



**LPHR Commentary on the G4S Corporate Social Responsibility Report's inadequate response to being found in breach of human rights obligations under the OECD Guidelines**

On 15 April 2016, G4S published its Corporate Social Responsibility Report (CSR Report) for the year ending 31 December 2015.

Within the CSR Report, G4S provided an update on its operations within Israel and the occupied Palestinian territory (oPt) (p 30, CSR Report). The nature of these operations was the subject of a business and human rights complaint that LPHR brought to the UK National Contact Point (NCP) under the OECD Guidelines for Multinational Enterprises (OECD Guidelines), in November 2013. The human rights chapter of the OECD Guidelines is informed by the United Nations Guiding Principles on Business and Human Rights, which are widely respected and comprise fundamental human rights standards which companies are required to respect in their operations.

In June 2015, in its 'Final Statement', the UK NCP significantly found G4S to be in breach of three human rights provisions of the OECD Guidelines:

*"[G4S] actions are **not consistent** with its **obligation under Chapter IV, Paragraph 3 of the OECD Guidelines to address impacts it is linked to by a business relationship**...The obligation to address impacts is part of the overall **obligation to respect human rights in Chapter IV, Paragraph 1 and Chapter II, Paragraph 2**. Because of this, the inconsistency with Chapter IV Paragraph 3 makes the company's actions technically inconsistent with these provisions also". (Paragraphs 76-77 of the UK NCP's Final Statement – LPHR's emphasis).*

The UK NCP consequently made the following three recommendations to G4S in its Final Statement:

- Work with business partners to address the adverse human rights impacts raised in the complaint;
- Communicate to stakeholders the actions it has taken in regard to the issues raised in the complaint; and
- Implement a contract approvals process that includes an assessment of human rights risks and mitigations.

LPHR has commented on the outcome of its business and human rights complaint in [statements and an extensive commentary](#) which were also published on [the Business and Human Rights Resource Centre](#) website.

LPHR now feels compelled to raise several critical points in relation to G4S' CSR Report, as it is our considered view that G4S has failed to clearly convey to its shareholders and other stakeholders the nature of the UK NCP's adverse findings and their significant implications for the Company.



## **LPHR response to G4S' CSR Report comments on its implementation of the UK NCP recommendations**

### **First UK NCP recommendation:**

LPHR notes that G4S' disclosure in relation to the UK NCP's first recommendation is substantively insufficient. The Company refers to general stakeholder engagement across its 'countries of operation' and then minimally states: "*Our business in Israel is no different and undertakes constant dialogue with its key stakeholder groups.*" LPHR finds this level of disclosure fundamentally inadequate to understand the specific steps that G4S has taken with Israeli state agencies to address the adverse human rights impacts raised in our complaint.

### **Second UK NCP recommendation:**

G4S states, commenting in relation to the UK NCP's second recommendation:

*"In its Final Statement, the NCP identifies [at paragraph 75] that G4S is bound by the confidentiality requirements of its customers and that this may 'unduly limit the company's ability to act effectively if it cannot communicate openly about its actions with stakeholders and business partners'."*

G4S then states:

*"This assessment is accurate in relation to the contracts and business units which have been under review during the NCP process and therefore we are unable to provide specific detail regarding the actions of our business other than that which have been disclosed during the NCP's review."*

LPHR acknowledges G4S' public acceptance that its customer confidentiality requirements leave it unable to act effectively within the context of its operations in Israel and the oPt.

However, it is striking that G4S then fails to mention in its CSR Report the significant implication of its position that 'it cannot communicate openly about its actions with stakeholders and business partners'. In its Final Statement, the UK NCP states, in the paragraph immediately following the paragraph quoted by G4S:

*"Until G4S publicly communicates the actions it is taking to address the impacts it is linked to by the contracts referred to in the complaint, the UK NCP considers that its actions are not consistent with its obligation under Chapter IV, Paragraph 3 of the OECD Guidelines to address impacts it is linked to by a business relationship"* (paragraph 76, Final Statement).

G4S' statement that it cannot communicate the actions it is taking to address its involvement in adverse human rights impacts in Israel and the oPt clearly therefore leaves the Company in continuing breach of Chapter IV, Paragraph 3 of the OECD Guidelines. This is unacceptable from a business and human rights perspective, and it is disingenuous of the Company to refer to



one part of the NCP's statement whilst omitting another that makes clear the Company's ongoing violations of human rights provisions.

It must be noted here that it is the core human rights breach of failing to address human rights violations with which G4S is involved (through its business relationship with Israeli state agencies) that led the UK NCP to find G4S in breach of two overarching provisions of the OECD Guidelines to 'respect human rights' (Chapter IV, Paragraph 1 and Chapter II, Paragraph 2, OECD Guidelines).

G4S has also failed to acknowledge these further adverse findings of breach in its CSR Report. Instead, it has selectively quoted from the NCP's final statement to give the misleading impression that no substantial findings of breach were made: *"The UK NCP does not find any general failure by the company to respect the human rights of the people on whose behalf the complaint is made or any failure to respect human rights in regard to its own operations."*

LPHR has previously publicly commented on G4S' selective and apparently misleading public statements on the UK NCP's findings on the [Business and Human Rights Resource Centre's website](#) (along with insufficient responses from G4S) and on LPHR's website (dated [10<sup>th</sup>](#) and [23<sup>rd</sup>](#) June 2015). It is alarming to see that the Company continues to take this approach in annual reporting to its shareholders and other stakeholders.

### **Third UK NCP recommendation:**

The third and final UK NCP recommendation related to G4S' general operations rather than the specific issues raised in our complaint, and G4S has responded in their CSR Report by reference to its global operations. As such, LPHR will not comment here on this aspect of G4S' response.

### **G4S CSR Report's selective and apparently misleading account of the company's non-compliance with the OECD Guidelines**

It is very troubling that the Company has not been explicitly transparent to shareholders, stakeholders and business partners in its CSR Report that: a) the UK NCP has found the Company to be in breach of the OECD Guidelines, both by failing to address human rights violations with which it is involved through its business relationship with Israeli state agencies, and consequently by failing more broadly to 'respect human rights'; and b) the consequence of the Company's position that it cannot communicate openly about any actions it may be taking to address adverse human rights impacts means that it will continue to be in violation of business and human rights obligations under the OECD Guidelines.

Adopting a public stance that fails to explicitly acknowledge the extent of adverse findings of breach of the OECD Guidelines, and a complete absence of a pledge to remediate them, raises concerning doubts as to G4S' sincere commitment to fully respect their business and human rights obligations.

### **LPHR's comment on the extent of G4S' participation in the UK NCP process**



LPHR notes G4S' comment in their CSR Report: *"In the UK, we engaged with the UK NCP for the OECD over a period of 18 months in relation to a complaint made about G4S in Israel."*

LPHR would like to clarify to shareholders and other stakeholders reviewing the CSR Report that the level of G4S' 'engagement' was minimal. Whilst G4S did make certain limited disclosures to the UK NCP, it withheld material information to the UK NCP and LPHR by asserting commercial confidentiality, and it declined to participate in the mediation process that the UK NCP offered and which LPHR accepted.

### **LPHR's commentary on G4S' apparent decision to sell G4S Israel**

Finally, LPHR has published a separate commentary that specifically addresses a footnote paragraph on page 30 of G4S' CSR Report that states the Company has 'commenced a process to sell... G4S Israel'.

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