



Official Security Services Provider
to the London 2012 Olympic
& Paralympic Games

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G4S Update – April 2012

Background

G4S was created in 2004 through the merger of the Danish company - Group 4 Falck - and the British company - Securicor.

Prior to the merger, Group 4 Falck's subsidiary in Israel (then called Hashmira) carried out a number of "protective services" to Israeli settlements in the West Bank region. In 2002, the then CEO of Group 4 Falck made a statement saying that the group felt those particular contracts were not in line with the company's policies and that Hashmira would be exiting the contracts which protected the perimeter of the settlements. This was completed in 2002.

2010 Update

In 2010, press interest gained momentum with accusations that Group 4 Falck (now G4S) had not delivered on its promise to exit the contracts – this was misleading as the company had exited the contracts as per the former CEO's statement.

Our services in the West Bank in 2010 could be summarised as follows:

- Provision of a small number of security officers within retail and banking outlets
- Monitoring of home security systems
- Security systems maintenance at a prison, a police station and at a small number of checkpoints in the West Bank area

We provided this clarity to NGO's, the media and other stakeholder groups on our operations in the West Bank, which could not be compared to those provided prior to 2002.

2011 Review

In 2011, and to help us understand all of the issues and to come to a satisfactory conclusion regarding the operations in the area, we took a number of steps:

Legal Review - G4S engaged Professor Hjalte Rasmussen, from the University of Copenhagen, who is a well known and leading authority in international law, to review our business on the West Bank and provide a legal opinion. After visiting the region, Professor Rasmussen concluded that G4S did not violate any national or international law.

External Advice - We sought advice from a number of independent external sources including socially responsible investment groups.

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Senior Management Review – A senior delegation from G4S plc management, including the Group CEO, CFO and HR Director visited the region to fully understand the extent of our operations and to consult with the Head of Mission from the UK in order to gain further insight into issues faced by our business and the impact of current and proposed legislation on companies in the region.

Conclusions - The review concluded that a number of our contracts with private enterprises in the area for traditional security and alarm monitoring services were not discriminatory or controversial and in fact helped to provide safety and security for the general public no matter what their background.

However, we also concluded that to ensure that our business practices remain in line with our own Business Ethics Policy; we would aim to exit a number of contracts which involved the servicing of security equipment at the barrier checkpoints, a prison and a police station in the West Bank.

We stated that we would aim to complete this exit as soon as possible, but also had to recognise that we had contractual obligations to our customers which we must take into consideration.

Having had multiple discussions with the customers to which we were contracted to provide these services it became clear that any exit from these services would not be possible in the short term. We intend to exit the contracts outlined above when the contract terms expire and will continue to discuss this with the customers in question – the contracts in question are due to end between 2012 and 2015.

We have had ongoing dialogue on this matter with media, customers and NGO's for some years now.

You may be interested to know that the UN Association in Denmark (a group of Danish NGOs) has been following the situation closely and have recently commented on the positive progress that G4S has made in this area – a rough English translation of their comment is shown below – the original can be found on the organisation's website: www.fnforbundet.dk

UN Association: Positive that G4S joining the Global Compact and withdraws from Israeli jails and the wall in the West Bank

G4S and the UN Association has for a year been in direct dialogue on G4S operations into those of Israel occupied Palestinian territories. In light of this dialogue and G4S own analysis G4S has decided to run a number of contracts which include services of security equipment at the wall, prisons and police stations in the West Bank, which will take place in connection with the contracts expire this year and 2015. In addition, G4S joined the UN Global Compact and the company is developing a new human rights policy. UN Association have experienced that G4S has taken our and other NGOs' criticisms seriously and we can now see concrete results.

"It is a clear improvement that G4S has joined the Global Compact and developing a new human rights policy," said Jørgen Estrup, chairman of the UN Association, adding: "United Nations Association would have liked to G4S completely withdrew from all activities of the illegal Israeli settlements, but we believe that there is a clear difference between G4S tasks for a supermarket and a prison or at the wall."



Lave K. Broch, President of the United Nations Association Peace and conflict resolution committee, said: "UN Association sees it as a significant step forward that G4S withdraws from a number of contracts that include maintenance of security equipment at the wall, prisons and police stations west Bank. We are aware that there are both imprisoned children in these prisons and that there are political prisoners. Moreover, the wall in the West Bank, known illegal by the International Court in The Hague, and thus a problem for the peace process between Israelis and Palestinians. UN connected therefore welcomes the concrete results and we will continue the positive dialogue with G4S. We welcome further addition to G4S has joined the Global Compact".

As we understand it, the European Parliament decision to award the contract to a competitor was based on a number of commercial criteria and not linked to any other information – the competitors pricing was significantly lower than G4S and we understand this was the main factor in the decision. The MEP complaints to the Parliament were made around a year before the contract negotiations took place and therefore we believe they are unconnected.

