

# **G4S plc** **SRI Meeting**

**London, July 2009**

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# Introductions

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- Debbie McGrath – Group Communications Director
- Jenni Myles – Director of Employee Engagement & HR
- Helen Parris – Director of Investor Relations

# Agenda

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- Introduction
- Group Business Ethics Policy
- Diversity & Inclusion
- Health & Safety
- Employee Relations and Engagement
- EEP Update
- M&A Process
- Compliance & Governance
- Environment
- Communities

# Introduction to G4S

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# G4S Introduction

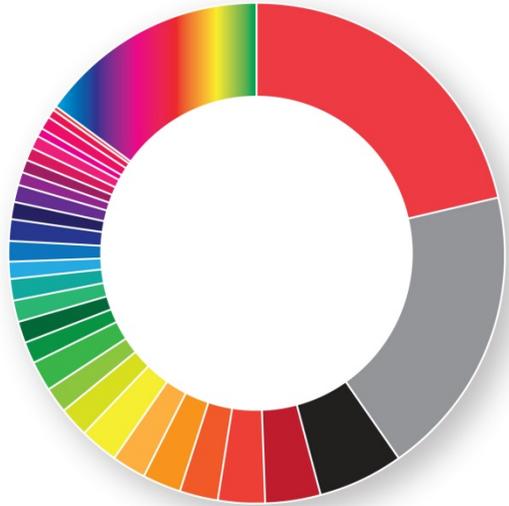
World's leading security solutions group

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- Specialises in outsourced business processes in sectors where security and safety risks are considered a strategic threat
- Listed on London and Copenhagen Stock Exchanges
- Active in more than 110 countries with over 585,000 employees
- Turnover of £5.9bn\* and PBITA of £416.4m\* in 2008

\*From continuing operations

# Diversified Geographic Footprint



Turnover by country (%)

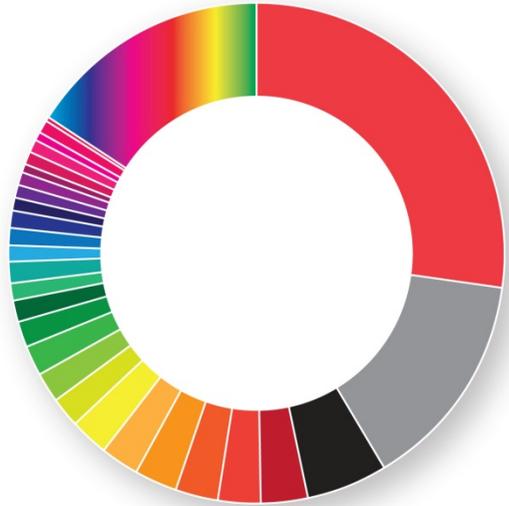
- |             |          |              |            |
|-------------|----------|--------------|------------|
| UK          | Belgium  | Norway       | Colombia   |
| US          | Canada   | Saudi Arabia | Luxemburg  |
| Netherlands | Denmark  | Hungary      | UAE        |
|             | Sweden   | Romania      | Hong Kong  |
|             | S Africa | Finland      | Malaysia   |
|             | India    | Afghanistan  | Chile      |
|             | Ireland  | Austria      | Kenya      |
|             | Baltic's | Greece       | Kazakhstan |
|             | Israel   | Iraq         | Other      |

NOTE  
Other includes  
80+ countries

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# Diversified Geographic Footprint



PBITA by country (%)

- |             |              |             |            |
|-------------|--------------|-------------|------------|
| UK          | Belgium      | Ireland     | Sweden     |
| US          | Baltic's     | Malaysia    | Kazakhstan |
| Netherlands | Saudi Arabia | UAE         | Austria    |
|             | S Africa     | Luxemburg   | Finland    |
|             | Romania      | Canada      | Hong Kong  |
|             | Denmark      | Israel      | Greece     |
|             | Hungary      | Kenya       | Iraq       |
|             | Colombia     | Chile       | Norway     |
|             | India        | Afghanistan | Other      |

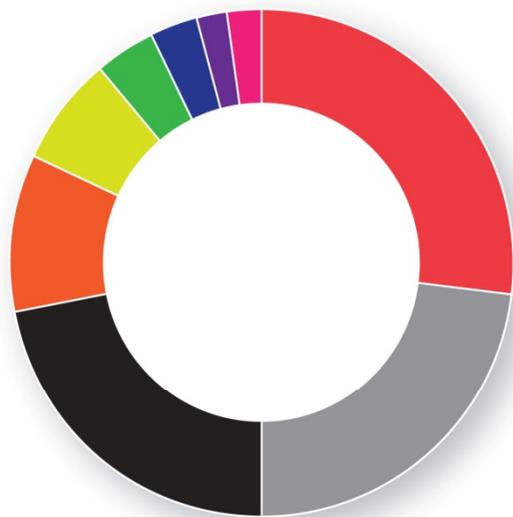
NOTE  
Other includes  
80+ countries

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# Broad Customer Segmentation

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2008 Group turnover by customer sector (%)

- 27% Government\*
- 23% Major Corporates
- 22% Financial Institutions
- 10% Retail
- 7% Utilities
- 4% Ports & Airports
- 3% Consumers
- 2% Leisure
- 2% Logistics

NOTE  
\* 29% if pro-forma for  
full year of GSL/ArmorGroup

# Market Segments

## Overview

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2008 Group turnover by segment (%)

- 27%** Government <sup>1</sup>
- 20%** Cash Solutions
- 20%** Secure Solutions – New Markets <sup>2</sup>
- 17%** Secure Solutions – UK & NA Commercial
- 16%** Secure Solutions – Continental Europe Commercial

NOTE

<sup>1</sup> 29% if pro-forma for full year of GSL/ArmorGroup

<sup>2</sup> Includes Eastern Europe

# **Business Ethics**

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# G4S Business Ethics Policy

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- Includes:
  - Human rights
  - ILO Declaration of Fundamental Principles and Rights at Work
  - Health & Safety
  - Bribery and corruption
  - Accounting standards
  - Compliance with the law
  - Whistle-blowing and complaints
- Annual confirmation of personal commitment by senior managers & executives
- New starters sign up to policy on joining the group as part of their contract and induction into the organisation

# G4S Business Ethics Policy

## Ensuring Compliance

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- Global whistle-blowing facility
  - Employees encouraged to raise issues locally in first instance
  - Available to all employees via confidential telephone and e-mail at group level
  - Managed by Head of Internal Audit
- Internal/external audit
  - Team of 14 at corporate centre
  - In excess of 100 auditors around the world
  - Risk Assessments & Controls Self Evaluation (RACSE)
  - Serious issues escalated to group Executives and the Audit Committee
- Ongoing management reporting

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# Employees

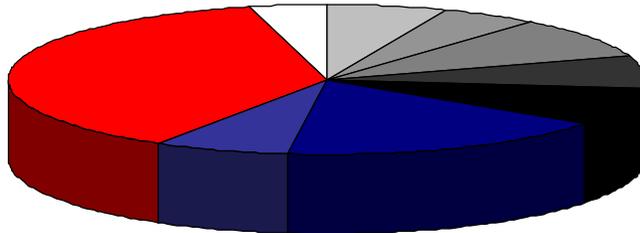
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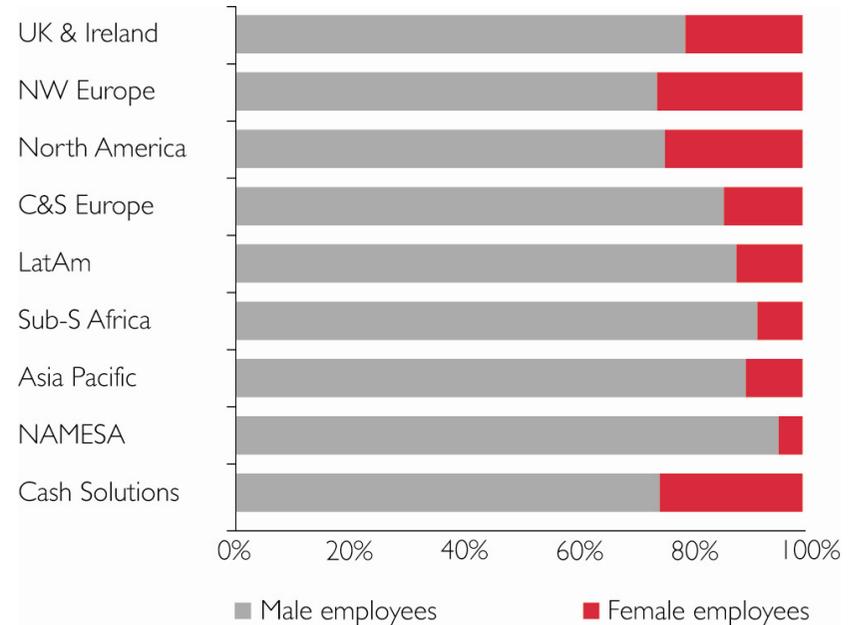
# Diversity & Inclusion

**A key competitive advantage**

Employees by region



- UK & Ireland
- NW Europe
- North America
- C&S Europe
- LatAm
- SS Africa
- Asia Pacific
- NAMESA
- Cash Solutions



- Key component of talent strategy
- Diversity & inclusion strategy focuses on:
  - Identifying, sharing and developing best practice – e.g. Group & Regional forums
  - Supporting businesses in improving diversity & inclusion – e.g. survey results
  - Fostering an inclusive work environment – e.g. South Africa

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# Health & Safety

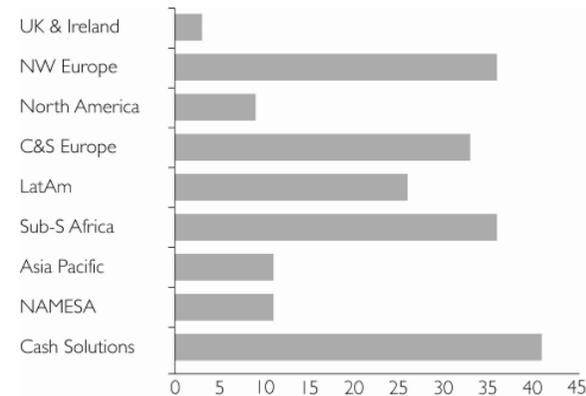
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- G4S employees sometimes work in hostile and dangerous environments
- Group H&S standard in place for many years
- Continual review of performance and requirements
- Work across industry and with unions to reduce attacks
- Regular board agenda item – monthly report
- Employee Trust Fund

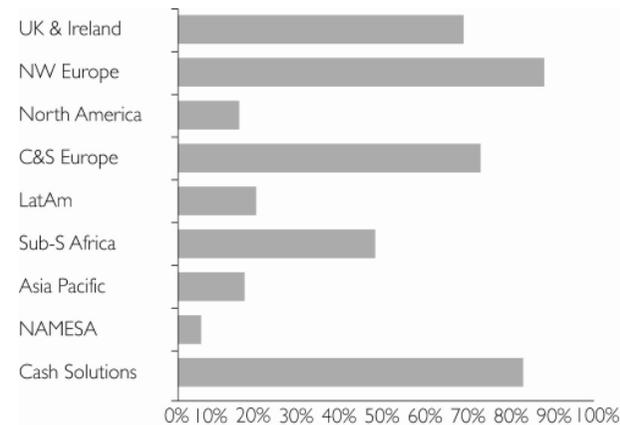
# Employee Relations

- **200+** recognised unions
- **25%** union membership
- **30%** collective agreement coverage
- Constructive relationships in every region and across Europe
- Clear business case for employee engagement

Recognised unions



Collective agreement coverage



# Employee Engagement

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## Global survey

- 151,627 participants
- 85 countries
- 110 businesses
- 92% from operational roles
- 80% recommend G4S

## Global agreement

- Raise industry standards
- Share best practice
- Stable environment
- Benefit improvements
- Practical application of international labour standards

# Ethical Employment Partnership

## Update

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- First UK company to enter global agreement
- Positive response from internal & external stakeholders
- Phase 1 covers a quarter of G4S employees
  - **India** – 130,000 employees
  - **South Africa** – 17,500 employees
- Other issues – **Lithuania & Panama**
- Formal reviews – 25<sup>th</sup> June 2009 & 25<sup>th</sup> September 2009

# Other international developments

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## Malawi

- Pay negotiations settled
- OECD settlement implemented
  - 100% overtime introduced
  - Joint lobbying for change of law
  - Clarification and communication of employee rights

## Mozambique

- Unofficial strike action averted
- OECD settlement underway
  - Labour ministry involvement
  - Overtime legal position being clarified

## US

- Constructive dialogue underway in Los Angeles, Minneapolis, Chicago
- EFCA developments being monitored

# Managing M&A Risks

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# M&A Process

## Evaluation

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- Proposed transactions evaluated by Capex committees (local and group)
- Initial analysis typically includes:
  - Strategic rationale & objectives
  - Overview of the business
  - Details of ownership structure
  - Performance track record
  - Impact on employees
  - Business relationships
  - Community & environmental involvement
  - Company reputation
  - Markets & competitors
  - Key management
  - SWOT analysis
  - Key risks and mitigating actions
  - Other options (including 'do nothing')
  - Project management structure and timetable
  - Integration implications
  - Recommendation

# M&A Process

## Board Responsibilities

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- Each of the S.172(1) issues taken into account when considering transactions:
- The 2006 Act (S. 172(1)) provides that a director:  
*"...must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to -*
  - *the likely consequences of any decision in the long term,*
  - *the interests of the Company's employees,*
  - *the need to foster the Company's business relationships with suppliers, customers and others,*
  - *the impact of the Company's operations on the community and the environment,*
  - *the desirability of the Company maintaining a reputation for high standards of business conduct, and*
  - *the need to act fairly as between members of the Company."*

**G4S undertakes extensive internal & external  
due diligence for M&A purposes**

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# M&A Process

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## Integration examples

- UK (e.g. GSL, Armor)
  - Consultation & involvement
  - Senior appointments & organisation alignment
  - Process & standards mapping
  - Integration planning according to business priorities
- Africa (e.g. SSI, DSA)
  - Risk evaluation – e.g. legal position, social impact
  - Tripartite consultation
  - Communication plans & contingency plans

# M&A Process

## Example: understanding reputations

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### ArmorGroup

- Globally recognised by customers and peers as ethically strong
- ISO 9001:2000 accredited which includes the Company's Ethics Policy and Codes of Conduct and ensures its approach remains transparent and its actions accountable
- Refused contracts where human rights policy could be conflicted or democratic movements suppressed
- Investigate “quasi military” and controversial services and equipment with UK departments
- Support establishment of a permanent International Criminal Tribunal to curb illicit activity of “mercenaries”
- Over last 10 years have reduced mine and ordnance in 20 countries, destroying over 12m items on unexploded ordnance and removing over 170,000 landmines

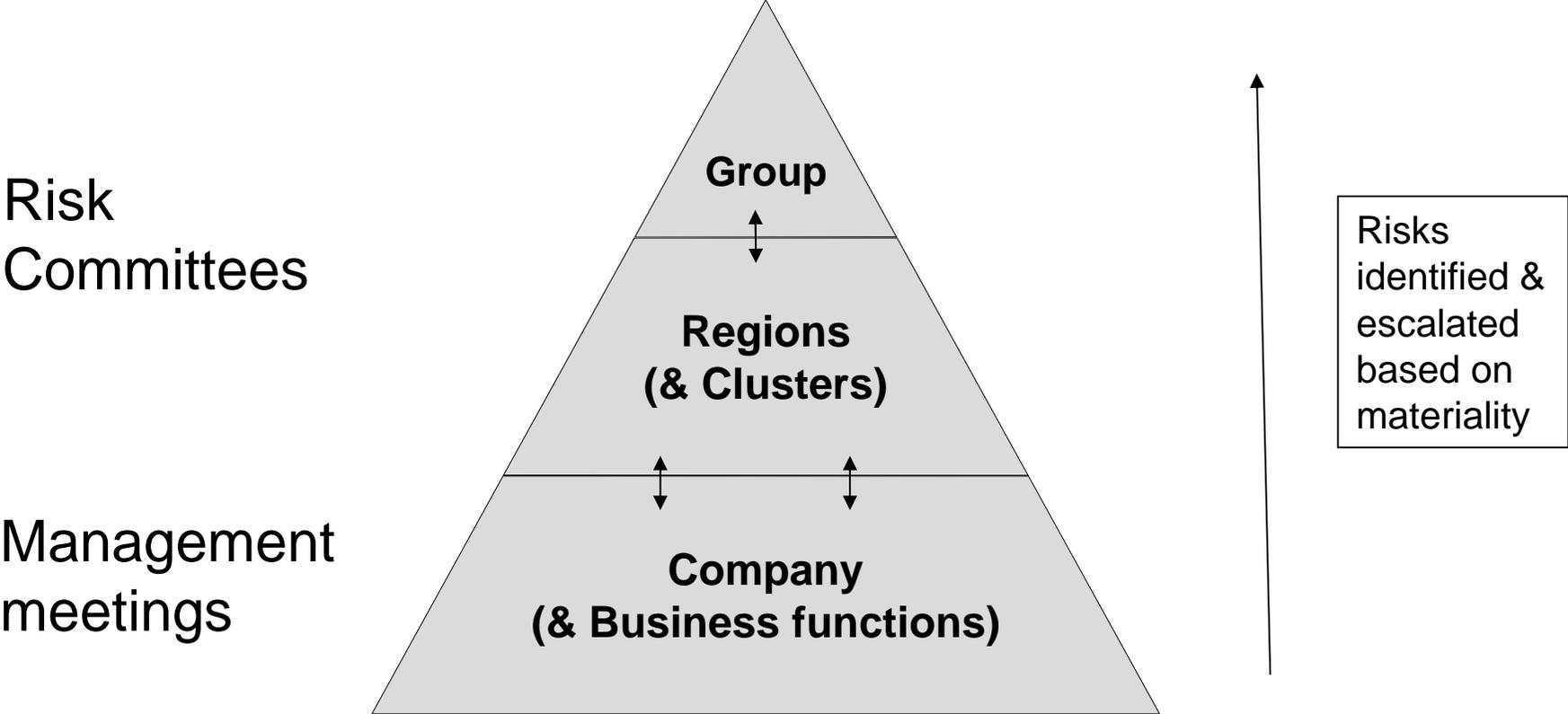
# **Compliance & Governance**

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# Risk Management Process

## Audit Committee overview

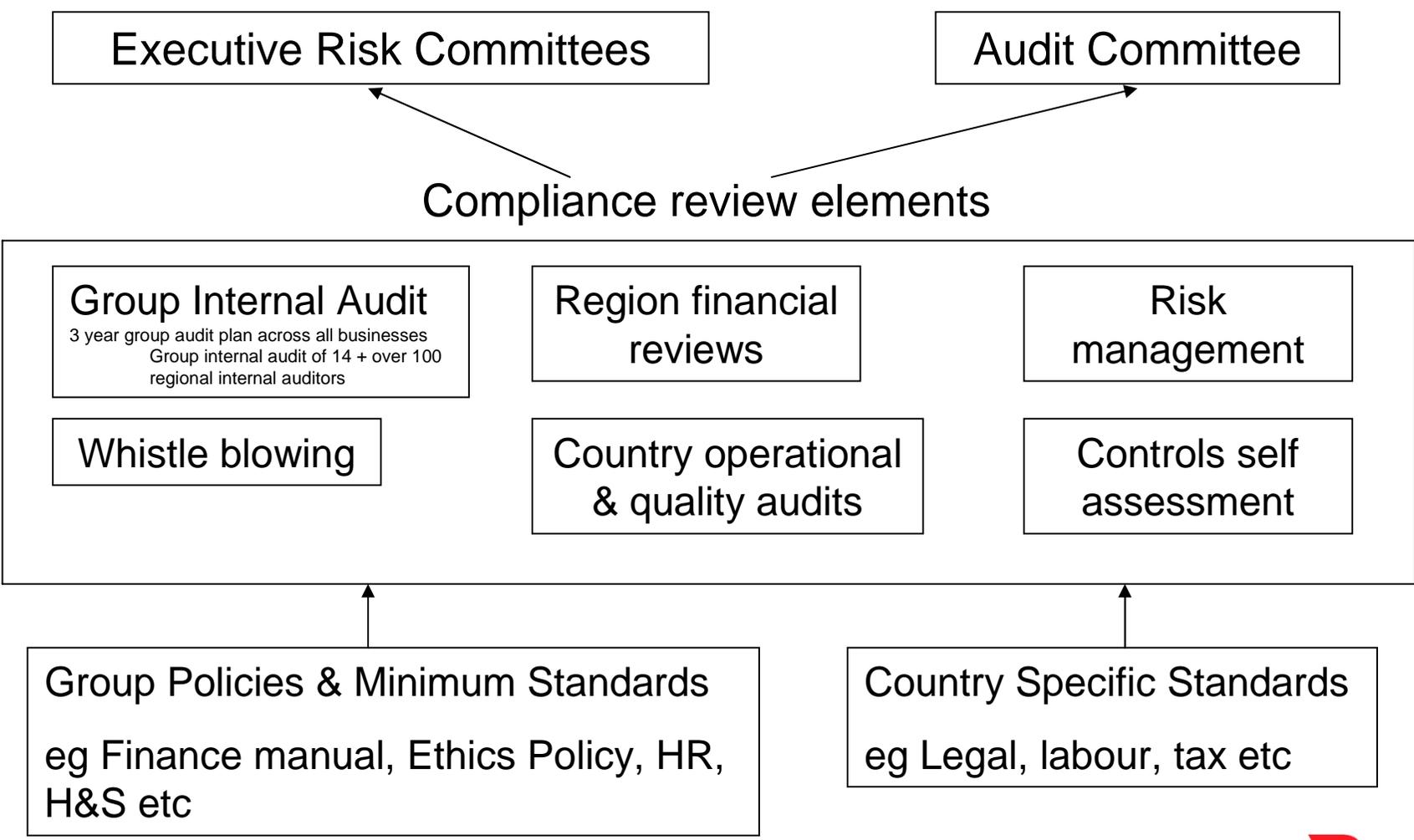


### RACSE System

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# Compliance processes & reporting



# Governance

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- Board compliant with all the requirements of the Combined Code:
  - Separation of powers between CEO and Chairman
  - Balance of exec and non-exec directors (3:6)
  - A majority of independent non-exec
  - Properly constituted board committees
  - A Senior Independent Director (Paul Condon)
  - Regular board agenda items dealing with health & safety (CIT attacks and deaths and serious injuries to employees)
  - Reports on HR and IR matters
  - Regular interaction with major investors

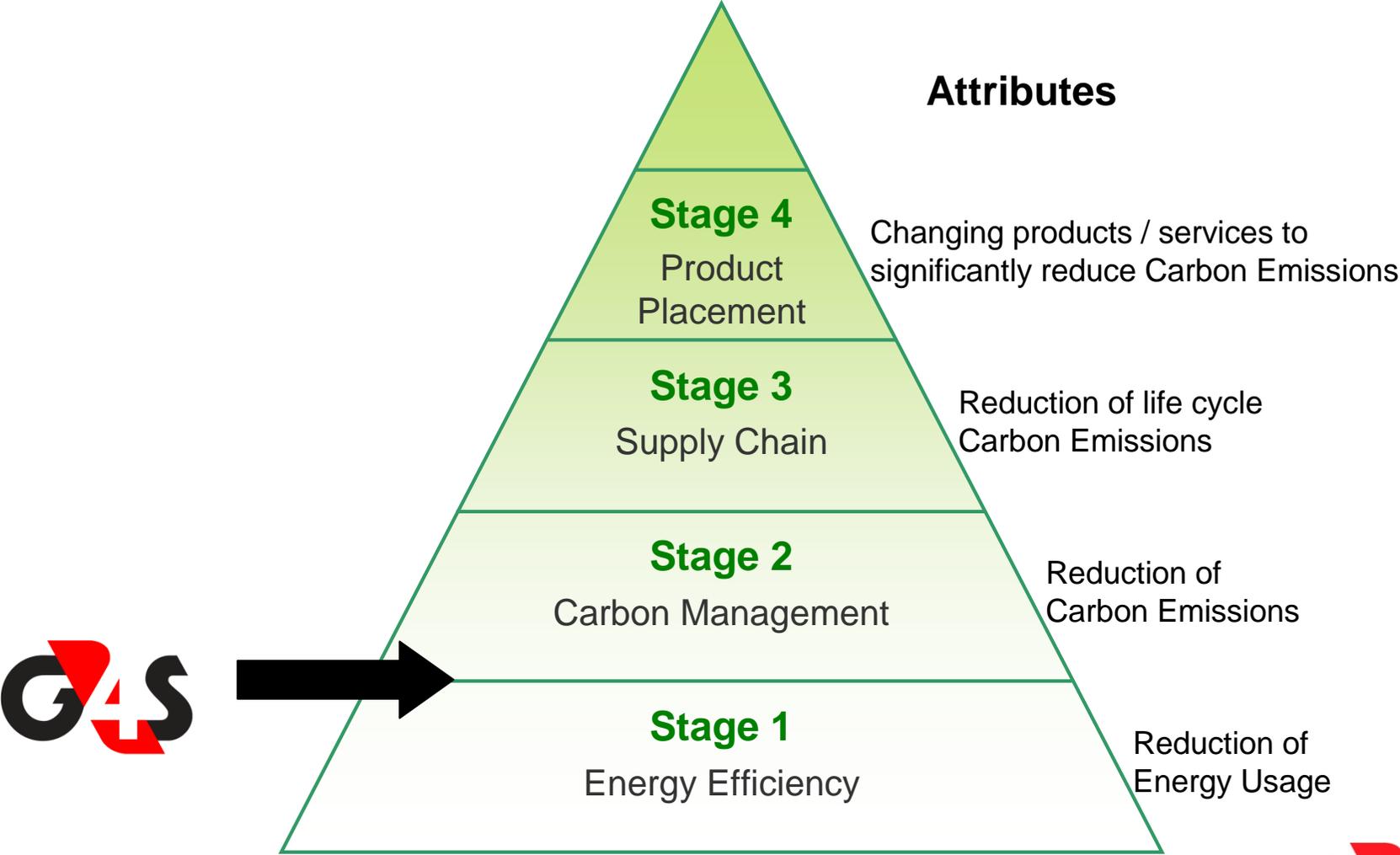
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# The Green Evolution

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# Climate Action Programme

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- **Current status**

- Measured 2008 carbon footprint – 82% group 90t/Co2e per £1m revenue
- Reports quarterly to Group Management Board
- CEO takes overall responsibility

- **Climate action objectives**

- Systematically measure the Carbon Footprint (CF) of the Group for at least 90% of the businesses, excluding acquisitions
- Implement carbon reduction techniques to reduce intensity of carbon emissions by 4.5% pa by 2012 from the 2009 levels
- Communicate the Group's environmental policy, objectives and strategy to key stakeholders
- Invest in relevant resources to deliver the environmental strategy

# Employee Communications Tools



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# Communities

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# Community Support

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- **5 Group-funded major projects**
  - Malawi – tree planting
  - China – orphanage
  - India – school for underprivileged children
  - Russia – childrens homes for less able-bodied youngsters
  - Jamaica – various child support & education projects
- **Selected by G4S employees**
- **Funded by Group and managed by local businesses**

## Malawi

### Tree planting initiative

In 2007, G4S commenced a tree planting project in Malawi designed to provide 40 families from eight villages with a regular wage, fuel for their homes, food for their families and an opportunity to make a living by selling surplus produce.

Since the launch, around 75,000 acacia trees have been planted in Northern Malawi and a nursery has been established to grow seedlings for future planting and for sale to third parties.

Maise is planted amongst the fertile soils between the trees, providing an additional source of food and income for the villagers. The project, which has had a very positive impact on the local community is set to expand in 2009 to include a further 30 families.



# Community Support

## Hundreds of local projects around the world

### UK

#### Sports Programme for Young People

GIS UK is investing in a Youth Judo Programme to encourage the children of its employees to become involved with sport and, through judo, learn its core values of discipline and self-control while fostering physical fitness and a healthier lifestyle. By providing subsidised judo lessons and making contributions towards kit, licensing and grading, we are also hoping to grow the sport in the lead up to the 2012 Olympic Games as well as supporting local judo clubs across the UK. More than 100 children have signed up to the programme to date.



### Kenya

#### St. Paul's Children's Home

The St. Paul's Children's Home in Ongata Rongai in Kenya is home to over 60 disabled children aged from just two months old. GIS has made various donations of funds and equipment to the home and in 2008 committed to providing the home with a means of a sustainable income and improving the diets of the children.

Land acquired near the home in 2008 has now been transformed into a poultry farm – providing eggs for the children and for sale to the local community to raise further funds to meet their growing needs. Early in 2009, GIS representatives and Hailu Gebreabab, the legendary Ethiopian long-distance runner, officially opened the poultry farm in this remote area on the outskirts of Nairobi.



### Greece

#### Smile of the Child

The Smile of the Child operates a round the clock national helpline for children and utilises 50 vehicles, transporting children from the scene of an incident to national first aid centres and – if required – to one of its nine community bases which currently host 459 children whose family environment was deemed inappropriate by government child protection services. GIS Greece provides free of charge satellite tracking of its Smile of the Child emergency vehicles throughout Greece to ensure the safety and security of the children and the efficiency of the transportation services.

### South Africa

#### HIV and AIDS

GIS South Africa supports a wide range of charities and community programmes across the country many of which are focused on providing support for families and individuals affected by the devastation of HIV/AIDS.

GIS provides funding and support in many ways to worthy causes such as the Lambano Sanctuary a home providing care for abandoned or HIV+ children and Sparrow Ministries, whose children's homes and hospices provide care for those infected or affected by HIV.

### Hong Kong

#### Changing Young Lives Foundation – Festival of Trees

Changing Young Lives Foundation, formerly known as Save the Children Hong Kong, is a long established charitable organisation based in Hong Kong committed to identifying underprivileged youngsters and changing young lives for the better both in Hong Kong and on the mainland.

GIS Hong Kong has provided free of charge security services to the Festival of Trees, the most important annual fund-raiser organised by Changing Young Lives Foundation, since 2004. GIS security officers safeguard the trees prior to auction during their exhibition period.



### North Africa, Middle East & South Asia

#### Happy Day

Each year GIS businesses across the North Africa, Middle East and South Asia (NAMISA) region set aside one day dedicated to supporting disabled, HIV infected, poor, disadvantaged and underprivileged children and orphans with established NGOs and charity organisations across the region. In 2009, this included around 10,000 children at 64 locations in 27 countries.

Across the region there are a wide variety of programmes and activities designed to bring a little fun to the lives of the children and a smile to their faces.

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# Q&A

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