

# Corporate Watch



# **G4S**

## **a company profile**

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# **G4S**

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### **Corporate Watch**

**September 2012**

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# Overview

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Hard though it may be to believe, its failure to fulfil the terms of its Olympics security contract is by no means the worst example of G4S' work "securing your world". Corporate Watch takes a deep breath and delves into the murky world of a company profiting from bungling and brutality on a global scale.

Born of the merger of Group 4 Falck and Securicor in 2004, the multinational security and outsourcing company G4S has grown to be the largest employer on the London Stock Exchange (657,000 staff members and counting) and has expanded its operations to 125 countries. The biggest security company in the world, it is focused on taking over more public services and using the experience and power gained in its 'core', European and US markets, to expand to what it calls 'developing' markets through an aggressive and ambitious series of acquisitions.

## Industry Areas

52% of G4S' revenue comes from guarding the property of other private companies and wealthy individuals, (in G4S speak: "secure solutions – non-government"). 27% comes from public contracts, or taking over public services such as prisons, immigration detention centres and, most recently, policing and welfare-to-work programmes ("secure solutions – government"). 17% comes from transporting other people's cash ("cash solutions").

47% of the company's revenue comes from Europe, 30% from what it calls "developing markets" (by which it appears to mean everywhere except Europe and North America) and 23% from North America.[1]

## Cash solutions

Transporting other people's money is the most visible part of G4S' operations. Hang around outside a bank for long enough and you'll see G4S guards in over-sized helmets clutching what looks like a petrol can, running to or from their blue SECURITY van, hoping they don't have to sound the WARNING signal in the event of an EMERGENCY.

G4S also keeps ATMs full of cash, checks for counterfeit money, designs, builds and manages purpose-built "high security cash centres", and provides "secure international transportation of cash and valuables", including currency, gems, precious metals and other valuables (through the G4Si subsidiary).[2]

G4S has also proved itself adept at making money from money – it now also provides 'cash consulting', or "consultancy services to central banks and commercial banks on overall cash management strategy, bank note production and security and all aspects of cash cycle efficiency." [3] (Yes, you have read that correctly: banks are paying G4S to tell them how to manage their cash. And you thought the financial crisis couldn't get much worse.)

G4S Cash Solutions breakdown, 2011:

- 1 Financial institutions 65%
- 2 Retail 19%
- 3 Other 16%. [4]

Companies whose cash G4S currently gets its hands on include:

- Northern Rail
- Accor
- An Post (post office) pension payments in 2011
- TGI Friday's
- Center Parcs
- Bofrost
- Hema
- Bank of Montreal. [5]

### **Secure solutions**

As well as manned security – human guards guarding something – which accounts for over 60% of the company's "secure solutions" work, G4S provides a range of other 'security' services, an increasingly broad definition that now includes:

- "Security systems" – including access control, CCTV, intruder alarms, fire detection, video analytics and security and building systems integration technology;
- "Monitoring and response services" – key holding, mobile security patrol and response services and alarm receiving and monitoring facilities;
- "Secure facilities services" – integrated facilities services for entire sites or estates for commercial customers and governments;
- "Risk management and consultancy services", including mine detection and clearance services. [6]

Snooping is also becoming a big part of G4S' work. The company is, for example, paid for insurance claims investigations for Aviva. Media reports recently also revealed that G4S meter readers were being used to secretly spy on pubs to check whether these were showing Sky's Premier League football matches without licence. [7] Whatever it is, if you're willing to pay, G4S will do it for you.

Industry sectors 'secured' by G4S include:

- Energy – including oil, gas and nuclear operations.
- Mining – especially in Africa and Latin America.
- Aviation – "over 100 airports and more than 80 airlines in more than 40 countries worldwide"
- Port security – G4S is providing security for 20 ports worldwide.
- Sporting events, including Wimbledon, the Dubai Grand Prix and the London Olympics. [8]

Companies putting their safety in G4S' hands include:

- Bank of America
- Volvo
- Google
- RBS
- Virgin Atlantic
- General Dynamics. [9]

## **Privatisation**

While cash transportation is the most visible part of G4S' business, its work running 'public' services is the most notorious. The company has earned intense criticism for numerous examples of cost-cutting, negligence and brutality. The latter has come from beatings and abuse of refugees in G4S-run detention centres and deportation flights, as well as deaths of people in G4S custody.

However, for G4S, public services are significant sources of income, though they only account for a quarter of total revenue, with security and cash services for private companies making up the majority.

For more details on G4S and outsourcing, please see the Policing, Prisons, Immigration and Welfare parts of this profile.

## **References**

- [1] G4S, *Annual Report and Accounts 2011*.
- [2] *ibid.*
- [3] *ibid.*
- [4] *ibid.*
- [5] *ibid.*
- [6] *ibid.*
- [7] R Catton, 'Sky pays gasmen to spy on pubs', *The York Press*, 10.5.12.
- [8] *ibid.*
- [9] *ibid.*

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# History

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For a full timeline, see: [www.g4s.com/en/Who%20we%20are/History/](http://www.g4s.com/en/Who%20we%20are/History/)

The G4S story starts in the early 20th century, when two enterprising Danes, Philip Sørensen and Marius Hogrefe, founded the guarding company København Fredriksberg Nattevagt in 1901. Soon after, in 1906, Sophus Falck established Redningskorpet.[1]

Redningskorpet, which later changed its name to Falck, started off providing guarding, ambulance and fire engine services. In 1988 the Falck family sold the company to Baltica, a Danish insurance company, that went on to sell off 55% of Falck to a number of other major insurance companies. During the 1990s, Falck expanded in Europe by acquiring several companies (Patena Security in Sweden, Falken in Norway, SIMIS in Germany, Sezam Sp. z o.o. of Poland, AS ESS, a security operator with companies in all Baltic states, and Nederlandse Veiligheidsdienst (NVD), the largest security operator in the Netherlands).

In 1950, the Sørensen family consolidated its businesses as 'Securitas International'. In 1963, Store Detectives Ltd and Securitas Alarms Ltd were set up by the family in the UK. Jørgen Philip Sørensen was appointed managing director of the UK part of the group in 1965. The UK part of the business was organised under the name Group 4 from 1968 onwards.

In 1981, the activities of the Sørensen family were split up into Securitas AB (the Swedish activities) and the Group 4 group (the rest of the European activities). Group 4 moved on to expand to several countries all over the world (India, United Arab Emirates, Ukraine, Turkey, etc.). In 1990, the group acquired American Magnetics Corporation, which specialised in access control systems. This helped Group 4 Falck win the highly prestigious contract to handle security at the Pentagon.

After the merger of Group 4 and Falck to form Group 4 Falck in 2000, the expansion continued with several acquisitions - ADS in Germany, SOS in Austria, SPAC in Finland, BOS in Czech Republic, Unikey in Norway and Banktech in Hungary. Growth in Indonesia, Kazakhstan and the republics in Central Asia (especially in the oil and gas sector) saw profits increase 20% in 2001. It also acquired the security company Euroguard (France).

The 2002 acquisition of the Wackenhut Corporation added a new and disturbing section to Group 4 Falck's corporate history. Formed in 1954 by former FBI agent George Wackenhut, its first major coup was the collection of two million files on US citizens implicated in the McCarthyite witch hunts of the 1950s.[2] In the 1970s, the company was implicated in supplying chemicals for weapons to Iraq.[3] Since then, it has diversified into incarceration and other areas of security.

The really big one came in July 2004: the merger of Group 4 and Securicor to create the modern Group 4 Securicor, or G4S, as it is more commonly known. By 2007, now with England's Nick Buckles at the helm, G4S entered the FTSE 100 of leading companies on the stock exchange. Since then it has made around £1 billion worth of acquisitions. Most recently, the Cotswold Group Limited, the UK's market leader in surveillance, fraud, analytics, intelligence and investigations services, and Chubb Emergency Response, one of the UK's leading key holding and response services, have entered the fold.[4]

In November 2011, however, G4S' rise was checked by the failed acquisition of rival security and services company ISS. The brainchild of Buckles and other members of senior management, a plan was hatched to finance the £5.2 billion acquisition by borrowing £3.7 billion through a debt facility organised by Deutsche Bank, HSBC Bank and Royal Bank of Scotland, plus a £2 billion rights-issue (essentially issuing additional shares and encouraging existing investors to buy them). Unfortunately, when Buckles and his fellow brains-trusts got round to mentioning this to G4S investors, the reception wasn't as positive as they had hoped. Parvus Asset Management and others balked at the rights issue and taking on so much debt for what they saw as a risky and over-ambitious move and put the kibosh on it. Alf Duch-Pedersen was the major loser, stepping down from his position as chairman.

The ISS failure was a body-blow to G4S' ambitions but not a knockout. Since then announced new public sector contracts and has issued a €600 million bond, which has been very popular with investors. Anyone looking to stop G4S' abuse should not put much faith in 'the market'.

## References

- [1] G4S, 'Our History', [www.g4s.com](http://www.g4s.com), accessed 15.5.12.
- [2] C Marshall, *The Last Circle*, Lycaenum Books, 1994.
- [3] S Rintoul, 'Detention company's murky origins', *The Australian*, 28.12.02.
- [4] G4S, 'G4S Acquires Chubb Emergency Response', [www.g4s.com](http://www.g4s.com), 19.3.12.

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# Finances & Investors

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## Finances

Read any newspaper article about G4S and you are more than likely to be told the company is the biggest employer on the London Stock Exchange, with over 650,000 staff and “operations” in more 125 countries. These facts are written big throughout its annual report, suggesting, as they do, size and success. However, the company’s accounts show its finances are not as impressive as its favourite stats may suggest.[1]

2011 saw the company post £198 million in profit, from a turnover of £7.5 billion. This was £50 million lower than the previous year's profits but would have been higher were it not for the £55 million incurred in the failed takeover of ISS.

The company’s balance sheet, though hardly precarious, does not inspire the same confidence. G4S has total assets of £5.6 billion against liabilities of £4.1 billion, leaving it with equity of £1.5 billion (assets – liabilities = equity). Look closer at the assets column and you'll see that £2.2 billion of these liabilities are accounted for as ‘goodwill’.

Goodwill is the value of a company over and above its tangible assets (although, confusingly, software is often counted as goodwill). A potentially profitable start-up company with a great idea for vacuum cleaners, for example, would not be bought for the value of the chairs and desks in its office, but the perceived value of the money that company's vacuums can make in the future.

G4S’ accounts show the excess of goodwill on its balance sheet came from its previous incarnation as Group 4 Falck’s acquisition of Securicor in 2011. It paid more for the company than its ‘book value’ as it had intangible qualities that were deemed worth paying more than the tangible value on the balance sheet.

Chief among G4S’ qualities is its perceived knowledge of how to run services. This will provoke hollow laughter from anybody who has suffered from the company’s cost-cutting, often brutal, approach to service provision, but it’s not in doubt that the company has governments convinced. Still, £2.2 billion remains a huge amount of goodwill. If the company loses half of its goodwill, for example, its equity would be reduced to £400 million. Much more and the accountants would start getting itchy.

G4S is also carrying a significant level of debt. Its accounts show it owes around £900 million in loans to banks, and almost £1.2 billion due through loan notes issued since 2007 to unknown investors. £830 million of these notes are private, £350 million are publicly traded (known as Eurobonds). G4S has recently added to this debt by issuing a £489 million Eurobond in March 2012.[2]

The interest on the bank loans amounted to around £200 million in 2011, with the average cost of borrowing almost 5%. This is not excessive in corporate terms – it has a BBB credit rating at the time of writing - but is significantly more than the public sector would pay for financing.

## Investors

### Major investors in G4S as of July 2012:

BLACKROCK INC	6.36%
PRUDENTIAL PLC	5.06%
M&G INVESTMENT FUNDS	5.04%
SKAGEN STICHTING ADMINISTRATIEKANTOOR	5.00% (DIRECT)
BPCE SA via its funds	4.94%
HARRIS ASSOCIATES LP	4.93%
BLACKROCK INVESTMENT MANAGEMENT (UK) LTD	4.89% (DIRECT)
FRANKLIN RESOURCES INC via its funds	3.39%
LLOYDS BANK PLC via its funds	3.12%
LEGAL AND GENERAL GROUP PLC	3.00%
FORMUEPLEJE A/S FONDMAEGERSKLAB via its funds	2.94%
INVESCO LTD via its funds	2.42%
LONGVIEW PARTNERS LTD via its funds	2.06%
AEGON MV via its funds	1.72%
GOVERNMENT OF NORWAY via its funds	1.64%
STATE STREET CORPORATION via its funds	1.37%
MARATHON ASSET MANAGEMENT via its funds	1.29%
SAS RUE LA BOETIE via its funds	1.24%
NCH PUMPKIN LIMITED via its funds	1.11%***
PUBLIC INSTITUTION FOR SOCIAL SECURITY via its funds	1.10%
UBS AG via its funds	1.10%
HSBC HOLDINGS PLC via its funds	1.01%
AFFILIATED MANAGERS GROUP PLC via its funds	0.99%
BANK OF NEW YORK MELLON via its funds	0.96%
VANGUARD GROUP INC, THE via its funds	0.96%
INVESTEC PLC via its funds	0.82%
BREWIN DOLPHIN HOLDINGS PLC via its funds	0.77%
HENDERSON GROUP PLC via its funds	0.77%
TRILOGY GLOBAL ADVISORS via its funds	0.75%
SKY INVESTMENT COUNSEL INC via its funds	0.73%
MARATHON ASSET MANAGEMENT LP via its funds	0.67%
DEUTSCHE BANK AG via its funds	0.65%
SCHRODERS PLC via its funds	0.65%
ALLIANZ SE via its funds	0.62%
AVIVA PLC via its funds	0.61%
F&C ASSET MANAGEMENT PLC via its funds	0.60%
CANTILLION ASSET MANAGEMENT PLC via its funds	0.46%
CANTILLION ASSET MANAGEMENT via its funds	0.59%
CAZENOVE CAPITAL HOLDINGS LTD via its funds	0.56%

NORTHERN TRUST CORPORATION via its funds	0.55%
BARCLAYS PLC via its funds	0.54%
JP MORGAN CHASE & CO via its funds	0.48%
ABERDEEN ASSET MANAGEMENT PLC via its funds	0.46%
STICHTING PESIOENFONDS ABP via its funds	0.46%
GENERAL ELECTRIC COMPANY via its funds	0.44%
ROYAL LONDON MUTUAL INSURANCE LTD via its funds	0.41%
NFU MUTUAL INSURANCE ASSOCIATION LIMITED via its funds	0.39%
G4S EMPLOYEE BENEFIT TRUST via its funds	0.38%
	(DIRECT)
STANDARD LIFE PLC via its funds	0.37%
BP PLC via its funds	0.35%
UNIVERSITIES SUPERANNUATION SCHEME LTD via its funds	0.35%
GOVERNMENT OF SINGAPORE via its funds	0.34%
COVEA via its funds	0.31%
COVEA PENSION via its funds	0.31%
SVENSKA HANDELSBANKEN via its funds	0.30%
SPAREBANK 1 GRUPPEN via its funds	0.29%
FOUR CAPITAL PARTNERS via its funds	0.28%
STATE OF CALIFORNIA via its funds	0.27%
DJE KAPITAL AG via its funds	0.26%
MIZUHO FINANCIAL GROUP via its funds	0.25%
BNP PARIBAS via its funds	0.24%
CREDIT SUISSE GROUP AG via its funds	0.24%
FMR LLC via its funds	0.23%
SOCIETE GENERALE via its funds	0.23%
DIMENSIONAL FUND ADVISORS LP via its funds	0.22%
AXA via its funds	0.21%
REGERINGSKANSLIET, via its funds	0.21%
ACKERMANS EN VAN HAAREN NV/SA via its funds	0.20%
GOLDMAN SACHS GROUP INC via its funds	0.20%
JYSKE INVEST FUND MANAGEMENT A/S via its funds	0.20%
QUILTER & CO LTD via its funds US	0.20%
SKANDINAVISKA ENSKILDA BANKEN AB via its funds	0.20%
SMITH AND WILLIAMSON HOLDINGS PLC via its funds	0.20%
WEST YORKSHIRE PENSION FUND via its funds	0.20%
CONCERNED PARENTS AND TEACHERS OF WYCOMAGH AND AREA via its funds	0.19%
INTERNATIONAL CONSOLIDATED AIRLINES GROUP SA via its funds	0.19%
RATHBONE BROTHERS PLC	0.19%
GOVERNMENT OF SAUDI ARABIA via its funds	0.18%
GROUPE CREDIT MUTEL-CIC via its funds	0.17%
PETERCAM SA via its funds	0.17%

STATE OF NEW YORK via its funds	0.17%
BANK OF NOVA SCOTIA (THE) SCOTIABANK via its funds	0.16%
PICTET & CIE via its funds	0.16%
DANSKE BANK via its funds	0.15%
LOMBARD ODIER DARIER HENTSCHE & CIE	0.15%
ZURCHER KANTONALBANK via its funds	0.13%
BUCKLES NICK	0.14% (DIRECT)
CORNELIAN ASSET MANAGERS LTD via its funds	0.14%
POLAR CAPITAL HOLDINGS PLC via its funds	0.14%
CARTESIO INVERSIONES SGIIC SA via its funds	0.13%
CHEVIOT ASSET MANAGEMENT via its funds	0.13%
PROVINCE DE QUEBEC via its funds	0.13%
SPEIRS & JEFFREY LTD via its funds	0.13%
SUMITOMO MITSUI TRUST HOLDINGS INC	0.13%
TEACHERS INSURANCE & ANNUITY ASSOCIATION OF AMERICA	0.13%
TORONTO DOMINION BANK via its funds	0.13%
AZIMUT HOLDING SPA via its funds	0.12%
DEXIA via its funds	0.12%
DNB ASA via its funds	0.12%
MORGAN STANLEY via its funds	0.12%
PARTNERS GROUP HOLDING AG via its funds	0.12%
NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY (THE) via its funds	0.11%
PERMANENT TSB GROUP HOLDINGS PLC via its funds	0.11%
UNICREDIT SPA via its funds	0.11%
PGGM VERMOGENSBEHEER BV via its funds	0.10%
DIGHTON TREVOR	0.09% (DIRECT)

\*\*\* The Co Operative Asset Management owns shares in G4S through NCH Pumpkin. However, the Co Op has announced that it plans to sell the Co Operative Asset Management to Royal London.

## References

[1] G4S, *Annual Reports and Accounts 2011*.

[2] J Cox & N Maidment, 'G4S hits investor sweet spot with 600 million euro bond', *Reuters*, 20.4.12.

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# Staff

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As at the end of December 2011, G4S had 657,200 employees, located as follows:

	Employees	%
Europe	123,200	19
North America	59,700	9
Asia	257,600	39
Middle East	49,500	8
Africa	111,900	17
Latin America and Caribbean	55,300	8

Total number of employees: 657,200

## The Board

**Nick Buckles**, Chief Executive Officer, Executive Director

Buckles has been the chief executive of G4S since 2005, having previously headed Securicor from 2002 until the merger with Group 4 Falck. He had joined Securicor in 1985, lured away from Avon Cosmetics by the offer of a Ford Escort.[1]

Never knowingly under-quoted, he says his business hero is Margaret Thatcher, that the government should “continue to focus on traditional Tory values”[2] and that one of his core business principles is having “a strong culture of ethical dealing”[3] - a particularly empty comment given the company's public image has moved from hapless to brutal on his watch. He also says his favourite piece of music is 'Refugees', by Van der Graaf Generator - again, ironic given he makes money from a company renowned for beating them up.

And what money he makes. Even after the ISS cock up, described as “the worst takeover blunder by any FTSE 100 boss” for several years,[4] he took home a cool £1.9 million in 2011, - less than the previous year's £2.5 million but enough to get him a VdGG concert all to himself.

His show of penance in foregoing his bonus was undermined somewhat by a vesting of shares worth £1.1 million, awarded as part of his pay package in 2008, and an allocation of stock worth a further £1.7 million if the company meets its performance targets in 2014. Add on a pension now worth £9 million, after a 2011 increase of £1.6 million, and he's doing quite a bit better than the vast majority of his staff, who find it quite a bit harder to get money out of the company. *Private Eye* recently contrasted Buckles' 2011 earnings of £13.7 million with the £215,000 paid out to families of employees killed or injured on the job last year.[5] Buckles is currently the chairman of the **Ligue Internationale des Sociétés de Surveillance**, the international association of leading security companies. He was also a non-executive director at **Arriva Group** from 2005 until 2010.

**G4S Earnings (2011):** £900,000

**G4S Shares:** 2.1 million

**Trevor Dighton**, Chief Financial Officer, Executive Director

A Securicor accountant since 1995, he has been G4S chief number-cruncher since 2002, moving into the CFO position when it was created in 2004.

**G4S Earnings:** £545,000

**Shares:** 1.4 million

**Grahame Gibson**, Chief Operating Officer, Regional CEO – Americas, Executive Director

Gibson joined Group 4 in 1983 as Finance Director and became COO in 2005 after the merger. He also sits at Buckles' side in **Ligue Internationale des Sociétés de Surveillance** meetings, where he is a board member.

**G4S Earnings:** £667,000

**Shares:** 857,000

Buckles, Dighton and Gibson's remuneration is even more generous than those figures suggest as many of their G4S shares are paid into the company's Employee Benefit Trust.[6] Described by HMRC as "tax avoidance, pure and simple", EBTs allow employees of a company to avoid a significant amount of tax. If the shares the company deposits in the trust on their behalf increase in value, that growth will be taxed as capital gains and therefore at 28%, rather than the income tax rate, which for high earners like Buckles and co. will be 45%. National insurance will also be avoided on the gains. According to G4S' accounts, each of Nick Buckles, Trevor Dighton and Grahame Gibson had a "deemed interest in 6,265,571 ordinary shares held in the trust." [7] Employee Benefit Trusts have been described by HMRC as "tax avoidance, pure and simple". No wonder Buckles told the *Daily Telegraph* last year he "never had any ambition of working for anyone else." [8]

**Mark Seligman**, Deputy Chairman, Non-Executive Director

Former banker Seligman juggles his G4S responsibilities with board membership of **BG Group** (the British Gas group of companies) and a directorship at **Kingfisher Plc**, as well as senior roles advising the government on decisions that G4S takes a particular interest in. He is the chairman of the **Industrial Development Advisory Board**, [9] a statutory body within the Department for Business, Innovation and Skills that "provides robust, independent, business advice to Ministers on large business investment decisions", and a member of the **Regional Growth Fund Advisory Panel**. [10] A government- appointed body, chaired by Michael Heseltine, the panel considers bids for funding for the government's £1.4 billion Regional Growth Fund. The fund's purpose is to "boost private sector growth in areas currently over dependent on the public sector".

Seligman is also an alternate member of the **Panel on Takeovers and Mergers**. [11] The Panel describes its "central objective" as ensuring "fair treatment for all shareholders in takeover bids", - ironic given G4S' attempted takeover of ISS faltered when shareholders bristled at the perceived unfairness of the bid.

Before all this, Seligman was a chartered accountant at **PricewaterhouseCoopers**, and held senior roles at investment banks **SG Warburg & Co**, **Barclays de Zoete**, **CSFB** and **Credit Suisse**.

**G4S Earnings:** £82,000

**Shares:** 75,000

**Paul Condon**, Senior independent director, Non-executive director

Ex-copper Condon, now Lord Condon to his friends, has earned his G4S stripes with the company's move into policing. The former **Chief Constable of Kent** and **Commissioner at the Metropolitan Police's** advice and contact book will have been the subject of Buckles and co.'s attention recently. Condon has also worked at the **British Security Industry Association** and the **International Cricket Council's** anti-corruption unit. According to the G4S annual report, he has a "particular focus on the group's involvement with sporting events" for the company.

And if the potential for conflicts of interest weren't already strong enough, in addition to the G4S grind, Condon currently spends his time as an advisory board member of **Vidient Systems**, a provider of "video analysis solutions for security, safety, and business intelligence applications" and is the **Deputy Lord Lieutenant for Kent**.

**G4S earnings:** £125,000 a year.

**Shares:** 2,000

**Mark Elliot**, Non-Executive Director

Corporate journeyman Elliot combines his G4S work with time spent as the non-executive chairman of defence profiteer **QinetiQ**[12] and as a board member of **Reed Elsevier**, an "information solutions" company.

Before all this, Elliot held senior roles at **IBM** and sat on the board of hospital software company **IBAX**, which is owned by IBM and Bazter Healthcare. He was also the Chairman of Dean's Advisory council of the **Kelly School of Business**, Indiana University.

**G4S earnings:** £64,000

**Shares:** 25,000

**Winnie Kin Wah Fok**, Non-Executive Director

Recent appointee Fok has been brought in for her "extensive knowledge of Asian markets". Most of this appears to have come from her previous work as senior partner of private equity firm **EQT** (which part-owns ISS), and CEO of its Asia fund. She was also the managing director of the Bermuda-based **CEF New Asia Partners**.

Fok is currently a non-executive director of bearings company **AB Skf**, water chemistry company **Kemira Oyj** and **Volvo**, which G4S won a three-year security contract with in April 2012.

She is also a senior advisor to **Investor AB**, the largest industrial holding company in Northern Europe and **Husqvarna**, a "global leader in outdoor power products", such as chainsaws and lawnmowers.

**G4S earnings:** £55,000

**Shares:** 20,000

**Bo Lerenius**, Non-Executive Director

Old-timer Lerenius is G4S' man in the ports, as well as its go-to-guy for European flesh-pressing. The former chief executive of ferry and shipping company **Stena Line** and

**Associated British Ports Holdings**, Lerenius can put G4S in touch with the best-placed land-lubbers when contracts come up for renewal.

He has also been chief executive of **Ernstromgruppen**, a Swedish building materials company, and a board member of **Land Securities Group**, **Mouchel Group** and **Thomas Cook Group**.

In addition to his G4S responsibilities, Lerenius is also a board member of **Knight Infrastructure II**, the chairman of **Brunswick Rail**, honorary vice president of the **Swedish Chamber of Commerce** for the UK and senior advisor to the infrastructure fund of Swedish venture capital group **EQT**. If you're wondering where you've heard the latter before, it is a part-owner of G4S takeover target ISS. No conflict of interest there then!

**G4S earnings:** £55,000

**Shares:** 16,000

### **Clare Spottiswoode**, Non-Executive Director

A mathematician and economist by training, Spottiswoode's "considerable experience in the public sector" no doubt encouraged G4S to get her involved in 2010. She has worked at the **UK Treasury** and served as director general of **Ofgas**, the UK gas regulator. And with the energy sector high on G4S' to-do list, her current appointments as chairman of **Gas Strategies Group Limited**, non-executive director of **EnergySolutions Inc**, non-executive director of **Ilika plc**, and non-executive director of **Seven Energy International Limited** may come in handy.

Spottiswoode has also been a board member of **Tullow Oil** and a member of the **Independent Commission on Banking** and the **Future of Banking Commission**.

**G4S earnings:** £55,000

**Shares:** -

The drones joining Buckles, Dighton and Gibson on the **Executive Management Team** are:

**Graham Levinsohn**, Group Strategy and Development Director

**Debbie McGrath**, Group Communications Director

**David Taylor-Smith**, Chief Operating Officer and Regional CEO – UK and Africa

**Dan Ryan**, Regional CEO – Asia Middle East

**Willem van de Ven**, Regional CEO – Europe

**Irene Cowden**, Group HR Director

**Søren Lundsberg-Nielsen**, Group General Counsel

### **Other notable employees:**

**Adam Mynott**, Head of Media Relations

Previously a **BBC** foreign correspondent, Mynott joined G4S in September 2011.[13] His appointment is a further sign of the importance G4S is placing on expanding into new markets, with the press release announcing Mynott's appointment saying he would be responsible for "raising the global profile of the company".

**John Reid**, Director, G4S Regional Management (UK & Ireland) Limited

John Reid, or Lord Reid of Cardowan, as he prefers to be known, joined G4S in 2009,

having previously been Tony Blair's **Home Secretary** and **Secretaries of State for Health and Defence**. The £50,000 a year it is giving the New Labour hard man quickly paid off for G4S as it landed a multi-million pound, four-year contract to supply private security guards for around 200 Ministry of Defence and military sites across the UK just three months after it took him on.[14] Since then he has been diligent in ensuring the hi-tech security used by his employers is a feature of parliamentary debates whenever possible.[15]

**Richard Northern**, Adviser, G4S Risk Management.

Former **British Ambassador to Libya** during the period leading up to and throughout the 2011 uprising. According to G4S, he will be “pivotal in identifying, introducing and developing relationships with prospective clients and key Libyan decision-makers”. [16]

**Tom Wheatley**, Delivery Director for the Lincolnshire Police business transformation contract, G4S Policing Support Services

Wheatley joined G4S in September 2010 after 16 years moving his way up the **Prison Service**, becoming governor at **HMP Nottingham** from 2006-2008 and **HMP Moorland** from 2008-2010.

Wheatley's father, Phil, was the chief executive of the **National Offender Management Service** (Noms), and somewhat less keen on privately run prisons, saying security companies had “brought little innovation to the management of custody”. He added that the only gains from their involvement had come from “using fewer staff, paying lower wages, and providing less employment protection for staff.”<sup>1</sup>

Happily for G4S, Tom has pushed his father's foibles aside, and helped the company get the Lincolnshire police contract. His earnings aren't disclosed but it's a safe bet G4S will have overlooked its “low wages” policy for him.

**Sue Saunders**, Director, Rye Hill prison

Another screw lured by the G4S lucre. Saunders worked for the **prison service** for 21 years, running Bullingdon, then Holloway, prisons. She helped Birmingham prison get ready for G4S last year and was involved in G4S' successful bid to operate HMP Oakwood in Wolverhampton.[17]

**Martin Ewence**, Head of Maritime Security, G4S Risk Consulting

A former Commander in the **Royal Navy** and Chief of Staff to the **NATO Counter Piracy Squadron** in the Somali Basin, Ewence has been brought on board the good ship G4S to make as much money from pirates as possible.[18] He is also a member of the **Maritime Security Working Group** within the Security in Complex Environments Group, the UK Government's industry partner for the regulation and accreditation of private security providers on land and at sea.

**David Griffiths**, Director of Probation and Community Services, G4S Care & Justice Services

Previously Deputy Director (justice policy) at the **Ministry of Justice**. [19]

**Haile Gebrselassie**, G4S 4teen mentor

Gebrselassie, regarded as one of the best long-distance runners of the last 20 years, is a

regular feature of G4S' press releases as the mentor for the G4S 4teen programme, which sponsors 14 young athletes.

## Workforce

For other staff, G4S has not been as generous an employer. The company's outsourcing model depends on cost-cutting, and the first cost is invariably the staff. In the **UK**, [complaints have been made](#) against G4S detention centres for being under-staffed, leading to detainees missing medical and court appointments. (see [www.corporatewatch.org/?lid=3471](http://www.corporatewatch.org/?lid=3471)) Whistleblowers have accused the company of not providing adequate training to security guards 'escorting' refugees on mass deportation flights.[20]

When responsibility for a public service transfers to G4S, terms of conditions of existing staff salaries may stay the same but they rarely extend to new staff. About 600 staff switched to G4S when it took over running Winson Green prison in Birmingham in 2011, for example. Although the former government employees retained their salaries, new recruits have been brought in on lower than the average £28,000 pay and on different terms and conditions.[21]

And as it expands into 'developing markets', the majority of its employees' wages are sliding further away from their bosses in the UK. Recently for example, security guards in **Nepal** and **South Korea** [recently went on strike](#) to protest against G4S' low levels of pay, (see [www.corporatewatch.org/?lid=4220](http://www.corporatewatch.org/?lid=4220)) for example, while an investigation by **Malawi's** *Sunday Times* newspaper found that wages paid by G4S "raised questions about the survival mechanisms [employees use] to see themselves and their families through each month." [22]

The NGO War on Want had previously found that G4S paid its workers so little in **Malawi** that "their daily meals consisted of only bread, they lived in homes without electricity or running water and cannot afford to meet their children's school or medical fees". It also found that white G4S managers in **South Africa** were accused of forcing black employees to use separate toilets "while white guards are given keys to the company toilet. And black G4S guards at Johannesburg airport complain that white supervisors call them 'kaffirs' and 'monkeys'". [23]

Low wages and poor treatment of staff have been familiar themes in many of the countries G4S works. In **Namibia** G4S security guards went on strike in 2011 after G4S had refused to sign a recognition agreement with the Namibia Transport and Allied Workers Union (Natau). The armed response guards were also protesting their salaries and benefits, including healthcare and pensions.[24][25] ii

In **Mozambique**, G4S security guards protesting against "unjust deductions from their wages" in 2011 were savagely beaten by riot police in front of television cameras outside the G4S human resource department.[26]

Back previously, in August 2006, the Labour Minister had ordered G4S subsidiary Wackenhut to pay over \$1 million to hundreds of workers for overtime wages it had refused to pay since 1994. In another dispute, 300 security guards were made redundant when the US embassy refused to renew its contract with Wackenhut. According to *AllAfrica*, when the managing director of G4S in Mozambique, John Mortimer, refused to obey the Labour Ministry order to give the workers their severance pay, the Labour Minister cancelled his work permit, thereby effectively throwing him out of the country.[27]

In 2006, Union Network International (a global union federation) lodged a complaint against G4S under the OECD Guidelines, detailing a wide range of alleged shortcomings from around the world relating to what was seen to be a failure of the company to “contribute to economic, social and environmental progress with a view to achieving sustainable development” and “to “respect the right of their employees to be represented by trade unions”. The complaint addressed specifically alleged violations in **Malawi, Mozambique, Greece, the United States, Israel, Uganda, the Democratic Republic of Congo, and Nepal**, and noted workers from **South Africa, Cameroon, Kenya, India, Indonesia, Morocco, Panama**, and other nations had “gone on strike against G4S or protested over poor pay and conditions within the last year”.<sup>iii</sup>As part of the UNI campaign, in 2005 and 2006, workers from **South Africa, Kenya, Indonesia, the US and Europe**, as well as representatives of workers in **India and Uganda**, protested at the G4S AGM, accusing the company of driving down wages and conditions in several countries where it operates, denying workers basic rights, cutting healthcare and other benefits and opposing recognition and bargaining campaigns by security guards.

A spokesperson said Group 4 Securicor was rapidly becoming the “the worst face of global capitalism”, battling through local courts to deny collective bargaining and laws.<sup>[28][29][30]</sup>

In **Indonesia**, G4S workers went on strike in 2006 over the firm's plans to reduce benefits for employees following a company merger in 2006. The Center for International Labor Solidarity said Jakarta police had called in for questioning and intimidated four union leaders. According to a US State Department report, the police asked them to “identify other workers from photographs taken at a lawful union demonstration in April. The company terminated 200 workers and refused to rehire them despite a decision by the local manpower officer that the strike was legal and the strikers should be rehired. In October a labor dispute resolution committee awarded the workers two months' salary. At year's end the workers had not yet received any monetary compensation.”<sup>[31]</sup><sup>iv</sup>

In **Australia**, G4S guards working in county courts and magistrates courts in the state of Victoria went on strike in 2009, demanding the same pay rates as guards at other major contractors in Victoria. Their union representative said they were “trapped on poverty wages and have an employer that won't bargain in good faith.” He added “G4S is treating its employees with the same contempt it has shown for prisoners and asylum seekers in its care”.<sup>[32]</sup>

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# Prisons

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G4S prides itself as “the first private company to open and run a prison in the UK”.<sup>[1]</sup> The company's involvement in the modern 'prison industrial complex' in Britain dates back to the ideologically driven privatisation of prisons by the Thatcher government.<sup>[2]</sup> Following a tendering process in which the public sector was barred from participating, the Prison Service invited private companies in 1990 to bid for contracts to manage prisons.

In 1991, Group 4 – as G4S was known then – was awarded the UK's first-ever private prison contract to manage HMP Wolds in Yorkshire. The newly constructed 320-bed prison for unsentenced male prisoners, which opened in April 1992, had previously been earmarked for public management.<sup>[3]</sup> But even before the 'experimental prison' had taken its first prisoners, the government had made plans to contract out the management of two more prisons: Blakenhurst in Redditch and Doncaster in north England. By 2012, there were 14 private prisons in England and Wales, holding over 13 percent of the total prison population. All were run by three multinational security companies: G4S, Serco and Sodexo.<sup>[4]</sup> G4S, through its subsidiary G4S Care & Justice, had the lion's share, with six prisons under its management, including Wolds, Altcourse in Liverpool, Rye Hill in Warwickshire and Parc in South Wales.<sup>[5]</sup>

In October 2011, Birmingham prison became the first-ever prison in the UK to be transferred from public management to the private sector. The 1991 Criminal Justice Act, which allowed for the contracting out of prisons, had been extended in 1993 from new prisons to existing facilities back. G4S won the 15-year contract, worth £468.3 million.<sup>[6]</sup> The prison was one of four state prisons to be privatised and a further four were built and run by the private sector, in what has been described as the biggest wave of prison privatisation since the '90s.

Among these was Oakwood prison, near Wolverhampton, which G4S won the contract for. Originally called Featherstone 2, due to its proximity to the already existing Featherstone prison, Oakwood was meant to be one of three giant 'titan prisons'. However, following public outrage and opposition to titan prisons, Oakwood was downsized to hold 1,605 prisoners.<sup>[7]</sup>

In 2011, G4S got even closer to the dispensing of justice by the UK state with a contract with the Ministry of Justice to provide more than 150 maintenance, catering, cleaning, security and energy management services to over 340 court, tribunal and administration buildings across the Midlands, Wales and the North of England.

Through its subsidiary G4S Care & Justice, G4S also provides a range of prison-related 'services'. The company is the world's largest provider of electronic monitoring (tagging). According to its website, it monitors over 14,000 'subjects' in England alone.<sup>[8]</sup>

## Controversies

When the news that G4S was taking over Birmingham prison transpired, the Prison Officers Association (POA), the union representing 550 prison officers at the prison, threatened to take industrial action over the deal.<sup>[9]</sup> In response, the government threatened to use the military to “keep order” if prison officers went on strike over the G4S deal. Analysts at JP Morgan said the government's “determined stance” was “good news for outsourcers”. “[Justice secretary] Clarke's determination to use the military to push

through privatisation is perhaps evidence of the government's determination to take on public sector unions, which may be a positive sign for the outsourcing trend," the analysts wrote in a note.[10]

The POA had also gone to the High Court to try and block the deal, citing 'unfair advantage' in the bidding process as a reason, because the former chief executive of the National Offender Management Service (Noms) is now employed by G4S as a consultant (see the staff section).[11] Since then, G4S's "incompetent management" of the prison has been shrouded with controversy.[12]

At Wolds prison in East Yorkshire, which has been run by G4S since 1992, a report by HM Inspector of Prisons in April 2012 found that levels of illegal drugs "remained high" and that poor behaviour of some inmates "was not always confronted or addressed." [13] According to the report, the provision of health care "had worsened" and a third of the single cells that had been doubled up to hold two prisoners were "too cramped, lacked sufficient furniture and had poorly screened toilets." Moreover, training and learning had "too low a profile, characterised by frequent interruptions and inactivity." This was particularly seen as a problem given that Wolds is supposed to be a 'training prison'. "In a training prison, it was very poor that 14% of prisoners were either unallocated to activity or unemployed," the report said.

Another controversial aspect of G4S's involvement in the prison industrial complex is its exploitation of the cheap, captive labour of prisoners.[14] G4S has 400 prisoners working 40 hours a week in its six prisons,[15] being paid next to nothing. At Altcourse prison in Liverpool, G4S works with Norpro, an engineering firm that has converted three former metal workshops into a factory floor using 25 prisoners to produce high-quality office furniture "at an economic price".[16] The enterprise has apparently been "so successful", or so cheap, that work previously done in India has been brought back to the UK and done in the prison. At Wolds in East Yorkshire, a digital marketing company called Summit Media, which started inside the prison more than a decade ago, now has a turnover of £30 million.[17]

G4S has recently launched a PR campaign entitled "Working Prisons: Working People" to urge the UK business community to "open its mind to the growth opportunities from being involved in 'working prisons'".[18] One of the "benefits to business" listed by G4S is "a committed workforce and low overheads": "We have a dedicated workforce with a variety of skills which can work around business' needs with the minimum of bureaucracy." G4S hopes that 'working prisons' will "become the norm" in the future.

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# Immigration

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In 1993, shortly after winning the contract for Wolds prison, Group 4 also won a contract to run Campsfield House detention centre in Oxfordshire, the first in a series of privately run immigration detention centres.[1] Both Group 4 and Securicor – which years later merged to form G4S – set up subsidiaries specialising in immigration detention in response to the Thatcher government's decision to contract out some provision of detention services.[2] Securicor had also been contracted since 1970 to run two small immigration detention facilities at Heathrow and Manchester airports. [ibid.] Since then, the number of detention places provided by private security companies has sharply increased, along with a corresponding increase in the use of detention for migrants and asylum seekers. G4S is one of a few multinational security companies that dominate what it describes as “asylum markets”. [3]

As of April 2012, G4S managed two immigration detention centres in the UK: Tinsley House and Brook House, both located within the grounds of Gatwick airport.[4] In addition to these, G4S also runs a new detention centre for families near Crawley, Sussex, called Cedars.[5] The latter has attracted a lot of controversy and protest, particularly against the involvement of the UK's biggest children charity, Barnardo's, which campaigners argue is used to legitimise the continued use of detention for children.[6]

Until it lost the contract to Reliance in May 2011, G4S was also the main provider of detainee escort services under a multi-million-pound contract with the UK Border Agency.[7] G4S also provides electronic monitoring services on behalf of the UKBA through tagging and voice verification technologies.[8]

In February 2012, G4S was one three multinational security companies, alongside Serco and Reliance, that took over all provision of asylum accommodation in the UK for the next five years.[9] G4S selected United Property Management (UPM) as its 'primary housing partner' in England, and the charity Migrant Helpline as its 'strategic partner' from the voluntary sector.[10] However, in June 2012, G4S dropped UPM “owing to contractual issues.”[11] The new 'partners' replacing UPM included Target Housing, Mantle Estates, Live Management Group and Cascade, most of which have no experience of providing housing for asylum seekers. As late as September 2012, 1,200 asylum seekers previously housed by local councils were being placed in sub-standard houses or left in limbo because G4S and its subcontractors were, according to media reports, unable to find enough private landlords.[12]

## A history of violence

G4S has been repeatedly accused of providing poor services in its prisons and immigration detention centres.[13] For example, the lack of investment in staff and efficient procedures has often led to detainees' missing important medical and court appointments.[14] In June 2011, it was revealed that a record 773 complaints were lodged in 2010 against G4S by detainees, including 48 claims of assault. More than half related to Brook House detention centre, near Gatwick airport. Three complaints of assault and two of racism were upheld.[15]

In 2010, the charity Medical Justice's *Outsourcing Abuse* report documented 300 cases of alleged abuse, with the highest rate of abuse belonging to G4S.[16] All these incidents involved excessive force, with the most frequent being injuries as a result of restraints

used and injuries to face. Another frequent outcome was PTSD. Some of these attacks involved families, and some resulted in injuries to children.

Other frequent reports concerned the use of racist language by detention security guards, such as “black bitch” and “black monkey, go back to your own country”. Moreover, there was evidence that complaints procedures for reporting assaults were complex and not independent, evidence of abuse often covered up, with police not seeming to take reports seriously.[17]

Even torture victims, who, according to the UKBA rules themselves, should not be detained in the first place, have reported abuse and mistreatment by G4S guards.[16] This has sometimes led to exacerbating their mental and psychological conditions or creating fresh trauma.[18]

In October 2010, Jimmy Mubenga, a 46-year-old Angolan refugee, collapsed and died after three G4S guards used force to 'restrain' him during his forcible deportation, leading to his suffocation and subsequent death.[19] Two eye witnesses contacted the *Guardian* after reading about Mubenga's death and testified that the Home Office and G4S' accounts of what happened on board the British Airway flight were false and that excessive force was used.[20] Three G4S guards were arrested and later released on bail in connection with the death.

In July 2012, the Crown Prosecution Service announced that the three G4S guards will not face manslaughter charges due to “conflicting witness accounts” and concluded that the death “may have been caused by a combination of factors such as adrenalin, muscle exhaustion or isometric exercise.”[21] Former chief inspector of prisons Lord Ramsbotham condemned the decision as “perverse” and called for an inquest.[22] Mubenga's wife, Makenda Adrienne Kambana, said the family was “distraught” and “can't understand why the officers and G4S are not answerable to the law as we or any other member of the public would be.”

Only a few days before the death of Mubenga, the UK Border Agency was investigating allegations of mistreatment by G4S guards of a man being forcibly deported to Colombia. José Gutiérrez, 37, needed hospital attention and was removed from the plane before take-off. In April 2010, a Kenyan man also died in G4S detention centre. He was reported to have been refused medical help and had been crawling on the floor in pain crying out for help before he died.[23]

According to a recent briefing by the charity Inquest, G4S management had been warned by the Home Office in 2006 over using dangerous restraint techniques, of the type that resulted in Jimmy Mubenga's death.[24] Concerns had also been raised by the company's own staff. Indeed, Mubenga was not the first death following 'restraint' by G4S officers: in 2004 a 15-year-old boy, Gareth Myatt, died in Rainsbrook Secure Training Centre, which was run by GSL (now part of G4S), following his restraint by custody officers.[25]

In the weeks that followed the death of Jimmy Mubenga, G4S denied that its officers used dangerous restraint techniques. However, four G4S employees secretly submitted a testimony to the Home Affairs Select Committee detailing “how some G4S guards developed a dangerous technique for restraining deportees by bending them in aircraft seats”. [26] According to the whistleblowers, G4S managers were repeatedly alerted that “disruptive deportees” were being “forced into submission” with their heads placed between their legs. The technique, known among G4S guards as 'carpet karaoke', is strictly prohibited because it could result in a form of suffocation known as positional asphyxia, skull fractures and blindness.[27] The parliamentary report found evidence of “inappropriate use of physical restraint, and the possible use of unauthorised and potentially dangerous restraint techniques”. [28]

In late February, G4S lost a bid to renew its detainee escort services with the UKBA to Reliance.[29] G4S claimed the failure to renew its contract was related to the price of its bid "and not to recent events", meaning the death of Mubenga, but that it was "extremely disappointed".[30]

In January 2008, an aboriginal elder from Western Australia was "cooked to death" while being transported in a GSL van with no air conditioning or water.[31] Global Solution Ltd (GSL) was acquired by G4S in May 2008, and all GSL businesses were rebranded as G4S within 12 months. In August 2011, G4S was fined \$285,000 after pleading guilty to failing to ensure the health and safety of Mr Ward.[32]

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# Palestine

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G4S' work in Palestine has attracted fierce criticism and has provoked campaigns against it in Palestine, Israel and Europe. In 2002, Group 4 Falck bought Hashmira, one of Israel's largest private security companies.[1] Hashmira, now known as G4S Israel,[2] has provided security services in Israel and the Occupied Territories, as well as security technology to the apartheid wall and military checkpoints. Hashmira is also the Israeli representative of Rapiscan, a US subsidiary of OSI Systems, which supplies security scanners to several Israeli checkpoints.[3]

In 2010, G4S expanded its operations in Palestine with the takeover of Aminut Moked Artzi, one of the oldest private security companies in Israel, which provided its services to businesses in Israeli settlements in the occupied West Bank.[4]

## **Prisons in Israel**

Prisons in Israel house detainees who have been arrested in the Occupied Territories and transferred into the 1948 borders of Israel. This transfer is in violation of articles 76, 66 and 49 of the Fourth Geneva Convention.[5] In addition, Israeli prisons house Palestinian child detainees from the West Bank.[6] Physical violence and torture is commonplace[7] and hundreds of Palestinians are detained without trial.[8] Families of detainees who have West Bank IDs find it extremely difficult to obtain permission to visit them.[9]

In 2007 G4S signed a contract with the Israeli Prison Authority (IPA) allowing it to provide services to the Ketziot, Damon and Meggido prisons and the Jerusalem (Russian Compound) and Kishon (Jalameh) detention facilities. Ketziot and Meggido are known to house prisoners transferred from the West Bank.

G4S services provided in these prisons include control and monitoring systems, visitation systems and CCTV systems.[10]

## **Prisons in the Occupied Territories**

G4S has installed a central command room in Ofer Prison in the occupied West Bank. The Ofer compound also houses a trial centre where prisoners are tried under military law. Ofer Prison is located in what the Israeli military refers to as the 'Seam Zone', which means access for visiting families is highly restricted.[11]

## **The apartheid wall and the checkpoints**

G4S Israel has supplied luggage scanning equipment and full body scanners to several checkpoints in the West Bank, including the Qalandia checkpoint, the Bethlehem checkpoint and the Irtah (Sha'ar Efraim) checkpoint. Additionally, the company provides full body scanners to the Erez checkpoint in Gaza. According to Who Profits, a joint Palestinian-Israeli research initiative, G4S is also responsible for maintenance of this equipment. All of these checkpoints form part of the Israeli state's network of walls and barriers impeding Palestinian freedom of movement.[12]

At the London session of the Russell Tribunal on Palestine in November 2010, Merav Amir and Dr Dalit Baum gave evidence that G4S was operating security services at checkpoints and in settlements in the Occupied Palestinian Territories, and for Israeli prisons where Palestinian prisoners were detained.[13]

The Russell Tribunal concluded that it may be possible to bring a civil claim and a public law action against G4S for its actions in honouring these contracts. The civil claim would be under tort law and based on G4S' supply of equipment to checkpoints that form part of the illegal route of the apartheid wall. The public law action would relate to G4S' support of settlement businesses, which would constitute alleged complicity in violations of international criminal law.[14]

### **Police**

G4S provides security equipment for the Israeli police headquarters in the occupied West Bank, which is located in the E-1 area, near the settlement of Ma'ale Adumim.[15] According to its annual report, G4S is also currently the preferred bidder for a PFI police training academy in Israel.[16]

### **Services to businesses in illegal Israeli settlements**

G4S provides services to "major commercial customers, for instance, supermarket chains, whose operations include the West Bank".[17] G4S Israel is also a minority shareholder in Shalhavet, which provides security services to residential West Bank settlements.[18]

### **Resistance**

G4S has faced significant resistance from Palestinians and Palestine solidarity activists in Europe, who have been urging the company to divest from Hashmira/G4S Israel and end its Israeli contracts for several years.

In April 2012, thousands of Palestinian detainees went on hunger strike calling for more access to their families and an end to solitary confinement and administrative detention. Twelve Palestinian civil society organisations signed a callout urging the global solidarity movement to take action "to hold to account G4S, the world's largest international security corporation, which helps to maintain and profit from Israel's prison system, for its complicity with Israeli violations of international law." [19]

In addition to targeting the company directly (for example, in 2010 Palestine solidarity campaigners joined No Borders activists in a protest outside the G4S AGM in London), campaigners in Europe and the UK have also focused on targeting local councils that have contracts with G4S, demanding that they exclude the company from bidding in future. Pressure was especially strong in Denmark, where politicians made pronouncements and the public demonstrated against the company. Large pension funds, and even the city of Copenhagen, began to consider divesting from G4S.[20]

Freedom of information requests have revealed that a number of councils in England including Birmingham, Bristol and Wakefield, have had, currently have, or are considering contractual arrangements with G4S.[21]

The Cooperative Asset Management Annual Report states that the Coop had initially informed G4S that "proximity to human rights violations deems it unacceptable for our Sustainable Funds and asked G4S to demonstrate how activities in OPT could be justified both against its own human rights policies". However, the Cooperative applauded G4S' statement that it will pull out of future prison, apartheid wall, checkpoint and police work in the West Bank despite its refusal to exit prison contracts in Israel and services to business on the settlements.[22]

### **Contracts cancelled**

Criticism of G4S' work in Palestine and Israel has already led to the company's losing contracts in Europe. In October 2011, for example, Edinburgh University Student Association (EUSA) passed a motion through its Student Council to block its contract with

G4S, and to lobby the university to follow suit.[23]

In April 2012, the European Union decided not to renew a security contract with G4S after MEPs and campaign groups raised concerns over the company's role in equipping Israeli prisons in which Palestinian political prisoners are held in violation of international law. Is the contract was a significant loss for G4S, which had provided security services to the European Parliament buildings since 2008.[24]

### **G4S' response**

Worried by the mounting criticism of its work in Palestine, G4S resolved in 2002 to pull out of contracts to provide services to residential West Bank settlements.[25] In 2010, after further criticism from campaigners and investors, G4S commissioned Hjalte Rasmussen, an expert on international law, to investigate the legality of its contracts in the West Bank and Israel. The report concluded that G4S' contracts did not violate any national or international laws.[26] However, Rasmussen's suggestion that G4S is beyond legal sanction is far from certain and has been strongly challenged, particularly with regard to his comments on prison services. While conducting his investigation, Rasmussen did not visit any Israeli prisons, yet he felt qualified to argue that the Palestinians detained in Ofer prison are "common criminals", despite the widespread knowledge that Ofer houses Palestinian political prisoners and detainees. Rasmussen's verdict of innocence for G4S was also based on an insistence that there was no evidence of "systematic abuse of prisoners in Israeli jails", which directly contradicts the findings of numerous human rights groups.[27]

In March 2011, in the wake of Rasmussen's report, G4S announced that, "to ensure that our business practices remain in line with our own Business Ethics Policy, we will aim to exit a number of contracts which involve the servicing of security equipment at the barrier checkpoints, prisons and police stations in the West Bank. We will aim to complete this exit as soon as possible, but also recognise that we have contractual obligations to our customers which we must take into consideration." [28] The company made clear that it would continue servicing businesses in the settlements and prisons within Israel. It is likely that resistance against G4S will therefore continue until the company exits all its Israeli contracts.

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# Policing

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G4S has been providing a range of 'police support services' in the UK for a number of years through its subsidiary G4S Care & Justice, while another subsidiary, G4S Policing Solutions, supplies ex-coppers to public sector bodies for investigations into council tax fraud and NHS fraud, among others. The financial crisis that began in 2008 and governments' commitments to privatise public services have provided G4S with more opportunities to expand its share of the 'policing market'.

G4S' policing portfolio already includes 30 'custody suites', with over 500 cells, which it rents to small- to mid-sized police forces around the country through G4S Police Support Services, part of G4S Care and Justice.[1]

In December 2011, G4S' police work went to a whole new level when the Lincolnshire Police Authority became the first force in the UK to outsource core policing functions to the private sector, claiming the deal could save £28 million.[2] G4S won the 10-year contract, worth £200 million, and is now responsible for the operation of the force's control centre, human resources, training, finance and custody, among other things. Under the terms of the contract, two-thirds of the force's staff are to join G4S, which has an option in the contract for G4S to buy at least one of the force's police stations at market value.[3]

Ever-aware of the need for good branding, G4S was quick to knock up a new uniform for the 550 staff transferred over to it, adding a G4S logo to the 'Lincolnshire Police' epaulettes. Both G4S and the government have been keen to stress this does not mean the police force is being privatised and that G4S will just be doing "back office" work. However, an investigation by Clare Sambrook for *OpenDemocracy* in April 2012 showed G4S is already recruiting for "major crime investigator jobs". These include "Outstanding Investigative Officer", which involves "contributing, as part of a team, to the review of historic murder investigations" and is "ideal for former detectives with excellent report writing skills who have recent murder investigation experience".[4]

G4S is also bidding for seven-year contracts worth £1.5 billion for Surrey and the West Midlands Police to provide a wide range of services, including investigating crimes, patrolling neighbourhoods and detaining suspects.[5] Both Unison and Unite, the two largest public sector trade unions, warned that the radical plan to privatise policing would "damage public safety".[6]

G4S also provides other policing-related services, including prisoner and detainee transport services on behalf of police and court services, as well as police recruitment facilities. G4S Policing Solutions was established in 2002 to provide "police recruitment consultancy and staffing solutions" to police forces, as well as other local and central government bodies. According to its website, its database currently has more than 25,000 'skilled individuals'.

While taking over police forces may be unprecedented, recruiting former cops is nothing new at G4S. Standing to attention at G4S board meetings is non-executive director Lord Paul Condon, former Chief Constable of Kent and Metropolitan Police Commissioner. The Lincolnshire contract appears to have more than justified his £124,600-a-year salary. John Reid, former Labour Home Secretary and now a G4S Regional Management Director, will no doubt have also been on hand to give advice (see the Staff section).

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# Welfare

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In April 2011, G4S won three contracts to run the coalition government's Work Programme in Kent, Surrey and Sussex; Greater Manchester, Cheshire and Warrington; and North East Yorkshire and the Humber. Over the lifetime of the programme, G4S is contracted to find long-term jobs for 125,000 of the 250,000 "jobseekers" it will see. The DWP has allocated £5 billion to the work programme over seven years, of which G4S could take a £250 million share.[1] G4S has also won a £15 million contract in Greater Manchester, Cheshire and Warrington to "help England's most troubled families", in an initiative supported by the European Social Fund (ESF) and coordinated by local authorities.[2]

G4S' employment practices have given it rather more experience of work-to-welfare than welfare-to-work, of which it could boast zero years of experience before winning these contracts. But it won't be worried too much as the structure of the Work Programme allows prime contractors like G4S to sub-contract many of their responsibilities to charities and other "delivery partners". In the regions G4S is operating in, 120,000 people will be sent from the Jobcentre to a G4S office, where they will then be sent to another organization that G4S has contracted to do the work it is being paid for.

So why bother getting G4S involved at all? The government's reasoning is that, while the services needed to get jobless people back into work "already exist", what is missing is "an effective structure for managing and coordinating this provision." Outsourcing giants like G4S are seen as having "the experience, capability and vision" to do this.[3] Well, that clears that up.

It is more likely, however, that the Work Programme's emphasis on discipline may explain G4S' success. G4S had already supplied benefit fraud officers to housing and benefits departments to snoop out and report benefit fraud,[4] and such skills will inevitably be put to use by the Work Programme.

The scheme is a not-so-new continuation of New Labour's Flexible New Deal and is the central part of the government's strategy of using a harshly enforced sanctions regime to 'cut the benefits bill', either by forcing people who have been unemployed for a year or more into poorly paid or unpaid jobs or simply by forcing them into destitution by cutting their benefits.[5]

Sean Williams, managing director of G4S Welfare to Work, has said the money saved by taking people off benefits makes G4S' involvement good value, arguing that if 125,000 benefits claimants are 'helped' into employment, G4S will be helping the government save £1bn a year in benefits payments (if the average cost of benefits is £8,000 to £10,000 a year).

But getting a job is not the only way to come off benefits; you could also have your benefits cut if you are deemed to be not looking hard enough. Evidence obtained by Corporate Watch in July [6] showed that, in the first six months of the Work Programme, G4S has referred almost 8,000 claimants to the government to have their benefits 'sanctioned' (stopped for between one week and six months). However the majority of these referrals have been turned down, with the reasons given for sanctioning deemed inappropriate, suggesting G4S is even more eager than the coalition to cut benefits. The government has

approved less than 40% of sanctioning referrals from G4S. Of 7,780 referrals made, 2,960 have led to people having their benefits cut.\*

	Greater Manchester, Cheshire and Warrington	Kent, Surrey and Sussex	North East Yorkshire and the Humber	Total
Number of referrals made by G4S	2640	2700	2440	7780
Number of sanctions approved by the government	830	1100	1030	2960

The big change from the Flexible New Deal is that provider companies like G4S will receive only a small upfront fee per person, and even this will be phased out over the next three years. To make serious money from the programme, we are told, providers have to actually get people into work. Payments range from just under £4,000 for an unemployed person who is kept in work for 18 months to £14,000 for someone on incapacity benefits who stays in work for two years.[7]

But with not too many jobs around, these targets will be hard to meet. The government has already said it will not be releasing progress statistics until the programme has been running for 18 months, so there will be no way to analyse its performance before October 2012. Initial signs are not encouraging, though. For example, the Department for Work and Pensions and G4S have recently asked *The Guardian* not to publish figures from the Hull office of Pertemps, one of the companies subcontracted by G4S, as they were not meeting their targets.[8]

So how is G4S going to make its money? Advisers told the *Guardian* a lot of the jobs they do find are part time, 20 hours or fewer, even when the individuals wanted full-time work. G4S is unconcerned: it gets paid as long as they stop claiming benefits.

There have already been accusations of ‘cherry-picking’ by charities peeved at being superseded by G4S. They claim companies like G4S are choosing to work with unemployed people who are most likely to gain employment, while passing on people with less chances of finding a job quickly to charities.[9] Charities have also complained they are not being paid quickly enough.

But happily for G4S, its knowledge of the corridors of power in this sector are intimate enough to allow it to stay closer to policy-makers than charities and other rivals (see the Staff section for details). Indeed, the company took over the national security contract for the Department for Work and Pensions in January 2011. No doubt more lucrative contracts, and better working relations, are in the pipeline.

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- [5] J Domokos, ‘Jobcentres ‘tricking’ people out of benefits to cut costs, says whistleblower’, *Guardian*, 1.4.12.
- [6] <http://www.corporatewatch.org/?lid=4371>.
- [7] N Timmins, ‘Back-to-work preferred providers named’, *Financial Times*, 1.4.11.
- [8] *ibid* 1.
- [9] *ibid* 1.

\* Note some referrals remain outstanding or have been cancelled. For a full analysis of the figures, see ‘Revealed: the punishing reality of the coalition’s welfare reforms’, Corporate Watch, 1 July 2012, *ibid* 6.

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# Resistance

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An overview of past protests against G4S in the UK is at [corporatewatch.org/?lid=4343](http://corporatewatch.org/?lid=4343)

Campaigners in the UK and Sweden have taken various actions against G4S over the last few months. Meanwhile, various discussions and meetings are taking place to coordinate efforts aimed at forcing the multinational security giant to halt its “unlawful and criminal activities”, as well as to put pressure on public authorities to withdraw from and not award new contracts to the notorious company.

On the 6th June 2012, over 70 activists, some dressed in prison uniform, staged a protest outside the G4S annual general meeting at the London Stock Exchange.[1] Protesters handed the company's shareholders attending the meeting an “alternative annual report”, based on Corporate Watch's research, which detailed the company's involvement in human rights abuses around the world.[2] Elsewhere, G4S advertising hoardings were subverted by activists. One bus stop subvertisement read “G4S Proudly Securing Israeli Apartheid”. [3]

On 19th June, over 100 participants in the Stockholm No Borders Camp held a demonstration against the award of public contracts to G4S and blockaded a G4S depot.[4]

On 2nd July, campaigners from the Boycott Israel Network and No Borders UK occupied the roof of the G4S HQ in Crawley, West Sussex.[5] Two banners were hung from the edge of the building. One read “G4S – Profiting from: Israeli Apartheid, Prison Slavery, Deadly Deportations”. Another dozen protesters gathered on the ground, holding placards in support of the Palestinian hunger strikers, who have called for action against G4S.[6] A previous demonstration had been held at the G4S HQ in Crawley in May.[7]

The two rooftop occupiers appeared in court on 6<sup>th</sup> August to plead 'not guilty' to an 'aggravated trespass' charge under Section 68 of the Criminal Justice and Public Order Act 1994 on the basis that, among other things, the activity they are accused of obstructing/disrupting is “unlawful.”[8] A court hearing date was set for the 3<sup>rd</sup> and 4<sup>th</sup> December 2012 at Horsham and Haywards Heath magistrates courts respectively.

In August 2012, Good Energy decided to drop G4S as its meter reading contractor following complaints from customers and campaigners that the contract flies in the face of Good Energy's ethical policy.[9] Campaigners were also putting pressure on Ecotricity, another 'ethical' energy provider that uses G4S meter reading services, to follow suit and drop G4S.[10]

## References:

[1] <http://www.demotix.com/news/1261195/protest-g4s-agm-accuses-company-violating-human-rights>

[2] <http://www.indymedia.org.uk/media/2012/06/496831.pdf>

[3] <http://www.indymedia.org.uk/en/2012/06/496844.html>

[4] <http://www.indymedia.org.uk/en/2012/06/497336.html>

[5] <http://www.indymedia.org.uk/en/2012/07/497595.html>

[6] <http://www.addameer.org/etemplate.php?id=460>

[7] <http://www.indymedia.org.uk/en/2012/05/496224.html>

[8] <http://www.corporatewatch.org/?lid=4382>

[9] <http://www.corporatewatch.org/?lid=4459>

[10] <http://www.corporatewatch.org/?lid=4481>