

**LAWYERS FOR PALESTINIAN
HUMAN RIGHTS (LPHR) & G4S
PLC: FINAL STATEMENT AFTER
EXAMINATION OF COMPLAINT**

UK National Contact Point for
the OECD Guidelines for
Multinational Enterprises

MARCH 2015

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Summary of the conclusions

1. **Each government that adheres to the OECD Guidelines is required to maintain a National Contact Point to consider complaints that UK companies have acted inconsistently with the Guidelines. The UK NCP is maintained by the UK government to meet this requirement: it is not part of the OECD and has no wider responsibilities for OECD functions. The UK NCP does not examine (or make findings about) the actions of any party other than the company identified in a complaint, and does not consider it would be within its remit to do this.**
 - **In this complaint, the UK NCP examined issues with regard to G4S's obligations under provisions of the 2011 OECD Guidelines that relate to human rights: Chapter II, Paragraph 2, and Chapter IV, Paragraphs 1 and 3.**
 - **Chapter IV was added to the Guidelines with effect from September 2011. Guidance indicates that the specific obligations set out in Chapter IV Paragraphs 2-6 are included in the broad obligation to respect human rights stated in Chapter IV Paragraph 1. With effect from September 2011, the specific obligations are also included in the pre-existing broad obligation stated in Chapter II Paragraph 2.**
 - **The UK NCP considers that actions of G4S before September 2011 are consistent with its obligation under Chapter II Paragraph 2 at that time. This includes the company's actions in entering into the relationships that are the subject of the complaint.**
 - **From September 2011, however, the UK NCP considers that the company's actions are technically inconsistent with its obligation under Chapter II, Paragraph 2 to respect human rights. Similarly, the UK NCP considers that the company's actions are technically inconsistent its obligation under Chapter IV Paragraph 1 to respect human rights.**
 - **In each case, the technical inconsistency arises because G4S is not adequately meeting a specific obligation that is included within the broad obligation. The UK NCP does not find any broad failure by G4S to respect the human rights of people on whose behalf the complaint is made.**

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- **The specific obligation that is not adequately met is the obligation under Chapter IV, Paragraph 3 to seek to address impacts of its business relationships. The UK NCP finds the company's actions inconsistent with its obligation under Chapter IV, Paragraph 3.**
 - **The UK NCP has made recommendations to the company in regard to demonstrating that it is addressing human rights impacts of its business relationships. The UK NCP is not recommending that the company ends the relationships.**
 - **The UK NCP will issue a follow-up report to this Final Statement in March 2016.**

Background

OECD Guidelines for Multinational Enterprises

2. The Guidelines are voluntary principles for responsible business conduct in areas including employment, human rights and the environment. As an OECD member government, the UK must maintain a National Contact Point (NCP) to promote the Guidelines and consider complaints that multinationals based or operating in the UK have breached the Guidelines.
3. 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.

The UK complaint procedure

4. Full details of the NCP's process and statements are at <http://www.bis.gov.uk/nationalcontactpoint> . The complaint process is divided into the following stages:
 - a) Initial Assessment: desk-based analysis of the complaint and the company's response to decide whether issues raised merit further examination;
 - b) Mediation OR examination: If the UK NCP accepts that issues merit further examination, it offers mediation to parties to help them resolve the issues. If conciliation/mediation is declined or fails to achieve a resolution, the UK NCP examines the complaint further and reaches findings on whether the company's actions are consistent with the Guidelines;
 - c) Final Statement: the NCP issues a Final Statement recording the agreement reached by the parties or, alternatively, its findings on the company's actions. If appropriate, the Final Statement includes

recommendations to help the company make its conduct consistent with the Guidelines;

- d) Follow up – where a Final Statement includes recommendations, or where an agreement between parties provides for it, the NCP publishes a further statement based on reports from the parties at a specified interval (usually a year) after the Final Statement.

Details of the parties involved

The complainant

5. The complainant is Lawyers for Palestinian Human Rights (LPHR), a UK legal charity founded in 1988 and working in the UK and overseas on legal issues focused on protecting and promoting Palestinian human rights, and with a special focus on Palestinians living in the West Bank, including East Jerusalem, and the Gaza Strip. Almost all those working for LPHR are lawyers in the UK.

The company

6. G4S plc is a security company headquartered in the UK, operating in over 120 countries worldwide and employing over 618,000 people. The company's operations in Israel date from 2002 when Group 4 Falck, one of the two companies that merged to become G4S, acquired a 50% holding in the Israeli company Hashmira Technologies. Following the 2004 merger, G4S increased its holding, and since 2007 holds over 90% of the Israeli company. G4S Israel (Hashmira) is said by G4S to be the largest security provider in the state of Israel, employing 8,000 staff and providing services to 50,000 customers (including 35,000 private individuals).

Initial Assessment of the complaint by the UK NCP

7. The complainant identifies facilities and operations of Israeli state agencies which it says breach international human rights law and humanitarian law and cause adverse human rights impacts. The complainant says that G4S is linked to these impacts through a business relationship with these state agencies.
8. The UK NCP's Initial Assessment of the complaint can be found at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/315104/bis-14-854-palestinian-lawyers-complaint-against-g4s-ncp-initial-assessment.pdf . The NCP accepted issues with regard to the following Guidelines obligations:

Enterprises should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders. In this regard, Enterprises should:

Paragraph 2 Respect the internationally recognised human rights of those affected by their activities

Chapter IV Human Rights

States have the duty to protect human rights. Enterprises should, within the framework of internationally recognised human rights, the international human rights obligations of the countries in which they operate as well as relevant domestic laws and regulations:

1. Respect human rights which means they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.

3. Seek ways to prevent or mitigate adverse human rights impacts that are directly linked to their business operations, products or services by a business relationship, even if they do not contribute to those impacts.

9. The UK NCP did not accept for further examination a separate issue raised by the complainant in regard to the company's general human rights due diligence obligations under Chapter IV Paragraph 5; however, the UK NCP noted that its Final Statement might refer to relevant aspects of the company's due diligence. The UK NCP's conclusions include some observations relating to due diligence.

10. Chapter IV provisions were added to the Guidelines when they were updated in 2011. The UK NCP applies the updated 2011 Guidelines to the actions of companies from 1st September 2011 and to outstanding impacts known to the company at that date (see Paragraphs 43 and 65 below).

UK NCP process

Initial Assessment

11. The UK NCP received the complaint on 27th November 2013 and issued its finalised Initial Assessment accepting some issues for further examination in May 2014.

12. OECD procedural guidance to NCPs is that generally issues are dealt with by the NCP of the country in which the issues have arisen. The UK NCP notes that issues in this complaint arise in Israel and the Occupied Palestinian Territories. Israel, as an OECD member, adheres to the Guidelines. The UK

NCP informed the Israeli NCP about the complaint and arguments made by the complainants that the complaint should be considered by the UK NCP as the home country for the company and the complainants. The Israeli NCP did not object to the UK NCP's proposal to handle the complaint, but asked to be informed about its progress.

13. The UK NCP notes that its decision to handle this complaint does not change its view¹ that it will generally be appropriate (and consistent with OECD guidance) for a company's actions to be examined by the NCP with the best knowledge of the operating environment in which they took place.

Mediation

14. The NCP offered the parties mediation. Mediation is voluntary and a complaint only proceeds to mediation where both parties accept the offer. In this case, the complainant accepted the offer of mediation, but G4S declined.
15. G4S explained that it was declining the offer because it considered that legally binding obligations of contractual confidentiality would limit its ability to discuss the issues, making mediation impracticable, and also because G4S did not accept that the complainant had a mandate to negotiate and resolve the issues.

Further examination

16. The NCP informed the parties on 8th July 2014 that it would make a further examination of the complaint.

UK NCP analysis

Information reviewed in further examination

Complainant

17. In addition to the information provided in the complaint, the complainant discussed key sources for the complaint in a meeting with the NCP on 31st July 2014, and subsequently provided contact details for these sources.

Company

¹ Set out in this more recent assessment:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/391891/bis-15-17-initial-assessment-by-the-uk-national-contact-point-for-the-oecd-guidelines-for-multinational-enterprises.pdf

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18. In addition to its response to the complaint, the company drew to the NCP's attention statements made at its 2014 AGM and reports published alongside these, also providing contact details for the consultants who prepared the reports. The company also responded to specific questions from the NCP later in the process.

Other sources

19. The UK NCP obtained additional background information from UK government statements, and spoke to officials in the UK Government's Foreign and Commonwealth Office (FCO).
20. The UK NCP is also grateful to the Israeli NCP for providing information relevant to the issues, and in particular for confirming some details of the visit to Israel made in April 2014 by independent reviewers acting for G4S.

Information sharing

21. Information on which the UK NCP has based its findings has been shared with the parties in the complaint. Information is shared on the understanding that while the complaint is under consideration it should not be shared further or made public. After the process is complete, parties are free to discuss it but should not share information provided by another party without its permission.

Limitations of information review

22. The UK NCP operates within boundaries set by the OECD Guidelines, including the voluntary nature of the Guidelines and the requirement on NCPs to operate transparently.
23. The UK NCP has no legal powers to require any party to provide information to it, nor any special status permitting it to obtain confidential information that other government officials are under statutory obligation to protect. The UK NCP expects, in any case, to share information it obtains with the parties. The UK NCP has some ability to share sensitive information on a conditional basis. Its ability to do this depends on the good faith with which parties approach the process (which the UK NCP had no reasons to doubt in this case), but also on parties' own transparency or confidentiality obligations.
24. In this complaint, the UK NCP notes that the company has said that it holds additional information that it would be prepared to provide to the UK NCP, but that it is not prepared to share with the complainant. The UK NCP Steering Board has previously ruled that the UK NCP should not base any findings on information that has not been shared with parties. Because of this ruling, the UK NCP has not asked for, nor been provided with, any details of the additional information referred to by the company.
25. In this complaint, the UK NCP also notes that issues raised are the subject of international political debate. The UK NCP has no brief to assess the facts of

the wider situation. It has considered what information about those facts was available to the UK company against which the complaint is made. As noted in its assessment of a previous complaint², the UK NCP looks to home government policies and findings of international authorities in considering whether companies' Guidelines obligations arise in regard to a complaint involving a state business partner. The UK NCP does not examine (or make findings about) the actions of any party other than the company identified in a complaint, and does not consider it would be within its remit to do this.

26. The UK NCP has made findings where it believes that information is available to support them.

NCP findings

What contracts/activities of G4S give rise to the complaint

27. The complaint refers to equipment and services provided in a number of locations:
- a) In the West Bank, the Qalandia, Bethlehem and Irtah or Sha'ar Efraim checkpoints and the Ofer prison;
 - b) At the border between Israel and the Gaza Strip, the Erez checkpoint;
 - c) In Israel, the Ketziot, Megiddo, Damon and Rimonim prisons, and the Kishon and Jerusalem detention centres.
28. G4S asks the UK NCP to note that its contracts with Israeli government agencies (and other customers) include commercial confidentiality clauses that limit the information it can disclose. It is not able to confirm all the specific locations where equipment and services are provided (and in some cases does not know exactly where equipment it has provided is used). G4S does not dispute that its contracts may cover the locations identified by the complainant, and confirms that they include:
- a) Contracts to service and maintain baggage scanning equipment and metal detectors used at checkpoints, including a small number of checkpoints along the separation barrier. G4S notes that it does not own the scanning equipment;
 - b) Contracts to install and maintain security systems - such as closed circuit television (CCTV), access control systems and public address systems - within many IPS managed prisons, including the Ofer prison. G4S notes

² <https://www.gov.uk/government/publications/uk-ncp-initial-assessment-complaint-by-relieve-against-bt-equipment-provided-to-us-defence-agency>

that its staff do not operate the equipment, play any part in the prison regime or have any interaction with prisoners.

29. Details of all the main business activities of G4S Israel are included in the human rights review reports published by G4S in June 2014 (see Paragraphs 59-63 below).

What period do the contracts cover?

30. In response to a question from the UK NCP, G4S says that its current contracts with the Israeli Ministry of Defence and the Israeli Prison Service were entered into over the period 2004-2010. G4S notes that commercial confidentiality prevents it providing more specific details, but information provided by the complainant and sourced from G4S webpages suggests that contracts relating to prison/detention facilities were made in 2007, and that equipment serviced at checkpoints was installed in 2008-2009. None of the information provided to the UK NCP suggests that contracts were made or renewed after the updated OECD Guidelines took effect in 2011.
31. CSR updates and other public statements by G4S in 2012 and 2013 indicated that some contracts relating to services provided to West Bank locations were expected to end between 2012 and 2015. More recently, media reporting following G4S's June 2014 AGM indicated that contracts referred to in the complaint were expected to end between 2014 and 2017 (advice to the NCP on this point is noted at Paragraph 63 below).
32. G4S notes that some prison contracts work on a call-off basis: the customer may request equipment as required over the life of the contract, and a maintenance/servicing obligation for that equipment extends for a set period after it is provided. The NCP notes that G4S could therefore have ongoing obligations to service equipment after some contracts end.
33. For comparison purposes, the UK NCP made an enquiry to UK government procurement staff about similar equipment: they indicate that in the UK a 1year warranty period and a 3-5 year maintenance/servicing obligation might be typical for scanning or security system equipment, depending on the size and value of the contract.

What information was available to the company about the adverse human rights impacts on which the complaint is based and its obligations?

Fact finding

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34. The complaint identifies adverse impacts arising from alleged breaches of international human rights law and humanitarian law. It appears to the NCP that these impacts fall into two categories:
- a) Impacts linked directly to security and justice policies of the Israeli government, in particular the policy of maintaining those parts of its Wall or separation barrier that are in the Occupied Territories of the West Bank and Gaza Strip, contrary to the 2004 Advisory Opinion of the International Court of Justice that this breaches international humanitarian and human rights laws. The UK NCP notes that the Israeli government and the Israeli Supreme Court (in its decision on the matter) do not accept some findings of the ICJ Advisory Opinion including some of its findings in regard to the interpretation and application of international law.
 - b) Impacts that are not policies of the Israeli government, but are linked to operational practices of the military and prison services, or actions of individual military and prison service personnel. Information reviewed by the UK NCP refers to some practices as systematic and widespread, but also refers to official investigations and judicial proceedings against individuals involved.
35. To substantiate its claims, the complainant refers to reports of international treaty bodies and intergovernmental organisations, and to NGO reports and individual accounts of human rights impacts. The UK NCP has no reason to doubt that NGO and individual accounts it has reviewed fairly reflect the experiences of the organisations and individuals concerned. The UK NCP is also grateful to representatives of two NGOs that provided some of the information supporting the complaint, who confirmed some points in response to questions from the NCP.
36. The UK NCP has based its findings principally on publicly available information from international authorities and UK government sources, however, since these are likely to be regarded as authoritative by businesses, and also because these bodies are better able to consult and reflect in their reports information from official Israeli legal, governmental and administrative sources.
37. In relation to the West Bank checkpoints and prisons referred to, the complainant notes that the context for the abuses alleged is the Advisory Opinion of the International Court of Justice that the construction of that part of the separation barrier that is within the West Bank violates international law. The UK NCP notes that the UK government accepts this Advisory Opinion: it is reflected in the FCO's Overseas Business Risk advice to businesses (see Paragraph 45.) and in FCO Human Rights and Democracy reports (the 2012 report states: "*where the barrier is constructed on the Palestinian side of the 1967 border, it is illegal under international law*").
38. In relation to the Erez crossing, the complainant provided information about adverse impacts of the operation of the crossing, including impacts on health and education, for example where delays or problems at checkpoints are

identified as having prevented people keeping medical appointments, delayed ambulance services or prevented children attending school. FCO annual human rights reports³ note general human rights impacts of the restrictions on movement of goods and people in Gaza, but do not cite any specific concerns about the crossing point.

39. In relation to prisons, information offered to the UK NCP establishes that some aspects of operations in prisons where G4S provides equipment are considered by international authorities and the UK government to be contrary to international human rights law and international humanitarian law. FCO annual human rights reports highlight administrative detention and detention of children as key concerns. Representatives of the Israeli government and legal system co-operated in September 2011 with a UK government funded fact finding visit by an independent team of UK lawyers who subsequently produced the 2012 report “Children in Military Custody”. This report identified breaches of the UN Convention of the Rights of the Child in relation to points including discrimination, child’s best interests, premature resort to detention, non-separation from adults, prompt access to lawyers and use of shackles.
40. The UK NCP notes that FCO annual human rights reports suggest improvements in the aspects highlighted over the period that G4S has held its contracts.

Conclusion

41. The UK NCP considers that the information reviewed establishes that there are adverse human rights impacts associated with the facilities and locations referred to in the complaint. None of the information reviewed by the UK NCP suggested that G4S staff or equipment play a direct part in these impacts.
42. The UK NCP notes that the OECD Guidelines oblige G4S to undertake due diligence across its operations, considering these impacts along with other human rights impacts and risks linked to its operations as an international provider of security services.

What guidance was available to the company in deciding how to address adverse impacts?

Fact finding

43. As noted at Paragraph 10. above, Guidelines provisions requiring companies to address human rights impacts of their business relationships were added in 2011. Before 2011, the Guidelines placed a general obligation on businesses to respect human rights, and a separate obligation to encourage business

³see <http://www.hrdreport.fco.gov.uk/> The UK NCP considered reports published up to the time the complaint was made in November 2013.

partners to apply principles of corporate conduct compatible with the Guidelines, but they did not specifically oblige businesses to address impacts of business partners.

44. In commentary on the new human rights provisions of the 2011 Guidelines, the OECD advises that Chapter IV, Paragraph 3 (addressing impacts of business relationships) “*is not intended to shift responsibility from the entity causing an impact to the entity with which it has a business relationship. Meeting the expectation in Paragraph 3 entails the enterprise alone or in co-operation with other entities, as appropriate, to use its leverage to influence the entity causing the adverse human rights impact to prevent or mitigate that impact*”. Among the factors in determining appropriate action are “*the enterprise’s leverage over the entity concerned, how crucial the relationship is to the enterprise, the severity of the impact, and whether terminating the relationship with the entity itself would have adverse human rights impacts.*” The UK NCP notes that the Guidelines imply that withdrawing from a business relationship is a last resort.
45. This guidance is based on the operational principles for giving effect to the business responsibility to respect human rights, developed by the UN Special Representative on Business and Human Rights and endorsed by the UN in 2011. The principles say that having considered the factors set out above, the approach for a business that is linked to adverse impacts by a business relationship should be: to prevent or mitigate the impacts if it has leverage to do so, to increase its leverage – for example by capacity building with a business partner, and only if neither of these options is practicable, to consider ending the relationship (taking into account any impacts of doing so).
46. The UN guidance also states that in addressing human rights risks, companies should give priority to the most serious abuses or those where urgent action is required to prevent the possibility of remedy being lost. The UK NCP understands, however, that this guidance on prioritisation applies to situations where circumstances do not permit all risks to be addressed.
47. As regards withdrawing from a business relationship, the UK NCP noted in the Initial Assessment that the business relationships in this case are with state agencies rather than the state of Israel in general. The UK NCP notes Israel’s adherence to the OECD Investment Declaration and the OECD Guidelines (and the NCP system) from 2002, as well as its membership of the OECD since 2010.
48. In regard to relationships with state agencies (or other Israeli customers), UK government policy clearly supports business engagement in general. Current FCO Overseas Business Risk advice⁴ is that “*the UK Government is deeply committed to promoting our trade and business ties with Israel and strongly opposes boycotts*”.

⁴ see <https://www.gov.uk/government/publications/overseas-business-risk-israel>

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49. Overseas Business Risk advice does clearly state that the UK government does not support business links to settlements in the Occupied Palestinian Territories, because of their illegality in international law and associated impacts. No specific advice is provided about other locations, facilities and agencies associated in FCO Human Rights reports with breaches of international law and associated adverse impacts.
 50. The UK NCP notes a law in force in Israel from July 2011 which makes it a civil offence to publicise a call to boycott any organisation or individual because of links to Israel or to a region under Israeli control. The UK NCP understands that the authorities may deny access to government contracts to an organisation under this law. G4S refers to its obligation to obey domestic laws in its countries of operation (referred to in the OECD Guidelines Chapter I, Paragraph 2). In response to a question from the UK NCP, FCO sources advised in September 2014 that no instances of actual or potential impacts of the anti-boycott law had been brought to its attention by UK businesses.
 51. In addition to the Guidelines and the UN Global Compact, G4S also notes as a standard relevant to its work the International Code of Conduct for Private Security Providers (ICCPSP), of which G4S was a founder signatory in 2010. General provisions of the ICCPSP states that signatories will “*not knowingly enter into contracts where performance would directly and materially conflict with....international law...and are not excused by any contractual obligation from complying with this Code.*”
 52. The company also refers to the Voluntary Principles on Security and Human Rights. The UK NCP believes that this is less relevant to this complaint, as it refers principally to situations in which mining and energy companies use public or private security providers to protect their operations.

Conclusion

53. Guidance available to the company about how it should address the impacts does not strongly support the complainant’s assertion that it should withdraw from the contracts identified. G4S has an obligation to address the impacts, but general guidance available and the policies of its home (UK) government suggest that options for addressing impacts through engagement or leverage should be considered before withdrawal.
54. The UK NCP notes that withdrawing from the contracts referred to would not of itself end the business relationship, because G4S has other contracts with the state agencies concerned. It is not clear how the business relationship would be affected.
55. The UK NCP notes, that a number of factors potentially limit the company’s leverage with its business partners: the extended duration of the contracts entered into, national laws and state security considerations that limit

information available to G4S and its role in the facilities concerned, and some potential human rights impacts of ending contracts.

What consideration did G4S give to information available to it and how has it decided to respond

Fact finding

56. Prior to the merger that created G4S, Hashmira ended some contracts providing security services to West Bank settlements. After the merger, it does not appear – based on information reviewed by the NCP - that G4S made any further specific assessment of human rights impacts referred to in the complaint before 2011.
57. Parallel with the development and adoption of the UN Guiding Principles on Business and Human Rights over 2010-2011, G4S did undertake work to assess its wider human rights risks: for example preparatory to signing the International Code of Conduct for Private Security Providers in November 2010, and the UN Global Compact in February 2011.
58. In 2011, G4S made a more specific review of its operations in the West Bank against its business ethics policy. A legal opinion commissioned as part of the review found that G4S did not violate international law by providing services under the relevant contracts. G4S made statements, however, that following the review it had decided to exit some contracts at the earliest point consistent with contractual obligations. Subsequently, documents published by G4S indicated that it expected contracts relating to the West Bank to end by 2015.
59. In 2014, G4S commissioned a further review and legal and ethical opinions. Two review reports, publicly available on G4S's website, consider G4S's position in relation to international law, and the business practices of G4S Israel in relation to G4S's human rights policy and relevant international guidance frameworks, including the OECD Guidelines.
60. The review reports conclude that G4S Israel's operations are not inconsistent with international law or with the company's human rights policy (developed in 2013). The reports note that the reviewers consider that the human rights policy meets the requirements of the OECD Guidelines Chapter IV, Paragraph 4 (to have a policy commitment to respect human rights) and Paragraph 5 (to carry out appropriate human rights due diligence). The UK NCP notes that the review took place after the complaint was made, and so with knowledge of the allegations made by the complainant. The complainant organisation itself was not consulted by the reviewers, but NGOs consulted by the complainant in preparing the complaint were consulted by the reviewers.

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61. The NCP notes that while the review reports are public, the detailed information on which they are based, and the details of the review process are not public and were not shared with the NCP. G4S has informed the UK NCP that this is to protect commercial and personal confidentiality and security. G4S offered to provide the NCP with some additional details of confidential discussions between G4S management and the reviewers, but the NCP has not taken up this offer for reasons noted at Paragraph 24 above.
 62. G4S did put the UK NCP in touch with the independent reviewers engaged to conduct the 2014 review, and they agreed to discuss their work with the UK NCP. Notes of these discussions were shared with the parties. The reviewers note that their findings are based on an extended visit to the areas concerned and interviews with a wide range of sources, including NGOs representing Palestinian interests. They confirm that G4S did not attempt to influence the design or findings of the review.
 63. As noted above, the full findings of the review were published alongside G4S's 2014 AGM. Press coverage of the AGM reports that there were statements from the company about ending some contracts (including those relating to relevant services provided to prisons as well as those relating to the West Bank). The UK NCP asked G4S to clarify these reports for the purposes of this examination. In response, G4S advises that it does not expect to take on new contracts to install and service scanners at locations along the barrier and systems in prisons, and that the existing contracts will end between 2014 and 2017.
 64. G4S said (in a Sustainable and Responsible Investment update in 2011), that it was developing new guidelines for future contract building and contract renewals. In comments on the draft of this Statement, G4S directed the UK NCP to governance risk and compliance management procedures it will implement across its operations by July 2015: these include refinements to the contracts approvals process to include assessment of human rights risks and assurance that appropriate mitigations are in place. The UK NCP refers to these procedures in its recommendations at Paragraph 80 below.

Conclusions

65. As stated in Paragraph 9 above, the UK NCP applies the new provisions of the 2011 OECD Guidelines (obliging enterprises to address impacts of their business relationships) to actions of companies from 1st September 2011 and to unresolved impacts known at this date. Prior to 2011, there was no explicit obligation under the Guidelines for G4S to consider the impacts identified in the complaint. The UK NCP notes, however, that information about the impacts and associated findings of international authorities was widely available during the period over which G4S took on the contracts referred to in the complaint. The UK NCP would not expect any new due diligence to be necessary to begin addressing the impacts from September 2011, the date from which the UK NCP considers that it was obliged under the Guidelines to consider the (known and unresolved) impacts to which it was linked by its (pre-existing) contracts.

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66. The company reviewed its West Bank operations in 2011, and its wider operations in the area in 2014. Both reviews included steps recommended in UN guidance, including identifying relevant risks, commissioning expert opinions, and seeking stakeholder views. Information about the review findings (and to some extent the process) has been communicated on each occasion.
67. It is not clear, however, what if any action G4S is taking to address impacts. In the NCP's opinion, this is for two reasons: firstly, the published review reports do not identify any action the company should take, and secondly, G4S is concerned that any public statement about particular contracts may be interpreted by its customers and its stakeholders as supporting a more general withdrawal or boycott.
68. It is surprising that the review reports do not identify any actions for G4S. The UK NCP notes that they do suggest the company has leverage: it employs 8,000 staff and provides services to 50,000 customers (including 35,000 private individuals). The reports note that G4S has successfully lobbied the Israeli government on changes to employment law and government tendering. The reports appear to conclude that G4S has no obligation in regard to impacts associated with equipment and facilities referred to in the complaint, however, because its staff are not involved in operating them. In as far as it relates to obligations under the OECD Guidelines (and in particular the obligation under Chapter IV, Paragraph 3), the UK NCP regards this interpretation as too narrow.

Overall conclusion – are the company's actions consistent with the Guidelines

69. The UK NCP considers that G4S has focused too narrowly on deciding whether or not it is justified in continuing to hold contracts referred to in the complaint. This is understandable, because NGO stakeholders who urged the company to review the relevant operations, and who provided advice to its reviewers (and the NCP), consider that ending the contracts (and in some cases wider business relationships associated with them) is the only way that the company can address associated impacts.
70. The OECD Guidelines, UN guidance and UK government policy do not contemplate this as the first or only option, however. UN guidance suggests that the focus is on how to address impacts, and not whether they need to be addressed. The UK NCP has not been offered information about any other approaches considered by G4S to address the impacts identified. The 2014 review reports note some positive aspects of using scanning or security equipment (for example as less intrusive than searches by security personnel), but these arise from the nature of the products.

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71. The UK NCP considers that 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.
 72. The UK NCP notes also that the terms of the contracts appear to have limited the scope and capacity of G4S to address impacts. According to the information provided to the UK NCP, terms and duration of the relevant contracts were decided before the application of the 2011 Guidelines. Consequently the UK NCP does not make any finding on consistency with 2011 Guidelines provisions in regard to these aspects. The UK NCP does not consider that taking on the contracts was inconsistent with the broad obligation to respect human rights under Chapter II the pre-2011 Guidelines. The UK NCP does consider, however, that work on contract conditions and renewals (referred to at Paragraph 64 above) could help to increase the range of options available to the company in regard to similar issues in future.
 73. The UK NCP accepts that G4S may have already considered such actions and concluded that it is not possible, or not appropriate, to use leverage in this case. A variety of considerations may apply and are noted by the UK NCP in its examination, including that some impacts arise from a policy of an OECD member state that is contested by international authorities.
 74. It may be that G4S has decided that it can address impacts only by withdrawal as relevant contracts end (and/or until impacts are addressed); but if that is the case, it has not been clearly communicated.
 75. The UK NCP accepts that it is possible G4S is taking or has committed to action that it is not willing to share under the complaint process. The UK NCP can only base findings on shared information. The UK NCP also considers that it may unduly limit the company's ability to act effectively if it cannot communicate openly about its actions with stakeholders and business partners.
 76. 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.
 77. The obligation to address impacts is part of the overall obligations 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. The UK NCP considers the inconsistency with Chapter IV Paragraph 1 and Chapter II Paragraph 2 to be a technical inconsistency because its finding on these paragraphs is based on their relationship to Chapter IV Paragraph 3. The UK NCP has not found 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

Examples of company good practice

78. The UK NCP is grateful to G4S for its positive engagement with the UK NCP process (and notes similar positive engagement by the complainant).
79. The UK NCP also notes G4S's development and publication of its wider human rights policy and associated guidance, and to its inclusion of a wide range of stakeholders in the reviews it has conducted.

Recommendations to the company and follow-up

80. The UK NCP recommends:
 - 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.
81. The UK NCP will request an update from both parties. The UK NCP's usual practice is to request an update one year after issuing its Final Statement to parties and it will therefore approach the parties in March 2016.

**MARCH 2015
UK NATIONAL CONTACT POINT FOR THE OECD GUIDELINES FOR
MULTINATIONAL ENTERPRISES**

**Steven Murdoch
Danish Chopra
Liz Napier**

Annex 1. Request for review of the NCP's procedure in this complaint

1. At the conclusion of the UK NCP complaint procedure, a party has a set period in which to request a review if it considers that the NCP did not follow proper or fair procedure in considering a complaint.
2. Full details of the UK NCP Review Procedure can be found at <https://www.gov.uk/government/publications/complaints-brought-under-the-oecd-guidelines-for-multinational-enterprises-to-the-uk-national-contact-point-review-procedure> . Reviews are conducted by the NCP's Steering Board and consider procedure: they do not address the substance of complaints or NCP decisions. A Final Statement subject to a review request is not generally published until the review is completed.
3. In this complaint, the NCP's finalised Final Statement was issued to parties on 31st March 2015. The complainant made a review request to the NCP on 20th April and provided particulars of the request, referring to the interpretation of human rights provisions of the Guidelines by the UK NCP.
4. The request was forwarded to the Steering Board and one Board Member withdrew from participation in the review. Board Members may choose to withdraw if they have (or appear to have) an active interest in the complaint.
5. On 5th May 2015, the NCP recommended to Steering Board Members participating in the review that the review request should be refused as ineligible because it did not raise a genuine procedural issue. Paragraph 4.3 of the Review Procedure provides that the NCP can recommend at any time that the Board refuses a review request as ineligible, frivolous or vexatious.
6. A recommendation by the NCP under Paragraph 4.3 stands unless three or more Steering Board Members object. No objections were made in this case, and on 21st May 2015 the NCP informed the parties that the review request was refused and that the Final Statement issued on 31st March would now be published.