



G4S  
SRI Meeting - Transcript  
9th June 2017

**Introduction**

**Telephone Operator**

Good morning ladies and gentlemen and welcome to the G4S SRI meeting.

My name is Dave and I will be your coordinator for today's conference. For the duration of the call your lines will be on listen only, however at the end of the presentation you'll have the opportunity to ask questions. If at any time you need assistance, please press \*0 on your telephone keypad and you'll be connected to an operator.

I'm now handing you over to Clare to begin today's conference. Thank you.

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**Clare Spottiswoode, Non-Exec Director & CSR Committee Chair**

Hello everyone, thank you all for joining .

You've been sent all our slides in advance, so I hope you have them in front of you. We will try and do our best as we go through to make sure we tell you which slide we are on so you can follow it more easily.

So if we can move onto the second slide, which is the introduction. In the room here I have the G4S team; I'm not going to go through all their names because they are clearly outlined on the slide. But on behalf of G4S we all appreciate the opportunity to discuss our CSR progress with you. Jerry Petherick is on holiday so others will have to fill in for him if there are very specific questions on his area.

On the slide 3 is the agenda, this sets out the key themes of our presentation today. We want to touch on the most material issues, namely people and values, health and safety, human rights and anti-bribery and corruption.

Moving on to the fourth slide, this is governance so this shows how the CSR Committee is structured, how it fits into the overall governance structure of the Group. There are three non-executive directors that make up the committee and we have regular attendees from all the people in the room here and others from the Group Executive team and from other operational areas around the Group and the majority of these people are on the call today.

So if we move on to slide 5, you'll have seen this before and indeed many of you have been involved in creating it. As you may recall we do our CSR materiality exercise every two years to ensure that our CSR strategies and priorities are aligned to the business needs and requirements of our key stakeholder groups. Now I know some of you have taken part in this previously and I hope you will do in our next one, we do them every two years.

This chart shows the results of the one we carried out last year. And as you can see from this chart there are lots and lots of issues which feature in our CSR strategies, but it's only the most material ones that we're focusing on today, namely health and safety, human rights, and anti-bribery and corruption. We are also going to touch briefly on culture and values and indeed that's the next slide, where I'd like to introduce the work we've been doing on values, which is really important to the Group. Given the type of work that we do culture and values is absolutely critical to how we perform our tasks.

So you may recall that last year we released this new set of values, which has been launched with a great deal of effort and much training and much communication with employees, and we felt they were better aligned to our business and easier for our employees and stakeholders to understand, I think they're very clear and very good.

So I'm now going to hand over to Jenni, Jenni Myles, Group HR Director, to talk in a little more detail about our culture and values.

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**Jenni Myles Group Human Resources Director**

Thank you Clare and good morning everyone. If I could ask you to turn to slide 7 then, this shows you the main areas of focus as we work to embed the values across the organisation at all levels to make sure that they really support the behaviour of our employees at all levels in their everyday jobs.

As we focus on this we're trying to keep things simple, we're trying to unify our processes as much as possible and at the same time refresh them, because the values had been the same for ten years, so it's a good opportunity to modernise and get a bit more attention paid to them.

So if you take for example management learning and development, our focus there is on things like looking at our competency framework, which has also been in place for about ten years and we're going to align that so it reflects 100% our values. And then use that as the basis for some online training which will help our leaders and managers across the organisation role model the behaviours that are expected of them for their teams.

For frontline employees we have a highly dispersed workforce and we also have a regular supply of new employees coming into the organisation. So we're designing processes which will help us embed new staff into G4S, but also help us get to those people who are around on customer premises rather than our own. So a lot of focus has been paid into simple communications, videos, and toolkits to help supervisors communicate the values to their employees and based on scenarios which will make it very real and relevant to frontline employees every day.

I'll talk a little bit more about what we're doing on surveys in a moment, but we're also focusing on how we get every business aligned behind the activity that's going on. And have appointed ambassadors across the organisation who will help facilitate, communicate, and act as the touch point for a lot of the initiatives that are going on. We're also relaunching recognition programmes, again aligned with the values, and we'll take the opportunity later on this year to relaunch Speak Out our whistleblowing hotline as well.

If we turn to slide 8 then, this just sets the context generally about how we approach HR within G4S. So although this slide talks about core standards, the six categories here, organise, acquire, protect, develop, engage and reward, those are the work streams that really guide our focus, our attention, our investment, as well as setting the core standards that we use to assess the health of the organisation and make sure we're managing risks properly.

So from a sustainability point of view you can see that they cover areas such as safety, screening, pay and benefits, training, and diversity and inclusion. But they also help to drive the more strategic investment decisions that we make to help us differentiate ourselves from the competition and succeed in the long term.

On slide 9, this just summarises some of the activity we've done recently. So in 2016 we did a complete refresh of our standards. You'll notice they are called core standards rather than minimum standards and I think that's an important factor here because there are things that matter to us that go beyond the minimum, but really help drive the levers that are important for G4S. And in 2017 we did a couple of tweaks around health and safety and changing the wording to do with employment legislation to make sure they were really realistic and being embedded in the organisation.

We also have improved the training approach that we have so that every HR manager gets the opportunity to have refresher training on an annual basis before we undertake our own internal self-assessment against those core standards. And with help from our internal audit team we then make sure that the behaviour is translating into everyday practice across the organisation too.

Turning to the survey, as I mentioned earlier - slide 10, I'm sure most of you are familiar with the surveys which we've had in place for a long time now. You can see that the questions have increased but this year we have kept [many of] the same questions. And actually on the next slide, slide 11, you can see what those questions are.

We want to be able to track trends and understand how the employees' perceptions have changed over time, but we're also taking the opportunity to talk about the values rather than talk about a separate employee engagement model. So each of the existing questions has been categorised under the value headings here, rather than the old engagement model, which helps us communicate this to the organisation as a whole, while we can still track trends.

Then on slide 12, if I can turn to safety next, you can see here our main areas of attention in the last couple of years. So we've made big strides when it comes to the performance management safety and I would say that we are now in the position where we're starting to be proactive rather than always being on the back foot. You will be familiar I'm sure with a lot of the training that we've invested in over recent years focused initially on leadership and then focusing more on management in terms of practical guidance to them and making sure they're managing safely. And our focus now is turning to frontline employees and making sure that we have a curriculum that goes across the organisation and supports proper behaviour at a frontline level in relation to the risks that we face.

We have a number of processes around driving action, [including] safety improvement programmes and critical country reviews so that we focus on the high priority countries. And then as mentioned previously, with our core standards, which also cover health and safety we've been able to embed our health and safety management system, as well as changes to firearms and road safety policies as well.

Turning to road safety - sorry I'll come to road safety later, slide number 13, here I know a lot of questions get asked around lost time incidents and we have been tracking that and extending the base of reporting. We haven't seen much change with that over recent years other than that the base and the level of reporting has become wider and more accurate. What we find is that the injury rates do not necessarily correlate with the fatalities, partly because of logistics and partly because of the cultures around reporting in different parts of the world. So for us it's actually more important to focus on potentially fatal incidents.

So if you can turn to the next slide you can see how we're starting to do that. So we have introduced a new metric in the organisation called high potential incidents. And these are incidents where a fatality or a life threatening injury was possible due to the nature of the hazard involved. And you can see in the diagram here that when you look at lost time injuries some might be considered high potential incidents, whereas others might not.

So since January this year we have been asking the businesses in the Group to report using existing reporting mechanisms, because a lot of this data is captured already, but categorising it according to whether it's considered a high potential incident or not. That's allowing us to analyse it, to identify gaps in the data and obviously as we start to review that to correct it and extend it into other areas.

What we have found so far, on the next slide, is that the incidents that are reported as high potential incidents reflect our risks as an organisation and therefore are predominantly related to transport and third party violence. Only 10% of the HPIs come from workplace hazards, which would be a more normal source for other types of businesses. We're finding it's already giving us good meaningful insight and we're using it as a lead indicator to help us get ahead of the curve when it comes to high risk incidents.

Slide 16 gives you the data for the last number of years showing how we look at work related fatalities, obviously we have those that are attack related, we have road traffic incidents and then we have other incidents as well. So in 2013 there were 49 sadly across the organisation as a whole and you'll see that number really didn't change very much despite all the additional investment and training and communications that we've done over the last few years.

2017 year to date I'm delighted to report we have only had seven, which is a huge improvement, it's seven too many, and I don't want to get ahead of myself in terms of becoming complacent because you know there are obviously lots of factors that will influence that number as we go through the year.

Looking at 2016 two thirds of the incidents took place in Africa and in fact 75% of the attack related incidents took place in Africa. So that is clearly an area of huge focus for us and will continue to be so.

On slide 17, you can see here we are talking about the approach that we've had when it comes to road traffic incidents. And we're really pleased that the number of incidents caused by violations of the policy has reduced by 66% since 2015, that's a huge improvement and one that we were very proud of and will continue to focus on.

Motorcycle safety is an area where we're particularly paying attention now and Asia Pacific and Middle East India are two of the regions where this is a large area of focus. And about a third of the incidents that we've had, the road traffic incidents in the last couple of years have been related to motorcycles. So we've got big programmes underway in those regions, including everything from checklists and standards around personal protective equipment, to employees signing pledges and communications plans and stand downs from leadership teams as well. So we're hoping that that will start to pay dividends very soon.

I'm going to hand over to Debbie now to start talking about human rights.

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**Debbie Walker, Group Corporate Affairs Director**

Thanks Jenni, yes we're on slide 18 and as many of you will know we introduced and have been increasing our focus on human rights for a few years now. We continue to conduct an annual heat map review to identify countries where human rights are deemed to be at high risk. That is proving very helpful for us to identify and prioritise audits and other follow up actions that take place.

We also conduct human rights reviews of new country entries, or business opportunities and that's done in a very formal way. But one of the things that's really encouraging is that human rights is very much part of our business language and there is a lot more informal discussion about opportunities in line with human rights before some of those opportunities get into the formal process. So we're very encouraged by the fact that business leaders are bringing ideas forward and really discussing those matters very early on in the process.

Once the human rights heat map has been completed we undertake control self-assessments of businesses that are considered to be high risk. That is supported by our audit team, who, as they go around conducting internal audits, they include human rights controls within that review and within that audit process. And that's really helping us to identify those risks, test our human rights compliance in local markets and look at areas where we can improve.

If we turn to slide 19 some of the actions this year are that we have undertaken a lot of training and awareness of human rights with our internal audit department. For many of them human rights is a new subject and a new set of controls that they're auditing against, so we're making sure that they are clear about what the Group is looking for and building that into the audit programme.

We released on the day of our AGM the company's Modern Slavery Statement which is available on our website. And I think most of you will be aware that one of our biggest areas of risk is migrant workers, and we're focusing very much on migrant workers and the policies and practices we have around migrant workers.

I mentioned human rights is integrated into the audit programme, we're conducting this year's human rights heat map review across the whole Group at the end of the year and I mentioned on an ad hoc basis that we carry out those risk assessments of individual opportunity.

Moving on to whistleblowing, which is on slide 20, you will recall that we reviewed our whistleblowing process and systems a couple of years ago and launched Speak Out with a new partner for a hotline and case management system. We began that rollout in 2015, completed that in 2016 and that is now fully embedded across the whole company.

On page 21 we touch on how that works and how the case management is undertaken. Colleagues are encouraged in the first instance to raise issues with their line manager as you would expect. But if they are not able, or it's not appropriate to do that then we encourage them to use the Speak Out

system. Every case is followed up, usually by local or regional teams, but always at an appropriate level depending on what the whistleblowing case is and the nature of the complaint or the issue.

Investigators review issues where necessary, I think it's important to say that there are a lot of HR issues that are reported via the whistleblowing service that could probably and should be dealt with locally or through the normal HR processes, so many of them get referred back. But it is really a good way of raising issues at a Group level, particularly those of a serious nature.

We have an ethics steering group at a Group level which is chaired by our Group General Counsel, and that group reviews the most serious cases and has really good visibility of those as do some of our Board committees.

If we go to slide 22, the data in this chart shows how the number of cases that have been reported via Speak Out over the different periods. And as you can see Speak Out was launched in 2015 but really was embedded in 2016. And we have seen a big jump in the number of cases that are reported via the whistleblowing system. Now you could argue that's a good thing, you could argue it's a bad thing. I think we think it's a good thing because colleagues around the Group are using the system and they are not afraid to report issues and we've got much better visibility.

What I would say though going back to my earlier point is a large proportion of those are HR related. And in 2016 we really did get a good grip on the numbers and the issues coming through, and in 2017 our focus I think is much more on analysing that from a Group perspective and looking at themes and trends coming from across the Group.

So if we turn to the next slide, slide 23, that just shows the different methods of intake where these cases are being raised. And we offer a number of options, either by telephone, or via a website, or via email. And this just gives you a simple breakdown in 2016 of the intake methods for those whistleblowing cases.

I mentioned that really what we're focusing on now is some of the trends and themes. And if you turn to slide 24, just looking at the 2017 whistleblowing cases that have come forward, we've had detailed analysis of those cases for the first quarter. The whistleblowing analysis continues to show there is a very, very broad range of issues being raised by colleagues. 50% of those are really, in our opinion considered to be category 1 or category 2, which are the most serious issues. About half of them really are HR matters, such as questions about pay or uniform, which are really local matters that can be handled in the local environment. So, about half of them are really genuine category 1 or 2 whistleblowing issues. And we will be doing our best to make sure that we communicate with colleagues to make it clear of the different options that are available to them.

What's interesting is from the analysis that we have from the first quarter of this year there are no particular cultural issues that we see arising. As I mentioned it's a broad range of matters and no particular themes that are coming out. We'll continue to do that for the rest of this year, have a really good oversight of the trends and themes that are coming through and we'll report back to the CSR Committee and give them some insight and an opportunity to look at some of that data.

Jenni mentioned that through values training and ongoing values communication programmes we will be reinforcing the importance of whistleblowing and reminding colleagues of the channels available. And that won't stop, we'll just continue to do that throughout the year as we are trying to encourage people to speak up if they see issues or are aware of issues that they feel need to be reported. But very encouraging, increasing use and it gives us really good oversight of the issues that we're facing.

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**Clare Spottiswoode, Non-Exec Director & CSR Committee Chair**

Okay, thank you very much Jenni and Debbie. We've got a few background slides at the back, which we're not going to go through but you're welcome obviously to look at.

Thank you very much everyone, thank you for joining us. Obviously if any of you want any other meetings we'd be very happy to arrange them, but thank you all for joining us and goodbye from the team here.