

# **G4S CSR Update**

**May 2012**

Securing Your World



# Introductions

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**Mark Elliot**  
**Non-Executive Director  
& CSR Committee Chairman**



**Irene Cowden**  
**Group HR Director**



**Debbie McGrath**  
**Group Communications  
Director**



**Helen Parris**  
**Director of Investor Relations**



**Phil Summerton**  
**Head of Internal Audit**



**Nigel Lockwood**  
**CSR Manager**

# Agenda

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- Strategic Development & Major Projects
- 2011 Review
- Summary and Q&A

# **Strategic Development & Major Projects**

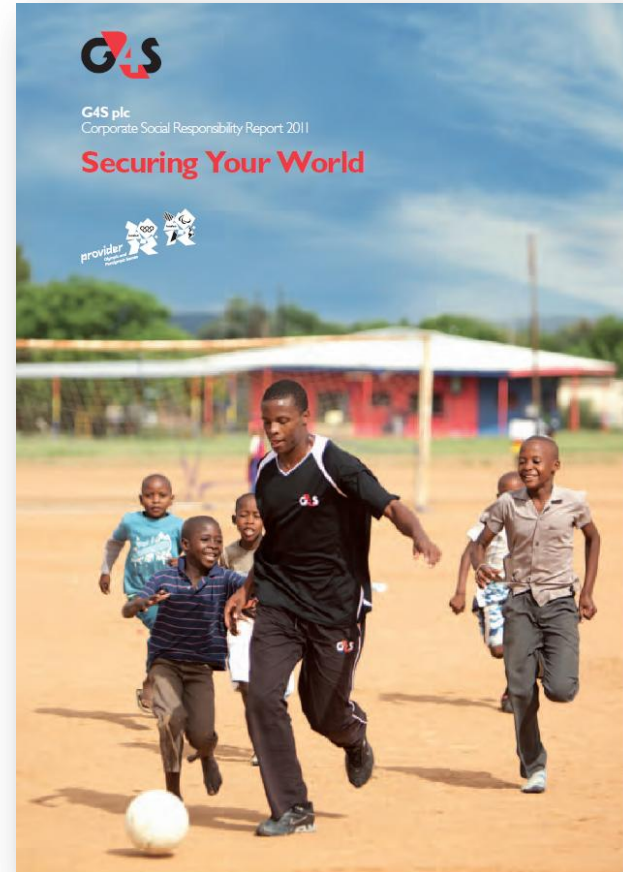
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# CSR Report 2012

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- Fourth CSR Report covering 2011 published in April 2012
- Continuously improving CSR programmes and reporting
- GRI G3 Level C standard



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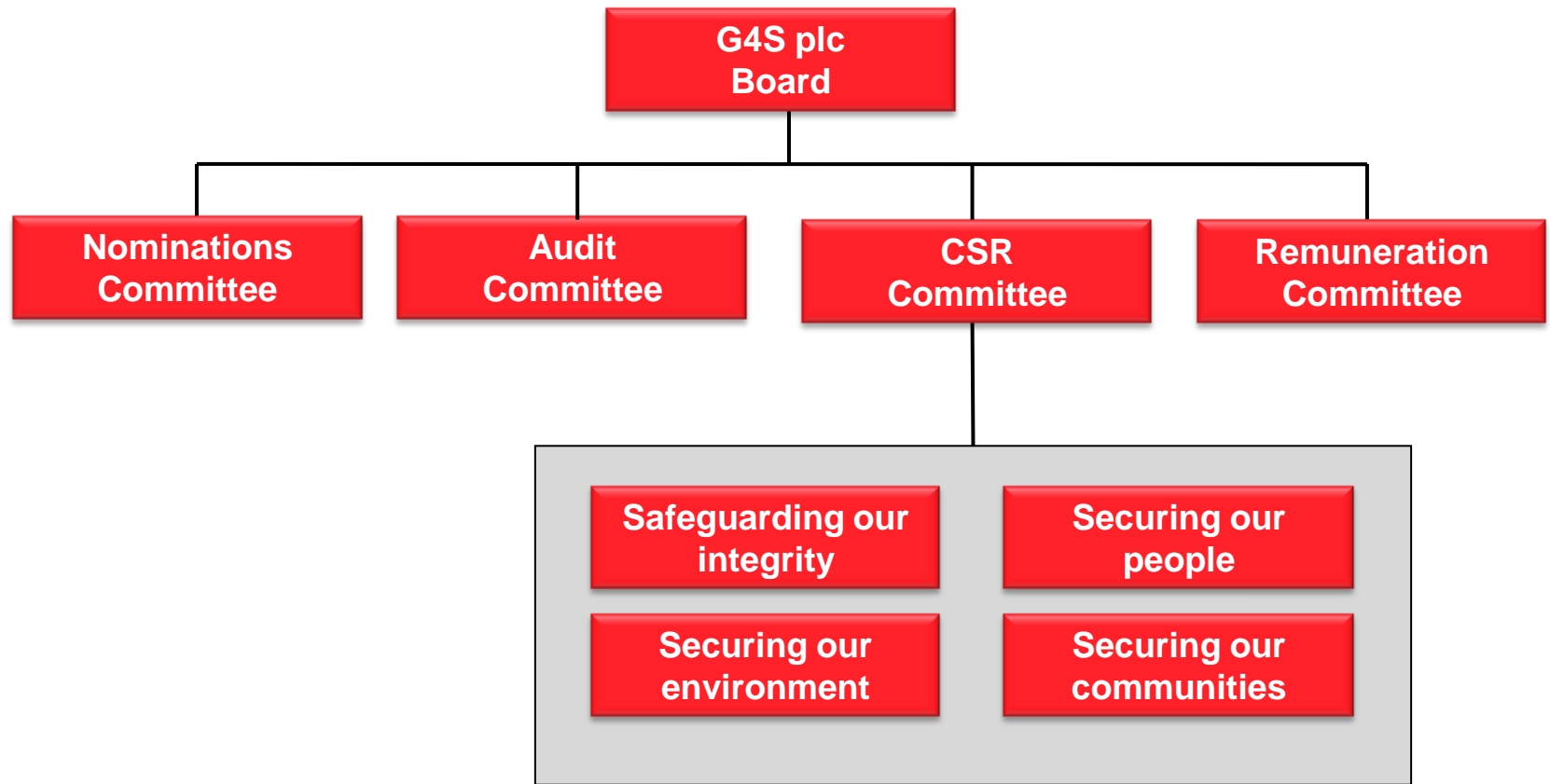
# Strategic Development

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- CSR Committee became full board committee with extended non-executive director participation
- Carried out CSR materiality exercise to confirm key CSR priorities
- Submitted first “Communication on Progress” in relation to the UN Global Compact
- Commenced a significant human rights project to determine key human rights issues
- Continued to drive the development of the International Code of Conduct for Private Security Providers

# CSR Committee 2012

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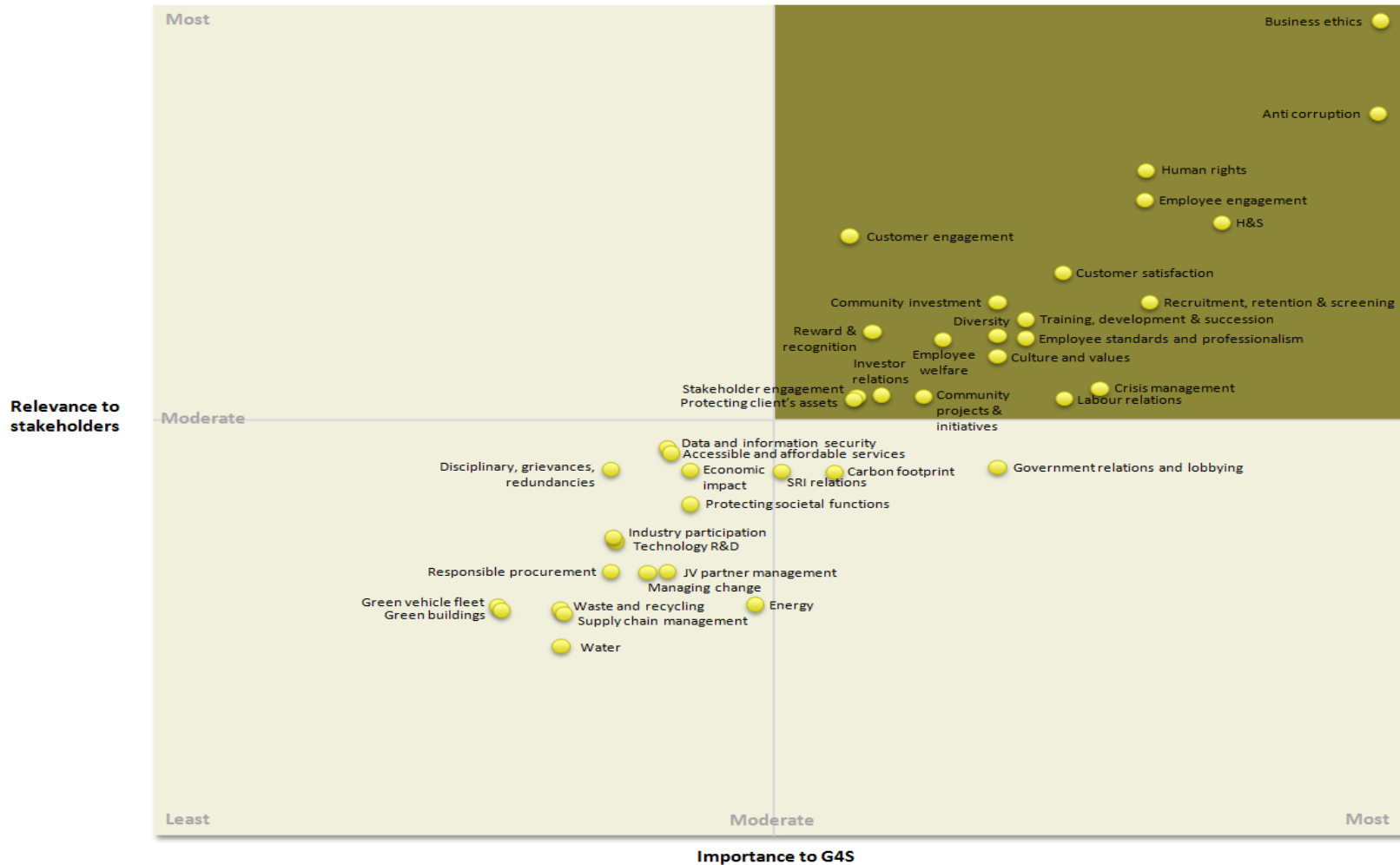
# CSR Committee 2012

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- Full Board Committee status
  - previously sub-committee to Audit
- Two full meetings to date in 2012
- Broader non-Executive membership
  - Mark Elliott (Chairman)
  - Winnie Kin Wah Fok
  - Bo Lerenius
  - Clare Spottiswoode



# CSR Materiality Exercise



# CSR Materiality Exercise

## Priorities for G4S

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Key issues ranked by G4S staff and from external feedback

1. **Business ethics**
2. **Anti corruption**
3. **Human rights**
4. **Employee engagement**
5. **Health & safety**
6. Customer engagement
7. Customer satisfaction
8. Recruitment, retention & screening
9. Community investment
10. Training Development & Succession

# UN Global Compact

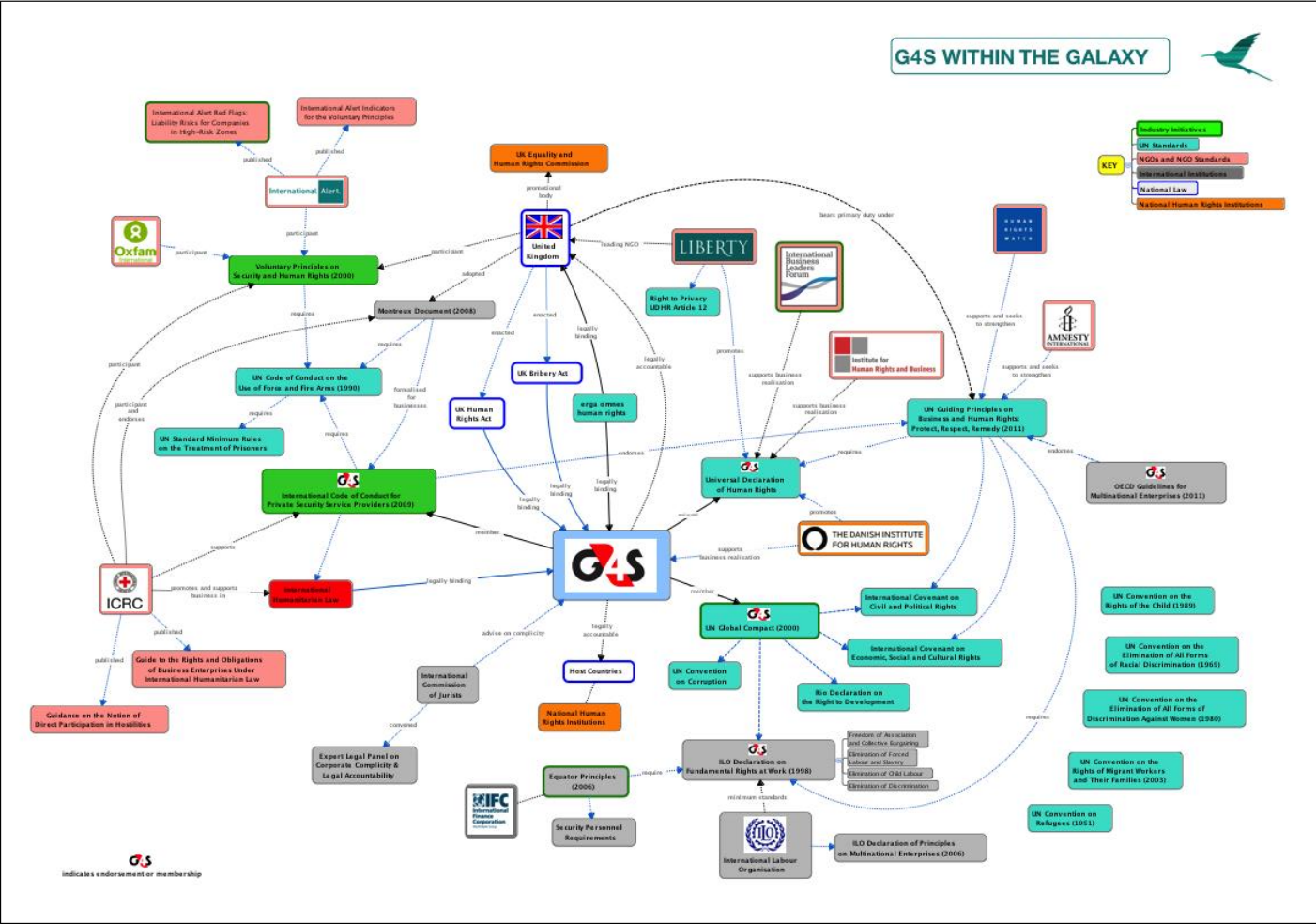


- UN Global Compact: G4S joined in February 2011
- G4S policies and procedures already compliant with Compact
- Pleased to make explicit our support for aims of Compact
- Communication on Progress published in February 2012 with update in CSR Report



# Human Rights

## Review of Best Practice



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# Human Rights

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## Review of Best Practice

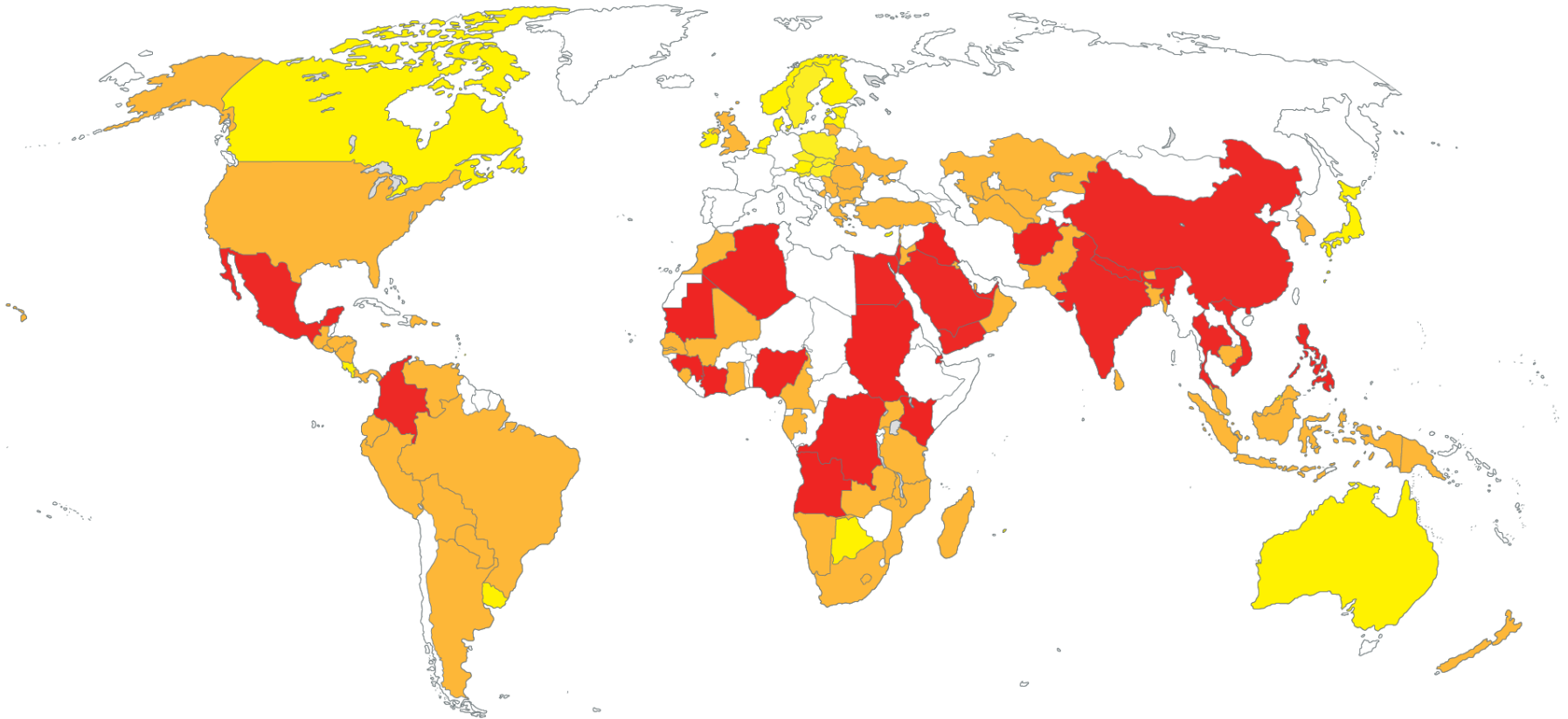
Decision to focus on the United Nations Guiding Principles on Business and Human Rights which affirm four internationally recognised human rights standards :

- The Universal Declaration of Human Rights (1947)
- The International Covenant on Civil and Political Rights (1966)
- The International Convention on Economic, Social and Cultural Rights (1966)
- The ILO Declaration on Fundamental Rights at Work (1998)

# Human Rights

## Analysis & Actions

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LEGEND

- Highest Risk
- Moderate Risk
- Lower Risk

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# Human Rights

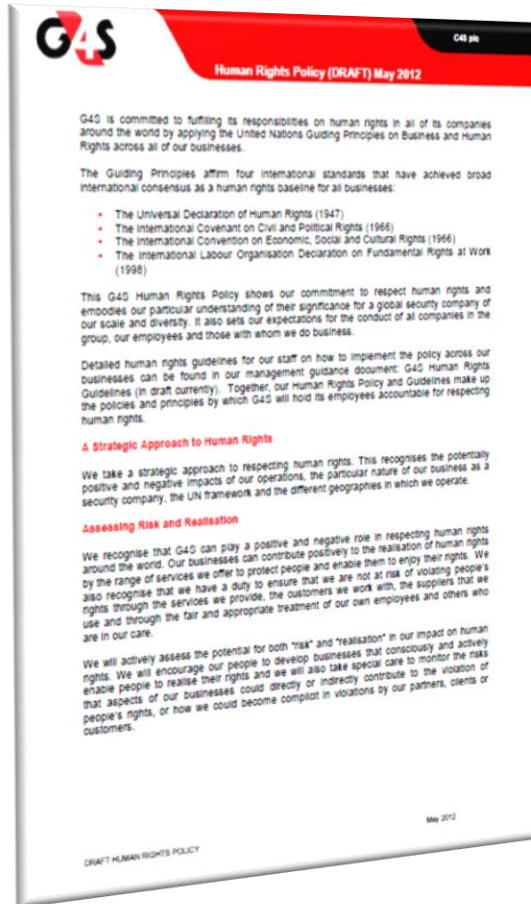
## Analysis & Actions

- Review of G4S countries and services to assess the negative and positive aspects of its human rights impact
- Positive feedback on G4S approach, but requirement to be more systematic
- Created a “heatmap” of countries and services for further research and assessment
- Complemented our existing CSR Checklist for new country entries and major projects with a Human Rights Risk Assessment

	Country	Risk Score	Operations						Issues to Watch
			Cash Solutions	Care & Justice Services	Security Services	Security Systems	Facilities Management		
		Out of 8 indicators							
1	Iraq	7		●	●	●	●	Complicity in rights violations through contracts with armed forces, governments, and private actors, with particular risks for humanitarian law of armed conflict, war crimes, torture, and prisoners' rights. Due process and the appropriate use of force are critical in this environment. Corruption is a problem and there are very weak protections for workers' rights.	
2	Guinea	6.5	●	●	●	●	●	Enabling civil and political rights abuses through government and private contracts, workers' rights, corruption, very poor labour standards and violence against trade unionists.	
3	Afghanistan	6	●	●	●	●	●	Enabling civil and political rights abuses through government and private contracts, with particular risks for humanitarian law of armed conflict, war crimes, torture, and prisoners' rights. Due process and the appropriate use of force are critical in this environment. Corruption is a problem and there are very weak protections for workers' rights.	

Area	Comments	Assessment
Civil & Political Rights	International criticism of 2010 elections, but not declared unfair by EU. The country has a history of recent domestic armed conflicts. There is extensive government repression of the media.	
Human Rights	Poor human rights track record. Conditions in prisons are harsh and the country supports the death penalty.	
Corruption	High risk of corruption, particularly in the government - officials are given preferential treatment on access to jobs, land and credit (Corruption index score of 2.7 out of 10 - where 10 is the highest likelihood of corruption and 0 is the lowest). The judiciary is officially independent but heavily influenced by government officials.	
Labour	Has ratified the relevant ILO Conventions (Freedom of Association & Right to Organise), but trade union rights are tightly restricted with close Government oversight and influence.	
Poverty	Extensive poverty remains in the country and life expectancy is low.	
Commercial	CSR checklist does not demonstrate presence of international companies in Ethiopia but does mention that G4S's entry would be in support of a market entry by Diageo (therefore, is this a request for permission to explore the market or to tender for a specific contract?). All security companies are local Ethiopian companies.	
Conclusions	<p><b>Positives:</b> The presence of a multi-national company providing jobs and fair pay and conditions would be a positive development for the country.</p> <p><b>Negatives:</b> There is a high level of corruption, particularly in Government circles - further investigation should be undertaken here, particularly involving the process for the government granting a licence to operate and what officials may expect in return.</p> <p>Civil and Human Rights abuses are common and care must be taken to ensure that G4S is not complicit in these abuses. G4S should also consider the risk to ex-pat employees working in the region - there is a general threat of terrorism in the country.</p> <p>It is recommended that G4S should not enter the justice sector due to the poor human rights conditions in Ethiopian prisons and the existence of the death penalty.</p>	

# Human Rights Policy Development



- G4S Human Rights Policy drafted based on the UN Guiding Principles
- Feedback from customers incorporated
- Seeking further external feedback on the Policy content



# Human Rights

## Next Steps

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- Finalise Policy based on external feedback
- Create detailed Human Rights Guidelines for businesses
- Assess priority countries and services against the UN Guiding Principles
  - Share best practice
  - Identify gaps and fill them
- Ensure systematic approach to Human Rights issues across the group
- Continuously assess business performance against key human rights criteria

# International Code of Conduct

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- Code of Conduct for security companies in “complex environments”
- Multi-stakeholder initiative involving civil society, governments and industry
- Aim: minimise risk of human rights harm to third parties affected by our operations
- G4S a founder signatory (2010) – holds a key role in developing the oversight and compliance mechanism for Code as member of the steering committee
- Consultation on the draft Charter of the Oversight Mechanism of the Code during Q1 2012

# 2011 Review

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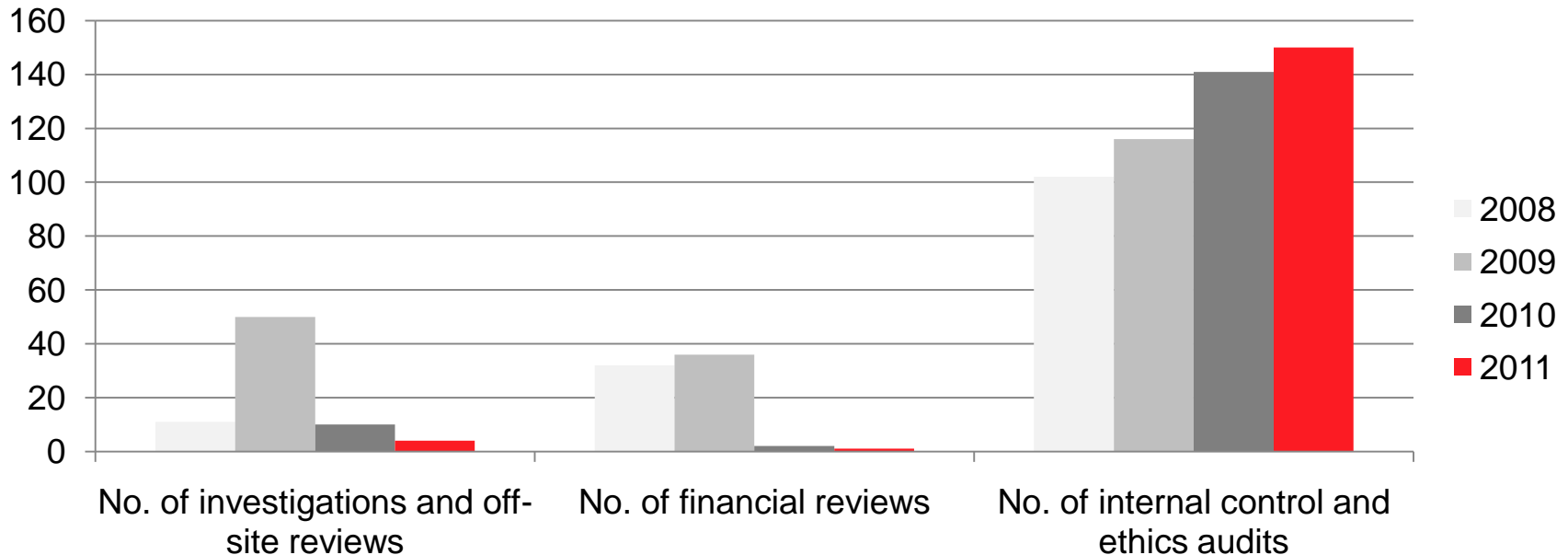


# Safeguarding our integrity

## Audit and compliance

Internal audit is a cornerstone of ensuring high standards of social, financial and ethical compliance

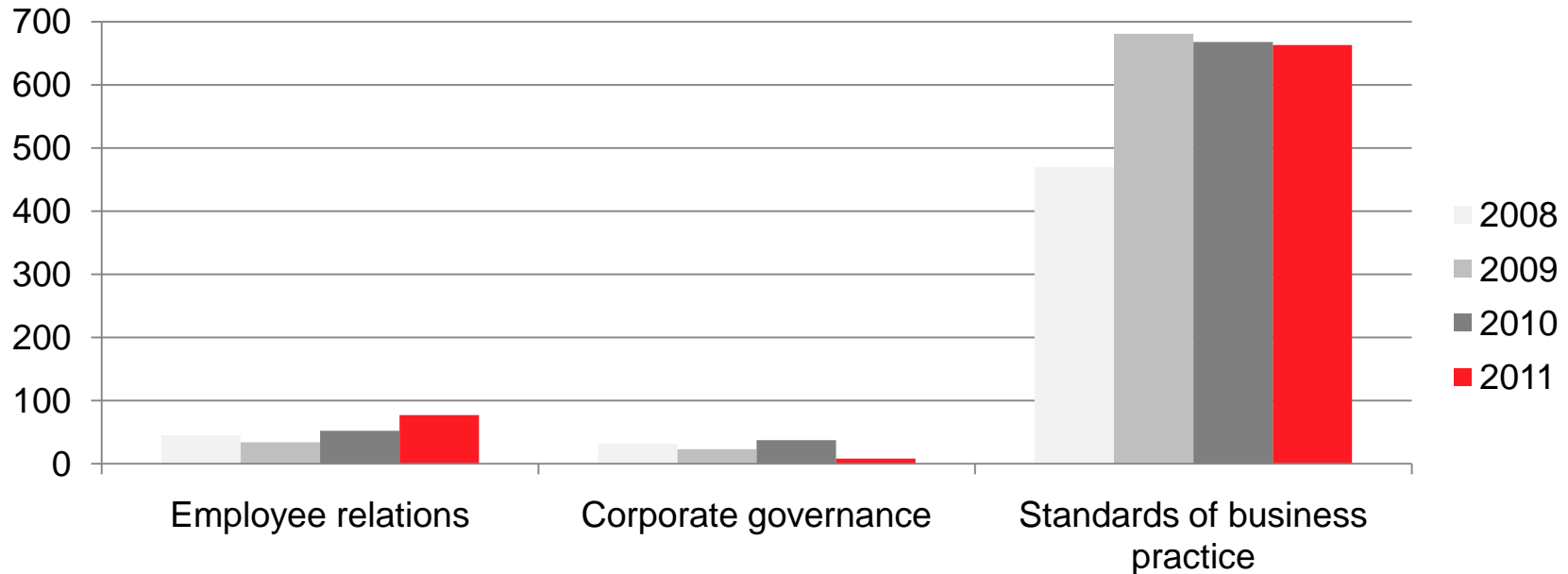
### Number of internal audits and reviews



# Safeguarding our integrity

## Audit and compliance

### Number of issues raised during internal audits



In 2011 an average of 4.9 issues were identified per audit (2010 = 5.3). This reflects an improvement in the basic controls across the business

# Securing our people

## Business Ethics & Anti-Corruption

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One of G4S's values is **Integrity**, which means we can always be trusted to do the right thing. This Code therefore sets out how we expect all our employees to behave in order to live this core value.

### Being safe and secure

- Putting health & safety first
- Protecting the security of our customers and the public
- Carefully following company rules and procedures

### Being honest and trustworthy

- Always following the law
- Reporting any wrongdoing
- Never offering or taking a bribe
- Avoiding any conflict of interest

### Being fair and considerate

- Showing respect and consideration for others
- Treating people fairly
- Considering our local communities
- Thinking about the environment

### Being professional and proud

- Doing the best job you can
- Looking smart and professional
- Being a good role model
- Safeguarding the G4S name

# Securing our people

## Global Induction DVD



Global Induction DVD  
Training guidelines



## Launched in 2011

- Will be available in 14 languages
- For all new front line employees
- Forms part of induction training
- 
- 2 Parts:
  - Part 1 G4S history and global operations
  - Part 2 G4S values and how they should be upheld

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# Safeguarding our integrity

## Business Ethics & Anti-Corruption

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- The UK Bribery Act was adopted in April 2010
- After consultation on Guidance and further Cabinet review the law became effective  
**1 July 2011**
- Global implementation of adequate procedures covers key areas:
  1. Policy review and addition of new policies
  2. Training
  3. Confidential reporting hotlines
  4. Risk Assessment & Audit





# Safeguarding our integrity

## Business Ethics and Anti-Corruption



### Policy Review

- Updated existing policies
- Implemented new ones (e.g. Entertainment & Commercial Sponsorship)

### Training & Communication

- Created training materials available in on-line, DVD and workbook format in 25 languages
- Incorporated key messages in induction DVD for front line employees

# Safeguarding our integrity

## Business Ethics and Anti-Corruption



### Confidential Hotline

- Local hotline in all businesses
- Global Safe2Say hotline – 365x24x7, toll free, multi-language reporting

### Risk Assessment & Audit

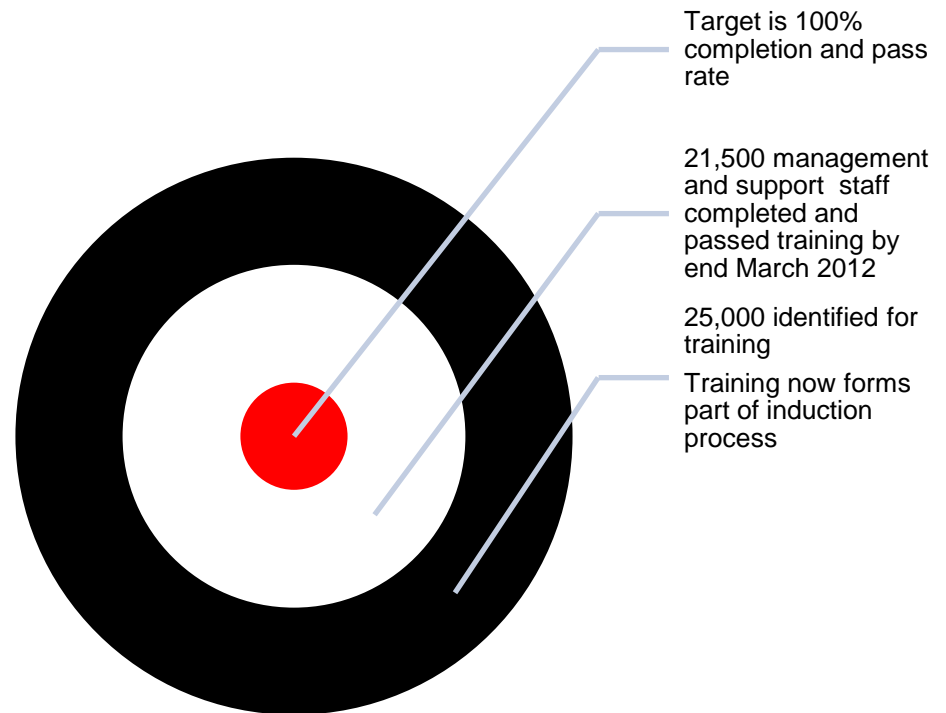
- All businesses reviewed against Transparency International Corruption Index
- Audits planned in 40 businesses in 2012 where they are identified as operating in high risk jurisdictions

# Safeguarding our integrity

## Business Ethics & Anti-Corruption



## Training and Awareness



# Securing our people

## Ethical Employment Partnership

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- Framework agreement with UNI and GMB union
- Applies globally
- Continues to differentiate G4S in the marketplace
- Positive union relations
- Reviewed every 6 months



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# Securing our people

## 2011 Global Employee Survey Questions

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I understand the procedures I should follow to do my job

The company respects and values people from different backgrounds

I feel my opinions and ideas count at work

I have been well trained to perform my job

I would recommend G4S as an employer to a friend

I have the materials and equipment I need to do my job

I receive recognition from my Supervisor when I do a job well

I believe communication in the company is effective for my needs

I am encouraged to progress and develop within my role

I am satisfied with my job

G4S takes health and safety in the workplace seriously

The company treats its employees fairly

I feel I am part of the 'G4S team'

My supervisor supports me by listening & giving helpful feedback on my performance at work

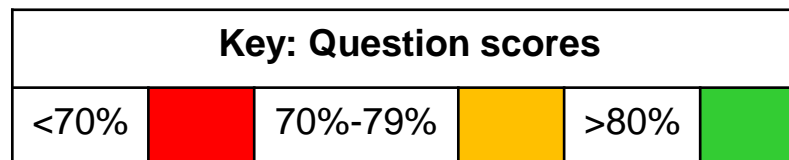
I intend to still be working at G4S in one year's time

# Securing our people

## 2011 Global Employee Survey (2009 responses in brackets)

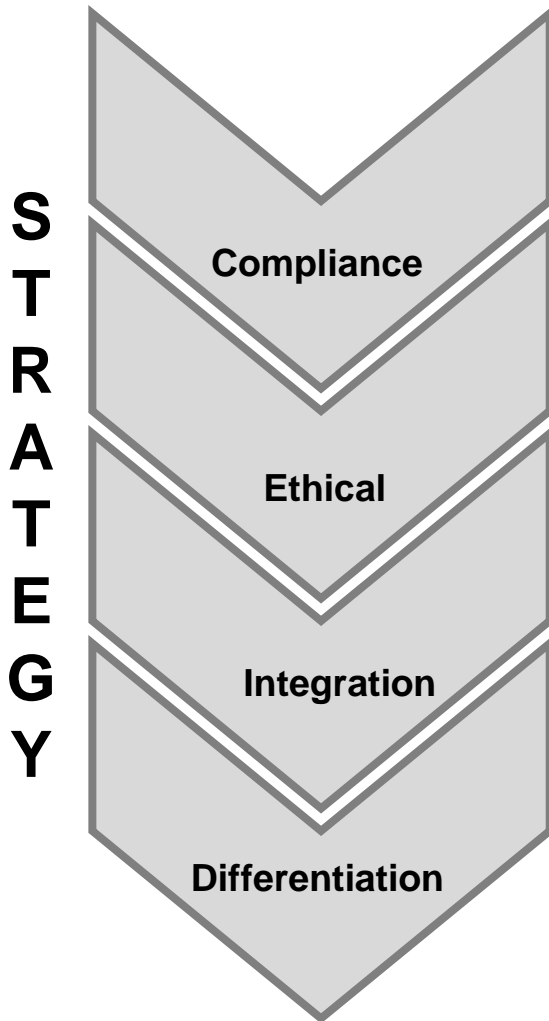


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# Securing our people

## Health & Safety



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## Work-related fatalities

	Attack-related incidents	Non-attack related incidents
2010	30	29
2011	28	48
2012 (Q1)	2	10

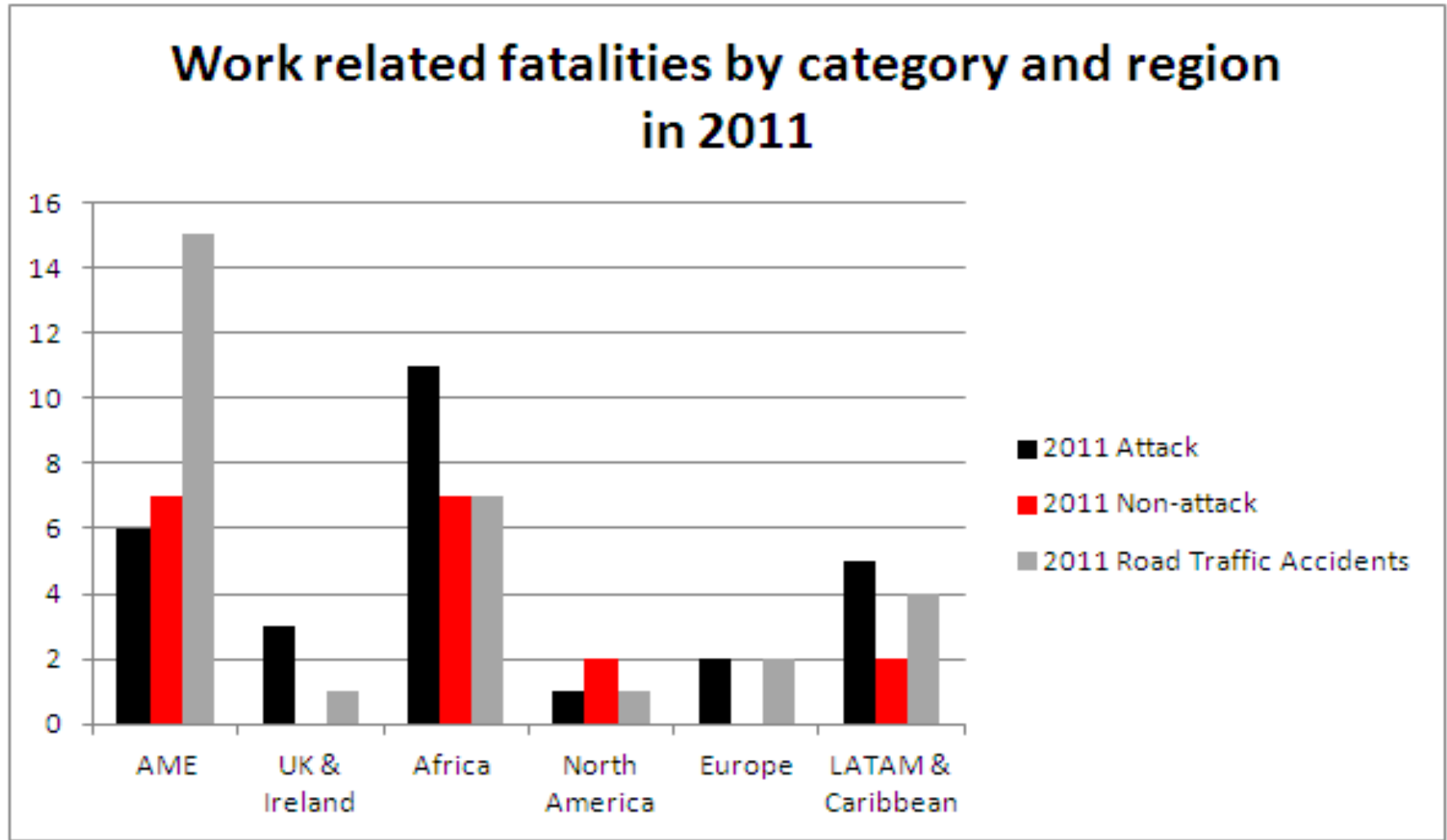
## 2012 Update

- 11 Critical Country Reviews Completed
- Research on road safety project



# Securing our people

## Health & Safety



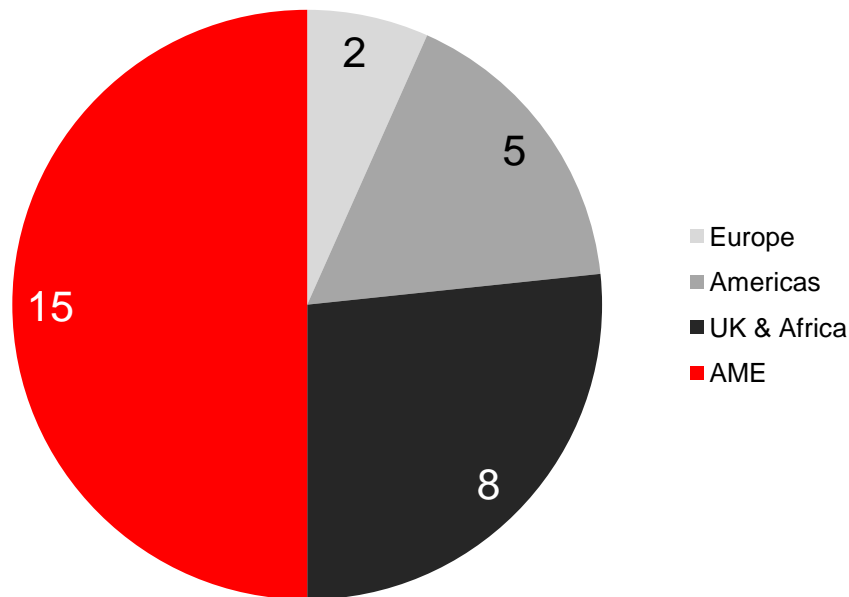


# Securing our people

## Health & Safety

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### Work Related Road Traffic Fatalities in 2011



### Research Findings:

- Average length of service = 8 yrs
- 16 drivers, 10 passengers, 1 pedestrian
- 2 collisions resulted in multiple deaths
- Speed mentioned as a factor in 7 cases
- 8 fatalities involved motorcycles
- 3 employees were not wearing seatbelts fitted

# Securing our people

## Health & Safety

**WK 11**

### TOOLBOX TALK

HSSEC Weekly Topic

## Health and Safety

### Safe Work Habits

12 - 18 March

The human element (people) is the principle cause of incidents and across all places of work. A person, or group of people, is responsible for the following bad habits are common in most workplaces:

- 1. Non-recognition of hazards**
  - By constantly being on the lookout for hazards, you enhance your own and that of your co-workers.
  - When searching for hazards, remember to consider not just those hazards that are obvious, but also those hazards which may suddenly occur as a result of a sudden action, the actions of other employees and / or a chain of circumstances.
- 2. Indifference**
  - An individual may know the correct procedures for doing his or her job, and may consciously choose to ignore them.
  - On the other hand, there may be persons who don't know the correct procedures and choose to continue their work in a potentially unsafe manner rather than finding out what the correct safety procedures are.
- 3. Daring behaviour**
  - Working without guards, taking shortcuts and horseplay (joking around) are examples of daredevil tactics which should never be tolerated in any work environment.

**HSSEC**  
Putting Safety First

## Safety Matters

Monthly Newsletter

FEBRUARY 2012

### In this Issue

- What is Fire Safety?
- The Basic Elements of Fire
- Classes of Fire
- Fire Extinguishers
- Fire Prevention
- Fire Management

### Your Passport to Safety

- Read and understand your post orders.
- Understand the limits of your duties.
- Report any unsafe acts or conditions to your supervisor immediately.
- Understand and follow site specific safety requirements and emergency procedures.



### Did you know?

- Smoking is the leading cause of fatal residential building fires.
- Bedrooms (55%) are the prime location where residential fire fatalities occur.
- 99% of all fatalities in residential building fires involve thermal burns and smoke inhalation.
- 51% of all fatalities in residential fires occur between the hours of 10h00 and 06h00. This period accounts for 49% of fatal fires.
- 70% of residential fire victims are either escaping or sleeping at the time of their deaths.

**HSSEC**  
Putting Safety First

## Safety Matters

### Lessons Learnt

Case Study 01/2012

## Drowning of Security Officer

Incident Class	Accident
Incident Type	Drowning
Type of Operation	Guarding
Number of personnel involved	One
Employee Job Title	Security officer
Age / Sex	24 / M
Years of Employment	5 months
Time of Incident	16h00
Date of Incident	07 March 2012
Prevailing Weather Conditions	Clear skies
Country	Malawi



**WHO IS AT RISK?**  
Fires can strike anywhere, in structures, buildings, the outdoors, but fires that affect our homes are of the most preventable. Over 75% of all fire fatalities are caused by carelessness. Careless attention to or use of cigarettes, light smoking, electricity, fireplaces, heaters, and equipment are leading causes of fire-death and injury most at risk are the under 12's and over 60's.

**WHAT IS FIRE SAFETY?**  
Fire safety refers to the precautions that are taken to prevent or reduce the likelihood of a fire which can result in death, injury, or property damage.

- Alert those in a structure to the presence of a fire
- Better enable those threatened by a fire to survive
- Reduce the damage caused by a fire

Fire safety measures include:

- Measures planned during the construction of a building
- Measures implemented in structures that are already in use
- Measures taught to occupants of the building

**BRIEF DESCRIPTION OF INCIDENT**  
The Security Officer was part of the response team that was tasked to apprehend people who were illegally fishing in a dam within the client premises. While chasing the suspects, the guard slipped on the edge of the dam, fell in and drowned.

**CONTRIBUTING FACTORS**

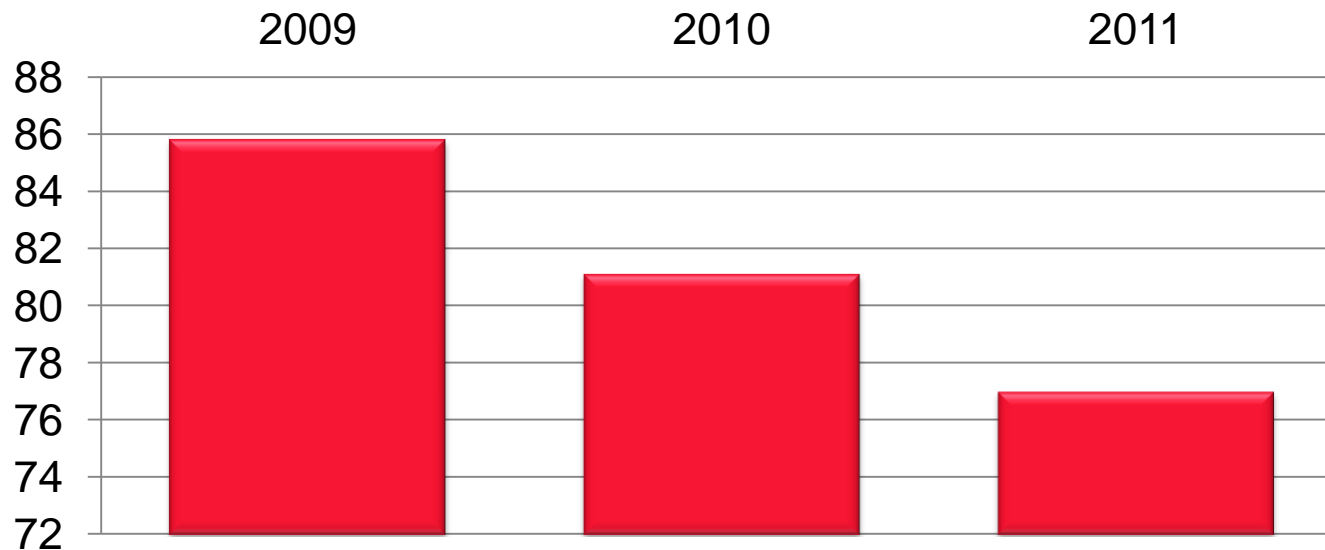
- The dam was not cordoned off by means of a fence or other barrier.

**HSSEC**  
Putting Safety First

# Securing our environment

## Reduction in Carbon Intensity

Group carbon intensity (t/CO<sub>2</sub>e per £m turnover)



**TARGET:**  
**13%**  
reduction in  
carbon intensity  
(2009 to 2012)

**ACHIEVED:**  
**10.3%**  
reduction in  
carbon intensity  
(2009 to 2011)

Achieved **3% reduction**  
in **carbon emissions**  
between 2009 and 2011

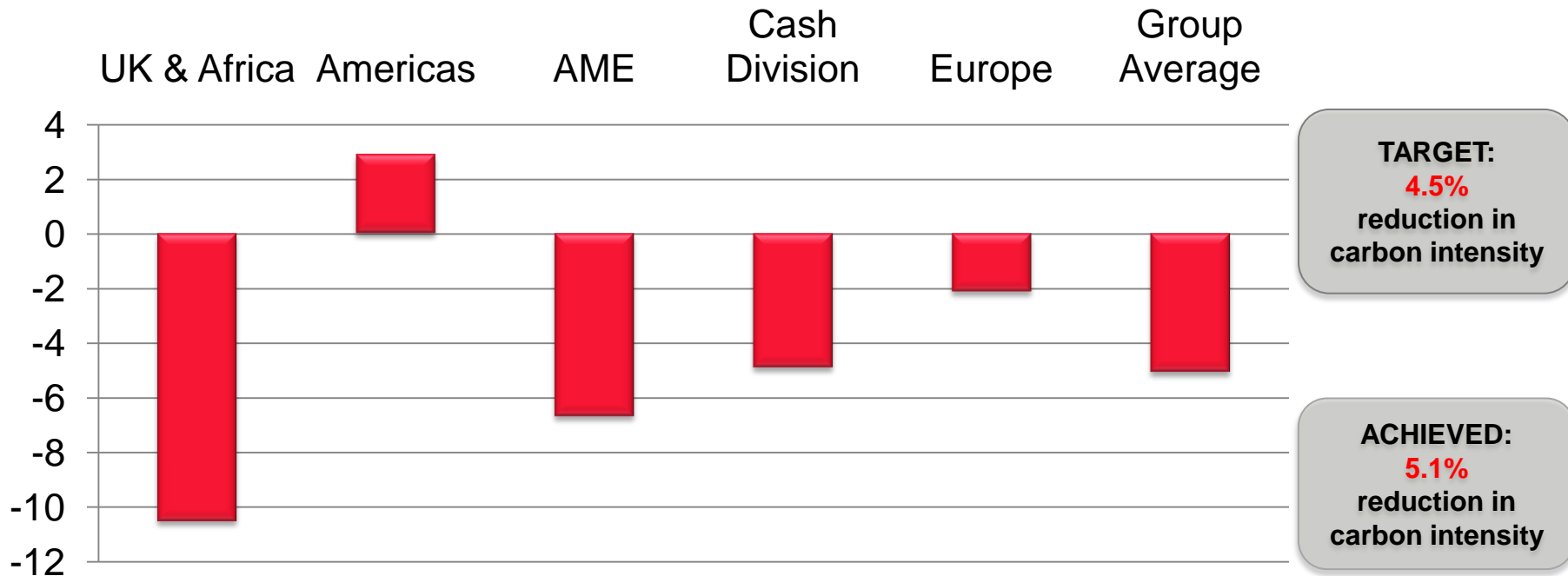
Introduced **Green Building** minimum  
standard in 2011

Introduced measurement  
of **waste** and **water**  
in 2011

# Securing our environment

## 2010 vs 2011

Percentage change in carbon intensity (t/CO<sub>2</sub>e per £m turnover)



**3.6% reduction in fuel consumption** between 2009 and 2011

**4.7% reduction in CO<sub>2</sub>e per average building m<sup>2</sup>** between 2009 and 2011

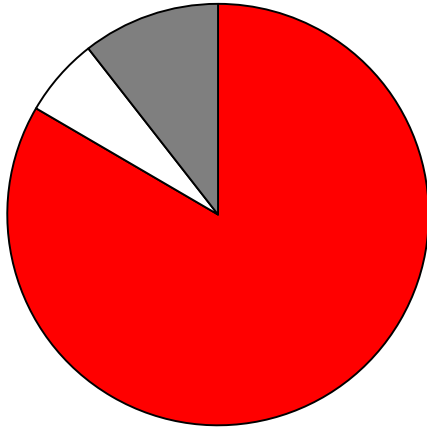
Launched the world's first **all-electric** CIT vehicle in 2011

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# Securing our communities

## Donations 2011



- Corporate donations of money, goods and services
- Employee and third-party donations facilitated by G4S
- Employee welfare and development

**£2,250,000** invested by G4S and its employees in community good causes



**78,500** hours of employee volunteered time



Over **530** charities and good causes supported across the group



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# Summary

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# CSR Strategy Summary

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- Board level commitment to CSR Strategy
- Full Board Committee status for CSR Committee
- Bribery Act implementation well underway
  - Moving into audit & compliance phase
- Continued focus on human rights strategy development & implementation
- Strong employee engagement and ethics programmes
- Ongoing development of Health & Safety analysis and best practice sharing
  - Specific focus on road traffic accidents
- Climate action programme embedded within the group strategy
- Continuing to support communities worldwide
- Significant progress made in four years – expect it to continue

# **Q&A**

## **and feedback**

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# Appendices

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# Stakeholder Engagement

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## Customers

- Net promoter analysis
- Local customer surveys
- Account Management
- Operational reviews

## Investors

- SRI analyst briefings
- Consultation with SRI representatives on specific issues

## Industry Bodies

- Active role in international and national industry bodies
- Industry-wide code of conduct for “complex environments”

# Stakeholder Engagement

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## Governments & Legislators

- Customers and regulators
- Participation in relevant consultations

## Employees & Representatives

- Global management survey
- World's largest front line employee survey
- Active union and works council engagement

## Experts

- International Organisation of Employers
- Human rights specialists
- Environmental consultants

# G4S in Israel

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2002

- Group 4 Falck stated the company would “exit the West Bank”
- The company exited settlement protection services

2011

- G4S legal review of ongoing operations in the region
- G4S ethical review of ongoing operations in the region
- G4S consultation with stakeholders
- Concluded that commercial contracts for traditional security services are not controversial
- Decided to attempt to exit certain other contracts
- Began customer dialogue

2012

- Customer insisting on contractual requirements
- Exits of contracts scheduled upon contract expiry between 2012 and 2015

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# **G4S CSR Update**

**May 2012**

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