during the year | 10 | 7 |
| Unused amounts reversed | 6 | 1 |
| Exchange differences | (7) | 1 |
| **At 31 December** | **(65)** | (53) |

The ageing of trade debtors, net of provision for impairment of trade receivables, is as follows:

| | 2016 £m | 2015 £m |
|---|---|---|
| Accrued income | 151 | 164 |
| Not yet due | 769 | 675 |
| 1-30 days overdue | 125 | 146 |
| 31-60 days overdue | 41 | 40 |
| 61-90 days overdue | 22 | 21 |
| 91-180 days overdue | 22 | 24 |
| 181-365 days overdue | 11 | 11 |
| Over 365 days | 5 | – |
| **Net trade debtors and accrued income** | **1,146** | 1,081 |

No additional provision has been made on the above amounts as there has not been a significant change in credit quality and the Group believes that the amounts are still recoverable. The Group does not hold any collateral over these balances. The proportion of trade debtors at 31 December 2016 that were overdue for payment was 20% (2015: 22%). The Group's DSO measure (days sales outstanding) for continuing operations based on revenue from the last 90 days of the year is 46 days (2015: 50 days).

The directors believe that the fair value of trade and other receivables, being the present value of future cash flows, approximates to their book value.

## 24. Construction contracts

| | Notes | 2016 £m | 2015 £m |
|---|---|---|---|
| Amounts due from contract customers included in trade and other receivables | 23 | 17 | 7 |
| Amounts due to contract customers included in trade and other payables | 29 | (3) | (1) |
| **Net balances relating to construction contracts** | | **14** | 6 |
| | | | |
| Contract costs incurred plus recognised profits less recognised losses to date | | 198 | 135 |
| Less: progress billings | | (184) | (129) |
| **Net balances relating to construction contracts** | | **14** | 6 |

At 31 December 2016, advances received from customers for contract work amounted to £14m (2015: £4m), and the value of retentions held by customers for contract work amounted to £5m (2015: £2m). All trade and other receivables arising from construction contracts are due for settlement within one year.

## 25. Disposal groups classified as held for sale

As at 31 December 2016, disposal groups classified as held for sale include the assets and liabilities associated with a number of group-wide operations. The more material of these operations include the G4S Israel, the Group's Youth Service business in North America and its Children's Services business in the UK.

At 31 December 2015, disposal groups held for sale included the assets and liabilities associated with certain operations in the Group's Asia Pacific, Middle East & India and Latin America regions.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

| | 2016 £m | 2015 £m |
|---|---|---|
| **Assets** | | |
| Goodwill | 50 | 8 |
| Acquisition-related intangible assets | 1 | – |
| Property, plant and equipment and intangible assets other than acquisition-related | 15 | 17 |
| Other non-current assets | 4 | – |
| Trading investments | 7 | – |
| Inventories | 4 | 3 |
| Trade and other receivables (current) | 62 | 21 |
| Cash and cash equivalents | 8 | 9 |
| **Total assets of disposal groups classified as held for sale** | 151 | 58 |
| | | |
| **Liabilities** | | |
| Bank overdrafts | (1) | (4) |
| Bank loans | (1) | (1) |
| Trade and other payables | (47) | (17) |
| Current tax liabilities | (1) | – |
| Retirement benefit obligations | (1) | (2) |
| Obligations under finance leases | – | (5) |
| Deferred tax liability | (1) | – |
| Provisions | (6) | (1) |
| **Total liabilities of disposal groups classified as held for sale** | (58) | (30) |
| | | |
| **Net assets of disposal groups** | 93 | 28 |

## 26. Cash, cash equivalents and bank overdrafts

The Group's Cash Solutions businesses provide a range of cash handling and processing services on behalf of customers. Certain of those services comprise collection, segregated storage and delivery of customer cash, with title to the cash handled remaining with the customer throughout the process. Such cash is never recorded in the Group's balance sheet.

A number of other cash processing services are provided to customers, such as the sale and purchase of physical cash balances, and the replenishment of ATMs and similar machines from customer funds held in Group bank accounts. Such funds, which are generally settled within two working days, are classified as "funds within cash processing operations", along with the related balances due to and from customers in respect of unsettled transactions, and are included gross within the relevant balance sheet classifications.

The Consolidated statement of financial position as at 31 December 2015 has been re-presented in respect of such "funds within cash processing operations", as follows:

| Funds within cash processing operations | 2016 £m | 2015 £m |
|---|---|---|
| Stocks of money, included within cash and cash equivalents | 95 | 94 |
| Overdraft facilities related to cash processing operations, included within bank overdrafts | (22) | (25) |
| Liabilities to customers in respect of cash processing operations, included within trade and other payables | (83) | (77) |
| Receivables from customers in respect of cash processing operations, included within trade and other receivables | 10 | 8 |
| **Funds within cash processing operations (net)** | – | – |

## 26. Cash, cash equivalents and bank overdrafts *continued*

Whilst such cash and bank balances are not formally restricted by legal title, they are restricted by the Group's own internal policies such that they cannot be used for the purposes of the Group's own operations. For the purposes of the Group's Consolidated statement of cash flow, funds within cash processing operations are therefore recorded net of the related balances due to and from customers in respect of unsettled transactions, within cash, cash equivalents and bank overdrafts, and hence have no impact on the Group's statutory cash flow.

A reconciliation of cash, cash equivalents and bank overdrafts at the end of the year per the Consolidated statement of financial position to the corresponding balances included within the Consolidated statement of cash flow is as follows:

| | 2016 £m | 2015 £m |
|---|---|---|
| Cash and cash equivalents in the Consolidated statement of financial position | 851 | 593 |
| Bank overdrafts in the Consolidated statement of financial position | (93) | (122) |
| Cash, cash equivalents and bank overdrafts included within disposal groups classified as held for sale | 7 | 5 |
| **Total cash, cash equivalents and bank overdrafts** | **765** | 476 |
| Add: | | |
| Liabilities to customers in respect of cash processing operations, included within trade and other payables | (83) | (77) |
| Receivables from customers in respect of cash processing operations, included within trade and other receivables | 10 | 8 |
| **Cash, cash equivalents and bank overdrafts at the end of the year in the Consolidated statement of cash flow** | **692** | 407 |

Cash and cash equivalents comprise principally short-term money market deposits, current account balances and Group-owned cash held in ATM machines. At 31 December 2016 cash and cash equivalents earned interest at a weighted-average rate of 0.6% (2015: 0.8%). The credit risk on cash and cash equivalents is limited because wherever possible, and in accordance with Group Treasury policy, the cash is placed with bank counterparties that hold investment grade credit ratings assigned by international credit-rating agencies.

The Consolidated statement of financial position as at 31 December 2015 has been re-presented to show the impact of adopting the new IFRIC agenda decision issued in April 2016 regarding cash pooling. This resulted in an increase to cash and cash equivalents and an increase to overdrafts of £56m as at 31 December 2015.

Cash and cash equivalents of £95m (2015: £69m) are held by the Group's wholly-owned captive insurance subsidiaries. Their use is restricted to the settlement of claims against the Group's captive insurance subsidiaries.

## 27. Bank overdrafts, bank loans and loan notes

| | 2016 £m | 2015 £m |
|---|---|---|
| Bank overdrafts | 93 | 122 |
| Bank loans | 20 | 399 |
| Loan notes* | 2,392 | 1,774 |
| **Total bank overdrafts, bank loans and loan notes** | **2,505** | 2,295 |
| | | |
| The borrowings are repayable as follows: | | |
| On demand or within one year | 786 | 222 |
| In the second year | 659 | 588 |
| In the third to fifth years inclusive | 536 | 1,078 |
| After five years | 524 | 407 |
| **Total bank overdrafts, bank loans and loan notes** | **2,505** | 2,295 |
| | | |
| **Less: Amount due for settlement within 12 months (shown under current liabilities):** | | |
| Bank overdrafts | (93) | (122) |
| Bank loans | (16) | (75) |
| Loan notes | (677) | (25) |
| | (786) | (222) |
| **Amount due for settlement after 12 months (shown under non-current liabilities)** | **1,719** | 2,073 |

* Loan notes include £675m (2015: £611m) of private loan notes and £1,717m (2015: £1,163m) of public loan notes.

The Consolidated statement of financial position as at 31 December 2015 has been re-presented to show the impact of adopting the new IFRIC agenda decision issued in April 2016 regarding cash pooling. This resulted in an increase to cash and cash equivalents and an increase to overdrafts of £56m as at 31 December 2015.

Analysis of bank overdrafts, bank loans and loan notes by currency is as follows:

| | Sterling £m | Euros £m | US dollars £m | Others £m | Total £m |
|---|---|---|---|---|---|
| Bank overdrafts | **1** | **10** | **50** | **32** | **93** |
| Bank loans | **–** | **–** | **6** | **14** | **20** |
| Loan notes | **395** | **1,366** | **631** | **–** | **2,392** |
| **At 31 December 2016** | **396** | **1,376** | **687** | **46** | **2,505** |
| | | | | | |
| Bank overdrafts | 44 | 10 | 17 | 51 | 122 |
| Bank loans | 215 | – | 170 | 14 | 399 |
| Loan notes | 421 | 812 | 541 | – | 1,774 |
| At 31 December 2015 | 680 | 822 | 728 | 65 | 2,295 |

Of the borrowings in currencies other than sterling, £1,198m (2015: £991m) is designated as a net-investment hedge.

The weighted-average interest rates on bank overdrafts, bank loans and loan notes at 31 December 2016, adjusted for hedging, were as follows:

| | **2016 %** | 2015 % |
|---|---|---|
| Bank overdrafts | **3.8** | 1.8 |
| Bank loans* | **–** | 1.8 |
| Private loan notes | **4.1** | 3.9 |
| Public loan notes | **3.5** | 4.1 |

* There were no material bank loans in place at 31 December 2016.

At 31 December 2016, the Group's committed bank borrowings comprised a £1bn multi-currency revolving credit facility with £964m maturing in January 2022 and the remainder in January 2021. At 31 December 2016, this committed facility was undrawn. Interest on all committed bank borrowing facilities is at prevailing LIBOR or EURIBOR rates (with a floor of zero), dependent upon the period of drawdown, plus an agreed margin, and re-priced within one year or less.

Borrowing at floating rates exposes the Group to cash-flow interest rate risk. The management of this risk is discussed in note 31.

The Group's main sources of finance and their applicable rates as of 31 December 2016 are set out below:

| | | | | Year of redemption and amounts (£m)[b] | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Debt instrument/ Year of issue** | Nominal amount[a] | Issued interest rate | Post-hedging average interest rate | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total |
| US PP 2008 | £44m | 7.56% | 6.59% | | 44 | | | | | | **44** |
| US PP 2007 | US$450m | 5.86% - 6.06% | 1.86% | 162 | | 117 | | | 85 | | **364** |
| Public Bond May 2012 | €600m | 2.875% | 3.12% | 501 | | | | | | | **501** |
| US PP 2008 | US$298.5m | 6.78% - 6.88% | 6.90% | | 166 | | 60 | | | | **226** |
| Public Bond Dec 2012 | €500m | 2.625% | 2.65% | | 412 | | | | | | **412** |
| Public Bond 2009 | £350m | 7.75% | 6.82% | | | 350 | | | | | **350** |
| Eurobond 2016 | €500m | 1.5% | 2.25% | | | | | | | 440 | **440** |
| Revolving Credit Facility 2015 | £1bn (multi curr) | Undrawn | – | | | | | | | | **–** |
| | | | | **663** | **622** | **467** | **60** | **–** | **85** | **440** | **2,337** |

a. Nominal debt amount. For fair value carrying amount see note 31.

b. Applying foreign exchange rates at 31 December 2016 or hedged foreign exchange rates where applicable.

## 27. Bank overdrafts, bank loans and loan notes *continued*

The Group's average cost of gross borrowings in 2016, net of interest hedging, was 3.9% (2015: 4.0%).

In November 2016 the Group issued a €500m Eurobond. The bond matures in January 2023 and pays an annual coupon of 1.5%.

The committed bank facilities and the private loan notes are subject to one financial covenant (net debt to EBITDA ratio where EBITDA is calculated as Group PBITA plus depreciation and amortisation of non-acquisition related intangible assets) and non-compliance with the covenant may lead to an acceleration of maturity. The Group complied with the financial covenant throughout the year to 31 December 2016 and the year to 31 December 2015. The Group has not defaulted on, or breached the terms of, any material loans during the year.

Bank overdrafts, bank loans, the loan notes issued in July 2008 (with the exception of £44m), €510m of the loan notes issued in May 2012, €380m of the loan notes issued in December 2012 and the loan notes issued in November 2016 are stated at amortised cost. The loan notes issued in March 2007, £44m of the loan notes issued in July 2008, the loan notes issued in May 2009, €90m of the loan notes issued in May 2012 and €120m of the loan notes issued in December 2012 are stated at amortised cost but are designated in a fair-value hedge relationship which has a fair-value adjustment in relation to the hedged interest-rate risk.

Cross-currency swaps with a nominal value of US$50m (£41m) relating to the loan notes issued in July 2008 have a fair-value mark-to-market gain of £16m (2015: gain £9m), predominantly resulting from fixing the sterling value of this portion of the loan notes at an exchange rate of 1.975 and partly from fixing the sterling and US dollar interest rates.

Cross-currency swaps with a nominal value of €325m (£278m) relating to the loan notes issued in May 2012 have a fair-value mark-to-market gain of £12m (2015: loss £26m), predominantly resulting from fixing the sterling value of this portion of the loan notes at an exchange rate of 1.222 and partly from fixing the sterling and euro interest rates.

Cross-currency swaps with a nominal value of €350m (£299m) relating to the loan notes issued in December 2012 have a fair-value mark-to-market gain of £20m (2015: loss £19m), predominantly resulting from fixing the sterling value of this portion of the loan notes at an exchange rate of 1.233 and partly from fixing the sterling and euro interest rates.

Cross-currency swaps with a nominal value of €270m (£231m) relating to the loan notes issued in November 2016 have a fair-value mark-to-market loss of £17m, predominantly resulting from fixing the sterling value of this portion of the loan notes at an exchange rate of 1.109 and partly from fixing the sterling and euro interest rates.

## 28. Obligations under finance leases

| | **Minimum lease payments 2016 £m** | Minimum lease payments 2015 £m | **Present value of minimum lease payments 2016 £m** | Present value of minimum lease payments 2015 £m |
|---|---|---|---|---|
| **Amounts payable under finance leases:** | | | | |
| Within one year | **22** | 23 | **20** | 20 |
| In the second to fifth years inclusive | **36** | 45 | **35** | 43 |
| After five years | **2** | 1 | **2** | 1 |
| | **60** | 69 | **57** | 64 |
| Less: future finance charges on finance leases | **(3)** | (5) | | |
| **Present value of lease obligations** | **57** | 64 | | |
| Less: amount due for settlement within 12 months (shown under current liabilities) | | | **(20)** | (19) |
| **Amount due for settlement after 12 months (shown under non-current liabilities)** | | | **37** | 45 |

The Group leases certain of its fixtures and equipment under finance leases. The weighted-average lease term is six years (2015: seven years). For the year ended 31 December 2016, the weighted-average effective borrowing rate was 5.7% (2015: 6.3%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

## 29. Trade and other payables

| | Notes | 2016 £m | 2015 £m |
|---|---|---|---|
| **Within current liabilities:** | | | |
| Trade creditors | | **252** | 164 |
| Amounts due to construction contract customers | 24 | **3** | 1 |
| Other taxation and social security costs | | **204** | 172 |
| Holiday pay and other wage-related accruals | | **373** | 320 |
| Liabilities to customers in respect of cash processing operations | 26 | **83** | 77 |
| Other creditors | | **61** | 73 |
| Other accruals | | **203** | 216 |
| Deferred income | | **76** | 66 |
| Derivative financial instruments at fair value | 30 | **5** | 23 |
| **Total trade and other payables included within current liabilities** | | **1,260** | 1,112 |
| | | | |
| **Within non-current liabilities:** | | | |
| Derivative financial instruments at fair value | 30 | **14** | 38 |
| Other creditors | | **16** | 3 |
| **Total trade and other payables included within non-current liabilities** | | **30** | 41 |

Trade and other payables comprise principally amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases for continuing operations is 35 days (2015: 31 days).

## 30. Derivative financial instruments

The carrying values of derivative financial instruments at the balance sheet date are presented below:

| | Assets 2016 £m | Assets 2015 £m | Liabilities 2016 £m | Liabilities 2015 £m |
|---|---|---|---|---|
| Forward foreign-exchange contracts | **1** | – | **1** | – |
| Cross-currency swaps designated as cash-flow hedges | **48** | 9 | **17** | 45 |
| Interest-rate swaps designated as cash-flow hedges | **–** | – | **1** | 1 |
| Interest-rate swaps designated as fair-value hedges | **27** | 52 | **–** | 12 |
| Commodity swaps | **–** | – | **–** | 3 |
| | **76** | 61 | **19** | 61 |
| Less: non-current portion | **(53)** | (50) | **(14)** | (38) |
| Current portion | **23** | 11 | **5** | 23 |

Derivative financial instruments are stated at fair value, measured using techniques consistent with Level 2 of the valuation hierarchy (inputs other than quoted prices in active markets that are observable for the asset and liability, either directly or indirectly). The source of the market prices is Bloomberg and in addition the third party relationship counterparty banks. The relevant currency yield curve is used to forecast the floating-rate cash flows anticipated under the instrument which are discounted back to the balance sheet date. This value is compared to the original transaction value giving a fair value of the instrument at the balance sheet date.

The mark-to-market valuation of the derivatives has improved by £57m during the year, predominantly as a result of sterling weakness driving up the value of the cross-currency swaps.

## 30. Derivative financial instruments *continued*

The interest-rate, cross-currency, foreign-exchange and commodity swaps treated as cash-flow or net-investment hedges have the following maturities:

| | Assets 2016 £m | Assets 2015 £m | Liabilities 2016 £m | Liabilities 2015 £m |
|---|---|---|---|---|
| Within one year | 12 | – | 1 | 4 |
| In the second year | 36 | – | – | 26 |
| In the third year | – | 9 | – | 19 |
| In the fourth year | – | – | 1 | – |
| In the fifth year or greater | – | – | 17 | – |
| **Total carrying value** | 48 | 9 | 19 | 49 |

The projected settlement of cash flows (including accrued interest) associated with derivatives treated as cash-flow hedges is as follows:

| | Assets 2016 £m | Assets 2015 £m | Liabilities 2016 £m | Liabilities 2015 £m |
|---|---|---|---|---|
| Within one year | 16 | – | 5 | 9 |
| In the second year | 35 | – | 4 | 22 |
| In the third year | – | 9 | 4 | 15 |
| In the fourth year | – | – | 3 | – |
| In the fifth year or greater | – | – | 3 | – |
| **Total cash flows** | 51 | 9 | 19 | 46 |

## 31. Financial risk

### Capital management

The second extension option in the Group's £1bn multi-currency revolving credit facility was exercised during the year by all but one of the sixteen participant banks, extending the maturity date on £964m of the facility to 7 January 2022. The remaining £36m matures on 7 January 2021. The Group issued a new €500m Eurobond in November 2016. The bond matures in January 2023 and pays an annual coupon of 1.5%.

In August 2016, Standard & Poor's affirmed the Group's long-term credit rating of BBB- (negative). The Group will continue to manage its capital structure so that it retains an investment grade rating.

The Group's policy is to maintain a net debt to EBITDA ratio of less than 2.5x. At the end of 2016 the ratio was 2.8x (2015: 3.4x) showing progress towards the target, despite sterling falling sharply following the result of the UK referendum on EU membership in June 2016.

At 31 December 2016 the Group had no drawings from its committed £1bn bank facility. The next debt maturities are US$200m of US Private Placement debt maturing in March 2017 and a €600m Eurobond maturing in May 2017. Overall the debt portfolio has a medium to long-term debt maturity profile. The Group is currently well placed to access finance from the debt capital markets and the bank market if required. Borrowings are principally in sterling, US dollars and Euros reflecting the geographies of significant operational assets and profits.

### Liquidity risk

The Group mitigates liquidity risk by ensuring there are sufficient undrawn committed facilities available to it. For more details of the Group's bank overdrafts, bank loans and loan notes see note 27.

The percentage of available but undrawn committed facilities during the course of the year was as follows:

| | |
|---|---|
| 31 December 2015 | 25% |
| 31 March 2016 | 20% |
| 30 June 2016 | 12% |
| 30 September 2016 | 19% |
| 31 December 2016 | 30% |

To reduce re-financing risk, Group Treasury obtains finance with a range of maturities and hence minimises the impact of a single material source of finance terminating on a single date.

Re-financing risk is further reduced by Group Treasury opening negotiations to either replace or extend any major medium-term facility at least 12 months before its termination date.

### Maturity profile of loans and borrowings

The contractual maturities of financial assets and liabilities, together with the carrying amounts in the Consolidated statement of financial position, including interest payments, estimated based on expectations at the reporting date, are shown, subtotalled by category, below:

| 31 December 2016 | Notes | Carrying amount £m | Fair value £m | Total contractual cash flows £m | Within 1 year £m | 2-5 years £m | Over 5 years £m |
|---|---|---|---|---|---|---|---|
| Investments | 22 | 44 | 44 | 44 | 44 | – | – |
| Derivative financial instruments (interest-rate swaps) | 30 | 27 | 27 | 49 | 30 | 18 | 1 |
| Derivative financial instruments (foreign-exchange forwards) | 30 | 1 | 1 | 1 | 175+(174) | – | – |
| **Financial assets designated at fair value through profit or loss** | | 72 | 72 | 94 | 75 | 18 | 1 |
| Derivative financial instruments (cross-currency swaps) | 30 | 48 | 48 | 51 | 296+(280) | 355+(320) | – |
| **Financial assets designated as cash-flow hedges** | | 48 | 48 | 51 | 16 | 35 | – |
| Net trade receivables and accrued income | 23 | 1,146 | 1,146 | 1,146 | 1,146 | – | – |
| Cash and cash equivalents** | 26 | 756 | 756 | 756 | 756 | – | – |
| **Loans and receivables** | | 1,902 | 1,902 | 1,902 | 1,902 | – | – |
| Loan notes (issued May 2009, 7.75%, maturing 2019) | 27 | (351) | (398) | (431) | (27) | (404) | – |
| Loan notes (issued March 2007, 5.86%-6.06%, maturing 2017-22) | 27 | (389) | (381) | (420) | (184) | (148) | (88) |
| **Financial liabilities designated as fair-value hedges** | | (740) | (779) | (851) | (211) | (552) | (88) |
| Derivative financial instruments (cross-currency swaps) | 30 | (17) | (17) | (17) | 1+(5) | 14+(27) | 254+(254) |
| Derivative financial instruments (interest-rate swaps) | 30 | (1) | (1) | (1) | – | (1) | – |
| Derivative financial instruments (foreign-exchange forwards) | 30 | (1) | (1) | (1) | 34+(35) | – | – |
| **Financial liabilities designated as cash-flow hedges** | | (19) | (19) | (19) | (5) | (14) | – |
| Loan notes (issued July 2008, 6.78%-7.56%, maturing 2018-20)* | 27 | (286) | (306) | (334) | (20) | (314) | – |
| Loan notes (issued May 2012, 2.875%, maturing 2017)* | 27 | (513) | (518) | (527) | (527) | – | – |
| Loan notes (issued December 2012, 2.625%, maturing 2018)* | 27 | (428) | (446) | (450) | (11) | (439) | – |
| Loan notes (issued November 2016, 1.5%, maturing 2023) | 27 | (425) | (429) | (459) | (6) | (26) | (427) |
| Bank loans | 27 | (20) | (20) | (20) | (16) | (4) | – |
| Bank overdrafts** | 27 | (71) | (71) | (71) | (71) | – | – |
| Finance lease liabilities | 28 | (57) | (57) | (57) | (20) | (37) | – |
| Trade creditors | 29 | (252) | (252) | (252) | (252) | – | – |
| **Financial liabilities measured at amortised cost** | | (2,052) | (2,099) | (2,170) | (923) | (820) | (427) |

* £44m of July 2008 loan notes, €90m (£77m) of May 2012 loan notes and €120m (£103m) of December 2012 loan notes are held in fair-value hedge relationships.

** Excluding cash and overdraft balances in respect of cash processing operations (see note 26).

Note: In the table above, certain values are presented gross, to show both the asset and the liability.

## 31. Financial risk *continued*

| 31 December 2015 | Notes | Carrying amount £m | Fair value £m | Total contractual cash flows £m | Within 1 year £m | 2-5 years £m | Over 5 years £m |
|---|---|---|---|---|---|---|---|
| Investments | 22 | 49 | 49 | 49 | 49 | – | – |
| Derivative financial instruments (interest-rate swaps) | 30 | 40 | 40 | 61 | 19 | 39 | 3 |
| Financial assets designated at fair value through profit or loss | | 89 | 89 | 110 | 68 | 39 | 3 |
| | | | | | | | |
| Derivative financial instruments (foreign-exchange forwards) | 30 | – | – | – | 5+(5) | – | – |
| Derivative financial instruments (cross-currency swaps) | 30 | 9 | 9 | 9 | 2+(2) | 37+(28) | – |
| Financial assets designated as cash-flow hedges | | 9 | 9 | 9 | – | 9 | – |
| | | | | | | | |
| Net trade receivables and accrued income | 23 | 1,081 | 1,081 | 1,081 | 1,081 | – | – |
| Cash and cash equivalents** | 26 | 499 | 499 | 499 | 499 | – | – |
| Loans and receivables | | 1,580 | 1,580 | 1,580 | 1,580 | – | – |
| | | | | | | | |
| Loan notes (issued May 2009, 7.75%, maturing 2019) | 27 | (352) | (404) | (459) | (27) | (432) | – |
| Loan notes (issued March 2007, 5.86%-6.06%, maturing 2017-22) | 27 | (339) | (329) | (366) | (18) | (270) | (78) |
| Financial liabilities designated as fair-value hedges | | (691) | (733) | (825) | (45) | (702) | (78) |
| | | | | | | | |
| Derivative financial instruments (cross-currency swaps) | 30 | (45) | (45) | (43) | 14+(19) | 534+(572) | – |
| Derivative financial instruments (interest-rate swaps) | 30 | (1) | (1) | (1) | (1) | – | – |
| Derivative financial instruments (commodity swaps) | 30 | (3) | (3) | (3) | (3) | – | – |
| Financial liabilities designated as cash-flow hedges | | (49) | (49) | (47) | (9) | (38) | – |
| | | | | | | | |
| Loan notes (issued July 2008, 6.78%-7.56%, maturing 2016-20)* | 27 | (272) | (300) | (332) | (44) | (288) | – |
| Loan notes (issued May 2012, 2.875%, maturing 2017)* | 27 | (442) | (456) | (468) | (13) | (455) | – |
| Loan notes (issued December 2012, 2.625%, maturing 2018)* | 27 | (369) | (388) | (398) | (10) | (388) | – |
| Bank loans | 27 | (399) | (399) | (399) | (75) | (324) | – |
| Bank overdrafts** | 27 | (97) | (97) | (97) | (97) | – | – |
| Finance lease liabilities | 28 | (64) | (64) | (64) | (19) | (45) | – |
| Trade creditors | 29 | (164) | (164) | (164) | (164) | – | – |
| Financial liabilities measured at amortised cost | | (1,807) | (1,868) | (1,922) | (422) | (1,500) | – |

* £44m of July 2008 loan notes, €90m (£66m) of May 2012 loan notes and €120m (£89m) of December 2012 loan notes were held in fair value hedge relationships.

** Excluding cash and overdraft balances in respect of cash processing operations (see note 26).

Note: In the table above, certain values are presented gross, to show both the asset and the liability.

The gross cash flows disclosed in the tables above represent the contractual undiscounted cash flows relating to derivative financial assets and liabilities held for risk management purposes and which are usually not closed out before contractual maturity. The disclosure shows the net cash-flow amount for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement – e.g. forward-exchange contracts.

### Market risk

*Currency risk and forward foreign-exchange contracts*

The Group conducts business in many currencies. Transaction risk is limited since, wherever possible, each business operates and conducts its financing activities in local currency. However, the Group presents its consolidated financial statements in sterling and it is in consequence subject to foreign-exchange risk due to the translation of the results and net assets of its foreign subsidiaries.

Treasury policy is to manage significant translation risks in respect of net operating assets and its consolidated net debt/EBITDA ratio by holding foreign currency denominated loans where possible and to a lesser extent foreign-exchange-forward transactions. The Group has hedged a substantial proportion of its exposure to fluctuations in the translation into sterling of its overseas net assets through these instruments.

Translation adjustments arising on the translation of foreign currency loans and the foreign-exchange-forward transactions meeting hedge accounting criteria are recognised in equity to match translation adjustments on foreign currency equity investments as they qualify as net-investment hedges with no residual impact to equity. At 31 December 2016 short-dated foreign-exchange-forward transactions which did not meet hedge accounting criteria were in place. These transactions mature on 3 January 2017, have a nominal value of £175m, and a mark-to-market fair value gain of £1m. This mark-to-market gain was recognised in the Consolidated income statement.

At 31 December 2016, the Group's US dollar and Euro net assets were approximately 80% and 93% respectively hedged by foreign currency loans and foreign-exchange-forward transactions (2015: US dollar 83%, Euro 90%).

Cross-currency swaps with a nominal value of £25m are in place hedging the foreign currency risk on US$50m of the second US Private Placement notes issued in July 2008, effectively fixing the sterling value of this portion of debt at an exchange rate of 1.9750.

Cross-currency swaps with a nominal value of £266m were arranged to hedge the foreign currency risk on €325m of the Euro public notes issued in May 2012, effectively fixing the sterling value of this portion of debt at an exchange rate of 1.2217.

Cross-currency swaps with a nominal value of £284m were arranged to hedge the foreign currency risk on €350m of the Euro public notes issued in December 2012, effectively fixing the sterling value of this portion of debt at an exchange rate of 1.2332.

Cross-currency swaps with a nominal value of £244m were arranged to hedge the foreign currency risk on €270m of the Euro public notes issued in November 2016, effectively fixing the sterling value of this portion of debt at an exchange rate of 1.1088.

Assuming the 2016 US dollar and the Euro foreign exchange rate market movements against sterling in 2015 were repeated in 2016, the fair value net gain on the cross-currency swaps which hedge part of the currency loan notes would be expected to increase by £99m.

*Interest-rate risk and interest-rate swaps*

Much of the Group's debt is issued at fixed rate, but to the extent there is borrowing at floating rates as described in note 27, the Group is exposed to cash-flow interest-rate risk, which the Group manages within policy limits approved by the directors. Interest-rate swaps and, to a limited extent, forward-rate agreements are utilised to fix the interest rate on a proportion of borrowings on a reducing scale over forward periods up to a maximum of five years. At 31 December 2016 the nominal value of such contracts was £nil (in respect of US dollar) (2015: £109m) and £60m (in respect of Euro) (2015: £52m); their weighted-average interest rate was 0.6% (Euro) (2015: 0.6% Euro, 1.3% US dollar), and their weighted-average period to maturity was three years four months (2015: two years). All the interest-rate hedging instruments are designated and fully effective as cash-flow hedges and movements in their fair value have been deferred in equity.

The US Private Placement market is predominantly a fixed-rate market, with investors preferring a fixed-rate return over the life of the loan notes. At the time of the first issue in March 2007, the Group was comfortable with the proportion of floating rate exposure not hedged by interest-rate swaps and therefore rather than take on a higher proportion of fixed-rate debt arranged fixed to floating swaps effectively converting the fixed coupon on the Private Placement to a floating rate. Following the swaps the resulting average coupon on the US Private Placement is LIBOR + 60bps. These swaps have been documented as fair value hedges of the US Private Placement fixed interest loan notes, with the movements in their fair value recognised in the Consolidated income statement at the same time as the movement in the fair value of the hedged item.

The interest on the US Private Placement notes issued in July 2008, the sterling public notes issued in May 2009, €510m of the Euro public notes issued in May 2012, €380m of the Euro public notes issued in December 2012 and the Euro public notes issued in November 2016 was initially kept at fixed rate. In April 2014, the interest rate on £44m of the US Private Placement notes issued in July 2008 and on all the GBP public notes issued in May 2009 was swapped from fixed to floating for a period of three years using derivatives.

All four public notes have a coupon step up of 1.25% which is triggered should the credit rating of G4S plc fall below investment grade.

The core group borrowings are held in US dollars, Euros and sterling. Although the impact of rising interest rates is largely shielded by fixed-rate loans and interest-rate swaps which provide certainty on the vast majority of the exposure, some interest-rate risk remains. A 1% increase in interest rates across the yield curve in each of these currencies with the 31 December 2016 debt position constant throughout 2017, would lead to an expectation of an additional interest charge of £10m in the 2017 financial year.

## 31. Financial risk *continued*

### *Commodity risk and commodity swaps*

The Group's principal commodity risk relates to the fluctuating level of diesel prices, particularly affecting its Cash Solutions businesses. Commodity swaps and commodity options are on occasions used to fix synthetically part of the exposure and reduce the associated cost volatility. The hedging programme is under evaluation and as a consequence there was no commodity hedging in place at 31 December 2016.

### Counterparty credit risk

The Group's strategy for credit risk management is to set minimum credit ratings for counterparties and monitor these on a regular basis.

For treasury-related transactions, the policy limits the aggregate credit risk assigned to a counterparty. The utilisation of a credit limit is calculated by applying a weighting to the notional value of each transaction outstanding with each counterparty based on the type and duration of the transaction. The total mark-to-market value outstanding with each counterparty is also closely monitored against policy limits assigned to each counterparty. For short-term transactions (under one year), at inception of the transaction, the financial counterparty must be investment grade rated by either the Standard & Poor's or Moody's rating agencies. For long-term transactions, at inception of the transaction, unless otherwise approved, the financial counterparty must have a minimum rating of BBB+/Baa1 from Standard & Poor's or Moody's.

Treasury transactions are dealt with through the Group's relationship banks, all of which have a strong investment grade rating. At 31 December 2016 the largest two counterparty exposures related to treasury transactions were £22m and £16m and both were held with institutions with a long-term Standard & Poor's credit rating of A. These exposures represent 29% and 21% of the carrying values of the treasury transactions, with a fair value gain at the balance sheet date. Both of these banks had significant loan commitments outstanding to G4S plc at 31 December 2016.

The Group operates a multi-currency notional pooling cash management system with a wholly-owned subsidiary of an A-rated bank. At year end, credit balances of £135m were pooled with debit balances of £59m, resulting in a net pool credit balance of £76m. There is a legal right of set-off under the pooling agreement and an overdraft facility of £3m. Following the IFRS IC (IFRIC) agenda decision issued in April 2016 regarding cash pooling, the cash and overdraft balances in the cash pool are represented gross in the Consolidated statement of financial position.

At an operating level the minimum investment grade rating criteria applies. Exceptionally, where required by local country circumstances, counterparties with no rating or a non-investment grade rating can be approved as counterparties for a period of up to 12 months. Due to the Group's global geographical footprint and exposure to multiple industries, there is minimal concentration risk.

## 32. Retirement benefit obligations

The Group operates a wide range of retirement benefit arrangements which are established in accordance with local conditions and practices within the countries concerned. These include funded defined contribution, multi-employer and funded and unfunded defined benefit schemes.

### Defined contribution arrangements

The majority of the retirement benefit arrangements operated by the Group are of a defined contribution structure, where the employer contribution and resulting income statement charge is fixed at a set level or is a set percentage of employees' pay. Contributions made to defined contribution schemes in 2016 and charged to the Consolidated income statement totalled £77m (2015: £96m).

In the UK, following the closure of the defined benefit schemes to new entrants in 2004, the main scheme for new employees is a contracted-in defined contribution scheme.

### Multi-employer arrangement

In the Netherlands, most employees are members of the Security Industry Wide Pension Fund (IWPF). This is a career-average defined benefit plan. Pensionable salary is subject to a cap, and minus an offset that reflects social security levels. Withdrawal from the scheme is only possible under certain strict conditions determined by Dutch law and by the pension fund board of the IWPF.

The plan is funded by a premium that is set by the IWPF board in line with the financing rules that state that the premium should cover the cost of the annual accrual of pension benefits. Historically, the premium has been 30% of pensionable salaries and the employer pays 60% of this premium and the employees the remaining 40%.

The financing rules specify that an employer is not obliged to pay any further premiums in respect of previously accrued benefits. This means that in case of insufficient funding, the benefits of participants could, in theory, be reduced. The current solvency ratio is 95.0% (December 2016). The required solvency ratio according to Dutch law is 124.3% (as at 31 December 2016). Should a surplus appear within the scheme the board will decide if a reduction in premium is possible although this would only be possible at much higher solvency levels.

Premiums paid to the scheme by the Group and charged to the Consolidated income statement in 2016 totalled £5m (2015: £7m). The estimated premium expected to be paid to the scheme during the financial year commencing 1 January 2017 in respect of the on-going accrual of benefits is approximately £5m.

The scheme is not accounted for as a defined benefit scheme under IAS 19 – Employee Benefits as it is not possible to identify the Group's share of the scheme's assets and liabilities. As a result, and in line with general practice for such schemes, the scheme is accounted for as if it were a defined contribution scheme under IAS 19.

The Netherlands Cash Solutions Pension Plan ("the Cash Solutions scheme") is a separate scheme operated by the Group but is required to provide benefits at least equivalent to the IWPF, and in particular pension increases in payment and deferment, as well as revaluation of active members' rights in the Cash Solutions scheme have to follow the multi-employer scheme (which applies a conditional approach).

At the end of December 2015, liability for future pension accrual in respect of the Cash Solutions scheme was transferred to the IWPF, resulting in a curtailment gain of £5m. Past service accruals remained with the Cash Solutions scheme – the scheme is insured so longevity risk on the base level of insured pension (that is before increases) is carried by the insurer, and any bonuses from the insurer's returns may defray the cost of pension increases. Accordingly, there is a counterparty risk against the insurer.

### Defined benefit arrangements

The Group operates several funded defined retirement benefit schemes where the benefits are based on employees' length of service. Whilst the Group's primary scheme is in the UK, it also operates the Cash Solutions scheme in the Netherlands and other less material plans elsewhere. Under funded arrangements, the assets of defined benefit schemes are held in separate trustee-administered funds or similar structures in the countries concerned.

The amounts recognised in the Consolidated income statement in relation to the material funded schemes are included within the following categories:

| | **2016 £m** | 2015 £m |
|---|---|---|
| Cost of sales | **4** | 7 |
| Administration expenses | **2** | 2 |
| Specific items credit | **–** | (5) |
| Net finance costs | **7** | 9 |
| **Total for material funded defined benefit schemes** | **13** | 13 |

The £5m specific item credit in 2015 relates to the curtailment gain on the transfer of the future pension accrual of the Netherlands Cash Solutions scheme to the Security Industry Wide Fund.

There are also various less material unfunded arrangements, for which the Group does not hold related assets separate from the Group. In aggregate, other unfunded arrangements incurred £nil (2015: £1m) of costs within cost of sales, and £3m (2015: £3m) within finance costs, and recognised a £5m (2015: £3m) actuarial loss within other comprehensive income.

The defined benefit obligations (DBO) and assets for defined benefit schemes are as follows:

| **2016** | **DBO £m** | **Assets £m** | **(Deficit)/surplus £m** |
|---|---|---|---|
| **UK sections:** | | | |
| Securicor | **(1,957)** | **1,655** | **(302)** |
| Group 4 | **(430)** | **337** | **(93)** |
| GSL | **(272)** | **347** | **75** |
| **Total UK** | **(2,659)** | **2,339** | **(320)** |
| Netherlands | **(81)** | **60** | **(21)** |
| **Total for material funded defined benefit schemes** | **(2,740)** | **2,399** | **(341)** |
| Total provision for unfunded and other funded defined benefit schemes | | | **(96)** |
| **Total provision for all defined benefit schemes** | | | **(437)** |

| 2015 | DBO £m | Assets £m | (Deficit)/surplus £m |
|---|---|---|---|
| UK sections: | | | |
| Securicor | (1,642) | 1,448 | (194) |
| Group 4 | (362) | 291 | (71) |
| GSL | (214) | 290 | 76 |
| Total UK | (2,218) | 2,029 | (189) |
| Netherlands | (63) | 47 | (16) |
| Total for material funded defined benefit schemes | (2,281) | 2,076 | (205) |
| Total provision for unfunded and other funded defined benefit schemes | | | (74) |
| Total provision for all defined benefit schemes | | | (279) |

## 32. Retirement benefit obligations *continued*

### UK defined benefit scheme

The defined benefit scheme in the UK accounts for 94% (2015: 92%) of the net balance sheet liability for material funded defined retirement benefit schemes. It comprises three sections: the Group 4 section which is the pension scheme demerged from the former Group 4 Falck A/S, the Securicor section, for which the Group assumed responsibility on 20 July 2004 with the acquisition of Securicor plc, and the GSL section, for which the Group assumed responsibility on 12 May 2008 with the acquisition of GSL.

The UK scheme is closed to future accrual apart from some sub-sections of the GSL section, and for most members defines the pension based on final salary. Certain sub-sections of the GSL section have historically remained open to provide a facility to accept former public-sector employees who join the Group through outsourcings. In the Group 4 and Securicor sections, members retain their link to final salary where appropriate on their benefits accrued up to closure in 2011.

As at the latest actuarial funding valuation the participants of the UK pension scheme sections can be analysed as follows:

| At 5 April 2015 | Group 4 section | GSL section | Securicor section | Total |
|---|---|---|---|---|
| Active participants | | | | |
| • Number | – | 607 | – | **607** |
| • Average age | N/A | 49.0 | N/A | **49.0** |
| Deferred participants | | | | |
| • Number | 3,653 | 1,236 | 8,535 | **13,424** |
| • Average age | 52.0 | 51.0 | 53.0 | **52.5** |
| Pensioner participants | | | | |
| • Number | 3,346 | 883 | 9,551 | **13,780** |
| • Average age | 71.0 | 65.0 | 69.0 | **69.2** |

There is a mix of fixed and inflation-dependent pension increases (in payment and deferment) which vary from member to member according to their membership history and the section of the scheme.

The discounted weighted-average duration of the accrued liabilities of the sections are respectively 17 years (Group 4 section), 20 years (GSL section) and 18 years (Securicor section). As at 31 December 2015 the discounted weighted-average duration of the accrued liabilities of the sections were 16 years (Group 4 section), 18 years (GSL section) and 17 years (Securicor section).

The scheme is set up under UK law and governed by a Trustee company which is responsible for the scheme's investments, administration and management. The Board of the Trustee company is comprised of an independent chairman and further independent, Group and scheme membership representatives.

The current schedule of deficit recovery contributions provides for a contribution of approximately £40m during 2017. In addition, the Company has pledged a share of any material disposal proceeds to the pension scheme (to be shared in the same proportion as the pension scheme deficit bears to overall group indebtedness) and has agreed that additional contributions would be made in the event that the average annual dividend payment to ordinary shareholders over the three financial years 2016, 2017 and 2018 exceeds a certain threshold or in the event that the Company makes a significant special dividend payment (or equivalent capital return), to its ordinary shareholders over the same period.

A funding valuation is carried out for the scheme's Trustee every three years by an independent firm of actuaries. Depending on the outcome of that valuation a schedule of future contributions is negotiated; the Group has guaranteed any contributions due from its subsidiaries.

Following completion of the latest triennial valuation process, the G4S pension trustees agreed during the year a reduced annual pension deficit payment of £39m (2015: £44m), with a 3% per annum increase until the next funding valuation due in 2018.

The Group has concluded that it should allow for a refund of any residual surplus in all three sections of the UK Scheme after all benefits have been paid. Therefore no adjustments for asset ceiling or additional liabilities under the IFRIC 14 interpretation are made. At present the GSL section has a surplus and the other two sections have deficits. The IASB is proposing to amend IFRIC 14 and the Group will assess if there are any implications once the final form of the revised interpretation is clarified.

### Expected contributions

The estimated amount of contributions expected to be paid to the UK schemes during the financial year commencing 1 January 2017 in respect of the on-going accrual of benefits is approximately £4m and it is anticipated that it will remain at a similar level in the medium term subject to changes in financial conditions.

### Principal risks

The Group's pension schemes create a number of risk exposures. Annual increases in benefits are, to a varying extent from scheme to scheme, dependent on inflation so the main uncertainties affecting the level of benefits payable are future inflation levels (including the impact of inflation on future salary increases) and the actual longevity of the membership. Benefits payable will also be influenced by a range of other factors including member decisions on matters such as when to retire and the possibility to draw benefits in different forms.

## Principal risks

A key risk is that additional contributions are required if the investment returns fall short of those anticipated when setting the contributions to the pension plans. For the UK funding valuation those assumed investment returns (for funding valuations) are set based on fixed margins over the LIBOR swap curve. The management of the pension fund assets has been delegated to an asset manager, who manages the assets against a liability benchmark. The key parameters of this mandate can be summarised as follows:

- An asset mix which is managed dynamically over time rather than a set strategic allocation
- Interest rate and inflation risk is managed with the benchmark of hedging 100% of these risks as a percentage of the asset value through the use of debt instruments (government bonds) and derivatives
- Currency risk is managed with the objective of hedging at least 70% of the overseas currency exposure in the portfolio through the use of forward foreign currency contracts

All pension schemes are regulated by the relevant jurisdictions. These include extensive legislation and regulatory mechanisms that are subject to change and may impact the Group's pension schemes.

Regarding financial reporting measures, the IAS 19 liability measurement (DBO) and the service cost are sensitive to the actuarial assumptions made on a range of demographic and financial matters that are used to project the expected benefit payments, the most important of these assumptions being about future inflation and salary growth levels and the assumptions made about life expectation. The DBO and service cost are also very sensitive to the IAS 19 discount rate, which determines the discounted value of the projected benefit payments. The discount rate depends on market yields on high-quality corporate bonds. Investment strategies are set with funding rather than IAS 19 considerations in mind and do not seek to provide a specific hedge against the IAS 19 measurement of liabilities. As a result the difference between the market value of the assets and the IAS 19 liabilities may be volatile.

## Assumptions and sensitivities

The weighted averages for each of the principal assumptions used for the purposes of the actuarial valuations were as follows:

| | UK | Netherlands |
|---|---|---|
| **Key assumptions used at 31 December 2016** | | |
| Discount rate | **2.5%** | **2.0%** |
| Expected rate of salary increases | **3.4%** | **N/A** |
| Pension increases in payment (for the UK, at RPI* with a limit of 5% p.a.) | **3.1%** | **0.8%** |
| Inflation | **3.3%** | **1.9%** |
| Key assumptions used at 31 December 2015 | | |
| Discount rate | 3.8% | 2.4% |
| Expected rate of salary increases | 3.2% | 1.9% |
| Pension increases in payment (for the UK, at RPI* with a limit of 5% p.a.) | 3.0% | 0.9% |
| Inflation | 3.1% | 1.9% |

* The CPI assumption used for the UK valuation in 2016 was 2.3% (2015: 2.1%).

IAS 19 specifies that pension liabilities should be discounted at appropriate high quality corporate bond rates. The Group considers that it is appropriate to consider AA-rated corporate bonds as high quality and has therefore used discount rates based on yields on such bonds corresponding to the liability profile of the respective schemes.

The effect of a movement in the discount rate applicable in the UK alters reported liabilities (before associated deferred tax adjustments) by approximately the amounts shown in the table below:

| Sensitivity analysis | **Increase/(decrease) in the DBO of the UK scheme 2016 £m** | Increase/(decrease) in the DBO of the UK scheme 2015 £m |
|---|---|---|
| Discount rate assumption being 0.5% higher | **(221)** | (165) |
| Discount rate assumption being 0.5% lower | **243** | 188 |

The effect of a movement in RPI inflation applicable in the UK alters reported liabilities (before associated deferred tax adjustments) by approximately the amounts shown in the table below:

| Sensitivity analysis | **Increase/(decrease) in the DBO of the UK scheme 2016 £m** | Increase/(decrease) in the DBO of the UK scheme 2015 £m |
|---|---|---|
| Inflation assumption being 0.5% higher | **92** | 71 |
| Inflation assumption being 0.5% lower | **(85)** | (73) |

The above sensitivities allow for inflation-dependent assumptions such as salary growth and relevant pension increases to vary corresponding to the inflation assumption variation. Due to the caps and floors on pension increases a certain movement in the inflation assumption will not generally result in the same movement in the pension increase assumption.

## 32. Retirement benefit obligations *continued*

In addition to the above, the Group uses appropriate mortality assumptions when calculating the schemes' obligations. The mortality tables used for the scheme in the UK are: Birth year table S2P[M/F]A Base with future improvements in line with CMI_2015 Core projections, based on a long-term improvement rate of 1.25% p.a. and allowing for individual scaling factors based on the mortality analysis carried out as part of the last funding valuation.

The resulting assumed life expectancy of a male member of the UK schemes currently aged 65 is 21 years. The assumed life expectancy at 65 of a male currently aged 52 is 22 years. At those ages, the assumed life expectancy for a female member is between two and three years longer than for a male member.

The effect of a one-year change in this UK life expectancy assumption is to alter reported liabilities (before associated deferred tax adjustments) by approximately £137m (2015: £93m).

The selection of these movements to illustrate the sensitivity of the DBO to key assumptions should not be interpreted as the Group expressing any specific view of the probability of such movements happening.

The amounts recognised in the Group's balance sheet in respect of the material funded defined benefit schemes and in the various components of income, OCI and cash flow are as follows:

| 2016 | DBO £m | Assets £m | Provision £m |
|---|---|---|---|
| **Amounts recognised on the balance sheet at the beginning of the year** | (2,281) | 2,076 | (205) |
| **Amounts recognised in income:** | | | |
| Current service cost | (4) | – | (4) |
| Interest on obligations and assets | (85) | 78 | (7) |
| Administration costs paid from plan assets | (2) | – | (2) |
| **Total amounts recognised in income** | (91) | 78 | (13) |
| **Re-measurements:** | | | |
| Actuarial loss – change in financial assumptions | (545) | – | (545) |
| Actuarial gain – change in demographic assumptions | 81 | – | 81 |
| Actuarial gain – experience | 23 | – | 23 |
| Return on assets in excess of interest | – | 277 | 277 |
| **Re-measurement effects recognised in OCI*** | (441) | 277 | (164) |
| **Cash:** | | | |
| Employer contributions | – | 43 | 43 |
| Benefits paid from plan assets | 83 | (83) | – |
| **Net cash** | 83 | (40) | 43 |
| **Other:** | | | |
| Impact of exchange rates | (10) | 8 | (2) |
| **Amounts recognised in the balance sheet at the end of the year** | (2,740) | 2,399 | (341) |

* Total re-measurements recognised in OCI of £169m are shown net of re-measurements relating to other unfunded schemes of £5m.

| 2015 | DBO £m | Assets £m | Provision £m |
|---|---|---|---|
| Amounts recognised on the balance sheet at the beginning of the year | (2,304) | 2,040 | (264) |
| Amounts recognised in income: | | | |
| Current service cost | (7) | – | (7) |
| Curtailment gain | 5 | – | 5 |
| Interest on obligations and assets | (83) | 74 | (9) |
| Administration costs paid from plan assets | (2) | – | (2) |
| Total amounts recognised in income | (87) | 74 | (13) |
| Re-measurements: | | | |
| Actuarial gain – change in financial assumptions | 18 | – | 18 |
| Actuarial loss – change in demographic assumptions | (34) | – | (34) |
| Actuarial gain – experience | 34 | – | 34 |
| Return on assets in excess of interest | – | 3 | 3 |
| Re-measurement effects recognised in OCI* | 18 | 3 | 21 |
| Cash: | | | |
| Employer contributions | – | 50 | 50 |
| Employee contributions | (2) | 2 | – |
| Benefits paid from plan assets | 81 | (81) | – |
| Net cash | 79 | (29) | 50 |
| Other: | | | |
| Impact of exchange rates | 4 | (3) | 1 |
| Transfers to immaterial schemes | 9 | (9) | – |
| Amounts recognised in the balance sheet at the end of the year | (2,281) | 2,076 | (205) |

* Total re-measurements recognised in OCI of £18m are shown net of re-measurements relating to other unfunded schemes of £3m.

Employer contributions in 2016 included £39m (2015: £44m) of additional contributions in respect of the deficit in the UK schemes.

The composition of the scheme assets at the reporting date is as follows:

| **2016** | **UK £m** | **Netherlands £m** | **Total £m** |
|---|---|---|---|
| Equity | **747** | **11** | **758** |
| Government bonds | **237** | **39** | **276** |
| Other | **1,355** | **10** | **1,365** |
| **Total** | **2,339** | **60** | **2,399** |

| 2015 | UK £m | Netherlands £m | Total £m |
|---|---|---|---|
| Equity | 648 | 8 | 656 |
| Government bonds | 254 | 33 | 287 |
| Other | 1,127 | 6 | 1,133 |
| **Total** | 2,029 | 47 | 2,076 |

## 32. Retirement benefit obligations *continued*

A more granular, approximate split of assets of the UK scheme at 31 December 2016 is as follows:

| | 2016 £m | 2015 £m |
|---|---|---|
| Equity | 628 | 574 |
| Private equity | 119 | 74 |
| Government bonds | 237 | 254 |
| Credit | 51 | 226 |
| Property | 71 | 65 |
| Macro-orientated | 339 | 319 |
| Multi-strategy | 217 | 104 |
| Derivatives | 412 | 123 |
| Cash and cash equivalents | 265 | 290 |
| **Total UK assets** | **2,339** | 2,029 |

A much greater part of the UK assets are now categorised as multi-strategy as they are now held in a pooled fund structure, which is a multi-asset fund investing across all asset classes.

Within the UK pension fund, the Equity, Credit, Macro-orientated and Multi-strategy sub-categories consist of pooled vehicles investing predominantly in assets with quoted prices in active markets. All government bonds are issued by the UK government and have quoted prices in active markets. Other UK investments are predominantly unquoted.

Derivatives include a range of interest-rate and inflation-linked swaps, forward-currency contracts, equity-index total return swaps, equity options, and futures. Investing in interest-rate and inflation-linked swaps is designed to mitigate the impact of future changes in interest rates and inflation.

None of the pension scheme assets are held in the Group's own financial instruments or in any assets held or used by the Group.

## 33. Provisions and contingent liabilities

| | Employee benefits £m | Restructuring £m | Claims £m | Onerous customer contracts £m | Property and other £m | Total £m |
|---|---|---|---|---|---|---|
| At 1 January 2016 | 19 | 14 | 100 | 83 | 26 | 242 |
| Additional provision in the year | 5 | 14 | 28 | 6 | 27 | 80 |
| Utilisation of provision | (3) | (20) | (35) | (16) | (14) | (88) |
| Transferred to held for sale | (1) | – | (4) | – | (1) | (6) |
| Re-classifications | (2) | (4) | (6) | (5) | 25 | 8 |
| Unused amounts reversed | (1) | (1) | (1) | – | (5) | (8) |
| Exchange differences | 2 | 2 | 14 | 1 | 1 | 20 |
| **At 31 December 2016** | 19 | 5 | 96 | 69 | 59 | 248 |

| | |
|---|---|
| Included in current liabilities | 116 |
| Included in non-current liabilities | 132 |
| | 248 |

Judgment is required in quantifying the Group's provisions, especially in connection with claims and onerous customer contracts, which are based on a number of assumptions and estimates where the ultimate outcome may be different to the amount provided. Each of these provisions reflects the Group's best estimate of the probable exposure at 31 December 2016 and this assessment has been made having considered the sensitivity of each provision to reasonably possible changes in key assumptions. The Group is satisfied that it is unlikely that changes in these key assumptions will have a material impact on the Group's overall provisioning position in the next 12 months.

### Employee benefits

The provision for employee benefits is in respect of any employee benefits which accrue over the working lives of the employees, typically including items such as long service awards and termination indemnity schemes.

The Group's net obligation in respect of long-term service benefits other than retirement benefits represents the present value of the future benefit that employees have earned at the balance sheet date, less the fair value of scheme assets out of which the obligations are to be settled directly.

### Restructuring

Restructuring provisions include amounts for redundancy payments, and the costs of closure of activities in acquired businesses and discontinued operations. Settlement of restructuring provisions is highly probable. The timing is uncertain but is generally likely to be short term. In the year the Group incurred restructuring costs of £12m (2015: £44m) within specific items relating to the multi-year strategic productivity programme across the Group. In addition, the Group incurred non-strategic reorganisation costs of £9m (2015: £10m) which are included within PBITA.

### Claims

Claims provisions represent any outstanding litigation claims against the Group that are likely to lead to the outflow of funds in the future, including provisions within the captive insurance companies to cover (where appropriate) anticipated claims incurred as at the balance sheet date, based on actuarial assessments to calculate the liabilities.

The claims reserves are held by the Group's wholly-owned captive insurance subsidiaries in Guernsey and the US which underwrite part of the Group's Cash Solutions, general liability, workers' compensation and auto liability policies. In the year the Group provided £20m (2015: £16m) in relation to these claims. The provisions are subject to regular actuarial review and are adjusted as appropriate. Settlement of these provisions is highly probable but both the value of the final settlements and their timing is uncertain, dependent upon the outcome of on-going processes to determine both liability and quantum in respect of a wide range of claims or possible claims.

### Onerous customer contracts

Under the UK Compass asylum seeker contract with the Home Office, the Group provides accommodation, transportation and subsistence services for asylum seekers whilst their claims are being processed. This contract commenced in 2012 and initially ran to 1 September 2017, with a potential extension of a further two years.

In 2014, an onerous contract provision was recognised in relation to the then-current assumptions regarding asylum seeker numbers, the duration and cost of accommodation and support services. The Compass provision was updated in December 2015 to reflect the estimated increase in asylum seekers assigned to the Group, the availability of suitable accommodation approved by local authorities and the speed of processing of applications by the immigration authority.

On 8 December 2016 the Group announced an extension to the Compass contract up to August 2019. Additional onerous contract provisions of a net £4m, primarily in respect of the Compass contract, were recognised as specific items in the year together with £2m in respect of the closure of the systems business in Latin America (included within net profit on disposal/closure of subsidiaries).

The other principal onerous contract provision relates to a previously identified PFI contract entered into in 2005 and is subject to on-going discussions with the customer. A best estimate has been made based on a range of possible outcomes including a commercial or dispute resolution process.

Net unwinding of discounts charged was not material.

### Property and other

Included within property and other provisions are future liabilities for all properties sub-let at a shortfall, for the cost of replacing assets where there is a present contractual requirement, for long-term idle, leased properties and for customer claims on contracts that are related to the performance on a contract but do not form part of onerous customer contract provisions. Whilst the likelihood of settlement of these obligations is considered probable, there is uncertainty over their value and duration.

Included in property and other provisions are contract-related provisions of £43m (2015: £14m) and onerous property lease provisions of £16m (2015: £12m).

### Contingent liabilities

The Group is involved in disputes in a number of countries, mainly related to activities incidental to its operations. Currently there are a number of such disputes open in relation to the application of local labour law, commercial agreements with customers and subcontractors and claims and compliance matters, in some cases in the course of litigation. Where, based on legal counsel advice, the Group estimates that it is probable that the dispute will result in an outflow of economic resources, provision is made based on the best estimate of the likely financial outcome. Where a reliable estimate cannot be made, or where the Group, based on legal counsel advice, considers that it is not probable that there will be an outflow of economic resources, no provision is recognised.

In this regard, the Group is party to a number of on-going litigation processes in relation to interpretation of local labour law and regulations in a number of countries, and where it is expected that these matters will not be resolved in the near future. At this stage, the Group's view is that these cases will either be resolved in a manner favourable to the interests of the Group or, due to the nature and complexity of the cases, it is not possible to estimate the potential economic exposure. In addition, in the ordinary course of business, other contingent liabilities exist where the Group is subject to commercial claims and litigation from a range of parties in respect of contracts, agreements, regulatory and compliance matters, none of which are expected to have a material impact on the Group.

## 34. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the year:

| | Retirement benefit obligations £m | Intangible assets £m | Tax losses £m | Other temporary differences £m | Total £m |
|---|---|---|---|---|---|
| At 1 January 2016 | **45** | **(3)** | **51** | **85** | **178** |
| Credit/(charge) to the income statement | **–** | **4** | **35** | **(5)** | **34** |
| Disposal of subsidiaries | **–** | **–** | **–** | **(2)** | **(2)** |
| Credit to equity | **23** | **–** | **22** | **–** | **45** |
| Exchange differences | **–** | **–** | **2** | **14** | **16** |
| Transfers and re-classifications | **1** | **–** | **–** | **–** | **1** |
| **At 31 December 2016** | **69** | **1** | **110** | **92** | **272** |
| At 1 January 2015 | 64 | (7) | 41 | 75 | 173 |
| (Charge)/credit to the income statement | (7) | 6 | 10 | 5 | 14 |
| Acquisition of subsidiaries | – | – | – | (1) | (1) |
| (Charge)/credit to equity | (12) | – | – | 3 | (9) |
| Exchange differences | – | (2) | – | – | (2) |
| Transfers and re-classifications | – | – | – | 3 | 3 |
| At 31 December 2015 | 45 | (3) | 51 | 85 | 178 |

Certain deferred tax assets and liabilities have been offset where permitted. The following is the analysis of the deferred tax balances (after offset):

| | 2016 £m | 2015 £m |
|---|---|---|
| Deferred tax liabilities | **(14)** | (9) |
| Deferred tax assets | **285** | 187 |
| Net deferred tax asset included in assets of disposal groups classified as held for sale | **1** | – |
| **Net deferred tax balance** | **272** | 178 |

At 31 December 2016, the Group had unutilised tax losses of approximately £842m (2015: £813m) potentially available for offset against future profits. A deferred tax asset of £110m (2015: £51m) has been recognised in respect of approximately £529m (2015: £263m) of gross losses based on profitability from approved budgets and business plans. The recognition of additional deferred tax assets on tax losses during the period is predicated on the projected generation of material streams of income in certain group companies, which should result in the utilisation of available tax losses within a foreseeable period. These income streams are driven by the current and future global results of the Group in line with business plans. The timing of recognition of the tax losses as additional deferred tax assets in 2016 is supported by the improved taxable profit profile of the relevant group companies, which itself is underpinned by the continuing progress of the Group's transformation strategy to generate future sustainable, profitable growth. As part of these losses was due to items originally allocated to equity, the related deferred tax movement is also allocated to equity.

No deferred tax asset has been recognised in respect of the remaining £313m (2015: £550m) of gross losses due to the unpredictability and availability of future profit streams in the relevant jurisdictions, and the fact that a significant proportion of such losses remains unaudited by the relevant tax authorities. In certain cases, there are continuing structural issues which prevent the utilisation of losses within the foreseeable future. Losses which will never be utilised, for example due to the operation of statute, are not included in the above figures.

Approximately £80m (2015: £414m) of the gross unrecognised losses relate to the UK group. Utilisation of such losses is dependent upon the profitability of particular trading and corporate entities. The financial projections used in assessing the future profitability are consistent with those used in assessing the carrying value of goodwill as set out in note 18. The utilisation of these losses will occur at different rates due to the incidence and timing of profits within these entities, which consequently impacts their recognition as deferred tax assets.

Included in unrecognised tax losses are gross losses of £40m (2015: £38m) which will expire between 2017 and 2026. Other losses may be carried forward indefinitely.

At 31 December 2016, the aggregate amount of undistributed earnings of non-UK subsidiaries and joint ventures on which temporary differences may exist was £1,646m (2015: £1,334m). A deferred tax liability of £3m (2015: £3m) has been recognised on undistributed earnings, based on expected distributions from such subsidiaries and joint ventures.

Other temporary differences vary by country and include items relating to the local tax treatment of fixed assets, employee benefits, and provisions.

## 35. Share capital

| G4S plc | 2016 £ | 2015 £ |
|---|---|---|
| **Issued and fully paid ordinary shares of 25p each** | **387,898,609** | 387,898,609 |

| Ordinary shares in issue | 2016 Number | 2015 Number |
|---|---|---|
| At 1 January | **1,551,594,436** | 1,551,594,436 |
| **At 31 December** | **1,551,594,436** | 1,551,594,436 |

## 36. Other reserves

| | Hedging reserve £m | Translation reserve £m | Merger reserve £m | Reserve for own shares £m | Total other reserves £m |
|---|---|---|---|---|---|
| At 1 January 2016 | **3** | **(210)** | **426** | **(18)** | **201** |
| Total comprehensive (loss)/income attributable to equity shareholders of the parent | **(3)** | **253** | **–** | **–** | **250** |
| Own shares awarded | **–** | **–** | **–** | **5** | **5** |
| **At 31 December 2016** | **–** | **43** | **426** | **(13)** | **456** |
| | | | | | |
| At 1 January 2015 | 1 | (113) | 426 | (18) | 296 |
| Total comprehensive income/(loss) attributable to equity shareholders of the parent | 2 | (97) | – | – | (95) |
| **At 31 December 2015** | 3 | (210) | 426 | (18) | 201 |

Other reserves include:

### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash-flow instruments related to the hedged transactions that have not yet occurred (net of tax). The amount recognised in the hedging reserve includes a fair-value gain on hedging instruments of £69m (2015: £42m loss) and a loss of £73m (2015: £44m gain).

### Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in foreign operations (net of tax).

### Merger reserve

The merger reserve comprises reserves arising upon the merger between the former Group 4 Falck A/S and the former Group 4 Securitas BV in 2000 and the acquisition of Securicor plc by the Group in 2004. In accordance with Section 612 of the Companies Act 2006 the £308m premium on ordinary shares issued in the Group's 9.99% share placement in August 2013 was initially recorded in the merger reserve, and has subsequently been transferred to retained earnings.

### Reserve for own shares

An employee benefit trust established by the Group held 4,844,243 shares at 31 December 2016 (2015: 6,320,144 shares) to satisfy the vesting of awards under the performance share plan and performance-related schemes. During the year no shares (2015: no shares) were purchased by the trust, whilst 1,475,901 shares (2015: 88,306 shares) were used to satisfy the vesting of awards under the schemes. At 31 December 2016, the cost of shares held by the trust was £12,896,107 (2015: £16,825,102), whilst the market value of these shares was £11,383,971 (2015: £14,251,925). Shares held by the trust are treated as treasury shares, are deducted from equity, do not receive dividends and are excluded from the calculations of earnings per share.

### Distributable reserves

As at 31 December 2016 the parent company of the Group had distributable reserves of £918m (2015: £1,078m).

## 37. Analysis of net debt

A reconciliation of net debt to amounts in the Consolidated statement of financial position is presented below:

| | 2016 £m | 2015 £m |
|---|---|---|
| Cash and cash equivalents | 851 | 593 |
| Receivables from customers in respect of cash processing operations, included within trade and other receivables | 10 | 8 |
| Net cash and overdrafts included within net assets of disposal groups held for sale | 7 | 5 |
| Bank overdrafts | (93) | (122) |
| Liabilities to customers in respect of cash processing operations, included within trade and other payables | (83) | (77) |
| **Total group cash, cash equivalents and bank overdrafts** | 692 | 407 |
| Investments | 44 | 49 |
| Net debt (excluding cash and overdrafts) included within net assets of disposal groups held for sale | 6 | (6) |
| Bank loans | (20) | (399) |
| Loan notes | (2,392) | (1,774) |
| Obligations under finance leases | (57) | (64) |
| Fair value of loan note derivative financial instruments | 57 | 5 |
| **Total net debt** | (1,670) | (1,782) |

An analysis of movements in net debt in the year is presented below:

| | 2016 £m | 2015 £m |
|---|---|---|
| **Increase in cash, cash equivalents and bank overdrafts per Consolidated statement of cash flow** | 198 | 27 |
| (Sale)/purchase of investments | (7) | 1 |
| Net decrease/(increase) in borrowings | 11 | (139) |
| Repayment of finance leases | 22 | 31 |
| **Decrease/(increase) in net debt resulting from cash flows** | 224 | (80) |
| New finance leases | (7) | (27) |
| Net debt in disposed entities | 5 | – |
| **Net decrease/(increase) in net debt** | 222 | (107) |
| Exchange differences | (110) | (36) |
| Net debt at the beginning of the year | (1,782) | (1,639) |
| **Net debt at the end of the year** | (1,670) | (1,782) |

## 38. Operating lease arrangements

### The Group as lessee

As at 31 December 2016, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

| | 2016 £m | 2015 £m |
|---|---|---|
| Within one year | 104 | 107 |
| In the second to fifth years inclusive | 272 | 216 |
| After five years | 110 | 125 |
| **Total operating lease commitments** | 486 | 448 |

The Group leases a number of its office properties, vehicles and other operating equipment under operating leases. Property leases are negotiated over an average term of around ten years, at rates reflective of market rentals. Periodic rent reviews take place to bring lease rentals into line with prevailing market conditions. Some, but not all, lease agreements have an option to renew the lease at the end of the lease term. Leased vehicles and other operating equipment are negotiated over an average lease term of four years.

## 39. Share-based payments

### Long Term Incentive Plan (LTIP)

In June 2014 a new LTIP replaced the previous performance share plans. Shares allocated under the Group's LTIP are subject to performance conditions and forfeitures, as detailed in the Directors' Remuneration Report on page 78.

Under the Group's LTIP, Relative Total Shareholder Return (a market performance condition) constitutes 30% (2015: 30%) of the performance criteria and is measured over three financial years. The Relative Total Shareholder Return is measured against a comparator group of selected relevant companies. 25% of this element of the award vests upon the Group's Total Shareholder Return being ranked median against the comparator group. The fair value of the shares awarded which is subject to this market performance condition has therefore been reduced by 75%.

### Deferred Bonus Share Plan (DBSP) and Restricted Share Plan (RSP)

Shares allocated under the Group's DBSP and RSP are not subject to further financial performance conditions, but in both cases, are subject to forfeitures, either in part or in full, subject to continued employment, unless deemed as a good leaver by the Remuneration Committee. Share awards under the RSP were granted in 2016 for the first time.

### Share-based payment plans information

All three share plans have a three-year vesting period from their dates of grant.

The following table shows the movements in the number of shares held under the share-based payment plans outstanding but not exercisable:

| | DBSP and RSP 2016 Number | LTIP 2016 Number | Total 2016 Number | DBSP 2015 Number | LTIP 2015 Number | Total 2015 Number |
|---|---|---|---|---|---|---|
| Outstanding at 1 January | 858,866 | 17,210,721 | 18,069,587 | 237,494 | 17,396,477 | 17,633,971 |
| Granted during the year | 1,017,512 | 10,431,311 | 11,448,823 | 712,075 | 7,128,722 | 7,840,797 |
| Exercised during the year | (358,260) | (1,424,577) | (1,782,837) | (45,923) | (42,383) | (88,306) |
| Forfeited during the year | – | (2,104,420) | (2,104,420) | (44,780) | (3,195,821) | (3,240,601) |
| Expired during the year | – | (3,525,883) | (3,525,883) | – | (4,076,274) | (4,076,274) |
| **Outstanding at 31 December** | **1,518,118** | **20,587,152** | **22,105,270** | 858,866 | 17,210,721 | 18,069,587 |

The weighted-average remaining contractual life of conditional share allocations outstanding at 31 December 2016 was 17 months (2015: 16 months). The weighted-average share price at the date of allocation of shares allocated conditionally during the year was 185.2p (2015: 290.0p) and the contractual life of all conditional allocations was three years. The weighted-average share price at the date of exercise for the shares exercised during the year was 196.3p (2015: 278.9p).

The Consolidated income statement is charged with an estimate for the vesting of shares awarded conditionally and subject to non-market performance conditions. The charge for 2016 was £13m (2015: £8m), out of which £10m (2015: £7m) arose from equity-settled share-based payments. The total carrying amount for the liabilities arising from share-based payment transactions is £6m (2015: £3m).

## 40. Related party transactions

### Transactions and balances with joint ventures

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below. All transactions with related parties are entered into in the normal course of business.

Transactions with joint ventures included revenue recorded of £49m (2015: £48m). Amounts due from related parties include £8m (2015: £5m) from joint ventures. There are no amounts due to joint ventures (2015: £nil).

No expense (2015: £nil) has been recognised in the year for bad and doubtful debts in respect of amounts owed by related parties.

The Group has a legal interest in a number of joint ventures and joint arrangements, where the economic interest was divested by the Global Solutions Group prior to its acquisition by G4S plc in 2008. Transactions with these entities during the year comprised:

| | **2016 Services/sales to £m** | 2015 Services/sales to £m |
|---|---|---|
| White Horse Education Partnership Limited | **3** | 2 |
| Integrated Accommodation Services plc | **54** | 49 |
| Fazakerley Prison Services Limited | **34** | 34 |
| Onley Prison Services Limited | **16** | 15 |
| ECD Cookham Wood Limited | **–** | 3 |
| ECD Onley Limited | **–** | 11 |
| UK Court Services (Manchester) Limited | **2** | 2 |
| East London Lift Company Limited | **1** | 1 |
| **Total** | **110** | 117 |

The Group had outstanding balances of £12m due from these entities as at 31 December 2016 (2015: £10m).

### Transactions with post-employment benefit schemes

Details of transactions with the Group's post-employment benefit schemes are provided in note 32. Unpaid contributions owed to schemes amounted to £0.5m at 31 December 2016 (2015: £0.4m).

### Transactions with other related parties

In the normal course of the Group's business the Group provides services to and receives services from certain non-controlling interests on an arm's length basis.

### Remuneration of key management personnel

The Group's key management personnel are deemed to be the non-executive directors and those individuals, including the executive directors, whose remuneration is determined by the Remuneration Committee. Their remuneration is set out below. Further information about the remuneration of individual directors included within key management personnel is provided in the audited part of the Directors' Remuneration Report on pages 78 to 98.

| | **2016 £** | 2015 £ |
|---|---|---|
| Short-term employee benefits | **11,463,651** | 11,637,540 |
| Post-employment benefits | **74,390** | 134,201 |
| Other long-term benefits | **28,728** | 63,938 |
| Termination benefits | **305,159** | – |
| Share-based payment | **6,417,657** | 4,922,935 |
| **Total** | **18,289,585** | 16,758,614 |

## 41. Events after the balance sheet date

No significant post-balance sheet events have affected the Group since 31 December 2016.

## 42. Significant investments

The companies listed below are those which were part of the Group at 31 December 2016 and which, in the opinion of the directors, significantly affected the Group's results and net assets during the year. A comprehensive list of all Group undertakings is disclosed on pages 162 to 176.

The principal activities of the companies listed below are indicated according to the following key:

| | |
|---|---|
| Secure Solutions | S |
| Cash Solutions | C |

These businesses operate principally in the country in which they are incorporated.

| | Product segment | Country of incorporation | Ultimate ownership |
|---|---|---|---|
| **Subsidiary undertakings** | | | |
| G4S Soluciones de Seguridad S.A. | S | Argentina | 86% |
| G4S Custodial Services Pty Limited | S | Australia | 100% |
| G4S Secure Solutions AG (Austria) | S | Austria | 100% |
| G4S Secure Solutions SA/NV | S | Belgium | 100% |
| G4S Cash Solutions (Belgium) NV | C | Belgium | 100% |
| G4S Interativa Service Ltda | S | Brazil | 100% |
| Vanguarda Segurança e Vigilância Ltda | S | Brazil | 100% |
| G4S Secure Solutions (Canada) Limited | S | Canada | 100% |
| G4S Security Services Regiones S.A. | S | Chile | 100% |
| G4S Secure Solutions Colombia S.A. | S+C | Colombia | 100% |
| G4S Security Services A/S | S | Denmark | 100% |
| G4S Aviation Services (UK) Limited | S | England | 100% |
| G4S Care and Justice Services (UK) Limited | S | England | 100% |
| G4S Cash Centres (UK) Limited | C | England | 100% |
| G4S Cash Solutions (UK) Limited | C | England | 100% |
| G4S Facilities Management (UK) Limited | S | England | 100% |
| G4S Risk Management Limited | S | England | 100% |
| G4S Secure Solutions (UK) Limited | S | England | 100% |
| G4S Security Services (UK) Limited | S | England | 100% |
| AS G4S Baltics | S+C | Estonia | 100% |
| G4S Keszpenzlogisztikai Kft | C | Hungary | 100% |
| G4S Secure Solutions (India) Pvt. Limited[1,3] | S | India | 49% |
| G4S Secure Solutions (Ire) Limited | S | Ireland | 100% |
| G4S Secure Solutions (Israel) Limited | S | Israel | 92% |
| G4S Security Technologies (Israel) Limited | S | Israel | 92% |
| G4S Kenya Limited | S+C | Kenya | 100% |
| G4S Security Solutions S.A.R.L | S+C | Luxembourg | 100% |
| Safeguards G4S Sdn Bhd[2,3] | S+C | Malaysia | 49% |
| G4S Cash Solutions BV | C | Netherlands | 100% |
| G4S Beheer BV | S | Netherlands | 100% |
| G4S Peru S.A.C. | S+C | Peru | 100% |
| Al Majal Service Master LLC[3] | S | Saudi Arabia | 49% |
| Mohammed Bin Abdoud Al Amoudi Co for Civilian Security Services Partnership (Almajal)[3] | S+C | Saudi Arabia | 0% |
| G4S Cash Solutions (SA) (Pty) Limited | C | South Africa | 75% |
| G4S Secure Solutions (SA) (Pty) Limited | S | South Africa | 72% |
| G4S Security Services (Thailand) Limited | S | Thailand | 98% |
| G4S Secure Solutions LLC[3] | S+C | United Arab Emirates | 49% |
| G4S Retail Solutions (USA) Inc. | C | USA | 100% |
| G4S Secure Solutions (USA) Inc. | S | USA | 100% |
| G4S Technology LLC | S | USA | 100% |
| G4S Youth Services LLC | S | USA | 100% |

1. G4S Secure Solutions (India) Pvt. Limited has a year end of 31 March.
2. Safeguards G4S Sdn Bhd has a year end of 30 June.
3. By virtue of shareholder agreements, options, pre-emption rights and other contractual arrangements, the Group has the power to govern the financial and operating policies, so as to obtain the benefits from the activities of these companies. These are therefore consolidated as full subsidiaries.

## 43. Details of Related Undertakings of G4S plc

### Subsidiaries

Entities listed below are subsidiaries at 31 December 2016, by reason of the holding of a majority of the voting rights or, if a majority is not held, by virtue of section 1162 (2) (c) of the Companies Act 2006. Not all of the companies listed below are trading entities.

| Company Name | Country of Incorporation | % owned by group | % owned by plc | Registered address |
|---|---|---|---|---|
| G4S ALGERIE EURL | Algeria | 100.0% | | Lotissement Benhedadi Said N°3 Dar Diaf Cherraka, 16050, Algeria |
| SECURICOR GRAY SECURITY SERVICES (ANGOLA) (PTY) LTD | Angola | 100.0% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S SERVICOS DE SEGURANCA (ANGOLA) LIMITADA | Angola | 65.0% | | Rua di reita da Samba, No 58, Corimba, Samba Luanda, Angola |
| G4S SOLUCIONES DE SEGURIDAD S.A. | Argentina | 85.6% | | Timoteo Gordillo 5697/5611, C1439 GKA Buenos Aires, Argentina |
| G4S SERVICIOS DE SEGURIDAD S.A. | Argentina | 75.0% | | Timoteo Gordillo 5697/5611, C1439 GKA Buenos Aires, Argentina |
| INDOMEGA S.A. | Argentina | 85.6% | | Peru 338 San Fernando del Valle de Catamarca, K4700AKJ Catamarca, Argentina |
| MANAR S.A. | Argentina | 85.6% | | Peru 338 San Fernando del Valle de Catamarca, K4700AKJ Catamarca, Argentina |
| PROTECCION E INVERSIONES, S.A. | Argentina | 80.0% | | Timoteo Gordillo 5697/5611, C1439 GKA Buenos Aires, Argentina |
| G4S SOLUCIONES GLOBALES S.A. | Argentina | 75.0% | | Jose Demaria 4470 (C1425AEB), Buenos Aires, Argentina |
| G4S APPLIED SECURITY S.A. | Argentina | 75.0% | | Timoteo Gordillo 5697/5611, C1439 GKA Buenos Aires, Argentina |
| G4S CONTROL SYSTEMS SA | Argentina | 79.6% | | Timoteo Gordillo 5697/5611, C1439 GKA Buenos Aires, Argentina |
| G4S DETCON S.A. | Argentina | 75.0% | | Lavalle 1528, 3° "E" (C1048AAL), Ciudad Autónoma de Buenos Aires, Argentina |
| ORCANI PTY LTD | Australia | 100.0% | | Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia |
| G4S INTERNATIONAL LOGISTICS (AUSTRALIA) PTY LTD | Australia | 100.0% | | c/o HLB Mann Judd, Level 19, 207b Kent Street, 2000 Sydney, Australia |
| G4S COMPLIANCE & INVESTIGATIONS PTY LTD | Australia | 100.0% | | P.O. Box 7332 (Level 3, 182-184 Bourke Road), NSW 2015 Alexandria, Australia |
| G4S AUSTRALIA PTY LTD | Australia | 100.0% | | Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia |
| G4S HEALTH SERVICES AUSTRALIA PTY LTD | Australia | 100.0% | | Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia |
| G4S CUSTODIAL SERVICES PTY LTD | Australia | 100.0% | | Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia |
| G4S AUSTRALIA HOLDINGS PTY LTD | Australia | 100.0% | | Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia |
| G4S SECURE SOLUTIONS (AUSTRALIA) PTY LTD | Australia | 100.0% | | Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia |
| G4S CORRECTIONAL SERVICES (AUSTRALIA) PTY LTD | Australia | 100.0% | | Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia |
| G4S SECURE SOLUTIONS AG (AUSTRIA) | Austria | 100.0% | | Dresdner Strasse 91/1, A-1200 Vienna, Austria |
| G4S SECURITY SYSTEMS GMBH | Austria | 100.0% | | Peilsteinerstr. 5-7, A-5020 Salzburg, Austria |
| G4S DIENSTLEISTUNGS GMBH | Austria | 100.0% | | Dresdner Strasse 91/1, A-1200 Vienna, Austria |
| G4S SECURE SOLUTIONS BAHRAIN W.L.L | Bahrain | 34.3% | | Villa 925, Road 3830, Manama, Qudaybiyah 338, P. O. Box 15193 Adliya, Bahrain |
| G4S REGIONAL CONSULTANCY SERVICES (NAMESA) WLL | Bahrain | 100.0% | | 2235 West Tower BFH Manama, Bahrain |
| G4S SECURE SOLUTIONS BANGLADESH (P) LTD | Bangladesh | 100.0% | | House # KA 79, Joar Sahara, Dhaka, 1212 Dhaka, Bangladesh |
| FIRST SELECT BANGLADESH LIMITED | Bangladesh | 40.0% | | Apartment 10/A, Rupsha Tower, 7 Kamal Ataturk Avenue, Banani, Dhaka, Bangladesh |
| G4S SECURE SOLUTIONS (BARBADOS) LTD | Barbados | 51.0% | | Brighton, Spring Garden, St. Michael, Barbados |
| G4S CASH SOLUTIONS (BELGIUM) SA/NV | Belgium | 100.0% | | Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium |
| G4S SUPPORT SERVICES SA/NV | Belgium | 100.0% | | Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium |
| G4S SECURE SOLUTIONS SA/NV | Belgium | 100.0% | | Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium |
| G4S CARGO SOLUTIONS SA/NV | Belgium | 100.0% | | Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium |
| G4S TRAINING & CONSULTANCY SERVICES SA/NV | Belgium | 100.0% | | Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium |
| G4S AVIATION SECURITY SA/NV | Belgium | 100.0% | | Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium |
| G4S SECURE MONITORING SA/NV | Belgium | 100.0% | | Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium |
| G4S SECURITY SYSTEMS SA/NV | Belgium | 100.0% | | Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium |
| G4S CARE SA/NV | Belgium | 50.4% | | Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium |
| G4S EVENT SERVICES SA/NV | Belgium | 100.0% | | Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium |
| G4S EVENT SECURITY SA/NV | Belgium | 100.0% | | Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium |
| G4S FIRE AND SAFETY BV/BA | Belgium | 100.0% | | Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium |
| G4S BELGIUM NOMINEE NV | Belgium | 100.0% | 100% | Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium |
| G4S SAFETY SYSTEMS N.V. | Belgium | 100.0% | | Abtsdreef 10, 2940 Stabroek, Belgium |
| ASC SAFETY SERVICES B.V./B.A. | Belgium | 100.0% | | Abtsdreef 10, 2940 Stabroek, Belgium |
| G4S BOLIVA S.A. | Bolivia | 99.9% | | Marcelo terceros Banzer S/N, 3er Anillo Ext. Equipetrol (Frente Hotel Casa Blanca), Santa Cruz, Bolivia |

## Subsidiaries *continued*

| Company Name | Country of Incorporation | % owned by group | % owned by plc | Registered address |
|---|---|---|---|---|
| G4S (BOTSWANA) LTD | Botswana | 70.0% | | C/o Grant Thornton Business Services (Pty) Ltd, Acumen Park, Plot 50370, Fairgrounds Gaborone Botswana |
| FIDELITY CASH MANAGEMENT SERVICES (BOTSWANA) PTY LTD | Botswana | 100.0% | | c/o Price Waterhouse Coppers (Pty) Ltd, Plot 50371, Fairgrounds Office Park Gaborone Botswana |
| G4S FACILITIES MANAGEMENT BOTSWANA (PTY) LTD | Botswana | 48.9% | | Plot 50370, Fairgrounds Office Park, Gaborone, Botswana |
| G4S BRAZIL HOLDING LTDA | Brazil | 100.0% | | Rua Rui Barbosa 70, 2° andar, 01326-010 São Paulo, Brazil |
| G4S MONITORAMENTO E SISTEMAS LTDA. | Brazil | 100.0% | | Rua João Sierra, 245, Distrito, Industrial II., CEP13602-054 Araras/SP, Brazil |
| VIGILARME SERVIÇOS DE VIGILÂNCIA ARMADA E DESARMADA LTDA. | Brazil | 100.0% | | Avenida Indianapolis, 1.948, Bloco B, Planalto Paulista, Sao Paulo, Brazil |
| G4S ENGENHARIA E SISTEMAS LTDA | Brazil | 100.0% | | Rua Rui Barbosa 191,1° andar, 01326-010 São Paulo, Brazil |
| G4S INTERATIVA SERVICE LTDA. | Brazil | 100.0% | | Rua Santa Rosa, 911, Bairro Santa Paula, Sao Caetano do Sul, Sao Paulo, Brazil |
| VANGUARDA SEGURANÇA E VIGILÂNCIA LTDA | Brazil | 100.0% | | Rua Conselheiro Ramalho 362, Bela Vista, 01325-000 São Paulo, Brazil |
| EMPRESA NACIONAL DE SEGURANCA LTDA | Brazil | 100.0% | | Rua Maria José 133, Bela Vista, 01324-010 São Paulo, Brazil |
| G4S PARTICIPAÇÕES LTDA | Brazil | 100.0% | | Rua Rui Barbosa 70, 1° andar, Bela Vista 01326-010 São Paulo, Brazil |
| G4S GROUP HOLDING (ASIA) LTD | British Virgin Islands | 100.0% | | CITCO Building, Wickhams City, P.O. Box 662, Road Town, Tortola, British Virgin Islands |
| G4S SECURE SOLUTIONS (ASIA) LTD | British Virgin Islands | 100.0% | | Suite 1701-08, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong |
| G4S HOLDINGS LTD | British Virgin Islands | 100.0% | | 1395 University Blvd, 33458 Jupiter, FL, United States |
| ARMORGROUP (SPECIAL CLEARANCE SERVICES) LTD | British Virgin Islands | 100.0% | | Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands |
| HILL & ASSOCIATES CONSULTANTS LTD | British Virgin Islands | 100.0% | | Kingston Chambers, P.O. Box 173, Road Town Tortola, British Virgin Islands |
| G4S (BVI) HOLDCO (COLOMBIA II) LTD | British Virgin Islands | 100.0% | | 1395 University Blvd, 33458 Jupiter, FL, United States |
| HILL & ASSOCIATES CONSULTANTS (MIDDLE EAST) LTD | British Virgin Islands | 100.0% | | P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands |
| ASHINO HOLDINGS LTD | British Virgin Islands | 100.0% | | 1395 University Blvd, 33458 Jupiter, FL, United States |
| G4S SECURITY SOLUTIONS EOOD | Bulgaria | 100.0% | | management at 1, Business Park Sofia, block 3, office 207-208, 1766 Sofia, Mladost Region, Bulgaria |
| G4S SECURITY SERVICES CAMEROON PLC | Cameroon | 48.4% | | Old Airport Road, Bonapriso Doula, Cameroon |
| G4S SECURE SOLUTIONS (CANADA) LTD. (G4S SOLUTIONS DE SECURITE (CANADA) LTEE) | Canada | 100.0% | | 150 Ferrand Drive, Suite 600, M3C 3E5 Toronto, Ontario, Canada |
| INDO BRITISH GARMENTS (CANADA) LTD | Canada | 100.0% | | 5255 Orbitor Drive, L4W 5M6 Mississauga Ontario, Canada |
| I-VISION SYSTEMS INC | Canada | 100.0% | | 160 Elgin Street, K1P 1C3, Ottawa, Canada |
| SERVICE MASTERS LTD | Cayman Islands | 100.0% | | Sterling Trust (Cayman) Limited, Whitehall House, 238 North Church Street, k1-1102 Grand Cayman, Cayman Islands |
| G4S CENTRAFRIQUE SECURITE SOLUTION SURL | Central African Republic | 100.0% | | No 48/85, Avenue Kolwezi, Gombe, Kinshasa, DRC |
| G4S HOLDINGS CHILE S.A. | Chile | 100.0% | | Avda. Zañartu 1680, Ñuñoa – Santiago, Chile |
| G4S SECURITY SERVICES REGIONES, S.A. | Chile | 100.0% | | Avda. Zañartu 1680, Ñuñoa – Santiago, Chile |
| G4S SECURITY SERVICES LIMITADA | Chile | 100.0% | | Avda. Zañartu 1680, Ñuñoa – Santiago, Chile |
| ARRIENDOS FAST CAR, LTDA. | Chile | 100.0% | | Avda. Zañartu 1680, Ñuñoa – Santiago, Chile |
| CAPACITACIÓN Y DESARROLLO, LTDA. | Chile | 100.0% | | Avda. Zañartu 1680, Ñuñoa – Santiago, Chile |
| SERVICIOS Y CAPACITACIÓN, LTDA. | Chile | 100.0% | | Avda. Zañartu 1680, Ñuñoa – Santiago, Chile |
| SERVICIOS DE INFORMACIÓN COMUNICACIONES Y TECNOLÓGICOS S.A. | Chile | 100.0% | | Avda. Zañartu 1680, Ñuñoa – Santiago, Chile |
| G4S AUSTRAL S.A. | Chile | 100.0% | | Paraguay 939, Puerto Montt, Chile |
| G4S FACILITIES MANAGEMENT LTD. | China | 100.0% | | 13F, Hui Shang Building, 1286 Min Sheng Road, Pudong New District, 200122, Shanghai, China |
| SHENZHEN G4S DONAR TECHNOLOGY CO, LTD | China | 100.0% | | West Floor 9, Bus Tower 1001, Lianhau branch, Futian District, 518036 Shenzhen, China |
| G4S MING WANG SECURITY SYSTEMS CO., LTD. | China | 75.0% | | Room 801, East 8th Floor, 1st Building, QingDong Business Area, No.1 CheDaoGou, HaiDan District, 100089 Beijing, China |
| G4S SECURITY SYSTEMS (BEIJING) CO., LTD | China | 75.0% | | Room 01-4 Tower A 8F, Yi Cheng International Centre No.10 Rong Hua Middle Road Beijing Development Area, 100176 Beijing, China |
| G4S TECHNOLOGY (CHINA) LTD | China | 100.0% | | Room 710A, 7/F, Nan Fang Securities Building, 140 -148 Ti Yu Dong Lu, Tian He District, Guangzhou, China |
| HILL & ASSOCIATES (PRC) LTD | China | 100.0% | | 6A, Huamin Empire Plaza, No. 728 Yan An Road (W), 200050 Shanghai, China |
| G4S ZHEJIANG SECURE SOLUTIONS CO LTD | China | 90.0% | | 17-1 Bai Ma Miao Xiang, Shangcheng District, Hangzhou, China |
| G4S INTERNATIONAL LOGISTICS (SHANGHAI) CO. LTD | China | 100.0% | | Room 204-7, 2/Floor, China Diamond Exchange Center Building, Tower B, No. 1701 Century Boulevard, Pudong New Area, Shanghai, China |
| G4S MANAGEMENT SERVICES (SHANGHAI) CO. LTD | China | 100.0% | | 13F, Hui Shang Building, 1286 Min Sheng Road, Pudong New District, 200122, Shanghai, China |

## 43. Details of Related Undertakings of G4S plc *continued*

### Subsidiaries *continued*

| Company Name | Country of Incorporation | % owned by group | % owned by plc | Registered address |
|---|---|---|---|---|
| G4S SECURE SOLUTIONS COLOMBIA S.A. | Colombia | 100.0% | | Avenida 26 No 69A-51 Torre A, Int 1 Piso 3, Bogota, Colombia |
| G4S RISK MANAGEMENT COLOMBIA S.A. | Colombia | 94.5% | | Avenida 26 No. 69A – 51 Torre A, Int 1, Piso 2, Bogota, Colombia |
| G4S HOLDING COLOMBIA SA | Colombia | 100.0% | | Avenida 26 No 69A-51 Torre A, Int 1 Piso 3, Bogota, Colombia |
| G4S TECHNOLOGY COLOMBIA S.A. | Colombia | 100.0% | | Avenida 26 No 69A-51 Torre A, Int 1 Piso 3, Bogota, Colombia |
| G4S CASH SOLUTIONS COLOMBIA LTDA. | Colombia | 100.0% | | Avenida de las Americas No. 41 – 08, Bogota, Colombia |
| EBC INGENIERIA S.A.S | Colombia | 100.0% | | Avenida 26 No 69A-51 Torre A, Int 1 Piso 3, Bogota, Colombia |
| GFOURS S.A. | Costa Rica | 100.0% | | Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica |
| G CUATRO S VALOURS S.A. | Costa Rica | 100.0% | | Cinco Esquinas de Tibas de la Clinica, Clorito Picado 150 mts. Oeste, San Jose, Costa Rica |
| WACKENHUT SERVICIOS DE SEGURIDAD, S.A. | Costa Rica | 100.0% | | Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica |
| WACKENHUT SERVICIO DE ESCOLTAS, S.A. | Costa Rica | 100.0% | | Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica |
| G FOUR S GRUPO DE SERVICIOS ESPECIALES DE SEGURIDAD, S.A. | Costa Rica | 100.0% | | Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica |
| G FOUR S CONSULTOR EN SEGURIDAD, S.A. | Costa Rica | 100.0% | | Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica |
| G CUATRO S LOGISTICA DE VALORES SA | Costa Rica | 100.0% | | Cinco Esquinas de Tibas de la Clinica, Clorito Picado 150 mts. Oeste, San Jose, Costa Rica |
| G CUATRO S CASH SOLUTIONS S.A. | Costa Rica | 100.0% | | Cinco Esquinas de Tibas de la Clinica, Clorito Picado 150 mts. Oeste, San Jose, Costa Rica |
| G4S GULF HOLDINGS NV | Curacao | 100.0% | | Kaya Flamboyan 6, Curaçao, Dutch West Indies, Curacao |
| G4S SECURE SOLUTIONS (CYPRUS) LTD | Cyprus | 74.0% | | Diianiras 17, 2045 Strovolos Nicosia, P.O. Box 23989 1687, Nicosia, Cyprus |
| G4S HOLDING CYPRUS LTD | Cyprus | 100.0% | | P.O. Box 23989, 1687 Nicosia, Cyprus |
| ARMORGROUP (MIDDLE EAST) LIMITED | Cyprus | 100.0% | | Julia House, 3 Themistocles Dervis street, CY-1066 Nicosia, Cyprus |
| G4S SECURE SOLUTIONS (CZ), A.S. | Czech Republic | 100.0% | | Na Kosince 2257/9, 180 00 Prague 8, Czech Republic |
| G4S CASH SOLUTIONS (CZ) A.S. | Czech Republic | 100.0% | | Na Kosince 2257/9, 180 00 Prague 8, Czech Republic |
| G4S SERVICES S.R.O. | Czech Republic | 100.0% | | Na Kosince 2257/9, 180 00 Prague 8, Czech Republic |
| G4S (DRC) S.A.R.L. | Democratic Republic of Congo | 95.0% | | 108, Boulevard du 30 Juin, Gombe, Kinshasa, Democratic |
| G4S HOLDINGS (DK) A/S | Denmark | 100.0% | 100.0% | Roskildevej 157, DK-2620 Albertslund, Denmark |
| G4S INTERNATIONAL (DK) A/S | Denmark | 100.0% | | Roskildevej 157, DK-2620 Albertslund, Denmark |
| G4S SECURITY SERVICES A/S | Denmark | 100.0% | | Roskildevej 157, DK-2620 Albertslund, Denmark |
| G4S KYHLENSO A/S | Denmark | 100.0% | | Roskildevej 157, DK-2620 Albertslund, Denmark |
| G4S VIKINGA SURAMERICANA APS | Denmark | 100.0% | | Roskildevej 157, DK-2620 Albertslund, Denmark |
| G4S SURAMERICANA HOLDING APS | Denmark | 100.0% | | Roskildevej 157, DK-2620 Albertslund, Denmark |
| G4S SECURE SOLUTIONS | Dominican Republic | 95.0% | 28.50% | Paseo de los Locutores #36, Ensanche Piantini, Santo Domingo, Dominican Republic |
| G4S CASH SOLUTIONS | Dominican Republic | 95.0% | | Paseo de los Locutores #36, Ensanche Piantini, Santo Domingo, Dominican Republic |
| G4S SECURE SOLUTIONS (ECUADOR) CIA LTDA. | Ecuador | 99.9% | | Gral. Giacomo Roca N33-92 y Bosmediano, Quito, Ecuador |
| G4S HOLDING (ECUADOR) S.A. | Ecuador | 99.9% | | Luis Cordero E12-114 y Toledo, Quito, Ecuador |
| DEFENCE SYSTEMS ECUADOR DSE CIA LTDA | Ecuador | 99.9% | | Calle Moscú E09-8 y Av. República del Salvador, Quito, Ecuador |
| G4S FACILITY MANAGEMENT CIA LTDA | Ecuador | 99.9% | | Calle La Perla y 5th. Transversal, P.O. Box 17-11-04791 Quito, Ecuador Calle Moscú E09-8 y Av. República del Salvador Quito, Ecuador |
| CEFOSEG CIA. LTDA. | Ecuador | 100.0% | | Av. Principal la Perla S52-136 y Quinta Transversal Quito Ecuador |
| G4S SECURE SOLUTIONS (EGYPT) LLC | Egypt | 85.0% | | 2nd District, 90th Street, Area 6, 5th Settlement, New Cairo, Cairo, Egypt |
| INDO BRITISH GARMENTS EGYPT S.A.E. | Egypt | 99.0% | | Head Office: Ismalia Public Free Zone Area, Egypt |
| FS INVESTMENTS LLC | Egypt | 99.0% | | 7 El Sherka El Porsaidia St., Auba Boula Sq. Ard El Golf, Heliopolis, Cairo, Egypt |
| FIRST SELECT EGYPT LLC | Egypt | 59.4% | | Flat no. 7, Bur Saeediya Company Street, Alan Babula Square, Heliopolis, Golf Land, Cairo, Egypt |
| G4S LOTUS FACILITIES MANAGEMENT COMPANY | Egypt | 51.0% | | 3A Nabatat Street, Garden City, Cairo, Egypt |
| G4S SECURE SOLUTIONS EL SALVADOR S.A. DE C.V. | El Salvador | 100.0% | | Av. Olimpica 3765, San Salvador, El Salvador |
| AS G4S BALTICS | Estonia | 100.0% | | Paldiski mnt 80, 10617 Tallinn, Estonia |
| AS G4S GRUPP | Estonia | 100.0% | | Paldiski mnt 80, 10617 Tallinn, Estonia |
| AS G4S EESTI | Estonia | 100.0% | | Paldiski mnt 80, 10617 Tallinn, Estonia |
| ALARMTEC AS | Estonia | 100.0% | | Töökoja 1, 11313 Tallinn, Estonia |
| AS ÜHISTEENUSED | Estonia | 100.0% | | Tarta mnt 80j, 10112 Tallinn, Estonia |

## Subsidiaries *continued*

| Company Name | Country of Incorporation | % owned by group | % owned by plc | Registered address |
|---|---|---|---|---|
| G4S INTERNATIONAL HOLDINGS (FRANCE) SAS | France | 100.0% | | 18 R Pasquier, 75008 Paris, France |
| G4S AVIATION SECURITY (FRANCE) SAS | France | 100.0% | | 18 Rue Pasquier, 75008 Paris, France |
| G4S SECURE SOLUTIONS FRANCE SAS | France | 100.0% | | 9 PLACE DE LA MADELEINE 75008 Paris, France |
| G4S GABON SECURE SOLUTIONS S.A. | Gabon | 99.9% | | Quartier Ambowe, BP 4000 Libreville, Gabon |
| G4S SECURE SOLUTIONS (GAMBIA) LTD | Gambia | 90.0% | | 9 Booster Street, Fajara, SK Serrekunda, Gambia |
| G4S SECURITY HOLDINGS DE GMBH | Germany | 100.0% | | C/o Baker Tilly Roelfs AG Wirtschaftspruefungsgesellschaft Valentinskamp 88 20355 Hamburg, Germany |
| G4S INTERNATIONAL LOGISTICS (GERMANY) GMBH | Germany | 100.0% | | Rathenaustrasse 53, D-63263 Neu-Isenburg, Germany |
| G4S IMMOBILIEN-VERWALTUNGS GMBH | Germany | 100.0% | 5.20% | C/o Baker Tilly Roelfs AG Wirtschaftspruefungsgesellschaft Valentinskamp 88 20355 Hamburg, Germany |
| G4S SECURITY SERVICES (GHANA) LTD | Ghana | 100.0% | | 31 Second Labone Street, Labone, Accra, Ghana |
| G4S (GHANA) LTD | Ghana | 100.0% | | 31 Second Labone Street, Labone, Accra, Ghana |
| G4S SECURE SOLUTIONS (GHANA) LTD | Ghana | 100.0% | | 31 Second Labone Street, Labone, Accra, Ghana |
| G4S RISK MANAGEMENT (AFRICA) LTD | Ghana | 49.0% | | 31 Second Labone Street, Labone, Accra, Ghana |
| G4S SECURE SOLUTIONS SA | Greece | 100.0% | | 7, Sorou Str., 144 52 Metamorphosis, Athens, Greece |
| G4S HELLAS HOLDING SA | Greece | 100.0% | | 7, Sorou Str., 144 52 Metamorphosis, Athens, Greece |
| G4S CASH SOLUTIONS SA | Greece | 100.0% | | 7, Sorou Str., 144 52 Metamorphosis, Athens, Greece |
| G4S TELEMATIX SA | Greece | 39.4% | | 7, Sorou Str., 144 52 Metamorphosis, Athens, Greece |
| WSW SKYKAP SERVICES SA | Greece | 42.5% | | 5 klm, Spaton-Loutsas aven., 190 19 Spata, Greece |
| G4S AVIATION AND PORTS SECURE SOLUTIONS SA | Greece | 100.0% | | 7, Sorou Str., 144 52 Metamorphosis, Athens, Greece |
| HELLAS GUARD S.A. UNDER LIQUIDATION | Greece | 18.0% | | National Road Palaiokastritsas, 491 00 Kerkiras, Greece |
| G4S RMS LTD | Greece | 100% | | 7, Sorou Str., 144 52 Metamorphosis, Athens, Greece |
| CSI DEFENSE LTD | Greece | 50.0% | | 35 Kountouriotou, 555-35 Thessaloniki, Greece |
| G4S SECURITY SYSTEMS AND MONITORING SERVICES (GREECE) SA | Greece | 100.0% | | 7, Sorou Str., 144 52 Metamorphosis, Athens, Greece |
| G4S SECURE SOLUTIONS (GRENADA) LTD. | Grenada | 51.0% | | Maurice Bishop Highway Grand Anse St. George's, Grenada |
| G4S SECURE SOLUTIONS (GUAM), INC. | Guam | 100.0% | | 1851A Army Drive, Harmon, Guam, 96913, Guam |
| G4S SECURITY SYSTEMS (GUAM) INC. | Guam | 100.0% | | 1851A Army Drive, Harmon, Guam, 96913, Guam |
| WACKENHUT DE GUATEMALA SA | Guatemala | 50.0% | | Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala |
| WACKENHUT ELECTRONICA SA | Guatemala | 47.5% | | Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala |
| G4S DOCUMENTA, S.A. | Guatemala | 50.0% | | Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala |
| FACILITY SERVICES, S.A. | Guatemala | 28.0% | | Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala |
| G4S SECURE SOLUTIONS, S.A. | Guatemala | 50.0% | | Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala |
| G4S SECURE SOLUTIONS (GUERNSEY) LTD | Guernsey | 100.0% | | Homefield Rue de L'Epinel Forest, GY8 0HL, Guernsey |
| G4S INSURANCE (GUERNSEY) LTD | Guernsey | 100.0% | 100.0% | P.O. Box 384, 4th Floor, The Albany, South Esplanade, GY1 4NF St. Peter Port, Guernsey |
| G4S SECURITY SERVICES (GUINEA) SARL | Guinea | 75.0% | | Commune de Ratoma, Kipe Centre Emetteur, Pres de la Seg, Conakry, Guinea |
| G4S SECURE SOLUTIONS DE HONDURAS S.A. DE C.V. | Honduras | 100.0% | | Edificio Santa Elena, primer nivel. Colonia San Carlos, Av. La Paz Tegucigalpa, Honduras |
| G4S (HONG KONG – HOLDING) LTD | Hong Kong | 100.0% | | 1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong |
| VERDI LTD | Hong Kong | 100.0% | | 1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong |
| G4S SECURE SOLUTIONS (HONG KONG) LTD | Hong Kong | 100.0% | | 1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong |
| G4S GURKHA SERVICES LTD | Hong Kong | 100.0% | | 1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong |
| HONG KONG SECURITY LTD | Hong Kong | 100.0% | | 1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong |
| G4S DOCUMENT MANAGEMENT SERVICES (HONG KONG) LTD | Hong Kong | 100.0% | | 1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong |
| G4S FACILITY SERVICES (HONG KONG) LTD. | Hong Kong | 100.0% | | 1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong |
| G4S CASH SOLUTIONS (HONG KONG) LTD | Hong Kong | 100.0% | | 1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong |
| SECURICOR MACAU INVESTMENT LTD | Hong Kong | 100.0% | | 1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong |
| G4S GROUP HOLDING (CHINA) LTD | Hong Kong | 100.0% | | 1/F, Securicor Centre, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong |
| STARPOINT INVESTMENTS LTD | Hong Kong | 100.0% | | 1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong |
| G4S INTERNATIONAL LOGISITICS (HONG KONG) LTD | Hong Kong | 100.0% | | Unit 02, 7/F, Beautiful Group Tower, 77 Connaught Rd Central, Hong Kong |
| G4S SECURITY SYSTEMS (HONG KONG) LTD | Hong Kong | 100.0% | | 1/F, Securicor Centre, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong |

## 43. Details of Related Undertakings of G4S plc *continued*

### Subsidiaries *continued*

| Company Name | Country of Incorporation | % owned by group | % owned by plc | Registered address |
|---|---|---|---|---|
| GREAT STEP INVESTMENT LTD | Hong Kong | 100.0% | | 1/F, Securicor Centre, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong |
| VICTORY STEP GROUP LTD | Hong Kong | 75.0% | | 1/F, Securicor Centre, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong |
| G4S TECHNOLOGY (HONG KONG) LTD | Hong Kong | 100.0% | | 1/F, Securicor Centre, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong |
| HILL & ASSOCIATES LTD | Hong Kong | 100.0% | | Suite 1701-08, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong |
| G4S BIZTONSÁGTECHIKAI ZRT | Hungary | 100.0% | | Harrer Pál u. 3., 1033 Budapest, Hungary |
| G4S KÉSZPÉNZLOGISZTIKAI KFT | Hungary | 100.0% | | Rozsnyai u. 21-25, 1139 Budapest, Hungary |
| G4S BIZTONSÁGI SZOLGÁLTATÁSOK ZRT | Hungary | 100.0% | | Polgár u. 8-10, 1033 Budapest, Hungary |
| G4S HOLDING KFT | Hungary | 100.0% | | Polgár u. 8-10, 1033 Budapest, Hungary |
| G4S CENTRAL MONITORING SERVICES (INDIA) PVT. LTD | India | 100.0% | | C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India |
| G4S SECURE SOLUTIONS (INDIA) PVT. LTD | India | 49.0% | | C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India |
| INDO-BRITISH GARMENTS (P) LTD | India | 100.0% | | C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India |
| G4S CASH SOLUTIONS (INDIA) PVT LTD | India | 100.0% | 18.50% | C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India |
| G4S FLEET MANAGEMENT SERVICES (INDIA) PVT. LTD | India | 100.0% | | C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India |
| G4S PRODUCTS (INDIA) PVT. LTD | India | 100.0% | | C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India |
| G4S SECURITY SYSTEMS (INDIA) PVT. LTD | India | 100.0% | | C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India |
| MONITRON SECURITY (P) LTD | India | 100.0% | | Office Unit No.301, Third Floor, A-Wing,Eureka Tower, Building No. 7, Mind Space, Link Road, Malad (west), 400064 Mumbai, India |
| G4S CORPORATE SERVICES (INDIA) PVT. LTD. | India | 100.0% | | C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India |
| FIRST SELECT (P) LTD | India | 100.0% | | C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India |
| G4S FACILITY SERVICES (INDIA) PVT. LTD | India | 100.0% | | C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India |
| G4S IT SERVICES (INDIA) PVT. LTD | India | 100.0% | 84.5% | C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India |
| PROTEX SECURITY SERVICES (AP) PVT. LTD | India | 48.9% | | Plot No. 43, Road No. 14, Banjara Hills, 500034 Hyderabad, India |
| INVESTIGATION AND SECURITY SERVICES (INDIA) PVT. LTD | India | 46.7% | | Plot No. 43, Road No. 14, Banjara Hills, 500034 Hyderabad, India |
| MONITRON SUPPORT SERVICES PVT. LTD | India | 49.5% | | C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India |
| HILL & ASSOCIATES (INDIA) PVT. LTD | India | 100.0% | | Upper Ground Floor, Tower B, Building No. 10, DLF Cyber City, 122002 DLF Phase II, Gurgaon, Haryana, India |
| HILL & ASSOCIATES RISK CONSULTANCY PVT. LTD | India | 100.0% | | Upper Ground Floor, Tower B, Building No. 10, DLF Cyber City, 122002 DLF Phase II, Gurgaon, Haryana, India |
| PT G4S SECURITY SERVICES | Indonesia | 97.0% | | The Security Center- Unit 407, Cilandak Commercial Estate KKO, 12560 Jakarta, Indonesia |
| PT G4S CASH SERVICES | Indonesia | 83.9% | | Jl. Ciputat Raya No. 18, Pondok Pinang, Kebayoran Lama, 12310 Jakarta, Indonesia |
| PT CASINTRANS PERDANA | Indonesia | 100.0% | | Menara Jamsostek Fl.22, Jl. Jend. Gatot Subroto No. 38, Kuningan Barat, Jakarta Selatan, Indonesia |
| PT G4S EURONET (INDONESIA) | Indonesia | 53.0% | | The Security Center- Unit 407, Cilandak Commercial Estate KKO, 12560 Jakarta, Indonesia |
| PT HILL KONSULTAN INDONESIA | Indonesia | 99.0% | | Gedung Setiabudi 2 Lt.3A Suite 3A-01 Jl. H.R. Rasuna, Said Kav.62, 12920 Jakarta, Indonesia |
| PT G4S SECURITY SOLUTION SERVICES | Indonesia | 51.0% | | The Security Center- Unit 407, Cilandak Commercial Estate KKO, 12560 Jakarta, Indonesia |
| PT ARGENTA ADHILOKA PRATAMA | Indonesia | 51.0% | | Jl. Administrasi Negara 1A No. 30, Bendungan Hilir, Tanah Abang, 10210 Jakarta, Indonesia |
| GROUP 4 SECURICOR GLOBAL RISKS LTD | Ireland | 100.0% | | 2013 Orchard Place, City West, Dublin 24, Ireland |
| G4S SECURE SOLUTIONS (IRE) LTD | Ireland | 100.0% | | 2013 Orchard Place, City West, Dublin 24, Ireland |
| G4S SUPPORT SERVICES (IRELAND) LTD | Ireland | 100.0% | | 2013 Orchard Place, City West, Dublin 24, Ireland |
| G4S HOLDINGS (IRELAND) LTD | Ireland | 100.0% | | 2013 Orchard Place, City West, Dublin 24, Ireland |
| G4S CASH SOLUTIONS IRELAND LTD | Ireland | 100.0% | | Bluebell Industrial Estate, Bluebell Ave, Dublin 12, Ireland |
| G4S MONITORING (IRE) LTD | Ireland | 100.0% | | 2013 Orchard Place, City West, Dublin 24, Ireland |
| A1 SECURITY TECHNOLOGIES LTD | Ireland | 100.0% | | 2013 Orchard Place, City West, Dublin 24, Ireland |
| G4S FACILITIES MANAGEMENT (IRE) LTD | Ireland | 100.0% | | Unit 5 Calmount Business Park, Ballymount, Dublin 12, Ireland |
| ALARM MONITORING SERVICES LTD | Ireland | 100.0% | | 2013 Orchard Place, City West, Dublin 24, Ireland |

## Subsidiaries *continued*

| Company Name | Country of Incorporation | % owned by group | % owned by plc | Registered address |
|---|---|---|---|---|
| G4S COMPLIANCE AND INVESTIGATIONS (IRELAND) LIMITED | Ireland | 100.0% | | 2013 Orchard Place, City West, Dublin 24, Ireland |
| G4S FINANCE (IRELAND) LTD | Ireland | 100.0% | 100.0% | 2013 Orchard Place, City West, Dublin 24, Ireland |
| GDJS SECURITY LTD | Ireland | 100.0% | | 2013 Orchard Place, City West, Dublin 24, Ireland |
| G4S SECURE SOLUTIONS (ISLE OF MAN) LTD | Isle of Man | 100.0% | | Isle of Man Business Pk, Isle of Man IM2 2SE |
| G4S SECURE SOLUTIONS (ISRAEL) LTD | Israel | 91.9% | | 14 Scacham St., Petch Tikva, Israel |
| G4S SECURITY CONSULTANCY (ISRAEL) LTD | Israel | 91.9% | | 14 Scacham St., Petch Tikva, Israel |
| G4S SAFETY SOLUTIONS (ISRAEL) LTD | Israel | 91.9% | | 14 Scacham St., Petch Tikva, Israel |
| G4S SECURITY TECHNOLOGIES (ISRAEL) LTD | Israel | 91.9% | | 10 Scacham St., Petch Tikva, Israel |
| G4S MANPOWER SERVICES (ISRAEL) LTD | Israel | 91.9% | | 14 Scacham St., Petch Tikva, Israel |
| G4S COMPUTERIZED SYSTEMS (HOTELO-ISRAEL) LTD | Israel | 91.9% | | 2 Hashiloach, Petch Tikva, Israel |
| MOKED EMUN SURVEILLANCE & CONTROL (1995) LTD | Israel | 64.3% | | Maskit – Merkazim Building, 46120 Herzelia, Israel |
| G4S SECURITY TECHNOLOGIES (EILAT-ISRAEL) LTD. | Israel | 91.9% | | 5 Peten, 8801306 Eliat,Israel |
| G4S ISRAEL PPP LTD | Israel | 100.0% | | 14 Scacham St., Petch Tikva, Israel |
| POLICITY LTD | Israel | 46.0% | | 1a Ha'Yarden St. Air Port City, Lod, Israel |
| G4S INTERNATIONAL LOGISTICS (ISRAEL) LTD | Israel | 100.0% | | 111, Arlozorov Street, Tel Aviv-Yafo, Israel, 6209809 |
| WACKENHUT SA | Ivory Coast | 97.5% | | 20 B.P., 845 Abidjan 20, Ivory Coast |
| G4S SECURE SOLUTIONS (CI) SA | Ivory Coast | 97.5% | | 3 Boulevard Valerie Giscard d'Estaing, 01 BP 6065 ABJ 01 Abidjan, Ivory Coast |
| ARMORGROUP COTE D'IVOIRE SA | Ivory Coast | 100.0% | | Rue B31, Lot 29, Cocody danga Nord Abidjan, 20 BP 845 Abidjan 20 Abidjan, Ivory Coast |
| G4S JAMAICA LTD | Jamaica | 100.0% | | 6-8 East Avenue, 5 Kingston W.I., Jamaica |
| G4S SECURE SOLUTIONS JAPAN K.K | Japan | 100.0% | | 202, Musashino Hills, 2299-4 Fussa, Fussa-shi, 1970011 Fussa-shi, Japan |
| HILL & ASSOCIATES (JAPAN) KK | Japan | 100.0% | | 2-2-15, #403, Minami-Aoyama, Minato-ku, 107-0062 Tokyo, Japan |
| G4S HOLDINGS INDIA LTD | Jersey | 100.0% | | Third Floor, 37 Esplanade, JE2 3QA St Helier, Jersey |
| G4S SECURE SOLUTIONS (JERSEY) LTD | Jersey | 100.0% | | The Security Centre Rue des Pres Trading Estate, JE2 7QP St Saviour, Jersey |
| G4S INTERNATIONAL EMPLOYMENT SERVICES LTD | Jersey | 100.0% | | The Old Chapel, Sacre Coeur, Rouge Bouillon St Helier, Jersey, JE2 3ZA |
| LUCAS CAPITAL (JERSEY) LTD | Jersey | 100.0% | 100.0% | Ogier House, The Esplanade, St Helier, JE4 9WG, Jersey |
| G4S SECURE SOLUTIONS INTERNATIONAL INC (JORDAN) LTD. | Jordan | 50.0% | | # 12, Mithqual El Fayez St., Third Circle, Jebel, P.O. Box 831358, 11183 Amman, Jordan |
| G4S SECURE SOLUTIONS INT. (JORDAN) FOR INTEGRATED SOLUTIONS | Jordan | 60.0% | | Roxy Al Ozaizi Street – Dana Center 2, 11183 Amman, Jordan |
| G4S KENYA LTD | Kenya | 100.0% | | Witu Rd off Lusaka Rd, P O Box 30242, GPO 00100 Nairobi, Kenya |
| G4S FIRE SERVICES (KENYA) LTD | Kenya | 100.0% | | Witu Rd off Lusaka Rd, P O Box 30242, GPO 00100 Nairobi, Kenya |
| ARMORGROUP KENYA LTD | Kenya | 100.0% | | Plot No. LR 209/368/10, Armor House, Lenana Road, P.O. Box 2714 Nairobi, Kenya |
| G4S SECURE DATA SOLUTIONS (KENYA) LTD | Kenya | 60.0% | | Witu Rd off Lusaka Rd, P O Box 30242, GPO 00100 Nairobi, Kenya |
| AS G4S LATVIA | Latvia | 100.0% | | Stigu Str 10, LV-1021, Riga, Latvia |
| AS G4S CASH SERVICES LATVIA | Latvia | 100.0% | | Stigu Str 10, LV-1021, Riga, Latvia |
| GROUP 4 SECURITY SERVICES LEBANON SAL | Lebanon | 50.6% | 50.60% | Saliba Building Awkar Dbayeh, 70-461, Antelias Beirut, Lebanon |
| G4S SECURITY SYSTEMS LEBANON SAL | Lebanon | 50.7% | | Saliba Building Awkar Dbayeh, 70-461, Antelias Beirut, Lebanon |
| G4S SECURE SOLUTIONS LESOTHO (PTY) LTD | Lesotho | 100.0% | | 397 Hilton Hill Road Maseru, Lesotho |
| G4S CASH SOLUTIONS LESOTHO (PTY) LTD | Lesotho | 100.0% | | 397 Hilton Hill Road, Maseru, Lesotho |
| UAB G4S LIETUVA | Lithuania | 100.0% | | J.Jasinskio 16C, LT-01112 Vilnius, Lithuania |
| G4S SECURITY SOLUTIONS S.A.R.L. | Luxembourg | 100.0% | | 14 Rue du Père Raphaël – P.O. Box 1513, L-1015 Luxembourg |
| G4S GENERAL SERVICES SA | Luxembourg | 100.0% | | 14 Rue du Père Raphaël – P.O. Box 1513 |
| G4S FINANCE (LUXEMBOURG) SARL | Luxembourg | 100.0% | 100.0% | 14 Rue du Père Raphaël – P.O. Box 1513 |
| HILL & ASSOCIATES (MACAU) ITD | Macau | 100% | | Avenida Venceslau de Morais, 157, BL 2,2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau |
| G4S (MACAU – HOLDING) LTD | Macau | 100.0% | | Avenida Venceslau de Morais, 185-191, 1 Andar A, Macau |
| G4S SECURE SOLUTIONS (MACAU) LTD | Macau | 100.0% | | Avenida Venceslau de Morais, 157, BL 2,2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau |
| GREAT WALL SECURITY SERVICES LTDA. | Macau | 100.0% | | Avenida Venceslau de Morais, 157, BL 2,2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau |
| GREAT WALL PROPERTY MANAGEMENT SERVICES LTD | Macau | 100.0% | | Avenida Venceslau de Morais, 157, BL 2,2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau |
| GREAT WALL HOLDINGS LTD | Macau | 100.0% | | Avenida Venceslau de Morais, 157, BL 2,2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau |
| G4S MADAGASCAR SOLUTIONS DE SECURITE SARL | Madagascar | 100.0% | | Lot II, 161 HC Ambohijatovo Ivandry Immeuble Millenium, 10101 101 Antananarivo Renivohitra C.U., Madagascar |

## 43. Details of Related Undertakings of G4S plc *continued*

### Subsidiaries *continued*

| Company Name | Country of Incorporation | % owned by group | % owned by plc | Registered address |
|---|---|---|---|---|
| G4S SECURE SOLUTIONS (MALAWI) LTD | Malawi | 99.7% | | Chirimba Industrial Area, P O Box 720, Blantyre, Malawi |
| G4S PREMIER GUARDING SERVICES (MALAWI) LTD | Malawi | 100.0% | | Chirimba Industrial Area, P O Box 720, Blantyre, Malawi |
| G4S PREMIER ALARM MONITORING AND RESPONSE SERVICES (MALAWI) LTD | Malawi | 100.0% | | Chirimba Industrial Area, P O Box 720, Blantyre, Malawi |
| G4S MALAYSIA SDN. BHD. | Malaysia | 60.0% | | 25-2, Jalan PjU 1/42A, Dataran Prima, 47301 Petaling Jaya, Malaysia |
| ALMO SYSTEMS SDN BHD | Malaysia | 49.0% | | 25-2, Jalan PjU 1/42A, Dataran Prima, 47301 Petaling Jaya, Malaysia |
| GROUP 4 FALCK CMS SDN BHD | Malaysia | 49.0% | | Suite 226, 1st floor, FAS Business Avenue, No.1, Jalan Perbandaran, 47301 Petaling Jaya, Malaysia |
| SAFEGUARDS G4S SDN BHD | Malaysia | 49.0% | | No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia |
| SECURICOR (MALAYSIA) SDN BHD | Malaysia | 49.0% | | No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia |
| SAFEGUARDS G4S (SABAH) SDN BHD | Malaysia | 49.0% | | No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia |
| SAFEGUARDS G4S (SARAWAK) SDN BHD | Malaysia | 49.0% | | No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia |
| SAFEGUARDS G4S SECURITY SYSTEMS SDN BHD | Malaysia | 49.0% | | No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia |
| GWENKENS SECURITY SERVICES SDN BHD | Malaysia | 44.1% | | 910 (Suite 1), Block B, Phileo Damansara 2, No 15, Jalan 16/11, Off Jalan Damansara, Petaling Jaya,46350 Selangor Darul Ehsan, Malaysia |
| G4S MANAGEMENT SERVICES (ASIA PACIFIC) SDN BHD | Malaysia | 100.0% | | 1st Floor, Lot 6, Jalan 225, Sec 51A, Petaling Jaya, 46100 Selangor, Malaysia |
| HILL CORPORATE SERVICES SDN BHD | Malaysia | 100.0% | | 2nd floor, No 2-4 Jalan Manau, 50460 Kuala Lumpur, Malaysia |
| RISK CONSULTING (L) LTD | Malaysia | 100.0% | | Level 15B, Main Office Tower, Financial Park, Jalan Merdeka, 87000 Labuan, Malaysia |
| HILL RISK CONSULTING (MALAYSIA) SDN BHD | Malaysia | 100.0% | | Unit No 9-7, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia |
| VIVA POWERTECH SDN. BHD. | Malaysia | 100.0% | | Level 21, Suite 21.10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia |
| SAFEGUARDS G4S ACADEMY SDN BHD | Malaysia | 44.1% | | 910 (Suite 1), Block B, Phileo Damansara 2, No 15, Jalan 16/11, Off Jalan Damansara, Petaling Jaya, 46350 Selangor Darul Ehsan, Malaysia |
| GWENKENS CENTRAL MONITORING SDN BHD | Malaysia | 44.1% | | 910 (Suite 1), Block B, Phileo Damansara 2, No 15, Jalan 16/11, Off Jalan Damansara, Petaling Jaya, 46350 Selangor Darul Ehsan, Malaysia |
| INDO BRITISH GARMENTS MALAYSIA SDN BHD | Malaysia | 100.0% | | Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing No 1 Leboh Ampang, 50100 Kuala Lumpur, Malaysia |
| G4S (MALI) SARL | Mali | 100.0% | | Hamdallaye ACI 2000, street 405 – gate 558, Bamako, Mali |
| G4S SECURITY SERVICES (MALTA) LTD | Malta | 50.1% | | Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta |
| G4S SECURITY SERVICES LTD | Malta | 50.1% | | Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta |
| G4S HOLDINGS (MALTA) LTD | Malta | 100.0% | | Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta |
| G4S COMMUNITY SERVICES LIMITED | Malta | 50.1% | | Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta |
| G4S SECURITY SERVICES (MAURITANIA) SA | Mauritania | 70.0% | | BP 4201, Nouakchott, Tevragh Zeina Ilot C, No. 261, Nouakchott, Mauritania |
| G4S HOLDINGS CHINA LTD | Mauritius | 100.0% | | c/o Multiconsult Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius |
| CROSSKEYS (MAURITIUS) HOLDINGS LTD | Mauritius | 100.0% | | 210 St James Court, Rue St Denis, Port Louis, Mauritius |
| HILL RISK MANAGEMENT LTD | Mauritius | 100.0% | | c/o Multiconsult Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius |
| HILL & ASSOCIATES (MAURITIUS) LTD | Mauritius | 100.0% | | c/o Multiconsult Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius |
| HILL RISK CONSULTING (MAURITIUS) LTD | Mauritius | 100.0% | | c/o Multiconsult Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius |
| S GRAY MANAGEMENT SERVICES LTD | Mauritius | 100.0% | | c/o Intercontinental Trust LTD, Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius |
| G4S HOLDINGS MÉXICO, SA DE CV | Mexico | 100.0% | | Barranca del Muerto #380, CP 01020 Mexico, D.F., Mexico |
| G4S SECURITY SYSTEMS S.A. DE C.V. | Mexico | 100.0% | | Barranca del Muerto #380, CP 01020 Mexico, D.F., Mexico |
| G4S PRIVATE SECURITY SERVICES, SA DE CV | Mexico | 100.0% | | Barranca del Muerto #380, CP 01020 Mexico, D.F., Mexico |
| G4S SECURITY SERVICES CRNA GORA DOO PODGORICA | Montenegro | 85.0% | | Cvijetna Street no.25, Podgorica, Montenegro |
| WACKENHUT MOROCCO INC (BRANCH OFFICE) | Morocco | 93.8% | | 24 Lotissement la Colline, Sidi Maarouf, 20150 Casablanca, Morocco |
| MAROC PROTECTION SURVEILLANCE SA | Morocco | 100.0% | | 24 Lotissement la Colline, Sidi Maarouf, 20150 Casablanca, Morocco |
| G4S (MAROC) SA | Morocco | 100.0% | | 24 Lotissement la Colline, Sidi Maarouf, 20150 Casablanca, Morocco |
| FIRST SELECT MOROCCO SA | Morocco | 99.9% | | 24, Lotissement la Colline, Sidi Maârouf, Casablanca, Morocco |
| G4S INTERGRATED SERVICES MOROCCO SA | Morocco | 100.0% | | 24 Lotissement la Colline, Sidi Maarouf, 20150 Casablanca, Morocco |

## Subsidiaries *continued*

| Company Name | Country of Incorporation | % owned by group | % owned by plc | Registered address |
|---|---|---|---|---|
| WACKENHUT MOZAMBIQUE LIMITADA | Mozambique | 90% | | Rua Mariano Machado nr. 99/186, Maputo, Mozambique |
| G4S SECURE SOLUTIONS MOCAMBIQUE LIMITADA | Mozambique | 87.5% | | Av da Organizacao da Unidade Africana, 121, Maputo, Mozambique |
| G4S ORDNANCE MANAGEMENT (MOCAMBIQUE), LIMITADA | Mozambique | 90.0% | | No 2085, Avenida Ahmed Sekoe Toure, Maputo, Mozambique |
| G FOUR S MANNED SECURITY (NAMIBIA) (PTY) LTD | Namibia | 100.0% | | 33 General Murtala Ramat Muhammed Street, Eros, Windhoek, Namibia |
| G FOUR S AVIATION SECURITY (NAMIBIA) (PTY) LTD | Namibia | 100.0% | | 33 General Murtala Ramat, Muhammed Street, Eros, Windhoek, Namibia |
| G FOUR S SECURE SOLUTIONS (NAMIBIA) (PTY) LTD | Namibia | 100.0% | | 33 General Murtala Ramat Muhammed Street, Eros, Windhoek, Namibia |
| ARMED RESPONSE COMPANY (PROPRIETARY) LTD | Namibia | 100.0% | | 33 General Murtala Ramat Muhammed Street, Eros, Windhoek, Namibia |
| RESCUE 911 (PROPRIETARY) LTD | Namibia | 100.0% | | 33 General Murtala Ramat Muhammed Street, Eros, Windhoek, Namibia |
| PRO-FORCE CORPORATE SECURITY (PROPRIETARY) LTD | Namibia | 100.0% | | 33 General Murtala Ramat Muhammed Street, Eros, Windhoek, Namibia |
| G FOUR S CASH SOLUTIONS (NAMIBIA) (PTY) LTD | Namibia | 100.0% | | 33 General Murtala Ramat Muhammed Street, Eros, Windhoek, Namibia |
| G4S SECURITY SERVICES NEPAL (P) LTD | Nepal | 99.9% | | House No. 75/45, Kailash Chaur, Ward No. 2, Kathmandu Metropolitan City, Kathmandu, Nepal |
| FIRST SELECT NEPAL (P) LTD | Nepal | 100.0% | | P.O. Box 20423, House # 75/45, Lazimpat, Kailash Chaur, Kathmandu, Nepal |
| SECURITAS PRODUCT NEPAL P. LTD | Nepal | 100.0% | | Ichhunadi Marg, Baluwatar, Ward No. 4 , Kathmandu Metropolitan City, Kathmandu, Nepal |
| G4S FACILITY & EMPLOYMENT SERVICES NEPAL PVT. LTD | Nepal | 100.0% | | Ichhunadi Marg, Baluwatar, Ward No. 4 , Kathmandu Metropolitan City, Kathmandu, Nepal |
| G4S INTERNATIONAL (NL) BV | Netherlands | 100.0% | | Hogehilweg 12, 1101CD Amsterdam Zuidoost, Netherlands |
| G4S HOLDING (B) BV | Netherlands | 100.0% | | Hogehilweg 12, 1101CD Amsterdam Zuidoost, Netherlands |
| G4S INDIA HOLDINGS (NL) BV | Netherlands | 100.0% | | Hogehilweg 12, 1101CD Amsterdam Zuidoost, Netherlands |
| G4S AVIATION SECURITY BV | Netherlands | 100.0% | | Evert van de Beekstraat 1 rumimtenummer 66, Luchthaven Schiphol, 1118 CL Netherlands |
| G4S SECURE MONITORING BV | Netherlands | 100.0% | | Hogehilweg 12, 1101CD Amsterdam Zuidoost, Netherlands |
| G4S (CPH) BV | Netherlands | 100.0% | | Hogehilweg 12, 1101CD Amsterdam Zuidoost, Netherlands |
| G4S INTERNATIONAL HOLDINGS 101 (NL) BV | Netherlands | 100.0% | | Hogehilweg 12, 1101CD Amsterdam Zuidoost, Netherlands |
| G4S SECURITY SERVICES BV | Netherlands | 100.0% | | Hogehilweg 12, 1101 CD Amsterdam, Netherlands |
| G4S HOLDINGS 102 (NL) B.V. | Netherlands | 100.0% | | Hogehilweg 12, 1101CD Amsterdam Zuidoost, Netherlands |
| G4S HOLDINGS 103 (NL) BV | Netherlands | 100.0% | | Hogehilweg 12, 1101CD Amsterdam Zuidoost, Netherlands |
| G4S GROUP HOLDING (ASIA) BV | Netherlands | 100.0% | | Hogehilweg 12, 1101 CD Amsterdam, Netherlands |
| G4S BEHEER BV | Netherlands | 100.0% | | Hogehilweg 12, 1101 CD Amsterdam, Netherlands |
| G4S SERVICES BV | Netherlands | 100.0% | | Hogehilweg 12, 1101CD Amsterdam Zuidoost, Netherlands |
| G4S PUBLIC SECURITY BV | Netherlands | 100.0% | | Hogehilweg 12, 1101 CD Amsterdam, Netherlands |
| G4S CASH SOLUTIONS B.V. | Netherlands | 100.0% | | Ptolemaeuslaan 61, 3528 BR Utrecht, Netherlands |
| G4S CASH MANAGEMENT B.V. | Netherlands | 100.0% | | Ptolemaeuslaan 61, 3528 BR Utrecht, Netherlands |
| G4S STAMFORD INVESTMENTS BV | Netherlands | 100.0% | | Hogehilweg 12, 1101CD Amsterdam Zuidoost, Netherlands |
| G4S TRAINING & SAFETY BV | Netherlands | 100.0% | | Galvanistraat 89, 6716 AE Ede, Netherlands |
| G4S DIRECT BV | Netherlands | 100.0% | | Galvanistraat 89, 6716 AE Ede, Netherlands |
| ROTUS BV | Netherlands | 100.0% | | Galvanistraat 89, 6716 AE Ede, Netherlands |
| IBG EUROPE BV | Netherlands | 100.0% | | Hogehilweg 12, 1101 CD Amsterdam, Netherlands |
| G4S PERSONNEL BV | Netherlands | 100.0% | | Amperestraat 25, 6716 BN Ede, Netherlands |
| G4S ZORG & WELZIJN B.V. | Netherlands | 100.0% | | Tolnasingel 1, 2411 PV Bodegraven, Netherlands |
| G4S OVERSEAS HOLDINGS BV | Netherlands | 100.0% | | Hogehilweg 12, 1101CD Amsterdam Zuidoost, Netherlands |
| G4S FIRE & SAFETY B.V. | Netherlands | 100.0% | | Donk 1D, 2991 LE Barendrecht, Netherlands |
| G4S REGIONAL MANAGEMENT (EUROPE) BV | Netherlands | 100.0% | | Hogehilweg 12, 1101CD Amsterdam Zuidoost, Netherlands |
| INZETBAAR B.V. | Netherlands | 100.0% | | Tolnasingel 1, 2411PV Bodegraven, Netherlands. |
| FAIR BEDRIJFSDIENSTEN BV | Netherlands | 100.0% | | Tolnasingel 1, 2411PV Bodegraven, Netherlands. |
| FAIR BEWAKING BV | Netherlands | 100.0% | | Tolnasingel 1, 2411PV Bodegraven, Netherlands. |
| G4S NEW ZEALAND LTD | New Zealand | 100.0% | | Level3, 2 Kalmia Street, Ellerslie, 1051, New Zealand |
| G4S SECURE SOLUTIONS, SOCIEDAD ANÓNIMA | Nicaragua | 51.0% | | Reparta Belmonte, Dr. Hospital Velez Paiz, 1 Cuadra Holis Arriba, Nicaragua |
| OUTSOURCING SERVICES LTD | Nigeria | 99.9% | | 27, Oba Akinjobi Street, GIRA, Ikeja, Lagos, Nigeria |
| SCHC LTD | Nigeria | 99.0% | | 13A, A.J. Marinho Drive, Victoria Island, Lagos, Nigeria |
| G4S SECURE SOLUTIONS NIGERIA LTD | Nigeria | 100.0% | | 27, Oba Akinjobi Street, GIRA, Ikeja Lagos. Nigeria |
| G4S TRACKING SOLUTIONS LTD | Nigeria | 60.0% | | AIB Plaza, Off Akin Adesola Street, Victoria Island, Lagos, Nigeria |
| ASSETGUARD SERVICES LTD | Nigeria | 100.0% | | 1 Murtala Mohammed Drive (Formerly Bank Road), Ikoyi, Lagos, Nigeria |
| ARMORGROUP (NIGERIA) LTD | Nigeria | 100.0% | | 27, Oba Akinjobi Street, GIRA, Ikeja, Lagos, Nigeria |
| DEFENCE SYSTEMS (NIGERIA) LTD | Nigeria | 100.0% | | 6 Takoradi Street, Wuse Abuja, Nigeria |
| G4S/GLOBAL RISKS NIGERIA LTD | Nigeria | 100.0% | | Plot 7a Acme Road, Block C, Ogba Inustrial Scheme, Ikeja, Lagos, Nigeria |

## 43. Details of Related Undertakings of G4S plc *continued*

### Subsidiaries *continued*

| Company Name | Country of Incorporation | % owned by group | % owned by plc | Registered address |
|---|---|---|---|---|
| G4S SECURE SOLUTIONS (CNMI) INC. | Northern Mariana Islands | 100.0% | | PMB 384 PPP Box 1000, 96950 Saipan, Northern Mariana Islands |
| G4S SECURITY SOLUTIONS LLC | Oman | 49.0% | | P.O. Box 1625, 112, Ruwi Muscat, Oman |
| G4S SERVICES LLC | Oman | 49.0% | | P.O. Box 1625, 112 Muscat, Oman |
| HILL & ASSOCIATES PAKISTAN (PVT.) LTD | Pakistan | 100.0% | | B-61, KDA Scheme 01, 7550 Karachi, Pakistan |
| FIRST SELECT PAKISTAN (PVT) LTD | Pakistan | 51.0% | | H.No. 7-B, Street No. 8, F-7/3, Islamabad, Pakistan |
| INVERSIONES SETESCA | Panama | 100.0% | | Calle 41, 2-40 Bella Vista, Panama |
| SEGURIDAD TECNICA SA | Panama | 44.0% | | Calle 41, 2-40 Bella Vista, Panama |
| TELEMETRIA Y ALARMA SA | Panama | 17.6% | | Calle 41, 2-40 Bella Vista, Panama |
| DETECTA SA | Panama | 44.0% | | Calle 41, 2-40 Bella Vista, Panama |
| LIMPIE SA | Panama | 44.0% | | Calle 41, 2-40 Bella Vista, Panama |
| G4S S.A. | Panama | 100.0% | | Marbella, Ave. Aquilino de la Guardia Ocean Business Plaza, Piso 17-1704, Panama City, Panama |
| METERS CORP. | Panama | 100.0% | | Calle 41, 2-40 Bella Vista, Panama |
| G4S SECURE SOLUTIONS (PNG) LTD | Papua New Guinea | 100.0% | | Section 61, Allotment 13, Morata Street, Gordons, National Capital District, Papua New Guinea |
| MONT BLANC LIMITED | Papua New Guinea | 100.0% | | C/ Sinton Spence Chartered Accountants 2nd Floor Brian Bell Plaza Turmu St. Boroko, Boroko, Papua New Guinea |
| G4S PNG LIMITED | Papua New Guinea | 100.0% | | PO Box 5392 Boroko NCD, Papua New Guinea |
| WACKENHUT PARAGUAY SA | Paraguay | 1.6% | | Nery Quevedo 315 Esq. Hipolito Garron, Asuncion, Paraguay |
| G4S PERU SAC | Peru | 99.9% | | Av. El Sol 916, Urbanización La Campiña., Chorrillos, Lima, Peru |
| G4S L&T PERU S.A.C | Peru | 99.9% | | Av. El Sol N° 906, Distrito de Chorrillos, Provincia Y Departmento De Lima, Peru |
| G4S HOLDING, INC. | Philippines | 79.9% | | G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines |
| G4S SECURITY SYSTEMS, INC. | Philippines | 79.8% | | G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines |
| PERSONAL SECURITY SYSTEMS INC. | Philippines | 100% | | G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines |
| CATENA SECURITY INC. | Philippines | 100% | | G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines |
| VALLUM SECURITY SERVICES CORP. | Philippines | 100% | | G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines |
| G4S SECURITY TRAINING INC. | Philippines | 31.9% | | Metro Manila, Philippines C/O Unit 201 Conservatory Bldg, 605 Shaw Blvd., Mandaluyong City, Philippines |
| ATTINA SECURITY SERVICES, INC. | Philippines | 100.0% | | G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines |
| HILL & ASSOCIATE RISK CONSULTING PHILS., INC. | Philippines | 100.0% | | Unit 505, Pse Tower One & Exchange Plaza, 6767 Ayala Avenue, 1226 Makati City, Philippines |
| ACCURIA EXECUTIVE PROTECTION & DETECTIVE SERVICES INC. | Philippines | 100.0% | | G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines |
| G4S CASH SOLUTIONS PHILLIPINES INC. | Philippines | 51.0% | | 100 E. Rodriquez Avenue, Ugong Norte, 1552 Quezon City, Philippines |
| GLOBAL SECURITY SOLUTIONS INC. | Philippines | 50.0% | | Unit 201 Conservatory Building, 1552 Mandaluyong City, Philippines |
| CYNEWARD SECURITY CORP. | Philippines | 100.0% | | G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines |
| G4S SECURE SOLUTIONS (PUERTO RICO) INC. | Puerto Rico | 100.0% | | Carretera #1 Plaza Bairoa, Suite 211, Caguas, Puerto Rico |
| G4S SECURE SOLUTIONS SRL | Romania | 100.0% | | 15 Charles de Gaulle Square, 12th floor, District 1, Bucharest, Romania |
| G4S CASH SOLUTIONS SRL | Romania | 100.0% | | 15 Charles de Gaulle Square, 12th floor, District 1, Bucharest, Romania |
| G4S FIRE & SAFETY S.R.L. | Romania | 100.0% | | 15 Charles de Gaulle Square, 12th floor, District 1, Bucharest, Romania |
| LIMITED LIABILITY COMPANY PRIVATE SECURITY ENTITY GROUP 4 SECURITAS RENAMED LLC PSE GSN | Russia | 100.0% | | UKhtomski Pereulok, 4, 111020 Moscow, Russia |
| LLC PSE G4S SECURITY SERVICES – SAKHALIN | Russia | 75.0% | | 36 Dzerzhinskogo, 693000 Yuzhno Sakhalinsk, Russia |
| LLC G4S TECNICAL SOLUTIONS – SAKHALIN | Russia | 75.0% | | 62A Amurskaya Str, Office 103, 693000 Yuzhno-Sakhalinsk, Russia |
| G4S EURASIA LLC | Russia | 100.0% | | Building 1, 4 Ukhtomsky Pereulok, 111020 Moscow, Russia |
| G4S RWANDA LTD | Rwanda | 99.0% | | 5698 Nyarutarama, P.O. Box 7230, Kigali, Rwanda |
| G4S SECURE SOLUTIONS (ST.LUCIA) LTD | Saint Lucia | 51.0% | | P.O. Box CP 6098 Conway Post Office, Castries, Saint Lucia |
| AL MAJAL GROUP 4S FOR SECURITY AND SAFETY LIMITED LIABILITY COMPANY | Saudi Arabia | 49.0% | | P.O. Box 31049, 21497 Jeddah, Saudi Arabia |
| AL MAJAL SERVICE MASTER LLC | Saudi Arabia | 49.0% | | Post Code 6930, 21452 Jeddah, Saudi Arabia |
| MOHAMMED BIN ABDOUD AL AMOUDI CO FOR CIVILIAN SECURITY SERVICES PARTNERSHIP (ALMAJAL) | Saudi Arabia | 0.0% | | P.O. Box 2779, 21461 Jeddah, Saudi Arabia |
| G4S SECURE SOLUTIONS D.O.O. | Serbia | 85.0% | | Kumodraska Street no 240, Belgrade, Serbia |
| G4S SECURE SOLUTIONS (SL) LTD | Sierra Leone | 100.0% | | 6 Spur Road, P.O Box, Freetown, Sierra Leone |
| GROUP 4 SECURICOR (S) PTE. LTD. | Singapore | 100.0% | | 8 Commonwealth Lane, #04-04 (Annex), 149555 Singapore |
| G4S SECURITY SYSTEMS (S) PTE. LTD. | Singapore | 100.0% | | 8 Commonwealth Lane, #04-04 (Annex), 149555 Singapore |
| G4S SECURE SOLUTIONS (SINGAPORE) PTE. LTD. | Singapore | 100.0% | 25.30% | 8 Commonwealth Lane, #04-04 (Annex), 149555 Singapore |

## Subsidiaries *continued*

| Company Name | Country of Incorporation | % owned by group | % owned by plc | Registered address |
|---|---|---|---|---|
| G4S INTERNATIONAL LOGISTICS (SINGAPORE) PTE LIMITED | Singapore | 100.0% | | 158 Cecil Street, 069 545 #11-01 Singapore, |
| HILL & ASSOCIATES RISK CONSULTING (SINGAPORE) PTE LTD | Singapore | 100.0% | | 51 Cuppage Road, #10-18, 229469, Singapore |
| G4S SECURITY SYSTEMS (SK) S.R.O. | Slovak Republic | 100.0% | | Visnova 16, 831 01 Bratislava, Slovak Republic |
| G4S SECURE SOLUTIONS (SK), A.S. | Slovak Republic | 100.0% | | Visnova 16, 831 01 Bratislava, Slovak Republic |
| G4S FIRE SERVICES (SK), S.R.O | Slovak Republic | 100.0% | | Visnova 16, 831 01 Bratislava, Slovak Republic |
| G4S TECHNOLOGY SOLUTIONS (SK), S.R.O | Slovak Republic | 100.0% | | Visnova 16, 831 01 Bratislava, Slovak Republic |
| G4S DRUZBA ZA VAROVANJE D.O.O. (G4S D.O.O.) | Slovenia | 96.2% | | Stegne 21, 1000 Ljubljana, Slovenia |
| GROUP 4 FALCK (PTY) LTD | South Africa | 100.0% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S SECURITY SERVICES (AFRICA) (PROPRIETARY) LTD | South Africa | 100.0% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S SECURE SOLUTIONS (SA) (PTY) LTD | South Africa | 72.2% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S AVIATION SECURITY (SA) (PTY) LTD | South Africa | 72.2% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S INTEGRITY ASSESSMENT (PTY) LTD | South Africa | 72.2% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S INTERNATIONAL LOGISTICS (SOUTH AFRICA) PTY. | South Africa | 100.0% | | Unit 31, First Floor Waterford Office Park, Corner Witkoppen & Waterford Road, Fourways 1610, South Africa |
| GRAY SECURITY SERVICES (SA) (PROPRIETARY) LTD | South Africa | 72.2% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S CASH SOLUTIONS (SA) (PTY) LTD | South Africa | 74.9% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S INSURANCE (SA) LTD | South Africa | 74.9% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| ELWIERDA (GAUTENG) (PTY) LTD | South Africa | 74.9% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| CMS MICRO FINANCE (PTY) LTD | South Africa | 74.9% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S EMPOWERMENT VENTURES (SA) (PTY) LTD | South Africa | 48.4% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S CARE AND JUSTICE SERVICES (SOUTH AFRICA) (PTY) LTD | South Africa | 100.0% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S CORRECTION SERVICES (BLOEMFONTEIN) (PTY) LTD | South Africa | 81.0% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| GSL REBOUND (PTY) LTD | South Africa | 100.0% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| SKYCOM (PTY) LTD | South Africa | 72.2% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| ACCESS AND BEYOND (PTY) LTD | South Africa | 72.2% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| INTEGRATED SKY FORCE SOLUTIONS (PTY) LTD | South Africa | 72.2% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa, 0157 Centurion |
| INDO BRITISH GARMENTS PVT. LIMITED, | South Africa | 100.0% | | SORENTO SUITE, 5 DE HAVILAND CRESCENT, ILL VILLAGGIO PERSEQUOR Pretoria, Gauteng, South Africa |
| INVESTMENT SURVEYS (PTY) LTD | South Africa | 100.0% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S DEPOSITA (RF) (PTY) LTD | South Africa | 74.9% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S ATM ENGINEERING (SA) (PTY) LTD | South Africa | 74.9% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| INTEGRA (PTY) LTD | South Africa | 100.0% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| THETHA TECHNOLOGIES (PTY) LTD | South Africa | 74.9% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S AFRICA (PROPRIETARY) LTD | South Africa | 100.0% | | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa |
| G4S SECURE SOLUTIONS (KOREA) LTD | South Korea | 100.0% | | 13th Floor ILJIN Building, 50-1 Dohwa-dong, 121-716 Mapo-gu Seoul, South Korea |
| G4S SECURITY SERVICES (PRIVATE) LTD. | Sri Lanka | 60.0% | | 21 Vauxhall Street, 2 Colombo, Sri Lanka |
| ARMORGROUP SUDANESE CO LTD | Sudan | 100.0% | | 8 Mek Nimer Street, P.O. Box 47, Khartoum, Sudan |
| ARMORGROUP LIMITED (SUDAN) | Sudan | 100.0% | | 8 Mek Nimer Street, P.O. Box 47, Khartoum, Sudan |
| GROUP 4 SYRIA LIMITED LIABILITY COMPANY | Syria | 29.4% | | Al-Aasar Building, near the Central Post office, Sinjikdar, Damascus, Syria |
| G4S SECURE SOLUTIONS (TAIWAN) LTD | Taiwan | 100.0% | | 20F-1, No. 266, Sec 1, Wenhua 2nd Road, Linkou Dist, 24448 New Taipei City, Taiwan |
| G4S ATM SOLUTIONS (TAIWAN) LTD | Taiwan | 100.0% | | 20F-2, No. 266, sec 1, wun hua 2nd road, Linko Distt, 24448 Taipei City, Taiwan, |
| G4S PROPERTY MANAGEMENT LTD | Taiwan | 100.0% | | 20F-1, No. 266, Sec 1, Wenhua 2nd Road, Linkou Dist, 24448 New Taipei City, Taiwan |

## 43. Details of Related Undertakings of G4S plc *continued*

### Subsidiaries *continued*

| Company Name | Country of Incorporation | % owned by group | % owned by plc | Registered address |
|---|---|---|---|---|
| G4S SECUREWELL SECURE SOLUTIONS (TAIWAN) LTD | Taiwan | 100.0% | | 20F-1, No. 266, Sec 1, Wenhua 2nd Road, Linkou Dist, 24448 New Taipei City, Taiwan |
| G4S WEI FUNG SECURE SOLUTIONS (TAIWAN) LTD | Taiwan | 100.0% | | 20F-2, No. 266, sec 1, wun hua 2nd road, Linko Distt, 24448 Taipei City, Taiwan |
| G4S SYSTEM ENGINEERING CORPORATION | Taiwan | 85.0% | | 6F., No.320, Sec. 1, Neihu Rd., Neihu Dist., Taipei City 11493, Taiwan (R.O.C), 22101 Taipei, Taiwan |
| HILL & ASSOCIATES (TAIWAN) LTD | Taiwan | 100.0% | | 20F-1, No. 266, Sec 1, Wenhua 2nd Road, Linkou Dist, 24448 New Taipei City, Taiwan |
| G4S SECURITY SYSTEMS CO. LTD | Taiwan | 85.0% | | 16th Floor, Suite 1, No. 266, Sec. 1, Wen-Hwa 2nd Road, Linko Hsiang, Taipei, Taiwan, 22101 Taipei, Taiwan |
| G4S SECURE SOLUTIONS (TZ) LTD | Tanzania | 100.0% | | Plot no. 57, Uporoto Street, Ursino Estate, P.O. Box 5555, Dar Es Salaam, Tanzania |
| ARMORGROUP TANZANIA LTD | Tanzania | 100.0% | | TDFL, 3rd Floor (Opposite Sheraton Hotel), Dar-es-Salaam, Tanzania |
| G4S (THAILAND) LTD | Thailand | 97.5% | | 2922/205-206 Charn Issara Tower II, 11th Floor, New Petchburi Road, Bangkapi, Huaykwang, 10310 Bangkok, Thailand |
| G4S SECURITY SERVICES (THAILAND) LTD | Thailand | 98.2% | | 2922/205-206 Charn Issara Tower II, 11th Floor, New Petchburi Road, Bangkapi, Huaykwang, 10310 Bangkok, Thailand |
| G4S HOLDINGS (THAILAND) LTD | Thailand | 97.5% | | 96 Moo 3, Vibhavadee – Rangsit Road, Talad Bangkhen, Laksi, 10210 Bangkok, Thailand |
| INTER-ASIAN ENTERPRISES (IAE) COMPANY LTD | Thailand | 97.4% | | 2922/205-206 Charn Issara Tower II, 11th Floor, New Petchburi Road, Bangkapi, Huaykwang, 0310 Bangkok, Thailand |
| G4S INTERNATIONAL LOGISTICS HOLDING (THAILAND) LTD | Thailand | 100% | | 45/1 Silom 19 Building, 2nd Floor, Soi Silom 19, Silom Road, Silom, 10500 Bangrak, Bangkok, Thailand |
| G4S INTERNATIONAL LOGISTICS (THAILAND) LTD | Thailand | 100% | | 45/1 Silom 19 Building, 2nd Floor, Soi Silom 19, Silom Road, Silom, 10500 Bangrak, Bangkok, Thailand |
| ASIAN HOLDING INTERNATIONAL COMPANY LTD | Thailand | 95.5% | | 96 Moo 3, Vibhavadee – Rangsit Road, Talad Bangkhen, Laksi, 10210 Bangkok, Thailand |
| GUARDIAN ALARMS COMPANY LTD. | Thailand | 98.3% | | 43/55 Moo 5, Wiset Rd., Rawai Sub District, Muang District, Phuket Province, Thailand |
| HILL RISK CONSULTING (THAILAND) CO., LTD | Thailand | 49.0% | | 2922/205-206 Charn Issara Tower II, 11th Floor, New Petchburi Road, Bangkapi, Huaykwang, 10310 Bangkok, Thailand |
| G4S HOLDINGS 4 (THAILAND) LIMITED | Thailand | 48.9% | | 2922/205-206 Charn Issara Tower II, 11th Floor, New Petchburi Road, Bangkapi, Huaykwang, 10310 Bangkok, Thailand |
| G4S HOLDINGS 3 (THAILAND) LIMITED | Thailand | 48.9% | | 2922/205-206 Charn Issara Tower II, 11th Floor, New Petchburi Road, Bangkapi, Huaykwang, 10310 Bangkok, Thailand |
| G4S HOLDINGS 2 (THAILAND) LIMITED | Thailand | 48.9% | | 2922/205-206 Charn Issara Tower II, 11th Floor, New Petchburi Road, Bangkapi, Huaykwang, 10310 Bangkok, Thailand |
| G4S HOLDINGS 1 (THAILAND) LIMITED | Thailand | 48.9% | | 2922/205-206 Charn Issara Tower II, 11th Floor, New Petchburi Road, Bangkapi, Huaykwang, 10310 Bangkok, Thailand |
| G4S HOLDINGS (TRINIDAD) LTD | Trinidad & Tobago | 51.0% | | 61-63 Edward Street, Port of Spain, Trinidad & Tobago |
| G4S SECURE SOLUTIONS (TRINIDAD) LTD | Trinidad & Tobago | 51.0% | | 61-63 Edward Street, Port of Spain, Trinidad & Tobago, |
| G4S GÜVENLİK HİZMETLERİ ANONİM ŞİRKETİ | Turkey | 100.0% | | Ayazaga Mah. Ataturk Cad Mezarlik Sok No 1 Ayazaga, Sariyer, Istanbul, Turkey |
| G4S ELEKTRONİK SİSTEMLERİ ANONİM ŞİRKETİ | Turkey | 100.0% | | Ayazaga Mah. Ataturk Cad Mezarlik Sok No 1 Ayazaga, Sariyer, Istanbul, Turkey |
| G4S SECURE SOLUTIONS (UGANDA) LTD | Uganda | 99.9% | | Plot 6, Nakasero Road, Kampala, Uganda |
| ALARM PROTECTION SERVICES LTD | Uganda | 100.0% | | Plot 53 Lumumba Avenue, Nakasero, Kampala, Uganda |
| US DEFENSE SYSTEMS LLC (UGANDA) | Uganda | 100.0% | | Plot 53 Lumumba Avenue, Nakasero, Kampala, Uganda |
| GROUP 4 SECURITAS LLC | Ukraine | 99.4% | | 21A Moskovskij ave, 02073 Kiev, Ukraine |
| G4S SECURE SOLUTIONS (UKRAINE) LTD | Ukraine | 100.0% | | 21A Moskovskij ave, 02073 Kiev, Ukraine |
| G4S SECURITY SOLUTIONS (UKRAINE) LTD | Ukraine | 100.0% | | 21A Moskovskij ave, 02073 Kiev, Ukraine |
| G4S SECURE SOLUTIONS LLC | United Arab Emirates | 49.0% | | Chain Tower (Oriental Travel Building), First Floor, Muroor Street, P.O. Box 31859 Abu Dhabi, United Arab Emirates |
| GROUP 4 FALCK SERVICES LLC | United Arab Emirates | 49.0% | | P.O. Box 32634, Dubai, United Arab Emirates |
| G4S CASH SERVICES LLC | United Arab Emirates | 49.0% | | P.O. Box 113400, Rsahidiya Dubai, United Arab Emirates |
| GROUP 4 SECURICOR INFORMATION TECHNOLOGY UAE LLC (G4S) | United Arab Emirates | 48.5% | | P.O. Box 32634, Dubai, United Arab Emirates |
| GROUP 4 SECURICOR FACILITY SERVICES LLC (G4S) | United Arab Emirates | 48.5% | | P.O. Box 32634, Dubai, United Arab Emirates |
| SHAMS AGRICULTURAL SERVICES L.L.C (G4S) | United Arab Emirates | 48.5% | | P.O. Box 32634, Dubai, United Arab Emirates |
| FIRST SELECT UAE LLC | United Arab Emirates | 48.5% | | P.O. Box 32634, Dubai, United Arab Emirates |
| G4S ALARM MONITORING SERVICES LLC | United Arab Emirates | 24.5% | | P.O. Box 31859, Abu Dhabi, United Arab Emirates |
| FIRST SELECT INTERNATIONAL LLC | United Arab Emirates | 48.5% | | 65610, 65610 Dubai |
| G4S INTERNATIONAL LOGISTICS (MIDDLE EAST) FZE | United Arab Emirates | 100.0% | | Unit 1-05, Street W B 4, Airport Free Zone, 54907, UAE, United Arab Emirates |
| G4S EVENTS SERVICES UAE LLC | United Arab Emirates | 48.5% | | Dubai, 215634, United Arab Emirates |
| G4S INTERNATIONAL MARITIME SOLUTIONS JLT | United Arab Emirates | 100.0% | | Units # 3007 & 3008, Liwa Heights, Plot # W3 Jumeirah Lakes Towers, Dubai, United Arab Emirates |
| G4S INTERNATIONAL LOGISTICS (MIDDLE EAST) DMCC | United Arab Emirates | 100.0% | | Unit No. Al Mas 2 – D14, Al Mas Tower, Plot No. LT2, Jumeirah Lake Tower Dubai, United Arab Emirates |

## Subsidiaries *continued*

| Company Name | Country of Incorporation | % owned by group | % owned by plc | Registered address |
|---|---|---|---|---|
| G4S UK HOLDINGS LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom |
| G4S HOLDINGS 3 (UK) LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S TECHNOLOGY LTD | United Kingdom | 100.0% | | Challenge House, International Drive, GL20 8UQ Tewkesbury, Gloucestershire, United Kingdom |
| AMAG TECHNOLOGY LTD | United Kingdom | 100.0% | | Challenge House, International Drive, GL20 8UQ Tewkesbury, Gloucestershire, United Kingdom |
| G4S SECURITY SERVICES (UK) LTD | United Kingdom | 100.0% | | Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom |
| GROUP 4 LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S 084 (UK) LTD | United Kingdom | 100.0% | 99.80% | Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom |
| G4S GLOBAL HOLDINGS LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S HOLDINGS 102 (UK) LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| SECURICOR LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S HOLDINGS 103 (UK) LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S INTERNATIONAL 105 (UK) LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S AMERICAS (UK) LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S AVIATION SERVICES (UK) LTD | United Kingdom | 100.0% | | Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom |
| G4S AVIATION (FRANCE) LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S INTERNATIONAL LOGISTICS (UK) LTD | United Kingdom | 100.0% | | Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom |
| G4S SECURE SOLUTIONS (UK) LTD | United Kingdom | 100.0% | | Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom |
| G4S CASH SOLUTIONS (UK) LTD | United Kingdom | 100.0% | | Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom |
| G4S CASH CENTRES (UK) LTD | United Kingdom | 100.0% | | Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom |
| G4S CARE AND JUSTICE SERVICES (UK) LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S SPV HOLDINGS LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S MP (UK) LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S MANAGEMENT SERVICES 127 (UK) LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S NOMINEES LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S INTERNATIONAL HOLDINGS LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S GOVERNMENT SERVICES LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S TRUSTEES 2 LTD* | United Kingdom | Limited by guarantee | | Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom |
| G4S MANROYAL INVESTMENTS LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S FINANCE LTD | United Kingdom | 100.0% | 100.0% | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| FIRST SELECT HOLDINGS LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S EM INTERNATIONAL LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S POLICING SOLUTIONS LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S GURKHA SERVICES (UK) LTD | United Kingdom | 100.0% | | Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom |
| G4S US HOLDINGS LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S (MARCH 2008) LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S WORLDWIDE HOLDINGS LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S DEFENCE SYSTEMS EURASIA LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S DEFENCE SYSTEMS INTERNATIONAL LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S DSL HOLDINGS LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S HOLDINGS INTERNATIONAL (AG) LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |

* Pension trust not part of the consolidation.

## 43. Details of Related Undertakings of G4S plc *continued*

### Subsidiaries *continued*

| Company Name | Country of Incorporation | % owned by group | % owned by plc | Registered address |
|---|---|---|---|---|
| G4S HOLDINGS UK (AG) LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S FINANCE MANAGEMENT (AG) LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S RISK MANAGEMENT LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S SECURE SOLUTIONS (IRAQ) LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S RISK CONSULTING LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S US INVESTMENTS LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S 308 (UK) LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S 309 (UK) LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S 182 (UK) LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S REGIONAL MANAGEMENT | | | | |
| (UK & I) LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S HOLDINGS 305 (UK) LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S FACILITIES MANAGEMENT (UK) LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S OVERSEAS HOLDINGS LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S GOVERNMENT AND OUTSOURCING SERVICES (UK) LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| STRATUS INTEGRATED SERVICES LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S HEALTH SERVICES (UK) LTD | | | | |
| G4S CASH SOLUTIONS EMPLOYEES' CRIMINAL ATTACK FUND LTD | United Kingdom | Limited by guarantee | | Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom |
| SHIREMOOR INTERNATIONAL ENGINEERING LTD | United Kingdom | 100.0% | | 6 Kingsbrook House, Kingsclere Park, Kingsclere, RG20 4SW Newbury, Berkshire, United Kingdom |
| G4S CASH SERVICES (CAMBRIDGE) LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom |
| G4S ORDNANCE MANAGEMENT LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| IBG HOLDINGS (UK) LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S INTERNATIONAL FINANCE PLC | United Kingdom | 100.0% | 100.0% | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S CORPORATE SERVICES LTD | United Kingdom | 100.0% | 100.0% | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S INVESTIGATION SOLUTIONS (UK) LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S MONITORING TECHNOLOGIES NO.1 LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S MONITORING TECHNOLOGIES NO.2 LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S MONITORING TECHNOLOGIES FRANCE LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S MONITORING TECHNOLOGIES LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S FINANCE (BRAZIL) LTD | United Kingdom | 100.0% | 100.0% | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S INVESTMENT LONDON LTD | United Kingdom | 100.0% | 100.0% | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S INTEGRATED SERVICES HOLDINGS LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom |
| G4S BULLION SOLUTIONS (UK) LTD | United Kingdom | 100.0% | | Sutton Park House, 15 Carshalton Park Road, SM1 4LD Sutton, United Kingdom |
| G4S FIRE AND SECURITY SYSTEMS LTD | United Kingdom | 100.0% | | Site 16 Sydenham Buisness Park Airport Road West, BT3 9LN BELFAST, United Kingdom |
| G4S PATIENT TRANSPORT (UK) LTD | United Kingdom | 100.0% | | Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S FINANCING LTD | United Kingdom | 100.0% | | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S TRUSTEES LTD | United Kingdom | 100.0% | 100.0% | Sutton Park House, 15 Carshalton Park Road, SM1 4LD Sutton, United Kingdom |
| G4S HOLDING ONE INC | United States | 100.0% | | 2711 Centerville rd, 19808 Wilmington, DE, United States |
| G4S SECURE SOLUTIONS (USA) INC. | United States | 100.0% | | 1395 University Blvd, 33458 Jupiter, FL, United States |
| G4S SECURE SOLUTIONS INTERNATIONAL INC. | United States | 100.0% | | 1395 University Blvd, 33458 Jupiter, FL, United States |
| AMAG TECHNOLOGY INC | United States | 100.0% | | 20701 Manhattan Place, CA 90501-1829 Torrance, United States |
| TITANIA INSURANCE CO OF AMERICA | United States | 100.0% | | 156 College Street, 3 rd Floor, 05401 VT, IS, United States |
| TWC/FL/01 INC | United States | 100.0% | | 4200 Wackenhut Drive, Suite 100, FL 33410 Palm Beach Gardens, Florida, United States |
| TUHNECKCAW INC | United States | 100.0% | | 900 Market Street, Suite 200, DA 19801 Wilmington, Delaware, United States |

## Subsidiaries *continued*

| Company Name | Country of Incorporation | % owned by group | % owned by plc | Registered address |
|---|---|---|---|---|
| AMERICAN GUARD & ALERT INC | United States | 100.0% | | 4200 Wackenhut Drive, Suite 100, FL 33410 Palm Beach Gardens, Florida, United States |
| WACKENHUT U.S. PROPERTIES INC | United States | 100.0% | | 2711 Centerville rd, 19808 Wilmington, DE, United States |
| WACKENHUT FOREIGN PROPERTIES INC | United States | 100.0% | | 2711 Centerville rd, 19808 Wilmington, DE, United States |
| G4S INTERNATIONAL LOGISTICS (USA), INC. | United States | 100.0% | | PROLOGIS Cargo Center 75, JFK International Airport, North Hangar Road, Suite 210 Jamaica 11430 New York, United States |
| G4S YOUTH SERVICES LLC | United States | 100.0% | | 2000 Riveredge Parkway, Suite GL 100, GA 30328 Atlanta, Georgia, United States |
| VEBA TRUST | United States | 100.0% | | 1395 University Blvd., 33458 Jupiter, United States |
| WACKENHUT HOMELAND SECURITY, INC. | United States | 100.0% | | 4200 Wackenhut Drive, Suite 100, FL 33410 Palm Beach Gardens, Florida, United States |
| SERVICE AND SUPPLY INTERNATIONAL, INC. | United States | 100.0% | | 701 Brazos, Suite 1050, 78701 Austin, Texas, United States |
| G4S COMPLIANCE & INVESTIGATIONS, INC. | United States | 100.0% | | 910 Paverstone Drive, 27615 Raleigh, NC, United States |
| G4S TECHNOLOGY HOLDINGS (USA) INC. | United States | 100.0% | | 21 North Avenue, MA 01803 Burlington, United States |
| G4S TECHNOLOGY SOFTWARE SOLUTIONS LLC | United States | 100.0% | | 21 North Avenue, MA 01803 Burlington, United States |
| US DEFENSE SYSTEMS LLC | United States | 100.0% | | 2711 Centerville Road, Suite 400, Wilmington DE, United States |
| RONCO CONSULTING CORPORATION | United States | 100.0% | | 1209 Orange Street, DE 19801 Wilmington, Delaware, United States |
| G4S US INC. | United States | 100.0% | | 4200 Wackenhut Drive, Suite 100, FL 33410 Palm Beach Gardens, Florida, United States |
| G4S SECURE INTEGRATION LLC | United States | 100.0% | | 1200 Landmark Center, Ste 1300, 68102 Omaha, NE, United States |
| G4S GUATEMALA HOLDING, LLC | United States | 100.0% | | 1395 University Blvd., 33458 Jupiter, United States |
| G4S ELECTRONICA HOLDING, LLC | United States | 100.0% | | 1395 University Blvd., 33458 Jupiter, United States |
| G4S GUATEMALA FACILITY SERVICES, LLC | United States | 100.0% | | 1395 University Blvd., 33458 Jupiter, United States |
| G4S RETAIL SOLUTIONS (USA) INC | United States | 100.0% | | 2711 Centerville rd, 19808 Wilmington, DE, United States |
| RENAISSANCE CENTER MANAGEMENT COMPANY | United States | 90.9% | | 601 Abbot Rd., 48823 Lansing, United States |
| G4S SECURE SOLUTIONS (URUGUAY) S.A. | Uruguay | 80.0% | | Cufre 2320, Montevideo, Uruguay |
| SETECSA DE VENEZUELA CA | Venezuela | 30.0% | | Los Ruices Sur, Calle Milan 1013, Caracas, Venezuela, Venezuela |
| GROUP 4S SECURITY SERVICES YEMEN LTD | Yemen | 25.0% | | Off 50 Meter Road, Hadda, 11805 Sana'a, Yemen |
| G4S SECURE SOLUTIONS ZAMBIA LTD | Zambia | 100.0% | | P.O. Box 32914, 10 H Kabulonga Road, Lusaka, Zambia |
| SAFETECH (COPPERBELT) LTD | Zambia | 100.0% | | Plot 3144, Mukwa Road, Lusaka, Zambia |
| SAFETECH ZAMBIA LTD | Zambia | 100.0% | | Plot 7305, Kambala Road, Lusaka, Zambia |

## Holdings in other undertakings

Entities listed below are joint ventures, where the economic interest has been divested and are therefore not included in the consolidation.

| Company Name | Registered Address | % ordinary shares owned by group |
|---|---|---|
| G4S INVESTMENTS LTD | 3rd Floor, Broad Quay House, Prince Street, Bristol BS1 4DJ, United Kingdom | 16.78 |
| G4S JOINT VENTURES LTD | 3rd Floor, Broad Quay House, Prince Street, Bristol BS1 4DJ, United Kingdom | 16.78 |
| ACCOMMODATION SERVICES (HOLDINGS) LTD | 84 Salop Street, Wolverhampton, West Midlands, WV3 0SR, United Kingdom | 8.39 |
| INTEGRATED ACCOMODATION SERVICES PLC | 84 Salop Street, Wolverhampton, West Midlands, WV3 0SR, United Kingdom | 8.39 |
| EAST LONDON LIFT ACCOMMODATION SERVICES LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 5.03 |
| EAST LONDON LIFT COMPANY LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 5.03 |
| EAST LONDON LIFT INVESTMENTS LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 8.39 |
| EAST LONDON LIFT HOLDCO NO2 LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 5.03 |
| EAST LONDON LIFT ACCOMMODATION SERVICES NO2 LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 5.03 |
| EAST LONDON LIFT HOLDCO NO4 LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 5.03 |
| EAST LONDON LIFT HOLDCO NO3 LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 5.03 |
| ELLAS NO3 LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 5.03 |
| ELLAS NO4 LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 5.03 |
| ECD (COOKHAM WOOD) LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 16.78 |
| ECD (ONLEY) LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 16.78 |
| EDUCATION CARE AND DISCIPLINE LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 16.78 |
| EDUCATION CARE AND DISCIPLINE THREE LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 16.78 |
| G4S JOINT VENTURES (FAZAKERLEY) LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 16.78 |
| FAZAKERLY PRISON SERVICES LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 16.78 |
| G4S JOINT VENTURES (ONLEY) LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 16.78 |
| ONLEY PRISON SERVICES LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 16.78 |

## 43. Details of Related Undertakings of G4S plc *continued*

### Holdings in other undertakings *continued*

| Company Name | Registered Address | % ordinary shares owned by group |
|---|---|---|
| OCHRE SOLUTIONS (HOLDINGS) LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 3.36 |
| OCHRE SOLUTIONS LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 3.36 |
| NORTH WILTSHIRE SCHOOLS LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 16.78 |
| UK COURT SERVICES (MANCHESTER) HOLDINGS LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 16.78 |
| UK COURT SERVICES (MANCHESTER) LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 16.78 |
| WHITE HORSE EDUCATION PARTNERSHIP LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 16.78 |
| HULL MATERNITY DEVEOPMENT LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 16.78 |
| HEALTHCARE PROVIDERS LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 16.78 |
| ALBION HEALTHCARE (OXFORD) HOLDINGS LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 4.19 |
| ALBION HEALTHCARE (OXFORD) LTD | 3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom | 4.19 |
| LIFT HEALTHCARE INVESTMENTS LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 2.85 |
| BEXLEY BROMLEY & GREENWICH LIFT COMPANY LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 1.71 |
| BBG HOLDCO LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 1.71 |
| BBG LIFT ACCOMMODATION SERVICES LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 1.71 |
| BBG HOLDCO (NO 2) LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 1.71 |
| BBG LIFT ACCOMMODATION SERVICES (NO 2) LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 1.71 |
| BHH LIFT COMPANY LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 1.71 |
| BHH HOLDCO LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 1.71 |
| BHH LIFT ACCOMMODATION SERVICES LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 1.71 |
| HEALTHCARE IMPROVEMENT PARTNERSHIP (WOVERHAMPTON CITY AND WALSALL) LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 1.71 |
| WOLVERHAMPTON CITY AND WALSALL HOLDCO LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 1.71 |
| WOLVERHAMPTON CITY AND WALSALL LIFT ACCOMMODATION SERVICES LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 1.71 |
| WALSALL HOLDCO LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 1.71 |
| WALSALL LIFT ACCOMMODATION SERVICES LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 1.71 |
| LONDON LIFTCO PS LTD | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 2.82 |

### Associated companies

| Company Name | % owned by group | Profit or loss | Registered address |
|---|---|---|---|
| G4S-SJC LLC | 20 | not material | 1395 University Blvd., 33458 Jupiter, United States |
| G4S PARSONS PACIFIC LLC | 20 | not material | 7121 Fairway Drive, Suite 301, 33418 Palm Beach Gardens, Florida, United States |

### Joint Ventures

| Company Name | Registered address | % owned by group undertakings | Factors on which joint management is based | Date of last financial year if not 31/12 |
|---|---|---|---|---|
| PARKSEC LIMITED | Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta | 50.1 | Joint venture agreement | |
| PACIFIC BUILDING SERVICES MANAGEMENT LIMITED (JV) | Level 6, Era Rumana Building Champions Parade, Port Moresby, Papua New Guinea | 50 | 1 director appointed to the board | |
| BRIDGEND CUSTODIAL SERVICES LIMITED | Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom | 58.45 | Joint venture agreement | 30th September |
| BLOEMFONTEIN CORRECTIONAL CONTRACTS (PTY) LIMITED | Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa | 20 | Joint venture agreement | 30th September |
| POLICITY – OPERATOR LIMITED | Virginia 1, Beit Shemesh, Israel | 50 | Joint venture agreement | |
| FORBES G4S SOLUTIONS PVT LTD | C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India | 50 | Joint venture agreement | |
| FEDERAL GAMING CAPE (PTY) LTD | 1 Waterford Mews, Century Boulevard, 7441 Century City, South Africa | 29.5 | Joint venture agreement | |
| GROUP 4 S SECURITY SOLUTIONS CO. WLL | P.O. Box 22063, 13081 Safat, Kuwait | 48.5 | Joint venture agreement | |
| AL MULLA SECURITY SERVICES CO WLL | P.O. Box 117, 13002 Safat, Kuwait | 49 | Joint venture agreement | |
| G4S QATAR S.P.C | Villa no. 321, Corner of Abduallah Bin Rawaha Street, C Ring Road, P.O. Box 18592 Doha, Qatar | 0 | Joint venture agreement | |
| BUSINESS CASH CENTER S.A. | Parc Industriel de la CFCIM, lot No63, Bouskoura, Casablanca, Morocco | 45.7 | Joint venture agreement | |

# Parent company statement of changes in equity

For the year ended 31 December 2016

| | Share capital £m | Share premium £m | Retained earnings £m | Hedging reserve £m | Reserve for own shares £m | Total equity £m |
|---|---|---|---|---|---|---|
| At 1 January 2016 | **388** | **258** | **1,102** | **–** | **(16)** | **1,732** |
| **Comprehensive income:** | | | | | | |
| Profit for the year | – | – | 122 | – | – | 122 |
| **Other comprehensive income:** | | | | | | |
| Change in fair value of cash-flow hedging financial instruments | – | – | – | 7 | – | 7 |
| Cash-flow hedging fair value transferred to income statement | – | – | – | (7) | – | (7) |
| Re-measurements relating to defined retirement benefit scheme | – | – | (162) | – | – | (162) |
| Tax on items taken directly to equity | – | – | 21 | – | – | 21 |
| Total comprehensive loss | – | – | (19) | – | – | (19) |
| **Transactions with owners:** | | | | | | |
| Dividends paid | – | – | (145) | – | – | (145) |
| Own shares awarded | – | – | (3) | – | 3 | – |
| Share-based payments | – | – | 10 | – | – | 10 |
| | – | – | (138) | – | 3 | (135) |
| **At 31 December 2016** | **388** | **258** | **945** | **–** | **(13)** | **1,578** |
| At 1 January 2015 | 388 | 258 | 1,165 | 1 | (16) | 1,796 |
| **Comprehensive income:** | | | | | | |
| Profit for the year | – | – | 65 | – | – | 65 |
| **Other comprehensive income:** | | | | | | |
| Change in fair value of cash-flow hedging financial instruments | – | – | – | 1 | – | 1 |
| Cash-flow hedging fair value transferred to income statement | – | – | – | (2) | – | (2) |
| Re-measurements relating to defined retirement benefit scheme | – | – | 15 | – | – | 15 |
| Tax on items taken directly to equity | – | – | (5) | – | – | (5) |
| Total comprehensive income / (loss) | – | – | 75 | (1) | – | 74 |
| **Transactions with owners:** | | | | | | |
| Dividends paid | – | – | (145) | – | – | (145) |
| Share-based payments | – | – | 7 | – | – | 7 |
| | – | – | (138) | – | – | (138) |
| At 31 December 2015 | 388 | 258 | 1,102 | – | (16) | 1,732 |

# Parent company statement of financial position

At 31 December 2016

| | Notes | 2016 £m | 2015 £m |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | (d) | **7** | 7 |
| Investments in subsidiaries | (e) | **3,045** | 3,039 |
| Trade and other receivables | (f) | **32** | 47 |
| Retirement benefit surplus | (k) | **75** | 76 |
| Deferred tax assets | (l) | **118** | 43 |
| | | **3,277** | 3,212 |
| **Current assets** | | | |
| Trade and other receivables | (f) | **1,660** | 1,716 |
| Current tax assets | | **–** | 11 |
| Cash and cash equivalents | | **1** | – |
| | | **1,661** | 1,727 |
| **Total assets** | | **4,938** | 4,939 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Loan notes (unsecured) | (g) | **(165)** | (25) |
| Current tax liability | | **(5)** | – |
| Trade and other payables | (h) | **(1,934)** | (1,979) |
| Provisions | (i) | **–** | (1) |
| | | **(2,104)** | (2,005) |
| **Non-current liabilities** | | | |
| Loan notes (unsecured) | (g) | **(861)** | (937) |
| Retirement benefit obligations | (k) | **(395)** | (265) |
| | | **(1,256)** | (1,202) |
| **Total liabilities** | | **(3,360)** | (3,207) |
| **Net assets** | | **1,578** | 1,732 |
| **EQUITY** | | | |
| Share capital | (m) | **388** | 388 |
| Share premium | | **258** | 258 |
| Retained earnings[1] | (n) | **945** | 1,102 |
| Reserve for own shares | (o) | **(13)** | (16) |
| **Total equity** | | **1,578** | 1,732 |

1. The profit for the financial year was £122m (2015: £65m)

The parent company financial statements were approved by the board of directors and authorised for issue on 28 March 2017.

They were signed on its behalf by:

Ashley Almanza
Director

Tim Weller
Director

# Notes to the parent company financial statements

## (a) General information

G4S plc (the 'Company') is incorporated in the United Kingdom, registered in England and Wales, and domiciled in the UK. It is a public company, limited by shares. The Company's registered office is given on page 187.

The financial statements are presented in sterling, which is the Company's functional currency, and in millions of pounds.

## (b) Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard ('FRS') 101-Reduced Disclosure Framework.

## (c) Significant accounting policies

### Basis of preparation

The financial statements have been prepared under the going concern basis and using the historical cost convention, except for the revaluation of certain financial instruments, in accordance with Companies Act 2006 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice ('UK GAAP')). The principal accounting policies and measurement bases adopted are the same as those disclosed in note 3 to the consolidated financial statements, except as noted below, and have been applied consistently to all the years presented, unless stated otherwise. Judgments made by the directors in the application of these accounting policies which have a significant effect on the financial statements, and estimates with a significant risk of material adjustment, have been disclosed in note 4 to the consolidated financial statements.

### Going concern

Pages 110 to 176 of the consolidated financial statements contain information on the performance of the Group, its financial position, cash flows, net debt position and borrowing facilities. Further information, including financial risk management policies, exposures to market and credit risk and hedging activities, is given in note 31 to the consolidated financial statements, 'Financial risk'. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

### Exemptions

In accordance with section 408(3) of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement.

The Company has taken advantage of certain disclosure exemptions in FRS 101, in part because its financial statements are included in the publicly-available consolidated financial statements of G4S plc.

These disclosure exemptions relate to:

- the requirements of IAS 7 – Statement of Cash Flows;
- the statement of compliance with International Financial Reporting Standards adopted by the European Union;
- new IFRSs that have been issued but are not yet effective and which have not been applied by the Company;
- comparative information for the movements from the beginning to the end of the year in respect of intangible assets and certain other additional comparative information;
- information on the assumptions used in the determination of fair value and recoverable amounts of cash-generating units containing goodwill and management's approach to determining these amounts;
- financial instruments disclosures required by IFRS 7 – Financial Instruments: Disclosures;
- disclosures required by IFRS 13 – Fair Value Measurement;
- certain related-party disclosures on key management compensation and transactions entered into between two or more wholly-owned members of a Group; and
- capital management disclosures.

### Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less provisions for impairment. The accounting policy for impairments is disclosed in note 3(j) to the consolidated financial statements.

### Amounts owed by/to Group undertakings

Amounts owed by/to Group undertakings are recognised initially at fair value and are subsequently stated at amortised cost. Finance income and expense are recognised in the income statement on an accruals basis using the effective interest method.

### Impairment of financial assets

The Company provides for impairments in financial assets when there is objective evidence of impairment as a result of one or more events that impact the estimated future cash flows of the financial assets.

## (c) Significant accounting policies *continued*

### Share-based payments

The Company issues equity-settled share-based payments to certain employees. The fair value of share-based payments is determined at the date of grant and is either expensed or capitalised as an investment in the relevant subsidiary, with a corresponding increase in equity, on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest. The amount expensed or capitalised is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions. The Company also issues cash-settled share-based payments to certain employees, which are recognised as a liability at fair value at the date of grant. The value of the liability is re-measured at each reporting date and at the date on which the liability is settled. The fair value of share-based payments is expensed in the income statement if it relates to employees of the Company and capitalised as an investment in the relevant subsidiary if it relates to employees of a subsidiary company.

### Financial guarantees

The Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group. The Company considers these to be insurance arrangements and accounts for them as such. The Company therefore treats such contracts as a contingent liability unless and until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

## (d) Intangible assets

| | Software £m |
|---|---|
| **Cost** | |
| At 1 January 2016 | 13 |
| Additions | 2 |
| **At 31 December 2016** | **15** |
| | |
| **Amortisation** | |
| At 1 January 2016 | (6) |
| Amortisation charge | (2) |
| **At 31 December 2016** | **(8)** |
| | |
| **Carrying amount** | |
| At 1 January 2016 | 7 |
| **At 31 December 2016** | **7** |

## (e) Investments in subsidiaries

| Subsidiary undertakings | 2016 £m | 2015 £m |
|---|---|---|
| **Shares at net book value:** | | |
| At 1 January | **3,039** | 3,049 |
| Additions | **–** | 8 |
| Contribution through share-based payments | **6** | 4 |
| Impairments | **–** | (22) |
| **At 31 December** | **3,045** | 3,039 |

Full details of all investments held by the parent company are disclosed in note 43 to the consolidated financial statements. During the year ended 31 December 2016 there were no impairment charges recorded in respect of the Company's investments in subsidiaries.

## (f) Trade and other receivables

| | 2016 £m | 2015 £m |
|---|---|---|
| **Within current assets** | | |
| Amounts owed by Group undertakings | **1,652** | 1,706 |
| Derivative financial instruments at fair value (note (j)) | **8** | 10 |
| Total trade and other receivables within current assets | **1,660** | 1,716 |
| | | |
| **Within non-current assets** | | |
| Derivative financial instruments at fair value (note (j)) | **32** | 47 |
| Total trade and other receivables within non-current assets | **32** | 47 |

Amounts owed by Group undertakings are unsecured, interest-free or interest-bearing based on market rates, and repayable on demand.

## (g) Loan notes (unsecured)

| | 2016 £m | 2015 £m |
|---|---|---|
| The loan notes are repayable as follows: | | |
| On demand or within one year | **165** | 25 |
| In the second year | **226** | 143 |
| In the third to fifth years inclusive | **536** | 708 |
| After five years | **99** | 86 |
| Total loan notes | **1,026** | 962 |

The Company issued fixed rate loan notes in the US Private Placement market totalling US$550m on 1 March 2007. US$100m of these notes matured and were repaid on 1 March 2014, with the remaining notes maturing in March 2017 (US$200m), March 2019 (US$145m) and March 2022 (US$105m).

The Company issued further fixed rate loan notes in the US Private Placement market totalling US$514m and £69m on 15 July 2008. US$65m of these notes matured and were repaid on 15 July 2013, US$150m matured and were repaid on 15 July 2015, £25m matured and were repaid on 15 July 2016. The remaining notes mature in July 2018 (US$224m and £44m), and July 2020 (US$75m).

The Company issued its inaugural public note of £350m using its European Medium Term Note Programme on 13 May 2009. The note matures in May 2019.

The loan notes issued in July 2008, with the exception of £44m, are stated at amortised cost. The loan notes issued in March 2007, £44m of the loan notes issued in July 2008 and the loan notes issued in May 2009, are stated at amortised cost but are designated in a fair value hedge relationship which has a fair value adjustment in relation to the hedged interest-rate risk. Information on the significant assumptions underlying the valuation model used and the interest rates on the borrowings are disclosed in note (j).

Derivatives relating to the loan notes, described in note (j), have a fair value gain of £16m (2015: £9m). The management of currency risk and interest-rate risk is also described in note (j).

## (h) Trade and other payables

| | 2016 £m | 2015 £m |
|---|---|---|
| **Within current liabilities:** | | |
| Amounts owed to Group undertakings | **1,913** | 1,948 |
| Other taxation and social security costs | **2** | 3 |
| Accruals | **15** | 13 |
| Other payables | **4** | 3 |
| Derivative financial instruments at fair value (note (j)) | **–** | 12 |
| Total trade and other payables | **1,934** | 1,979 |

Amounts owed to Group undertakings are unsecured, interest-free or interest-bearing based on market rates, and repayable on demand.

## (i) Provisions

Provisions of £1m were transferred to the Company in 2015, including estimates of the likely fees for outsourced services required to ensure members' pension benefits are correctly recorded and paid. During the year ended 31 December 2016, following a review of estimates, the majority of these provisions were reversed as unused.

## (j) Derivative financial instruments

The carrying values of derivative financial instruments at the reporting date are presented below:

| | **2016 Assets £m** | 2015 Assets £m | **2016 Liabilities £m** | 2015 Liabilities £m |
|---|---|---|---|---|
| Cross-currency swaps designated as cash-flow hedges | **16** | 9 | **–** | – |
| Interest-rate swaps designated as fair-value hedges | **24** | 48 | **–** | 12 |
| Total | **40** | 57 | **–** | 12 |
| Less: amount due for settlement within 12 months (shown under current assets and current liabilities): | | | | |
| Cross-currency swaps designated as cash-flow hedges | **(1)** | – | **–** | – |
| Interest-rate swaps designated as fair-value hedges | **(7)** | (10) | **–** | (12) |
| | **(8)** | (10) | **–** | (12) |
| Amount due for settlement after 12 months | **32** | 47 | **–** | – |

The mark-to-market valuation of the derivatives has decreased by £5m (2015: decreased by £28m). Fair value losses of £12m (2015: £9m) were included directly in the income statement and gains of £7m (2015: £1m) in the hedging reserve.

| | **2016 Income statement £m** | 2015 Income statement £m | **2016 Equity £m** | 2015 Equity £m |
|---|---|---|---|---|
| Cross-currency swaps designated as cash-flow hedges | **–** | – | **7** | 1 |
| Interest-rate swaps designated as fair-value hedges | **(12)** | (9) | **–** | – |
| | **(12)** | (9) | **7** | 1 |

Derivative financial instruments are stated at fair value, measured using techniques consistent with Level 2 of the valuation hierarchy (inputs other than quoted prices in active markets that are observable for the asset and liability, either directly or indirectly). The source of the market prices is Bloomberg and in addition the third party relationship counterparty banks. The relevant currency yield curve is used to forecast the floating-rate cash flows anticipated under the instrument, which are discounted back to the reporting date. This value is compared to the original transaction value giving a fair value of the instrument at the reporting date.

The fair value of derivative financial instruments is calculated using a discounted cash flow approach and using inputs based on observable market data. Judgment is used to determine the relevant inputs, currency yield curves and discount rates. Although these judgments, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ.

### Currency risk and cross-currency swaps

The Group conducts business in many currencies. The Group presents its consolidated financial statements in sterling and as a consequence is subject to foreign exchange risk due to the translation of the results and net assets of its foreign subsidiaries. The Company, together with its subsidiary G4S International Finance plc, hedges a substantial portion of the Group's exposure to fluctuations in the translation into sterling of the Group's overseas net assets by holding loans in foreign currencies. On consolidation, exchange differences arising on the translation of foreign currency loans are recognised in equity to match exchange differences on foreign currency equity investments, as they qualify as net-investment hedges. However, in the Company's own financial statements, exchange differences arising on the translation of foreign currency loans are recognised in the income statement and are in part hedged by cross-currency swaps.

Cross-currency swaps with a nominal value of £25m are outstanding. These swaps were arranged to hedge the foreign currency risk on US$50m of the second US Private Placement notes issued in July 2008, effectively fixing the sterling value on this portion of debt at an exchange rate of 1.9750. These swaps will mature in July 2018.

### Interest-rate risk and interest-rate swaps

Borrowings issued at fixed rates expose the Company to fair value interest-rate risk, which the Company manages within policy limits approved by the directors. When fixed/floating interest-rate debt in the preferred mix is unavailable directly from investors, interest-rate swaps are utilised to create the desired blend and meet Treasury policy, with the proportion of fixed interest rate held reducing on a sliding scale over forward periods up to a maximum of five years. The quantity of interest-rate swaps outstanding in the Company is expected to continue to decline as treasury activity is increasingly conducted by G4S International Finance plc.

The US Private Placement market is predominantly a fixed-rate market, with investors preferring a fixed-rate return over the life of the loan notes. At the time of the first issue in March 2007, the Group was comfortable with the proportion of floating-rate exposure not hedged by interest-rate swaps and therefore rather than take on a higher proportion of fixed-rate debt it arranged fixed-to-floating swaps, effectively converting the fixed coupon on the Private Placement to a floating rate. Following the swaps the resulting average coupon on the US Private Placement is LIBOR + 60bps. These swaps have been documented as fair value hedges of the US Private Placement fixed-interest loan notes, with the movements in their fair value posted to profit and loss at the same time as the movement in the fair value of the hedged item. The swaps mature in 2017, 2019 and 2022.

The interest on the US Private Placement notes issued in July 2008 and on the £350m public notes issued in May 2009, was initially kept at fixed rate. In April 2014, the interest rate on £44m of the US Private Placement notes issued in July 2008 and on all of the £350m public notes issued in May 2009 was swapped from fixed to floating for a period of three years using derivatives. These swaps have also been documented as fair-value hedges.

The £350m public notes have a coupon step-up of 1.25%, which is triggered should the credit rating of the Company fall below investment grade.

## (k) Retirement benefit obligations

The Company is the sponsoring company for the Group's UK defined benefit pension scheme, to which it provides a guarantee over all payments to be made to the scheme by the operating companies. The required disclosures for this scheme are given in note 32 to the consolidated financial statements.

The following disclosures relate to the UK scheme only and are given because the same disclosures in note 32 of the Group financial statements refer to the consolidated Group position and include certain non-UK schemes.

The amounts recognised in the statement of financial position and the various components of income, other comprehensive income and cash flow are as follows:

| 2016 | Obligation £m | Assets £m | Provision £m |
|---|---|---|---|
| **At 1 January 2016** | (2,218) | 2,029 | (189) |
| **Amounts recognised in income** | | | |
| Current service cost (in cost of sales) | (4) | – | (4) |
| Interest on obligations and assets (in finance costs) | (82) | 76 | (6) |
| Administration costs paid from plan assets (in administration expenses) | (2) | – | (2) |
| Total amounts recognised in income | (88) | 76 | (12) |
| **Re-measurements** | | | |
| Actuarial loss – change in financial assumptions | (539) | – | (539) |
| Actuarial gain – change in demographic assumptions | 82 | – | 82 |
| Actuarial gain – experience | 22 | – | 22 |
| Return on assets in excess of interest | – | 273 | 273 |
| Re-measurement effects recognised in other comprehensive income | (435) | 273 | (162) |
| **Cash** | | | |
| Employer contributions | – | 43 | 43 |
| Benefits paid from plan assets | 82 | (82) | – |
| Net cash | 82 | (39) | 43 |
| **At 31 December 2016** | (2,659) | 2,339 | (320) |

## (k) Retirement benefit obligations *continued*

| 2015 | Obligation £m | Assets £m | Provision £m |
|---|---|---|---|
| At 1 January 2015 | (2,222) | 1,983 | (239) |
| Amounts recognised in income | | | |
| Current service cost (in cost of sales) | (5) | – | (5) |
| Interest on obligations and assets (in finance costs) | (81) | 73 | (8) |
| Administration costs paid from plan assets (in administration expenses) | (2) | – | (2) |
| Total amounts recognised in income | (88) | 73 | (15) |
| Re-measurements | | | |
| Actuarial gain – change in financial assumptions | 13 | – | 13 |
| Actuarial loss – change in demographic assumptions | (34) | – | (34) |
| Actuarial gain – experience | 33 | – | 33 |
| Return on assets in excess of interest | – | 3 | 3 |
| Re-measurement effects recognised in other comprehensive income | 12 | 3 | 15 |
| Cash | | | |
| Employer contributions | | | |
| Employee contributions | – | 50 | 50 |
| Benefits paid from plan assets | 80 | (80) | – |
| Net cash | 80 | (30) | 50 |
| At 31 December 2015 | (2,218) | 2,029 | (189) |

Contributions in 2016 included £39m (2015: £44m) of additional contributions in respect of the deficit in the UK scheme.

## (l) Deferred tax assets

The reconciliation of deferred tax assets is as follows:

| | Intangible assets £m | Retirement benefit obligation £m | Share-based payments £m | Tax losses £m | Other temporary differences £m | Total £m |
|---|---|---|---|---|---|---|
| At 1 January 2016 | **–** | **36** | **1** | **–** | **6** | **43** |
| Credit/(charge) to the income statement | **1** | **–** | **1** | **58** | **(6)** | **54** |
| Credit to equity | **–** | **24** | **–** | **–** | **–** | **24** |
| Charge to equity – change in tax rate | **–** | **(3)** | **–** | **–** | **–** | **(3)** |
| **At 31 December 2016** | **1** | **57** | **2** | **58** | **–** | **118** |
| At 1 January 2015 | – | 48 | 1 | – | – | 49 |
| (Charge)/credit to the income statement | – | (7) | – | – | 6 | (1) |
| Charge to equity | – | (3) | – | – | – | (3) |
| Charge to equity – change in tax rate | – | (2) | – | – | – | (2) |
| At 31 December 2015 | – | 36 | 1 | – | 6 | 43 |

At 31 December 2016, the Company had unutilised tax losses of approximately £298m (2015: £304m) potentially available for offset against future profits. A deferred tax asset of £58m (2015: £nil) has been recognised in respect of approximately £298m (2015: £nil) of gross losses based on profitability from approved budgets and business plans. The recognition of additional deferred tax assets on tax losses during the period is predicated on the projected generation of income in the Company which should result in the utilisation of the available tax losses within a foreseeable period. This income stream is driven by the current and future global results of the Group in line with business plans. The timing of recognition of the tax losses as a deferred tax asset in 2016 is supported by the improved profit profile of the Company, which itself is underpinned by the continuing progress of the Group's transformation strategy to generate future sustainable, profitable growth.

## (m) Share capital

Disclosures on the share capital of the Company have been disclosed in note 35 to the consolidated financial statements.

## (n) Retained earnings

Included in the Company's retained earnings is £918m (2015: £1,078m) of distributable profits.

## (o) Reserve for own shares

Disclosures on the reserve for own shares of the Company have been disclosed in note 36 to the consolidated financial statements.

## (p) Auditor's remuneration

Fees payable to PricewaterhouseCoopers LLP for the audit of the Company's annual financial statements have been disclosed in note 10 to the consolidated financial statements.

## (q) Staff costs and employees

The average monthly number of employees, including executive directors was:

| | 2016 Number | 2015 Number |
|---|---|---|
| Average number of employees (corporate) | **21** | 22 |

The aggregate remuneration of employees, including executive directors, employed by the Company comprised:

| | 2016 £m | 2015 £m |
|---|---|---|
| Wages and salaries | **10** | 10 |
| Social security costs | **2** | 1 |
| Employee benefits | **7** | 5 |
| Total staff costs | **19** | 16 |

Information on directors' remuneration, long-term incentive plans, pension contributions and entitlements is set out in the Directors' Remuneration Report on pages 78 to 98.

## (r) Share-based payments

The Company has both equity-settled and cash-settled share-based payment schemes in place, being the conditional allocations of G4S plc shares. An employee benefit trust established by the Group holds shares to satisfy the vesting of conditional allocation awards. Disclosures relating to the reserve for own shares, relevant to the Company, are presented within note 36 to the consolidated financial statements. Share-based payments disclosures relevant to the Company are presented within note 39 to the consolidated financial statements.

## (s) Related party transactions

Certain disclosures relevant to the Company are presented within note 40 to the consolidated financial statements. Company transactions with Group undertakings primarily consist of royalty charges, central service charges and loan transactions.

There were no material transactions with non-wholly-owned Group undertakings or with other external related parties in 2016 (2015: none).

## (t) Contingent liabilities

To help secure cost-effective finance facilities for its subsidiaries, the Company issues guarantees to some of its finance providers. At 31 December 2016 guarantees totalling £470m (2015: £373m) were in place in support of such facilities.

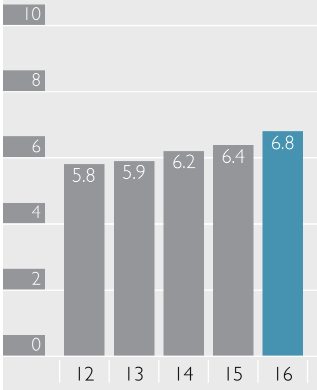
The Company also guarantees the debt obligations of certain subsidiaries. At 31 December 2016 contingent liabilities of £1,367m (2015: £1,192m) were outstanding in support of such debt obligations.

## (u) Dividends

Amounts recognised as distributions to equity holders of the Company in the year have been disclosed in note 14 to the consolidated financial statements.

# GROUP FINANCIAL RECORD

Revenue* (£bn)

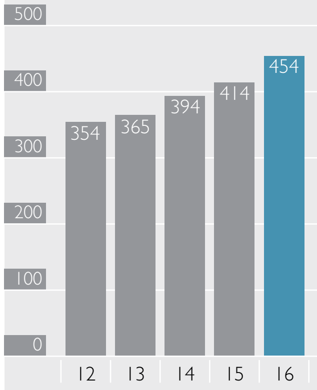



**Revenue* at constant exchange rates**

# £6.8bn

G4S revenue* grew 6.3% in 2016.

PBITA* (£m)

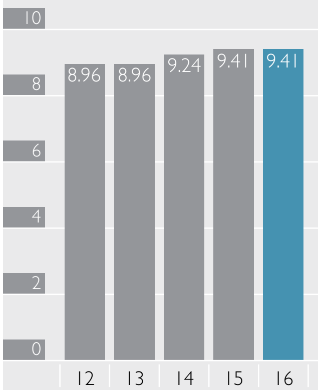



**PBITA* at constant exchange rates**

# £454m

PBITA defined as profit before interest, tax and amortisation and excluding specific and other separately disclosed items, increased 9.7%.

Dividend (pence per share)

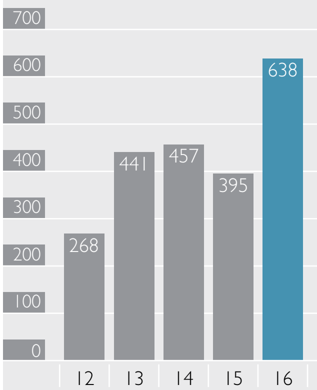



**Dividend**

# 9.41p

The total dividend was maintained at 9.41 pence per share in 2016.

Operating cash flow* (£m)

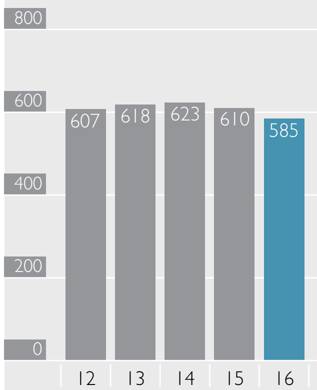



**Operating cash flow***

# £638m

Operating cash flow grew 61.5%.

Employees ('000) as at 31 December 2016




**Employees as at 31 December 2016**

# 585,000

(including joint ventures and businesses held for sale or closure)

* Revenue, PBITA and operating cash flow relate to the Group's continuing businesses excluding results from businesses held for sale or closure, onerous contracts and specific and other separately disclosed items. A reconciliation between results from continuing businesses and statutory results is provided on page 33.

# General information

## Financial calendar

**Results announcements**
Q1 Trading update – May
Half-year results – August
Q3 Trading update – November
Final results – March

**Dividend payment**
Interim paid – 14 October 2016
Final payable – 9 June 2017

**Annual General Meeting**
25 May 2017

## Corporate addresses

**Registered office**
5th Floor
Southside
105 Victoria Street
London
SW1E 6QT
Telephone +44 (0) 207 963 3100

**Registered number**
4992207

**Legal Entity Identifier code**
549300L3KWKK8X35QR12

**Auditor (since 2015 AGM)**
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

**Stockbrokers**
J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Citigroup Global Markets Limited
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB

**Financial advisors**
J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Barclays Capital
5 The North Colonnade
Canary Wharf
London E14 4BB

**G4S website**
www.g4s.com

## General shareholder information

**Registrars and transfer office**
All enquiries relating to the administration of shareholdings should be directed to:

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Telephone: within the UK 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. If you are outside the UK, call +44 371 664 0300. Calls from outside the UK will be charged at the applicable international rate)
Fax: +44(0) 1484 600 911
Email: shareholderenquiries@capita.co.uk
Secure share portal:
www.capitashareportal.com

Please note that beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company or the Company's registrar.

**Capita share portal**
The share portal is an online facility provided by the company's registrars, Capita Asset Services, for shareholders to manage their holding securely online reducing the need for paperwork. By registering for a free portal account, shareholders are able to access a range of online facilities 24 hours a day including those described below.

*View account holding details*
Allows shareholders to access their personal account, shareholding balance, share transaction history, indicative share valuation and dividend payment history. It also enables shareholders to buy and sell shares.

*Change of address, bank mandates, downloadable forms*
Allows shareholders to update their postal address and complete, change or delete bank mandate instructions for dividends. A wide range of shareholder information, including downloadable forms such as stock transfer forms, is also available.

**Dedicated helpline**
Capita Asset Services has a helpline to help users with all aspects of the service. The numbers are as noted above. Lines are open 9.00am to 5.30pm Monday to Friday excluding public holidays.

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www.g4s.com

**G4S plc**
5th Floor
Southside
105 Victoria Street
London
SW1E 6QT
United Kingdom

Telephone: +44 (0) 207 963 3100
Email: investor@g4s.com

Registered in England No. 4992207