

**UK NATIONAL CONTACT POINT
FOR THE OECD GUIDELINES FOR
MULTINATIONAL ENTERPRISES**

Follow up Statement after
recommendations in complaint
from LPHR against G4S

JULY 2016

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Background

OECD Guidelines for Multinational Enterprises

1. The Guidelines are voluntary obligations for responsible business conduct in areas including employment, human rights and the environment. As an OECD member government, the UK is required to maintain a National Contact Point (NCP) to promote the Guidelines and to consider complaints that multinational enterprises based in the UK, or operating there, have not met Guidelines obligations.
2. The UK NCP is based in the Department for Business, Innovation and Skills (BIS) and funded by BIS and the Department for International Development (DfID). A Steering Board including members from business, trade unions and civil society has general oversight of the NCP.

Follow up to Final Statements by the UK NCP

3. Where a Final Statement includes recommendations, or where an agreement between parties provides for it, the UK NCP approaches parties at a specified date to request an update. The NCP then publishes a further statement reflecting the parties' responses and any further conclusions of the UK NCP.

More details of the NCP's process and statements are at: www.gov.uk/uk-national-contact-point-for-the-organisation-for-economic-co-operation-and-development-oecd-guidelines-for-multinational-enterprises.

UK NCP recommendations to G4S

4. The UK NCP's Final Statement on the complaint from LPHR against G4S can be found at: www.gov.uk/government/publications/uk-ncp-final-statement-complaint-by-lawyers-for-palestinian-human-rights-against-g4s.
5. At Paragraph 80 of the Final Statement, the UK NCP made the following recommendations to G4S:
 - a) *That G4S considers how it may be able to work with business partners in Israel to support action to address adverse impacts referred to in the complaint;*
 - b) *That G4S communicates to stakeholders and business partners any actions it is taking in regard to the issues raised in the complaint;*
 - c) *That G4S implements across its operations a contract approvals process that includes assessment of human rights risks and application of mitigations, as it has indicated its intention to do in the new governance risk and compliance management procedures shared in its comments on this statement.*

Response from the parties

6. The UK NCP contacted the parties by email on 31st March 2016 and invited them to provide updates by 18th April¹.

Complainant

7. The UK NCP received the complainant's update on 18th April 2016.
8. The complainant begins by saying that G4S public statements made immediately after the NCP's Final Statement misrepresented the NCP's findings. In particular, the complainant says that G4S statements did not acknowledge the UK NCP's plain and unqualified adverse finding of a breach of the Guidelines provision on addressing human rights impacts of a business relationship (Chapter IV, Paragraph 3).
9. The complainant says that it cannot assess G4S's subsequent implementation of the recommendations made by the NCP because G4S has not provided information about this. G4S has not made relevant information public, nor has it responded to a request for information made by the complainant in a private letter to the G4S CEO. The complainant provides a copy of this letter, which it says was sent on 24th October 2015, and re-sent in January 2016 and again in March 2016².
10. The complainant notes the statement by G4S on 9th March (as part of its 2015 financial reporting) that: *we expect to exit a number of businesses....in the next 12 to 24 months including G4S Israel*. The complainant says that this statement is similar to previous statements by G4S about an intention or expectation of exiting contracts referred to in the complaint. The complainant does not consider that it addresses the NCP's recommendation (at 5b. above) to communicate to stakeholders actions it is taking to address issues raised in the complaint.
11. The complainant remains of the view that G4S must exit the relevant contracts in order to meet its Guidelines obligations. The complainant asks the NCP to make additional recommendations on this point³.

Company

12. The UK NCP received G4S's update on 21st April 2016.
13. G4S gives a brief update on its response to each of the UK NCP recommendations. G4S also supplied a copy of its CSR report for 2015 and says that this provides additional information.

¹ On 13th April, G4S requested a short extension to 21st April for the G4S response, due to staff leave, and the UK NCP agreed this.

² The UK NCP notes that the complainants have now published their letter.

³ As set out in published procedures, the UK NCP follow up process does not contemplate new recommendations being made, and the parties have been made aware of this.

14. On the recommendation to work with business partners to address impacts (see 5.a. above), G4S reports that it engages regularly with stakeholders, at group level and across its countries of operation.
15. On the recommendation to communicate actions to stakeholders (see 5.b. above), G4S reports that it aims to be as open as it can, but is often subject to customers' confidentiality requirements. G4S notes that the NCP's Final Statement recognised these confidentiality constraints. G4S notes that it has communicated clearly its intention not to renew certain contracts on expiry, and stands by it.
16. On the recommendation to implement human rights risk assessment (see 5.c. above), G4S reports that it had (already) embedded human rights into its group risk and mitigations assessments when the NCP made its Final Statement. Human rights continue to be a priority area for G4S and in 2015 it conducted an annual review of its human rights heatmap and integrated findings into its risk and compliance process. It also conducted seven human rights risk assessments in relation to investment opportunities for the G4S group.
17. G4S also refers to its 9th March statement in regard to existing contracts. G4S says that this announcement formed an update on the G4S group's portfolio management programme. It is part of a broader strategic process and is unrelated to previous decisions not to renew certain contracts when they expire. G4S adds that regardless of the outcome of this broader process it will continue to maintain a significant business in Israel. G4S rejects comments that the decision to exit was prompted by NGO campaigning and states that G4S does not support anti-Israel boycott campaigns by any group.
18. The NCP reviewed the G4S 2015 CSR report, which was published on 15th April 2016. Page 30 of the report gives a summary report on the complaint to the UK NCP and the actions taken by G4S in response (and reported above).

UK NCP Conclusions

Implementation of recommendations

19. The UK NCP made three recommendations to G4S. One was a general recommendation in regard to human rights risk assessment. The other two recommendations were specific to the issues examined in the complaint, and one of these said that the company should communicate any actions taken publicly.
20. In Paragraph 71. of the Final Statement, the UK NCP gave some examples of actions the company could take to address the issues examined. It said: *there is evidence that G4S has leverage and could take action such as: lobbying immediate business partners and/or government and legal representatives, sharing best practice (with business partners, stakeholders and the wider sector), and committing to new practices in regard to future contracts.*
21. G4S's report to the NCP does not identify any actions taken specific to the issues in the complaint. The UK NCP considers that it can therefore reasonably conclude that

G4S has not implemented the two specific recommendations (5.a. and 5.b. above). The NCP notes also the complainant's statement that its separate enquiries have not received a reply.

22. G4S's report to the NCP, including its wider CSR report, indicates that it has implemented the general recommendation (5.c. above).

Other issues

23. The UK NCP notes the complainant's observations that G4S comments made immediately after the UK NCP's Final Statement misrepresented its findings. The UK NCP separately noted the G4S response at that time, and considered that it referred to the Final Statement in a selective way that was misleading.
24. The UK NCP does not advise parties on their own statements, and recognises that parties will inevitably refer publicly to its statements in a way that plays to their own interests and stakeholders. However, the UK NCP notes that G4S's public response to the UK NCP's findings and recommendations was an early opportunity to signal the seriousness of its intention to address them. It is disappointing that G4S did not take this opportunity.
25. For the avoidance of doubt, the UK NCP re-iterates that its Final Statement found actions of G4S to be inconsistent with its obligation under Chapter IV, Paragraph 3 of the OECD Guidelines to address impacts it is linked to by a business relationship. This finding was unqualified.
26. Because G4S's actions were inconsistent with Chapter IV, Paragraph 3, the UK NCP found them also to be inconsistent with wider general provisions of the Guidelines in regard to respecting human rights (Chapter IV, Paragraph 1 and Chapter II, Paragraph 2). Only this finding on the wider provisions was described by the UK NCP as arising technically - because it arises out of the way in which the Guidelines define the general obligation - and as not representing a broad failure to respect human rights.
27. The UK NCP additionally notes its observation in Paragraph 76. of the Final Statement that: *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.*

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