



LPHR Commentary on G4S' apparent decision to sell G4S Israel

On 15 April 2016, G4S published its Corporate Social Responsibility Report (CSR Report) for the year ending 31 December 2015. In a separate commentary published today we have outlined several critical points in relation to the 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.

This commentary will specifically address a footnote paragraph on page 30 of the CSR report stating that it has 'commenced a process to sell... G4S Israel'. It specifically states:

"Note: In March 2016, G4S announced that as part of its on-going review of its portfolio of businesses, it had commenced a process to sell four additional businesses to those which had previously been identified by the group for sale. These included G4S Israel and G4S Children's Services (UK)."

This 'note' refers to a briefly outlined statement contained in their 2015 full year results published the previous month on 9 March 2016, which states:

*"Through our continuing portfolio management programme, we also **expect to exit a number of other businesses with combined revenues of c.£400 million in the next 12 to 24 months including G4S Israel, UK Utility services, US Youth Justice services and UK children's services**". (Excerpts bolded for emphasis by LPHR)*

LPHR adopts a cautious position in response to the decision apparently taken by G4S 'to exit from G4S Israel within 12-24 months'. 'Expect to exit' falls short of a definitive statement that it 'will exit'. The lack of specificity of the date that the expected exit will take place also gives rise to caution.

In this context it must be noted that LPHR has documented G4S' public statements since March 2011 which indicate that G4S has: long been aware of acute human rights concerns connected to its activities in Israel and the OPT; been in a dialogue about them with G4S' contracting partners in Israel; and consequently made repeated commitments from March 2011 through to April 2013 "to exit" contracts "between 2012 and 2015", which shifted without explanation in June 2014 to a commitment to "not renew" contracts that will end 'between 2014 and 2017". Given this troubling track record of shifting positions and timelines concerning exiting from contracts, we are not assured that G4S' brief statements on aforementioned above are sufficient evidence that it will definitively exit from G4S Israel within one to two years.

That being said, it is notable that G4S' apparent decision to exit from its subsidiary company in Israel is fully consistent with [LPHR's own publicly-stated](#) principal recommendation (following publication of the NCP's final statement) that withdrawal from all contracts was the only available, and essential, next step that G4S could take to bring itself into compliance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the Company's own human rights and business ethics policies. We detailed our position in an [LPHR commentary](#) that was published on the day that the NCP published its



final statement. We then reiterated this carefully considered position in a letter to G4S dated 28 October 2015, and to which we have not received a reply, stating:

*“You will no doubt be aware that it is LPHR’s considered position that given any efforts by G4S over a reasonable period of time to use leverage to prevent or mitigate the adverse human rights impacts have failed, the only effective action left for G4S to properly take is to withdraw from the relevant contracts. This position is supported by the commentary to the United Nations Guiding Principles on Business and Human Rights (UNGPs), on which the relevant human rights provisions of the OECD Guidelines are based, and on which G4S’ human rights policy is also expressly based. **The UNGPs commentary clarifies that withdrawal from a business relationship is the next step to consider when “the enterprise lacks the leverage to prevent or mitigate adverse impacts and is unable to increase its leverage...Here the enterprise should consider ending the relationship...”**”*

G4S itself has stated, in a letter to the NCP dated 13 March 2014, that it “
[REDACTED]
”. Further, G4S has previously acknowledged as far back as March 2011 that it needs “to exit” specific contracts in order to “ensure that [its] business practices remain in line with [its] Business Ethics Policy.

More generally, G4S’ Human Rights Policy affirms in its opening sentence G4S’ “commit[ment] to fulfilling its responsibilities on human rights around the world by applying the United Nations Guiding Principles on Business and Human Rights across all of our businesses” (page 3, G4S Human Rights Policy 2013). This unequivocal human rights policy commitment is reiterated in the latest version of G4S’ Business Ethics Policy (page 9, G4S Business Ethics Policy 2015). **In LPHR’s view, it is clear therefore that in order to comply with the OECD Guidelines, the UNGPs, and G4S’ own Human Rights Policy and Business Ethics Policy, the only available, and essential, next step is for G4S to withdraw from the relevant contracts with Israeli state agencies.**” (Excerpts bolded for emphasis. Redaction made to second paragraph.)

It appears from G4S’ apparent decision ‘to exit’ from G4S Israel within 12-24 months, that it could be assumed that it has either independently reached and/or accepted our analysis that withdrawal is the only available, and essential, action to be implemented to bring G4S into compliance with its business and human rights obligations.

We strongly consider that withdrawal should take place immediately or as soon as practicable, rather than the nebulous stated period of 12-24 months. This is particularly the case since G4S has apparently been aware of human rights concerns related to its contracted activities since at least 2011. Moreover, as long as G4S is engaged with relevant contracts with Israeli state agencies, it will continue to unacceptably be in violation of its human rights obligations under the OECD Guidelines and UN Guiding Principles.

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